



Cedric D. Flowers
Certified Public Accountant

Belize City Council

Financial Statements

March 31, 2020

International Financial Reporting Standards (IFRS)



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Cedric D. Flowers
Certified Public Accountant

P.O. Box 1674
54 King Street
Belize City

Tel : (501) 227-6161
Fax : (501) 227-6160
Email : cdfowers@btl.net

INDEPENDENT AUDITOR'S REPORT

To the Members of Council and Ratepayers of Belize City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the Belize City Council, which comprise the statement of financial position as of March 31, 2020, the statement of financial performance, statement of changes in general fund, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the **Basis for Qualified Opinion** section of our report, the financial statements present fairly, in all material respects, the financial position of the Belize City Council as of March 31, 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

The notes to the financial statements do not disclose that persons within the Belize City Council are related to entities from which the Council purchased goods and services during the year ended March 31, 2020. Additionally, the financial statements do not disclose the outcome of a legal matter which was previously reported as a contingent liability. Such information is required to be disclosed in accordance with International Financial Reporting Standards.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of the Belize City Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our modified opinion.

MEMBER OF

The Institute of Chartered Accountants of Belize (ICAB) • American Institute of Certified Public Accountants (AICPA)



Cedric D. Flowers
Certified Public Accountant

Other

The financial statements of the Belize City Council for the year ended March 31, 2019 were audited by us and we expressed a qualified opinion on those financial statements dated January 29, 2020.

Responsibilities of Management and the Members of the Belize City Council for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Members of the Belize City Council are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Cedric D. Flowers
Certified Public Accountant
Belize City, Belize

July 22, 2022

Statements of Financial Position

31 March

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash & Cash equivalents	2.03, 3	1,287,519	3,334,134
Inventories	2.04	31,433	69,987
Trade and other receivable	4	9,521,512	6,536,465
Total current assets		10,840,464	9,940,586
Property and equipment	2.05, 7	88,533,355	88,002,137
TOTAL ASSETS		99,373,819	97,942,723
LIABILITIES AND FUND BALANCE			
Current liabilities			
Bank Overdraft	9	889,738	-
Trade and other payables	5	15,198,016	13,427,561
Unearned revenues	6	9,252,082	2,880,379
Current portion of borrowings	8b	1,369,580	520,732
Total current liabilities		26,709,416	16,828,672
Net Municipal Bonds payable	8a	7,312,820	10,150,255
Other borrowings	8b	3,008,609	3,403,622
Gratuity/severance payable	11	4,014,623	3,985,693
Government of Belize Advances	8c	580,000	-
TOTAL LIABILITIES		41,625,468	34,368,242
Fund balances			
Capital Grant	10	15,317,340	15,317,340
General Fund (Belize City Fund)	2.01	42,431,011	48,257,141
TOTAL LIABILITIES & FUND BALANCES		99,373,819	97,942,723

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Council for issue on _____.

Mayor _____

City Administrator _____

Statements of Financial Performance

Years ended 31 March

	Notes	2020 \$	2019 \$
REVENUES			
Property taxation		10,278,760	9,070,918
Traffic related revenue		5,343,186	6,029,061
Trade license fees		5,221,877	5,438,994
User charges -Tourism		2,495,329	1,938,001
Liquor license fees		1,184,740	511,091
Rent and concessions		606,998	595,461
Donations & contributions		366,518	179,557
Other income		472,092	162,305
Building permits		163,563	136,671
Cemetery		82,961	76,581
Interest income		45,844	33,047
Funding from Government (Grants/Subvention)	12	1,485,300	1,606,140
TOTAL REVENUES		27,747,168	25,777,827
LESS: EXPENDITURES (See appendix section for details)			
Finance and administrative department		6,458,295	8,005,430
Human resource management department		1,413,951	1,303,058
Market department		170,257	204,061
Management information systems department		939,621	319,468
Municipal court department		377,192	524,487
Office of the Mayor		1,272,119	4,000,662
Public relations department		963,494	742,842
Revenue department		639,266	594,284
Sanitation department		5,669,228	3,307,518
Traffic department		1,608,308	1,380,319
Senior town planning department		415,572	353,454
Valuation department		493,665	440,620
Works department		2,299,987	1,708,948
TOTAL EXPENDITURES		22,720,955	22,885,151
SURPLUS BEFORE NON-CASH EXPENSES		5,026,213	2,892,676
LESS: NON-CASH EXPENSES			
DEPRECIATION		(2,944,945)	-
PROVISION FOR BAD DEBTS		(1,874,343)	-
PROVISION FOR SEVERANCE/GRATUITY		(640,750)	-
NET SURPLUS (DEFICIT)		(433,825)	2,892,676

The accompanying notes form an integral part of these financial statements.

Statements of Changes in General Fund

Years ended 31 March

	2020	2019
	\$	\$
GENERAL FUND		
General Fund Balance, April 1, 2019 and 2018	48,257,141	44,560,722
Prior Period Expense**	(5,078,848)	-
Adjustments to general fund	(313,457)	803,743
Surplus (Deficit) for the year ended March 31, 2020 and 2019	(433,825)	2,892,676
General Fund, End of Period	42,431,011	48,257,141

The accompanying notes form an integral part of these financial statements.

** Prior Period Expense represents a previously unrecorded provision (non-cash expense) for Uncollectible Accounts Receivable.

Statements of Cash Flows

Years ended 31 March

	2020 \$	2019 \$ (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus (Deficit) for the year	(433,825)	2,892,676
Adjustments for non-cash items:		
Depreciation	2,944,945	2,013,363
Prior year adjustments	(5,392,305)	803,743
Gratuity/severance provision	640,750	971,564
Provision for Bad Debts	1,874,343	465,043
Deferred grant income	-	758,826
	(366,092)	7,905,215
Changes in working capital:		
Decrease (Increase) in trade and other receivables	(4,859,390)	9,857,246
Decrease in inventories	38,554	10,961
Increase in trade and other payables	1,770,455	824,370
Increase (Decrease) in deferred income	6,371,703	(14,355,134)
Net cash generated from operating activities	2,955,230	4,242,658
Gratuity/severance paid	(611,820)	(637,884)
Net cash provided by operations	2,343,410	3,604,774
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,476,163)	(1,397,871)
Net cash used by investing activities	(3,476,163)	(1,397,871)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Overdraft	889,738	-
Repayments of borrowings	(1,803,600)	240,331
Net cash provided (used) by financing activities	(913,862)	240,331
Net increase (decrease) in cash and cash equivalents	(2,046,615)	2,447,234
Cash and cash equivalents at beginning of the year	3,334,134	886,900
Cash and cash equivalents at end of the year	1,287,519	3,334,134

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

1. GENERAL INFORMATION

Status

Belize City is the largest municipality in the country of Belize; its affairs are governed by the Belize City Council (the Council), which was incorporated on February 17, 1999 under the Belize City Council Act, Chapter 85 of the Laws of Belize (the Act). The Council's administrative offices are located at City Hall, Regent Street, Belize City, Belize.

Constitution and Term

The Belize City Council consists of a Mayor and ten other members (Councillors), elected in accordance with the provisions of the Act; it is lawfully constituted when the requisite number of members has been elected.

Every Council holds office until the last day of February next ensuing after the day in which the Council has been two years in office. An election of members of the Council is held on the first Wednesday next ensuing after the day in which the term of office of the Council expires.

During the period covered by this audit report, April 1, 2019 to March 31, 2020, the Mayor of Belize City was Mr Bernard Wagner. The number of employees of the Council at March 31, 2020 was 459.

Duties of the Council

The Council is entrusted with the general rule and good governance of Belize City and has the power, subject to the provisions of the Act, to do all things necessary to carry out such trust. The Council has the obligation to perform the following duties in Belize City in an efficient and timely manner:

- (a) to maintain all public cemeteries;
- (b) to coordinate, control, manage or regulate the timely and efficient collection and removal of garbage; and,
- (c) to construct, repair, alter, widen, lay out and make surveys for streets in Belize City; to clean and keep in good repair any public drain, canal, or creek in Belize City except when public health would, in the opinion of the Council, be endangered by such an operation.

Property taxation and other sources of revenues of the Council

Property taxation is the most significant source of revenues of the Council. The authority to levy and collect property taxes and other significant sources of revenues is established under the Act, Section 59, by reference to additional powers and functions granted to the Council in respect of the following Acts:

- (a) The Public Roads Act;
- (b) Trade Licensing Act;
- (c) Intoxicating Liquor Licensing Act;
- (d) Motor Vehicles and Road Traffic Act;
- (e) Towns Property Tax Act;
- (f) Cruise Ship Passenger Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of Preparation of the Financial Statements

The financial statements of the Council have been prepared in accordance with International Financial Reporting Standards (IFRS), subject to such adaptations as are necessary for public sector context. The principal accounting policies applied in the preparation of these financial statements are set out in the following paragraphs.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

The Belize City Fund

The General Fund represents the Belize City Fund in accordance with the provisions of Section 21 of the Act. All financial resources are accounted for in the General Fund. The operations are summarized by employing a separate set of self-balancing accounts which includes the Council's revenues, expenditures, assets, liabilities and fund balances.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Council's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements include employee benefit liabilities, property tax assessments, and collectability of receivables. Actual amounts, which are accounted for as they become known, may differ significantly from estimates.

Going Concern Basis

The financial statements have been prepared on a going concern basis which assumes that the Council will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of Central Government, the City's residents and the Council's suppliers of goods and services.

Changes to accounting standards

There were no new standards, amendments to existing standards or interpretations which were effective for the first time during the year ended March 31, 2020 that have a material impact on the Council's financial statement presentation.

2.02 Foreign currency translation

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Council operates ('the functional currency'). The financial statements are presented in Belize dollars which is the Council's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance. The exchange rate used for the Belize dollar at balance sheet date was Bz \$2 to US \$1.

2.03 Financial assets

The Council's financial assets include: cash and cash equivalents, and trade and other receivables.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank, bank drafts, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are amounts due from residents of Belize City and other customers for revenues to which the Council is entitled, as well as for services provided by the Council. All amounts are due within a year or less and are classified as current assets.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

Receivables are recognized initially at the transaction price. They are subsequently measured at the amortized amount, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables or the appropriate taxing legislation.

2.04 Inventories

Inventories of the Council include license plates, licensing decals, stationery and usable supplies. Inventories at year end are valued on the average cost basis.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Council.

2.05 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by the Council, including acquisition, construction, development or betterment of the asset.

The Council adds to the carrying amount of an item of property and equipment the cost of replacing parts of such item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Council. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of financial performance during the period in which they are incurred.

Land is not depreciated. Depreciation is applied to other assets. The cost less expected residual value is amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, reinforced concrete	40 – 50 years
Infrastructure	30 – 35 years
Computer and office equipment	3 – 5 years
Furniture and fixtures	5 – 10 years
Other equipment	5 – 10 years
Machinery and vehicles	4 – 10 years.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The cost of ordinary repairs and maintenance which does not add value to an asset, or materially extends the asset's useful life, is not capitalized.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the statement of financial performance.

The Council does not capitalize interest costs associated with the acquisition or construction of capital assets.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

2.06 Borrowings

The Council employed the use of long-term debt to finance capital expenditures, which included infrastructure works and other expenditures greater than can be met out of the annual revenues of the Belize City Fund.

Borrowings are recognized initially at the transactional price, i.e. the present value of cash payable to the lender. Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest rate and is included in finance costs. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Borrowings are classified as current liabilities unless the borrowing terms allow the Council to defer settlement of the liability, or a portion thereof, for at least twelve months after the reporting date. Interest is charged to expense in the period incurred and is included in the statement of financial performance.

Bond Issue

In accordance with Belize City Council (Municipal Bond) Act, 2012 (the Bond Act), the Council issued Municipal Bonds in 2012 and 2013 in the aggregate amount of \$19.97m, which mature in installments (serial bonds) ranging over a period of 2 years to 10 years, with interest rates varying from 3½% to 8% per annum. Use of the proceeds of the Municipal Bonds was restricted to those purposes specified in Schedule 2 of the Bond Act. The Municipal Bonds are classified as Revenue Bonds since their repayment is tied to specified revenue streams of the Council.

Bond Sinking Fund and Restrictions on Revenues

The Bond Act established the Belize City Municipal Bond Sinking Fund (the Sinking Fund) which shall be used for the purpose of repaying principal and interest payable to bondholders, and into which shall be deposited (a) all monies due to the Council in respect of cruise ship passenger fee; (b) all monies voted from time to time by the National Assembly for the use by the Council in the administration of Belize City; and (c) any other monies from the Belize City Fund that the Council considers necessary to ensure the adequacy of the Sinking Fund, which is immune from enforcement of any judgment or proceedings by any creditor or other person.

The Central Bank of Belize manages the Sinking Fund, and makes interest and principal payments to bondholders.

Other Provisions

The Bond Act requires that the Council shall maintain a debt ceiling below fifty percent of its previous year's recurrent revenues in respect of interest and principal payable in any year. Additionally, the Council's total debt shall not exceed forty million dollars.

2019 Series 1 Municipal Paper

In accordance with the Belize City Council (Municipal Paper) Act, 2019 ("Municipal Paper Act") and also with a resolution of the Council dated 21st May, 2019, the Council launched a prospectus for its 2019 Series 1 Municipal Paper ("Municipal Paper").

The Municipal Paper issue will create a direct obligation of the Belize City Council to be repaid from the revenues generated by the Council, without being tied to any specific revenue stream but backed by the Council's taxing power and, accordingly, will be classified as a general obligation bond.

There was no issuance of Municipal Paper during the fiscal year ended March 31, 2020.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

2.07 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired by the Council from its suppliers in the ordinary course of business. Trade and other payables are recognised initially at the transaction price; they are generally due within a year or less and are classified as current liabilities.

2.08 Employee benefits

Severance/Gratuity obligations

The City Council recognises termination benefits in accordance with the Labour Act, Chapter 297 of the Substantive Laws of Belize.

The Labour Act was revised in April 2011 to require that employees who have been employed for (a) five to ten years be paid severance pay of one week's pay for each year of service and, (b) employees with more than ten years be paid severance pay of two week's pay for each year of service. The revised Act also provided that employees who had already completed ten years of service prior to the commencement of the revision be paid a week's salary for the period served prior to the commencement of the revision and two weeks' salary for the period served after the commencement of the revision to the Act. The revision was effective May 1, 2011.

Pension obligations

As provided by the Belize City Council Act, Chapter 85 of the Laws of Belize, the Council may grant a pension to retirees under a defined benefit plan arrangement. A defined benefit plan establishes the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation; the plan is fully funded by the Council. In accordance with IFRS, the defined benefit obligation payable to qualifying retirees should be determined with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from those that would be determined at end of the reporting period.

See also Subsequent Event Note 16.

2.09 Revenues and Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Council recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Council, and when specific criteria have been met for each of the Council's activities, as outlined below.

Significant sources of revenues of the Council comprise property taxes, traffic related fees and charges, trade license fees, cruise ship user charges, government subvention, liquor licenses, and rental and concessions fees.

Revenue Trade-offs

The Council periodically engages in transactions in which the fair value of goods and services received by the Council is traded in exchange for taxes and other fees due to the Council by suppliers. Revenue trade-offs amounted to \$987,857 for fiscal year ended March 31, 2020.

Property tax revenues

The Council bills and collects property taxes for municipal purposes. Property taxes are billed annually in January of each year for the ensuing financial year starting April 1st. Taxation revenues are recorded at the time billings are issued. Additional property tax revenues can be added throughout the year, related to new properties or properties which are reassessed. Taxation revenues may also be reduced for reassessments.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

Government grants and subventions

The Government of Belize's subvention is an allocation approved annually by the National Assembly of Belize for all municipalities, including the Belize City Council. The monies are disbursed in monthly instalments by the Ministry of Local Government.

User charges – Tourism

In accordance with the Cruise Ship Passenger Tax Act, the Belize Tourism Board collects the established head tax from manifested passengers of cruise ships arriving in Belize. A shared portion of those funds is contributed to a Tourism Development Fund held by the Ministry of Local Government, who then makes disbursements from that fund to the Council, based on an approved allocation, which varies based on actual cruise ship arrivals.

Restrictions on revenues

In conjunction with the Council's outstanding bond issue, and in accordance with the provisions of the Bond Act, certain revenues of the Council, including government subventions and tourism user charges, are not available for general usage but are paid directly into the Bond Sinking Fund, held and managed by the Central Bank of Belize.

Revenue from taxes, fees, licenses, fines and asset-exchange transactions

The Council recognizes revenues from taxes, fees, user charges, licenses, fines and asset-exchange transactions when the event occurs and the asset recognition criteria are met. To the extent that the revenues received benefit future periods, a deferred income liability is recognized. Any asset-exchange revenues are recognized when it is probable that the economic benefits or service potential associated with the asset will flow to the Council and the fair value of the asset can be measured reliably.

Deferred revenues

Certain amounts are collected pursuant to legislation or agreement (liquor license fees, traffic related fees, trade licenses, property taxes) in a period prior to which the fees relate. Such amounts are recorded as deferred revenues and are recognized as revenues in the year for which the revenues were billed, as this is the time the eligibility criteria have been met.

Government grants and subventions

The Council applies the income approach in accounting for government grants and subventions. Revenues from government grants and subventions are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

Government grants are recognized in the statement of financial performance on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate. All grants which relate to depreciable assets are recognized as capital grant income on a systematic basis over the periods, in the proportions in which depreciation expense on those assets is recognized. The balance of unamortized costs is reflected on the Statement of Financial Position as Capital Grant.

Where government grants become receivable to the Council as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Council with no future related costs, such amounts are recognised in the Statement of Financial Performance in the period in which they become receivable.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

Interest income

Interest income is recognized on the accrual basis; interest earning from the Sinking Fund investments are not paid to the Council but reinvested in the Sinking Fund managed by the Central Bank of Belize.

2.10 Leases/Rental

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged in the statement of financial performance on a straight-line basis over the period of the lease.

The Council leases rents stalls at the Michael Finnegan market, lots and other Council spaces and properties under operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and included in revenues in the statement of financial performance.

2.11 Income Taxes

In accordance with provisions of the Income and Business Tax Act, Chapter 55 of the Laws of Belize, the Council is exempted from income taxation on its revenues.

2.12 Financial Risk Management

The Belize City Council controls its exposure to financial risk of impairment to assets by conducting its activities under policies approved by the Mayor and the Councillors.

2.13 Trust Assets

Trust assets and their related operations administered by the Council are not included in these financial statements, but reported separately.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

	2020	2019
	\$	\$
3. CASH AND BANK BALANCES		
Scotia Bank* Operating	344,258	1,738,495
Heritage Bank Operating	42,777	1,324,807
Atlantic Bank Business Savings	802,772	11,281
Atlantic Bank Operating	44,308	197,823
Scotia Bank* Credit Card Account	9,926	61,728
Cash on hand	43,478	-
	1,287,519	3,334,134

* Now, the Belize Bank Limited

4. TRADE AND OTHER RECEIVABLES

Property taxes receivable	23,249,714	17,224,838
Trade license receivable	2,801,864	2,087,124
Tourism related revenues receivable	-	1,593,492
Garbage fee receivables	275,196	275,196
Liquor license	1,295	10,633
Rent receivable	342,193	613,477
Staff receivable	33,399	124,093
Other receivables	294,096	209,514
	26,997,757	22,138,367
Less: Allowances for impairment of receivables	(17,476,245)	(15,601,902)
	9,521,512	6,536,465

5. TRADE AND OTHER PAYABLES

Accounts payable and accrued liabilities consist of the following:

Trade payable	8,699,692	7,452,724
Other payables and accruals	5,365,980	5,684,221
Escrow funds held from liquidation of properties for tax arrears	1,132,344	290,616
	15,198,016	13,427,561

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

	2020	2019
	\$	\$
6. UNEARNED REVENUES		
Revenues received for advance payments for property taxes, licenses and other charges are included in deferred revenues.		
Deferred Revenues		
Property tax	3,153,879	835,265
Trade license	3,619,566	-
Liquor license	342,413	396,050
Traffic license	2,044,534	1,649,064
Market rental	91,690	-
	9,252,082	2,880,379

7. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	City Streets & Drains Infrastructure	Furniture & Fixtures	Vehicles & Machinery	Computers & Other Equipment	Work in Progres Streets/Drains	Totals \$
Gross carrying amount							
Balance, April 1, 2019	55,022,172	37,023,534	375,123	4,366,221	1,365,497	1,554,652	99,707,199
Additions	237,864	-	2,517,407	10,799	710,093	-	3,476,163
Disposals	-	-	-	-	-	-	-
Balance, March 31, 2020	55,260,036	37,023,534	2,892,530	4,377,020	2,075,590	1,554,652	103,183,362
Accumulated Depreciation							
Balance, April 1, 2019	(2,118,507)	(5,679,693)	(181,746)	(2,961,690)	(763,426)	-	(11,705,062)
Disposals	-	-	-	-	-	-	-
Depreciation for the year	(293,719)	(1,057,815)	(168,230)	(1,094,092)	(331,089)	-	(2,944,945)
Balance, March 31, 2020	(2,412,226)	(6,737,508)	(349,976)	(4,055,782)	(1,094,515)	-	(14,650,007)
Net carrying amount, March 31, 2020	52,847,810	30,286,026	2,542,554	321,238	981,075	1,554,652	88,533,355
Net carrying amount, March 31, 2019	52,903,665	31,343,841	193,377	1,404,531	602,071	1,554,652	88,002,137

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

	2020	2019
	\$	\$

8. BORROWINGS

8a. NET MUNICIPAL BONDS

The net unsecured long-term debt reported on the Statement of Financial Position comprises municipal bonds issued by the City Council as follows:

Municipal bonds:

Municipal bonds series No. 3 of issue No. 1, interest rate of 8%, maturing on December 24, 2022.	6,000,000	6,000,000
Municipal bonds series No. 3 of issue No. 2, interest rate of 8%, maturing on May 24, 2023.	3,172,000	3,172,000
Municipal bonds series No. 3 of issue No. 3, interest rate of 8%, maturing in November, 2023.	2,300,000	2,300,000
Total municipal bonds	11,472,000	11,472,000
Less: Bond Sinking Fund	(4,159,180)	(1,321,745)
Net Municipal Bonds Payable	7,312,820	10,150,255
Current portion payable	-	-
Non-current portion	7,312,820	10,150,255

8b. OTHER BORROWINGS

Heritage Bank

Original loan of \$4.8m, repayable in 96 monthly installments of \$71,066, inclusive of interest at 9% p/a, secured by 1st charges over Commercial Center Building, Old City Hall Building, and BTL Park.

3,578,189 3,924,354

Atlantic Bank

Original loan of \$800,000 repayable in 5 monthly installments of \$5,667, plus one payment of \$817,189 plus interest at 8.5% p/a

800,000

Less: current portion (1,369,580) (520,732)

Non-current portion 3,008,609 3,403,622

Principal amounts on all borrowings are repayable as follows: Year ending March 31, 2022, \$589,971; 2023, \$6,756,675; 2024, \$6,142,341.

8c. GOVERNMENT OF BELIZE (GOB) ADVANCES

The City Council is indebted to GOB for interest-free, cumulative advances of \$820,000 made to, or on behalf of, the Council during a period prior to fiscal year 2016. The advances are repayable in monthly installments of \$20,000 each, deducted from the Council's subvention paid by GOB.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

	2020	2019
	\$	\$

9. REVOLVING FACILITY

The Council has a secured demand revolving credit facility in the amount of \$1.2m, bearing interest at the rate of 8.5% per annum. The facility is secured by a first lien over several of the Council's properties in Belize City.

10. CAPITAL GRANT

Government grants: infrastructure	13,892,073	13,892,073
Government grant: vehicles	1,425,267	1,425,267
	15,317,340	15,317,340

11. GRATUITY/SEVERANCE PAYABLE

Employee benefit liabilities are as follows:

Balance, Beginning of Period	3,985,693	3,652,013
Additions	640,750	971,564
Gratuity/severance paid	(611,820)	(637,884)
Balance, End of Period	4,014,623	3,985,693

12. GOVERNMENT GRANTS AND SUBVENTIONS

a. Contributions in cash	1,485,300	1,483,300
b. Contributions in debt service	-	122,840
	1,485,300	1,606,140

a. Cash contributions represent allocations approved by the National Assembly; the funds are disbursed in equal monthly installments of \$123,708 to the Council by the Ministry of Local Government.

b. Debt service contributions represent payments made on behalf of the Council by the Government of Belize towards the Council's bank loan.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

13. COMMITMENTS AND CONTINGENCIES

Contingent liabilities reflect possible liabilities that may be incurred by the Council where the potential amount is unable to be estimated, and/or it is still not deemed probable that an obligating event has arisen. Material contingent liabilities are disclosed in these financial statements.

13.01 Contracts

The Council was a party to contracts and business arrangements with various parties at March 31, 2020. Unless recognized as a provision in these financial statements, the Council had not yet received services for which amounts had become due and payable at balance sheet date.

Significant non-employment contracts which existed at March 31, 2020 comprised the following:

1. Contract with Heritage Financial Services Limited (Heritage) dated September 16, 2019 for a three-year term, in which Heritage was engaged to provide fiscal agency services in connection with the Council's 2019 Series 1 Municipal Paper. Among other things, Heritage is responsible to:
 - a. provide fiscal services for the issuance and administration of the Municipal Paper in accordance with the Municipal Paper Act;
 - b. act as the principal paying agent of the Council for the Municipal Paper;
 - c. deposit, from the Municipal Paper Fund, into and maintain in the Interest Reserve Fund Account an interest reserve equal to one year's interest payable in respect of all issue Municipal Paper.

The annual administrative fee payable to Heritage Financial Services Limited is \$30,000.

2. Fifteen-month Memorandum of Agreement with the Commonwealth Local Government Forum (Caribbean) (CLGF) for undertaking agreed upon projects by the Council, commencement date October 5, 2020 (ending no later than December 31, 2021). Under the terms of the agreement, the CLGF is to providing funding of €34,977 (approx. \$81,000 Bz), while the Council has quarterly progress and financial reporting, among other obligations.

13.02 Legal Matters

The City Council is subject to various litigation and claims arising in the normal course of operations. Based on current knowledge and communication with legal counsel, the Council is of the view that the final outcome of the matters which existed at March 31, 2020 would not have a material adverse effect on the Council's financial position.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

14. KEY MANAGEMENT AND COUNCIL COMPENSATION

The aggregate compensation of the Mayor, the Councillors, and the City Administrator for the year ended March 31, 2020 was \$249,888.

15. SEGMENTED INFORMATION

The City Council provides a wide range of services to residents of Belize City. The Council is organized into departments and its services are delivered through the various departments. The segmented information represents costs incurred by the departments, without allocation of revenues earned. Expenditures may represent amounts which are directly attributable to the department, as well as amounts which may have been reasonably allocated.

The segmented information is provided in the Appendix Section of this report and include the following departments:

- Finance and Administrative
- Human Resource Management
- Market
- Management Information Systems
- Municipal Court
- Office of the Mayor
- Public Relations
- Revenue
- Sanitation
- Traffic
- Senior Town Planning
- Valuation
- Works

16. SUBSEQUENT EVENTS

Employee Severance

Subsequent to balance sheet date, the Council undertook a special exercise in which 61 of its employees were retired under a three-phase program. The total payment obligation was \$677,552.

Contract with Alpha Capital LLP

On May 13, 2020 the Council entered a one-year engagement agreement with Alpha Capital LLP in which Alpha was appointed to act as "Arranger" in respect of the Council's restructuring of the terms of its existing debt and raising new funds. The agreed compensation for Alpha's services is \$75,000 engagement fee, plus 3% of the cumulative debt restructured.

Notes to the Financial Statements

For the years ended March 31, 2020 and 2019 (expressed in Belize Dollars)

17. OTHER POST REPORTING DATE EVENTS

On March 11, 2020 the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic, which was followed by a declaration on March 31, 2020, by the Prime Minister of Belize, of a National State of Emergency (SOE) that resulted in a nationwide shutdown on April 1, 2020.

The Pandemic and Going Concern

The nationwide shutdown occurred after the close of the 2020 financial year. Consequently, the financial impact and other substantive effects of the COVID-19 pandemic on the Council are not measured in the results of its operations and cash flows for the year ended March 31, 2020. The Council made a number of operating adjustments it considered necessary to address, as best as possible, the actual or potential impact of the pandemic. Management did not discontinue or close any of the services of the City; accordingly, the Council continued to operate as a going concern with the full extent of its services.

Material adjustments and other considerations of management made to address the impact of the pandemic are outlined below.

A. Impairment of Assets

Management took steps and formulated arrangements to address its financial assets (receivables); the Council does not anticipate losses in relation to its receivables. Fixed assets of the Council have not been impaired.

B. Revenues

The Council experienced an initial decline in its revenues during the first few months of the shutdown. Management has since realized a gradual recovery of revenues, and remains optimistic that revenues will recover, by the end of fiscal 2021, to levels near those of pre-COVID-19.

C. Present Contracts

Management re-evaluated contracts which existed at balance sheet date (the date of the SOE), and does not anticipate losses.

D. Loans and Financial Commitments

Management accepted an offer of a temporary moratorium (3 months) on loan repayments due to Heritage Bank Limited, commencing April, 2020. The Council has since continued to service its loan commitments.

E. Operations and Contracts with Employees

The Council's operations were modified; the staff, with the exception of sanitation workers, operated on a rotation basis between remote and onsite activities, on 50% and 100% salary, respectively. Sanitation workers were declared essential workers and were paid in full. Managers were on 66% of salaries; Councillors, 50%.

F. Government Assistance

The Government of Belize (GOB) did not provide direct financial assistance, although it facilitated payment of three months' subvention directly to the Council instead of payment into the Sinking Fund.

G. Other

Management of the Council did not make substantial changes to its financial operations as a consequence of the pandemic. It has, of course, adhered to officially prescribed safety protocols for its operations.

Appendix to the Financial Statements

Appendix to the Financial Statements

SEGMENT REPORTING

The segmented information provided herein is consistent with the aggregate balances reflected on the statements of financial performance presented in these audited accounts, although individual account classifications within departments may vary from year to year in some cases.

Year Ended March 31,	2020	2019
	\$	\$
a. FINANCE AND ADMINISTRATION		
Advertisement	846	1,400
Board meetings	-	6,101
Consultancy and professional fees	259,077	40,238
Depreciation	-	2,013,363
Disaster preparedness	9,143	16,943
Donation	9,505	6,048
Financial expenses	1,322,298	1,389,603
Fuel	129,086	94,639
Implements	803	945
Indemnities	1,091	1,260
Insurance and licenses	331,292	137,301
Materials and supplies	395,233	140,869
Miscellaneous	1,238	2,348
National celebrations/festivities	53,278	9,952
Pensions, severance and gratuity	-	1,016,174
Provision for uncollectible receivables	-	465,043
Rent and leases	54,907	15,850
Repairs and maintenance	192,379	26,628
Street maintenance	21,740	507
Salaries	1,573,568	1,546,478
Social assistance and contributions to social activities	69,397	25,837
Staff benefits and social security	115,220	86,784
Training	6,477	6,172
Transport & Travel	34,961	2,925
Commissions paid	4,606	-
Contracts and Consultancy	1,496,398	708,090
Utilities	375,752	243,932
	6,458,295	8,005,430

Appendix to the Financial Statements

Year Ended March 31,	2020	2019
	\$	\$
b. HUMAN RESOURCE MANAGEMENT		
Board Meetings		-
Consultancy and professional fees	49,076	-
Donation	-	245
Financial expenses	(22)	-
Fuel expenses	9,944	9,508
Implements	208	-
Insurance and licenses	-	154,766
Materials and supplies	90,607	24,410
Miscellaneous	-	6,802
National celebrations/festivities	98,592	154,229
Pension	288,458	268,745
Rent and leases	1,369	62,295
Repairs and maintenance - Building	1,035	747
Salaries	463,847	327,975
Severance and Gratuity	232,478	262,768
Social assistance and contributions to social activities	3,508	1,834
Staff benefits and social security	158,941	28,587
Training	15,910	-
Transport & Travel	-	147
Utilities	-	-
	1,413,951	1,303,058
c. MARKET DEPARTMENT		
Fuel	2,115	1,319
Implements	717	7,698
Materials and supplies	2,720	2,272
Miscellaneous	-	63
Repairs and maintenance	26,036	19,727
Street maintenance	7,745	814
Salaries	124,532	123,384
Staff benefits and social security	6,092	6,999
Utilities	300	41,785
	170,257	204,061

Appendix to the Financial Statements

Year Ended March 31,	2020	2019
	\$	\$
d. MANAGEMENT INFORMATION SYSTEM DEPARTMENT		
Fuel	11,837	7,222
Material and supplies	433,960	55,758
MIS Consultancy	5,880	26,472
Repairs and maintenance	277,250	86,264
Salaries	202,915	127,210
Staff benefits and social security	6,505	5,672
Social assistance and contributions to social activities	274	150
National celebrations/festivities	-	575
Transport and travel	1,000	-
Utilities	-	10,145
	939,621	319,468
e. MUNICIPAL COURT DEPARTMENT		
Fuel	3,794	4,314
Implements	43	-
Materials and supplies	2,164	6,899
Miscellaneous	105	255
National celebrations/festivities	-	192
Pension, severance and gratuity	-	-
Rent and leases	53,991	129,340
Repairs and maintenance	-	-
Salaries	305,052	351,718
Staff benefits and social security	12,043	20,938
Transport & Travel	-	-
Utilities	-	10,831
	377,192	524,487

Appendix to the Financial Statements

Year Ended March 31,	2020	2019
	\$	\$
f. OFFICE OF THE MAYOR		
Advertisement	615	-
Board Meetings	-	227
Consultancy and professional fees	20,381	-
Donations	248,608	150,824
Fuel	22,269	22,831
Implements	115	1,202
Indemnities	2,500	-
Miscellaneous	41	128,117
Materials and supplies	16,453	75,082
National celebrations/festivities	70,195	60,307
Contracts and Consultancy	-	2,822,150
Repairs and maintenance	13,105	34,223
Street maintenance	75,237	-
Remuneration of Mayor and Councilors	-	444,113
Social assistance and contributions to social activities	252,756	174,763
Salaries, staff benefits and social security	485,781	30,486
Transport & Travel	58,901	47,018
Training	5,162	954
Utilities	-	8,365
	1,272,119	4,000,662
g. PUBLIC RELATIONS DEPARTMENT		
Advertisement	203,271	148,767
Consultancy and professional fees	1,500	-
Donations	16,245	881
Fuel	9,133	17,395
Implements	168	563
Indemnities	265	-
Miscellaneous	-	112
Street maintenance	35,185	40,983
Materials and supplies	52,565	20,161
National celebrations/festivities	132,693	73,715
Rent and leases	150	2,719
Repairs and maintenance	1,054	150
Salaries	393,930	364,450
Staff benefits and social security	18,732	20,556
Social assistance and contributions to social activities	77,379	47,985
Transport & Travel	800	60
Training	3,211	-
Contracts and Consultancy	17,213	-
Utilities	-	4,345
	963,494	742,842

Appendix to the Financial Statements

Year Ended March 31,	2020	2019
	\$	\$
h. REVENUE DEPARTMENT		
Commissions paid	251,992	310,943
Board expenses	-	26,306
Financial expenses	423	740
Fuel	7,816	4,710
Implements	39	-
Materials and supplies	238	2,549
Miscellaneous	-	2,189
National celebrations/festivities	-	1,115
Repairs and maintenance	4,830	308
Street maintenance	35,000	-
Salaries	293,022	231,700
Staff benefits and social security	45,656	13,724
Transport and travel	-	-
Utilities	250	-
	639,266	594,284
i. SANITATION DEPARTMENT		
Financial expenses	4,548	-
Fuel	191,934	146,421
Implements	28,144	31,752
Indemnities	5,015	450
Loss on Disposal of Property and Equipment	600	-
Materials and supplies	127,230	106,709
Miscellaneous	-	124
National celebrations/festivities	3,128	12,905
Repairs and maintenance	13,851	21,528
Street maintenance	53,447	51,270
Rent and leases	32,041	74,814
Salaries	2,428,487	2,439,657
Contracts and Consultancy	2,324,028	253,605
Social assistance and contributions to social activities	73,712	17,002
Staff benefits and social security	382,427	150,541
Transport & Travel	525	740
Training	91	-
Utilities	20	-
	5,669,228	3,307,518

Appendix to the Financial Statements

Year Ended March 31,	2020	2019
	\$	\$
j. TRAFFIC DEPARTMENT		
Consultancy and professional fees	4,500	-
Financial expenses	412	480
Fuel	88,259	47,075
Implements	3,809	568
Indemnities	100	-
Insurance and licenses	2,271	3,139
Materials and supplies	249,874	197,826
Miscellaneous	-	1,076
National celebrations/festivities	-	1,954
Repairs and maintenance	9,992	17,298
Salaries	1,077,419	992,232
Staff benefits and social security	52,184	51,976
Street maintenance	3,491	27,236
Social assistance and contributions to social activities	2,961	-
Contracts and Consultancy	112,556	5,325
Transport & Travel	80	-
Utilities	400	34,134
	1,608,308	1,380,319
k. SENIOR TOWN PLANNING DEPARTMENT		
Fuel	45,318	51,301
Implements	366	429
Materials and supplies	200	10,401
Severance and Gratuity	3,600	-
Street maintenance	14,786	16,379
Repairs and maintenance	15,355	6,894
Salaries	321,363	248,904
Contracts and Consultancy	-	4,000
Staff benefits and social security	13,170	14,325
Social assistance and contributions to social activities	312	821
Training	1,102	-
	415,572	353,454

Appendix to the Financial Statements

Year Ended March 31,	2020	2019
	\$	\$
I. VALUATION DEPARTMENT		
Board meetings	623	-
Fuel	13,109	9,188
Materials and supplies	3,744	5,447
Miscellaneous	6,711	1,901
Repairs and maintenance	3,150	-
Salaries	422,527	393,747
Staff benefits and social security	31,145	18,659
Transport & Travel	12,656	11,678
	493,665	440,620
m. WORKS DEPARTMENT		
Donations	-	540
Fuel expenses	109,057	155,787
Implements	6,879	16,758
Insurance and licenses	2,484	14,249
Materials and supplies	5,400	21,496
Miscellaneous	116	-
National celebrations/festivities	6,364	28,386
Pension, severance and gratuity	-	6,120
Rent and leases	2,555	16,396
Repairs and maintenance	124,721	100,121
Salaries	1,091,895	1,020,652
Staff benefits and social security	54,314	61,951
Social assistance and contributions to social activities	3,180	106
Street maintenance	891,440	215,545
Transport & Travel	1,582	360
Utilities	-	50,481
	2,299,987	1,708,948