



Cedric D. Flowers
Certified Public Accountant

Belmopan City Council

Financial Statements

Year Ended March 31, 2019

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 : cdflores@btl.net

INDEPENDENT AUDITOR'S REPORT

To the Members of the Belmopan City Council

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of the Belmopan City Council (the "Council"), which comprise the statement of financial position as of March 31, 2019, and the statement of activities and changes in general fund, and 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, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the accompanying financial statements **do not** present fairly the financial position of the Council as of March 31, 2019, and its activities and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Adverse Opinion

The matters giving rise to our adverse opinion on the financial statements for the year ended March 31, 2018, continued to affect the financial statements for the year ended March 31, 2019. Specifically:

Pervasive Uncertainty and Lack of Substantiation Regarding Key Balances and Transactions

- **InnovaBel Land Liability and Prohibited Transactions:** As disclosed in Note 2.10 and Note 16, the uncertainty regarding the "Due to Government of Belize" liability for the InnovaBel land persisted. Furthermore, during the fiscal year ended March 31, 2019, the Council commenced "sales-like" transactions for residential plots on InnovaBel Land. These transactions were prohibited by the terms and conditions of the provisional subdivision approval (final approval was only received in May 2023). Collections were treated as "Customer Deposits." The lack of external validation for the acquisition liability and the impropriety of these sales-like transactions, along with the continued classification as Investment Property, impact the fair presentation of liabilities, potentially assets, and the recognition of revenue.
- **Continued Unauthorized and Undocumented Sale of Infrastructure Land:** As detailed in Note 2.11 and Note 16, the Council continued to engage in sales of infrastructure lands without formal Council approval. The issues regarding the recognition of losses based on internal valuations, reduction of fixed assets, and adjustments to the General Fund for revaluation gains persisted. The lack of formal approval and adequate supporting documentation raises significant concerns about the propriety and accuracy of these transactions.

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- **Continued Unrecorded Revenues from Unsubstantiated Set-Offs:** As disclosed in Note 2.13 and Note 16, instances of unsubstantiated trade-offs and set-offs against ratepayers accounts receivable, resulting in unrecorded revenues, continued during the year. This has resulted in an ongoing understatement of revenues and potentially accounts receivable.

The effects of these continuing matters are, in our judgment, so material and pervasive to the financial statements that we are unable to quantify their full impact. The lack of sufficient appropriate audit evidence concerning these material amounts and transactions, and the fundamental deficiencies in internal control and governance they represent, lead us to conclude that the financial statements as a whole are materially misstated and misleading.

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 Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Other Matter – Delayed Issuance of Financial Statements and Ongoing Special Investigation

We draw attention to Note 16 to the financial statements, which describes that these financial statements for the year ended March 31, 2019, have recently been approved for issue. Furthermore, subsequent to the prior year-end, a Special Investigation was commissioned by the Council, which continued its work and whose findings pertain to this fiscal year. The findings of this ongoing investigation, as summarized in the notes, highlight the pervasive nature of the issues affecting the financial statements. Our opinion is not modified in respect of this matter itself, though the findings contribute to the basis of our adverse opinion.

Responsibilities of Management and Those Charged with Governance 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 is 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.

Those charged with governance 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

Other Matter - 2018 Audited Financial Statements

The financial statements of the Belmopan City Council for the year ended March 31, 2018 were audited by us and we expressed an adverse opinion on those financial statements in our report dated the same date as this report.

Cedric D. Flowers

Certified Public Accountant
Belize City, Belize

April 3, 2025

Statements of Financial Position

31 March

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash & Bank	3	27,587	41,665
Short-term Investment (restricted)	4	1,126	1,082
Current maturity long-term leases		140,756	140,756
Accounts receivable & prepayments	5	88,271	89,989
Total current assets		257,740	273,492
Net Property, Plant and Equipment	2.05, 6	7,011,147	7,603,405
Sewer Project*	15	1,999,814	1,999,814
Investment Property	2.10	5,522,660	5,522,660
TOTAL ASSETS		14,791,361	15,399,371
* Pending transfer to the Government of Belize			
LIABILITIES, CREDITS & FUND BALANCES			
Current liabilities			
Bank Overdraft		56,193	-
Accounts payable and accruals		1,678,101	988,992
Customer Deposits on Land	2.10	38,000	-
Bond Interest Payable		63,290	63,913
Severance payable		1,292,304	1,379,556
Due to Government of Belize		5,522,660	5,522,660
Current portion of Long-term debt		217,000	110,000
Total current liabilities		8,867,548	8,065,121
Net Bonds payable	7	5,998,961	6,087,952
Deferred credits	9	124,026	141,663
Total liabilities and credits		14,990,535	14,294,736
Fund balances			
Capital Grant	2.09, 10	9,160,694	9,160,694
Revaluation Reserve		194,596	194,596
General Fund (Belmopan City Fund)		(9,554,464)	(8,250,655)
TOTAL LIABILITIES, CREDITS & FUND BALANCES		14,791,361	15,399,371

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

Approved for issue by the Council on _____ .

Mayor _____ City Administrator _____

Statements of Activities and Changes in General Fund Years ended 31 March

	Notes	2019 \$	2018 \$
REVENUES AND RECEIPTS			
Vehicle License fees		1,574,153	1,492,322
Trade licenses		575,223	479,285
Liquor licenses		127,227	109,114
Construction and land administrative charges		83,686	126,270
Garbage and refuse collection		377,931	326,411
Property taxes		2,202,544	1,961,668
Rental income		311,898	289,252
Other fees and revenues		507,460	188,189
Interest income		708	978
Grants and contributions		92,217	230,707
Government subvention (restricted)	2.08	400,000	600,000
Deferred credit amortized		17,637	17,637
Gain on sale of asset		38,827	68,006
Loss on disposal of land	2.11	(621,088)	(305,131)
Total revenues		5,688,423	5,584,708
LESS: EXPENDITURES			
Administration and Finance	App 1	2,060,876	3,287,515
Projects	App 2	616,850	3,373,128
Land and Revenue	App 3	681,861	793,097
Transport	App 4	911,547	1,102,660
Municipal	App 5	2,096,570	2,317,291
Engineering	App 6	622,128	621,901
Depreciation		526,064	491,788
Bond commissions and fiscal agency fees		-	212,878
Interest and bank charges		51,892	129,561
Bond interest expense		394,770	360,598
Total expenditures		7,962,558	12,690,417
Deficit		(2,274,135)	(7,105,709)
General fund, beginning year		(8,250,655)	(1,685,137)
Adjustment against General Fund	2.12	970,326	540,191
General fund, end of year		(9,554,464)	(8,250,655)

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

Statements of Cash Flows

Years ended 31 March

	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from residents and clients	6,660,467	6,372,201
Cash paid for expenditures	(6,814,897)	(4,662,653)
Net cash provided (used) by operating activities	(154,430)	1,709,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	(43)	249,463
Net acquisition of fixed assets	66,193	51,892
Investment Property	-	(5,522,660)
Net cash provided (used) by investing activities	66,150	(5,221,305)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bonds retired	(110,000)	4,933,000
Repayment of loan	-	(1,781,470)
Net cash provided (used) by financing activities	(110,000)	3,151,530
Net decrease in cash	(198,280)	(360,227)
Cash, beginning of period	343,713	703,940
Cash, end of period*	145,433	343,713
Reconciliation of Deficit to net cash provided (used) by operating activities:		
Deficit	(2,274,135)	(7,105,709)
Add (deduct) items not using (providing) cash:		
Adjustment to General Fund	970,326	540,191
Depreciation	526,064	491,788
Amortization of deferred credit	(17,637)	(17,637)
Decrease (increase) in account receivable & prepayments	1,718	(57,829)
Increase (decrease) in accounts payable	639,234	7,858,744
Net cash provided (used) by operating activities	(154,430)	1,709,548

* Includes bond sinking fund

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

1. GENERAL INFORMATION

Status

The City of Belmopan is the capital of the country of Belize; its affairs are governed by the Belmopan City Council (the Council), which was incorporated on February 10, 2000 under the Belmopan City Council Act, Chapter 86 of the Laws of Belize (the Act). The Council's administrative offices are located at 36/38 Trinity Blvd., City of Belmopan, Cayo District, Belize.

Constitution and Term

The Belmopan City Council consists of a Mayor and six 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 for a term of three years. 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 periods covered by these audit reports, the Mayor of Belmopan was Mr Khalid Belisle.

Duties of the Council

The Council is entrusted with the general rule and good governance of the City of Belmopan 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 duties in the City of Belmopan in respect of the following:

- a. Public safety – street improvements and infrastructure;
- b. Sanitation – public health and garbage disposal;
- c. Culture – disposal, acquisition and zoning of property, recreation;
- d. Motor vehicles – administration and control over motor vehicle licensing;
- e. Other – general administrative services.

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 by reference to additional powers and functions granted to the Council in respect of the following Acts:

- (a) Trade Licensing Act;
- (b) Intoxicating Liquor Licensing Act;
- (c) Motor Vehicles and Road Traffic Act;
- (d) Towns Property 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 the public sector context. The principal accounting policies applied in the preparation of these financial statements are set out in the paragraphs which follow.

The Belmopan City Fund

The General Fund represents the Belmopan 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 balance.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

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. 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 in accounting policies and disclosures

The following new accounting standard may impact the accounting of the Council in future financial statements.

IFRS 16, 'Leases: This standard replaces the current guidance in IAS 17. This will require far-reaching changes in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases of low-value assets; however, this exemption can only be applied by lessees. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted under certain conditions. The Council did not early adopt this new standard, and will evaluate its impact, as it relates to the Council's leasing arrangements, in due course.

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 activities. The recognized exchange rate is BZ \$2 to US \$1.

2.03 Financial assets

The Council's financial assets include: cash and cash equivalents, prepayments 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.

Accounts receivable

Staff receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost less provision for impairment. A provision for impairment of 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 arrangement with the borrower.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

Other short-term financial assets

Other short-term financial assets comprise term deposit investments held for one year or less; they are initially recognized at transaction price. Due to the short-term maturity of these financial instruments, their carrying values are approximately equal to their market values.

2.04 Inventories

Inventories of the Council include license plates, licensing decals, stationery and usable supplies.

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 activities 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	40 years;
Office furniture and equipment	10 years;
Machinery and equipment	10 years;
Motor Vehicles	4 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.

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

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 activities.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (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 Belmopan 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 method 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 activities.

Municipal Bonds

By a resolution of the Belmopan City Council dated April 5, 2016 and, in accordance with the Belmopan City Council (Amendment) Act, 2016, (the BMPCitco Bond Act) the Council made a municipal bond offering, the 2016 Series 1 Bonds (the bonds), the details of which were contained in its Municipal Bond Prospectus 2017.

The Serial Bond Offering

The bond offer was made for an aggregate of \$6.5m denominated in units of \$1,000, with varying rates of interest. The bond issue was structured in order that portions of the outstanding bonds mature at regular intervals until all bonds have matured (i.e. serial bonds).

The bond coupon (interest) rates range from 3.50% to 7.25% per annum, with a weighted average rate of 5.69%. The bonds are structured in 13 tranches and were subscribed with maturities as follows:

- a. The first four tranches maturing each year on February 1st, from 2019 to 2022, aggregate amount, \$1,166,000;
- b. The next four tranches maturing each year on February 1st, from 2023 to 2026, aggregate amount, \$1,961,000;
- c. The last five tranches maturing each year on February 1st, from 2027 to 2031, aggregate amount, \$3,373,000.

The municipal bonds are classified as General Obligation Bonds (GO Bonds) since they are backed solely by the credit and taxing power of the Council and are not tied to any specific revenue stream of the Council.

Callable Feature

The Council reserves the right to redeem the bonds, after August, 2022, at par value together with interest accrued to the fixed date for redemption on giving at least 180 calendar days' notice—issued by the Fiscal Agent at the request of the Council.

Use of Proceeds

The BMPCitco Bond Act established the Belmopan City Infrastructure Fund into which shall be deposited or credited the bond proceeds. The proceeds of the bond issue may be used by the Council for any of the purposes of: to retire existing overdraft facility, debt or liability not exceeding \$1.5m; to pay for infrastructure works; and, to pay for consultancy services, building construction, parks, playgrounds or other similar project or activity within the City of Belmopan.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

Bond Sinking Fund

The BMPCitco Bond Act also established the Belmopan 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 monies that the Council considers necessary to ensure that the Sinking Fund is adequate to satisfy the repayment of principal and interest.

In accordance with Section 23F of the BMPCitco Bond Act, the Sinking Fund is immune from enforcement of any judgment or proceedings by any creditor or other person.

Fiscal Agent

Heritage Trust Financial Services Limited (Heritage Trust) is the Fiscal Agent for the municipal bond issue; Heritage Trust is responsible for the general management of the Sinking Fund, including establishment of the sinking fund bank account, and periodic payouts of interest and principal to bondholders.

Other Provisions

In accordance with BMPCitco Bond Act, the Council is required to maintain a debt ceiling such that interest and principal payable in any year in respect of its debts shall not exceed 50% of the Council's recurrent revenue from the previous year; additionally, the Council's total debt shall not exceed \$25m.

2.07 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, government subvention, liquor licenses, and rental and other fees.

Property tax revenues

The Council bills and collects property taxes for municipal purposes. Property taxes are billed annually prior to the close of the current financial year for the ensuing financial year starting April 1st. Taxation revenues are recorded when received.

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 Belmopan City Council. The monies are disbursed in monthly instalments by the Ministry of Local Government. At March 31, 2019, the monthly subvention was \$50,000. Subventions are recorded when received.

Donations and Grants

Donations and grants (cash or in-kind) received in recognition for specific project expenditures are recognized as income in the same period as the relevant expenses.

Grants related to depreciable assets are recorded as deferred credits and are recognized as income over the years in proportion to depreciation charged on those assets during each year.

Trade and Liquor Licenses, Other

Certain amounts are collected pursuant to legislation or agreement; trade and liquor licenses are assessed by their respective licensing boards. Licensing fees for approved applications are due within one month of approval and are recognized as revenues in the accounts upon approval.

Garbage disposal fees, taxi bay rental and market stall rental are assessed on a monthly basis and are due within 60 days of assessment. Revenues from these sources are recorded when received.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

2.08 Restrictions on revenues

In conjunction with the Council's outstanding bond issue, and in accordance with a pledge of the Council, certain revenues of the Council, including government subventions, are not available for general usage but are paid directly into the Bond Sinking Fund, held and managed by Heritage Financial Services Limited.

2.09 Capital Grants

Lands donated and transferred to the Council are recorded at fair market value at the time of transfer. These lands are either held as public lands for the Council or have been developed for resale.

2.10 Investment Property

Investment property generally comprises land or buildings held primarily to generate rental income or for capital appreciation, or both, rather than for use in the Council's service delivery, administrative functions, or for sale in the ordinary course of business activities.

Investment Property is comprised of Parcel No. 6302, Belmopan Registration Section, Block 20, a tract of 100.412 acres known as InnovaBel Land. This property was acquired by the Council on February 23, 2016, from the University of Belize. The stated consideration was an "Exchange of Land", although Council records lack specifics regarding the assets exchanged. Additionally, the Council made a cash payment of \$15,000 related to prior private investments on the property. The Council's intention upon acquiring this land was to develop it into a subdivision and subsequently sell the individual parcels as residential plots.

In March 2019, an updated internal valuation of the InnovaBel land was completed, which determined a value of \$9,903,342. This valuation was conducted taking into account developmental costs, including expenditures for surveys and infrastructure, and with a view to establishing the price in preparation for the intended sale and distribution of residential plots. However, this updated valuation of \$9,903,342 was **not** incorporated into the financial statements to adjust the carrying amount of the Investment Property. This was because the Council was prohibited by law from proceeding with such sales and distributions until final subdivision approval was obtained from the Government.

Accordingly, the carrying amount of the InnovaBel land in the Statement of Financial Position as at March 31, 2019, remained unchanged at its initial valuation of **\$5,522,660**.

Starting in the 2019 fiscal year, the Council purportedly committed to "sales-like" transactions involving the sale of residential plots within InnovaBel Land. However, such sales were prohibited by the terms and conditions of the provisional approval for the subdivision. Final approval for the subdivision was only received in May 2023. Consequently, all collections and downpayments received in relation to these purported sales have been treated as "Customer Deposits" and are recorded as liabilities on the financial statements.

Throughout the year, InnovaBel Land remained classified as Investment Property, pending final subdivision approval, notwithstanding the premature collections and transactions described above.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

2.11 Sale of Infrastructure Land

During the fiscal year ended March 31, 2019, the Council continued to engage in the sale of certain infrastructure lands. These lands included areas designated as buffers, open spaces, road reserves, and other properties previously held by the Council for City use.

These sales were undertaken without formal approval from the Council.

The "Land" fixed asset category in the financial statements has been reduced by the proportionate carrying amounts corresponding to the infrastructure lands sold during the year. Prior to recording the sale of these lands, any revaluation reserve gains resulting from previous valuations of these specific assets were adjusted to the General Fund to update their carrying amounts.

Losses on the disposal of these infrastructure lands have been recognized in the accounts. These losses represent the difference between the sale price received and the internally determined valuation amount of the land at the time of sale.

2.12 Adjustments to General Fund

During the fiscal year ended March 31, 2019, the Council transferred recognized revaluation gains as adjustments to the General Fund. This transfer pertained to specific infrastructure lands that were sold during the year, as described in the note titled "Sale of Infrastructure Land".

The revaluation gains, which originated from upward valuations of these lands were considered realized upon the disposal of these assets.

The purpose of this transfer was to adjust the carrying amount of these lands within the General Fund to their revalued amounts upon accounting for their sale. This ensures that any resulting gain or loss on disposal recorded on the Statement of Activities is calculated based on these updated carrying values. This accounting treatment aligns with the Council's policy for accounting for the disposal of revalued assets.

2.13 Unrecorded Revenues from Set-Off Transactions

During the fiscal year ended March 31, 2019, certain transactions involving trade-offs and set-offs against ratepayers accounts receivable occurred. These set-offs were found to be unsubstantiated and lacked proper authorization and approval from the Council.

While these transactions were processed and completed within the Council's operational system, the corresponding revenues that should have been recognized as a result of these set-offs were not recorded in the Council's official financial accounting system. Consequently, these revenues are not reflected in the financial statements for the year ended March 31, 2019.

The extent of any efforts to be undertaken by the current Council to recover these unrecorded revenues from the recipients of the unsubstantiated set-offs has not been determined.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

2.14 Related Party Transactions

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties also include key management personnel such as City Councillors and members of the City's Management Team (the City Administrator, and the Finance Director), as well as their close family members.

The Council is required to disclose circumstances in which it enters into transactions with its related parties at a value different from that which would have been arrived at if the parties were unrelated (i.e. not at arm's length) and these transactions are considered to have a significant financial impact on the Council's financial statements. In the event that qualifying transactions are identified, the Council would disclose the nature of the relationship with all involved parties, type of related party transaction, and amounts recognized in the financial statements.

During the fiscal year ended March 31, 2019, the Council continued to engage in transactions involving infrastructure land sales and trade-offs. Subsequent investigations (reports issued 2025) suggest that some of these transactions involved employees and other entities or individuals considered related or connected parties. (See also Note 16, Subsequent Events).

A formal policy for the identification, approval, and disclosure of related party transactions was not in effect. The investigations indicate that terms for certain transactions may have been determined without standard procedural adherence or formal Council oversight, particularly concerning land pricing and discounts. The Council is reviewing these historical transactions in light of the investigation findings.

2.15 Income Taxes

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

2.16 Financial Risk Management

The Belmopan 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.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

	2019	2018
	\$	\$
3. CASH AND BANK BALANCES		
Heritage Bank Operating	(1,051)	(1,051)
Heritage Bank Infrastructure Account	1,535	1,535
Atlantic Bank	7,610	15,286
Scotiabank	(55,142)	15,802
HRCU - Shares	10,503	10,093
Cash	7,939	-
TOTAL	(28,606)	41,665
4. SHORT-TERM INVESTMENT (Restricted)		
Short-term investment consisted of a term deposit held with Holy Redeemer Credit Union at the rate of 4% per annum; the investment was pledged as security for a loan from that institution.		
5. ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Staff loans	13,825	14,478
Land Sale Adjustments	57,659	57,659
Innovabel Land - Receivable	-	-
Prepaid insurance	16,787	17,852
TOTAL	88,271	89,989
6. FIXED ASSETS & DEPRECIATION		
Cost (c), Valuation (v)		
Land (v)	6,884,077	7,253,405
Building (c, v)	620,934	620,934
Market project	49,859	49,859
Furniture & Equipment (c, v)	447,827	431,992
Machinery & Equipment (c)	506,447	476,447
Motor vehicles (c, v)	1,812,655	1,555,355
	10,321,799	10,387,992
Less: accumulated depreciation	(3,310,652)	(2,784,587)
Net Property, Plant & Equipment	7,011,147	7,603,405

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

	2019	2018
	\$	\$
7. NET MUNICIPAL BONDS		
The net unsecured long-term debt reported on the Statement of Financial Position comprises municipal bonds issued by the Council as follows:		
Municipal bonds:		
Municipal bonds series No. 1, tranche 1, interest rate of 3.5%, maturing on February 1, 2019	-	110,000
Municipal bonds series No. 1, tranche 2, interest rate of 4.0%, maturing on February 1, 2020	217,000	217,000
Municipal bonds series No. 1, tranche 3, interest rate of 4.5%, maturing on February 1, 2021	74,000	74,000
Municipal bonds series No. 1, tranche 4, interest rate of 5.0%, maturing on February 1, 2022	765,000	765,000
Municipal bonds series No. 1, tranche 5, interest rate of 5.25%, maturing on February 1, 2023	510,000	510,000
Municipal bonds series No. 1, tranche 6, interest rate of 5.50%, maturing on February 1, 2024	443,000	443,000
Municipal bonds series No. 1, tranche 7, interest rate of 5.75%, maturing on February 1, 2025	485,000	485,000
Municipal bonds series No. 1, tranche 8, interest rate of 6.0%, maturing on February 1, 2026	523,000	523,000
Municipal bonds series No. 1, tranche 9, interest rate of 6.25%, maturing on February 1, 2027	600,000	600,000
Municipal bonds series No. 1, tranche 10, interest rate of 6.50%, maturing on February 1, 2028	475,000	475,000
Municipal bonds series No. 1, tranche 11, interest rate of 6.75%, maturing on February 1, 2029	185,000	185,000
Municipal bonds series No. 1, tranche 12, interest rate of 7.0%, maturing on February 1, 2030	1,272,000	1,272,000
Municipal bonds series No. 1, tranche 13, interest rate of 7.25%, maturing on February 1, 2031	841,000	841,000
Total municipal bonds	6,390,000	6,500,000
Less: Bond Sinking Fund	(174,039)	(302,048)
Net Municipal Bonds Payable	6,215,961	6,197,952
Bonds maturing within 12 months	(217,000)	(110,000)
Non-current portion	5,998,961	6,087,952

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

	2019	2018
	\$	\$

8. OTHER BORROWINGS

NONE

9. DEFERRED CREDITS

Balance, beginning of year	141,663	159,300
Less: Amortization	(17,637)	(17,637)
Balance March 31,	124,026	141,663

Deferred credits represent the book value of assets transferred from the RECONDEV to the Council.

10. CAPITAL GRANT

Recorded amounts represent grants of freehold properties, parks and playgrounds transferred from the Reconstruction and Development Corporation (RECONDEV).

11. LEFT BLANK

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

12. COMMITMENTS AND CONTINGENT LIABILITIES

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.

12.01 Contracts

The Belmopan City Council was a party to contracts and other business arrangements with various parties at March 31, 2019. 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, 2019 comprised the following:

- a. Contract with Heritage Financial Services Limited, in which Heritage Trust was engaged to provide fiscal agency services in connection with the Council's municipal bond issue. Among other things, Heritage Trust will be responsible,
 - i. To set up and control an escrow account into which deposits for subscription of bonds will be made,
 - ii. To transfer the net proceeds of the bond to the Infrastructure Account of the Council,
 - iii. To make payment to the Financial Advisor
 - iv. To set up and manage the sinking fund account established under the Bond Act.

The agreed compensation of Heritage Trust (the fiscal agent) is 5% commission on the first \$3m, 3½% on the next \$3m, and 2½% on the remaining balance, plus GST at 12½%, or approximately \$301,000 on the \$6.5m bond issue.

- b. Contract with Legacy Fund Limited, Financial Advisor to the Council in respect of the bond issue; agreed compensation, 5% of the gross bond proceeds.

12.02 Legal Matters

In the ordinary course of its operations, the Belmopan City Council may be subject to various legal proceedings and claims. As of March 31, 2019, there were no pending or threatened legal actions, claims, or unasserted claims that management believes are likely to have a material adverse effect on the accompanying financial statements.

12.03 LEFT BLANK

12.04 Termination benefits

The City Council recognizes termination benefits in accordance with the terms of its Collective Agreement with the Christian Workers Union dated May 12, 2005. The Collective Agreement was amended on April 15, 2009 by means of a Memorandum of Understanding (MOU) and requires 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 MOU also provides that payments shall be retroactive to April 1, 2000. Termination benefits are reflected in the account "Severance Payable".

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

13. KEY MANAGEMENT

The aggregate compensation of the Mayor, the Councillors, and the City Administrator for the year ended March 31, 2019 was \$295,051; (March 31, 2018 - \$217,826).

14. SEGMENTED INFORMATION

The City Council provides a wide range of services to residents of Belmopan. 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
- Projects
- Land and Revenue
- Transport
- Municipal
- Engineering

15. OTHER (SEWER PROJECT)

By a letter dated December 19, 2016, the Council formally requested the Government of Belize (Ministry of Finance) to accept transfer of an asset listed on the balance sheet of the Council as "Sewer Project", \$1,999,814. Formal transfer was still pending at the date of this report. The Council had facilitated the Government of Belize (GOB) when it acted as the implementing agency during the construction of the now completed sewer project, with the expectation that the project would be handed over to GOB upon completion.

Notes to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

16. SUBSEQUENT EVENTS

Financial Statement Disclosures: Ongoing Investigations, Potential Legal Actions, and Financial Implications

The financial statements of the Council for the fiscal years ended March 31, 2018, March 31, 2019, March 31, 2020, March 31, 2021, and March 31, 2022, were recently approved for issue. Subsequent to each of these respective fiscal year-ends, Special Investigations were commissioned by the Council. The investigations' scope included a review of various financial transactions, internal controls, and operational matters. The preliminary and ongoing findings of these investigations have revealed several matters requiring disclosure, as detailed below for each respective year. The Council is in the process of evaluating the full impact of these findings, which may necessitate adjustments to the amounts previously recorded or an assessment of potential contingent liabilities or assets.

This note addresses significant matters arising from special investigations into the Council's affairs, primarily concerning land transactions, trade-offs, setoffs, and internal controls. These investigations, with reports issued in April 2025, cover periods including the fiscal years ended March 31, 2018, through March 31, 2024.

Key findings relevant to this period, and prior, include:

- **InnovaBel Land:** In addition to the ongoing uncertainty regarding the acquisition liability, "sales-like" transactions for residential plots on InnovaBel Land commenced during this fiscal year. These transactions were found to be prohibited by the terms and conditions of the provisional subdivision approval (final approval was granted in May 2023). All collections and downpayments were treated as "Customer Deposits" and recorded as liabilities. The InnovaBel Land remained classified as Investment Property.
- **Sale of Infrastructure Land:** The practices concerning the sale of infrastructure lands without formal approval, the recognition of related losses, and the accounting for revaluation gains continued during this fiscal year. The extent of recovery efforts for losses remains undetermined.
- **Accounts and Revenues (Setoffs):** Unsubstantiated setoffs impacting revenues and ratepayers accounts receivable, which were not recorded in the financial system, continued to occur. The recoverability of these amounts is uncertain.

The Council is taking measures to determine the full extent of these improperly applied setoffs and is planning to seek their recovery. At this stage, the financial impact of potential recoveries cannot be reliably measured. Recoveries will be recognized in the financial statements if and when their realization becomes virtually certain.

Appendix to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

Appendix

Appendix to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

	2019	2018
	\$	\$

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.

1. ADMINISTRATION AND FINANCE

Advertising	15,848	20,028
Belmopan celebration activities	165,555	206,644
Insurance	3,813	12,384
Landscaping & beautification	-	156
Miscellaneous	14,163	26,830
Motor vehicle expense	47,826	79,943
Office equipment & furniture maintenance	22,398	28,748
Repairs & maintenance - Building	10,674	8,986
Professional fees	63,646	67,827
Salaries and benefits	1,451,736	2,561,400
Supplies and stationery	36,490	39,677
Public Assistance	59,976	101,186
Travel and entertainment	59,365	42,054
Training	1,481	5,452
Rental	1,625	900
Uniforms	9,527	-
Utilities	96,670	85,300
Other Expense	83	-
TOTAL	2,060,876	3,287,515

2. PROJECTS

Community development	80,857	81,154
Culverts and drains	25,771	439,144
Infrastructure (roads/streets)	402,522	816,976
Others	107,700	2,035,854
TOTAL	616,850	3,373,128

Appendix to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

	2019	2018
	\$	\$
3. LAND AND REVENUE		
Advertising	7,883	2,348
Commissions	52,067	44,792
Miscellaneous	13,306	11,018
Vehicle expense	15,114	12,863
Office equipment and furniture maintenance	7,001	13,160
Repairs and maintenance - Building	4,314	2,244
Professional fees	4,000	9,087
Salaries and benefits	555,871	683,057
Supplies and stationery	14,765	12,913
Travel and entertainment	2,457	40
Training	225	1,500
Rental	-	-
Uniform	4,858	75
TOTAL	681,861	793,097
4. TRANSPORT		
Advertising	100	100
Miscellaneous	750	537
Traffic accessories	107,569	42,912
Traffic signs maintenance	9,213	13,771
Vehicle expense	47,999	54,847
Office equipment & furniture maintenance	8,230	7,260
Repairs and maintenance - Building	383	1,839
Uniform	13,443	9,610
Travel and entertainment	20	838
Training	-	5,924
Salaries and benefits	708,022	905,921
Supplies and stationery	8,526	5,540
Professional services	7,292	53,561
TOTAL	911,547	1,102,660

Appendix to the Financial Statements

For the years ended March 31, 2019 and 2018 (expressed in Belize Dollars)

	2019	2018
	\$	\$
5. MUNICIPAL		
Advertising	400	300
Insurance	15,297	9,417
Landscaping and beautification	26,329	11,415
Motor vehicle expense	297,369	294,346
Office equipment and furniture maintenance	18,249	28,674
Privatization projects	279,767	231,216
Public health activities	9,286	5,607
Repairs and maintenance - Belmopan Market	9,314	14,191
Repairs and maintenance - Parks and playgrounds	50,392	119,561
Salaries and wages	1,157,045	1,327,347
Stationery and supplies	8,104	1,193
Travel	20	330
Uniform	2,567	8,327
Miscellaneous	754	510
Utilities	97,420	83,759
Waste management	124,257	181,098
TOTAL	2,096,570	2,317,291
6. ENGINEERING		
Miscellaneous	1,120	2,302
Motor vehicle expenses	127,245	123,307
Landscaping & beautification	79	1,485
Office equipment & furniture maintenance	1,548	6,910
Professional services	4,740	2,875
Repairs and maintenance - Building	548	873
Repairs and maintenance - culverts	3,842	30,450
Repairs and maintenance - streets	17,836	67,990
Uniforms	2,410	610
Salaries and benefits	456,647	384,403
Supplies and stationery	6,073	341
Travel and subsistence	40	355
TOTAL	622,128	621,901