



LOCAL COUNCIL MELLIEHA

Report and Financial Statements

for the period ended 31 December 2009



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**Statement of Local Council Members' and Executive Secretary's Responsibilities
for the period ended 31 December 2009**

The Local Councils (Financial) Regulations require the Executive Secretary to prepare a detailed annual administrative report which includes a statement of the Local Council's income and expenditure for the period, and of the Council's retained funds at the end of period. By virtue of the same regulations it is the duty of the Local Council and the Executive Secretary to ensure that the financial statements forming part of the report present fairly, in accordance with the accounting policies applicable to Local Councils, the income and expenditure of the Local Council for the period and its retained funds as at the period end, and that they comply with the Act, the Local Council (Financial) Regulations, and the Local Council (Financial) Procedures issued in terms of the said Act.

The Executive Secretary is responsible to maintain a continuous internal control to ascertain that the accounting, recording and other financial operations are properly conducted in accordance with the Local Councils Act, Local Council (Financial) Regulations, and the Local Councils (Financial) Procedures. The Executive Secretary is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LOCAL COUNCIL MELLIEHA

Report of the Local Government Auditors to the Auditor General

We have audited the accompanying financial statements of LOCAL COUNCIL MELLIEHA, which comprise the statement of affairs on page 5 as of 31st December 2009, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Statements

The Council Members and the Executive Secretary are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraphs, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council Members and the Executive Secretary, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We were not appointed auditors of the Council until 14th January 2010. The financial statements for the year ended 31st March 2009 were audited by other auditors. Their report, which was dated 24th June 2009, was qualified.

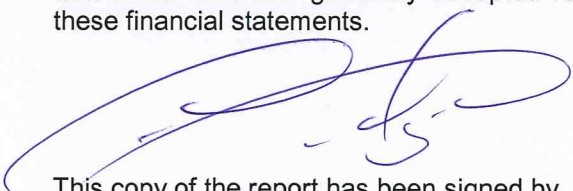
The Council entered into a pooling agreement with a number of local councils within the Local Enforcement System. There were no alternative acceptable audit procedures we could perform to obtain reasonable assurance on the completeness of the share of income or expenses, which were recorded in the financial statements amounting to €1,640.

The Local Councils (Audit) Procedures, 2006 contain a specimen of the financial statements which Local Councils should adhere to. It further stipulates that in the case where this specimen is not in conformity with International Financial Reporting Standards (IFRSs) the latter should prevail. The council's financial statements for the period under review have been prepared in accordance with the specimen referred to above but do not take into consideration the additional requirements that emerge from the applicable IFRS. This contravenes the requirements of the Local Councils (Audit) Procedures, 2006.

Opinion

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements give a true and fair view of the financial position of the Council as of 31 December 2009 and of its financial performance, changes in equity and its cash flows for the period then ended. These financial statements do not comply fully with the Local Council (Financial) Procedures, 1996 and have not been prepared in accordance with International Financial Reporting Standards

According to the Financial Procedures supplementing the Financial Regulations issued in terms with the Local Councils Act 1993, the financial statements should include the budget for the period. In line with Local Councils' generally accepted reporting procedures, the budget has been excluded from these financial statements.



This copy of the report has been signed by
Neville Cutajar (Partner) on its behalf

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Certified Public Accountants
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Palazzo Ca' Brugnera
Valley Road
Birkirkara BKR9024
Malta

Date: 5th April 2010

**Statement of Income and Expenditure
for the period ended 31 December 2009**

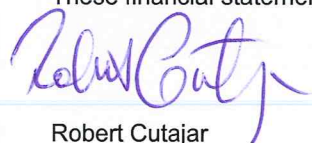
		2009	2008 / 2009
		<i>01 Apr - 31 Dec</i>	<i>01 Apr - 31 Mar</i>
		<i>9 months</i>	<i>12 months</i>
	Notes	€	€
Income			
Funds received from Central Government	3	791,495	830,000
Income raised under Local Council Bye-Laws	4	10,678	9,308
Income raised under Local Enforcement System	5	1,640	1,957
Investment Income	6	7,339	22,506
General Income	7	47,742	41,787
		<u>858,894</u>	<u>905,558</u>
Expenditure			
Personal Emoluments	8	(56,496)	(58,592)
Operations and maintenance	9	(212,517)	(290,519)
Administration and other expenditure	10	(279,373)	(336,008)
		<u>(548,386)</u>	<u>(685,119)</u>
Surplus for the period / year	8	310,508	220,439

The notes on pages 8 to 20 form an integral part of these financial statements.

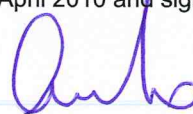
Statement of Affairs
as at 31 December 2009

		2009 01 Apr - 31 Dec 9 months €	2008 / 2009 01 Apr - 31 Mar 12 months €
ASSETS	Notes		
Non-Current Assets			
Property, plant and equipment	11	2,721,120	2,600,506
		<u>2,721,120</u>	<u>2,600,506</u>
Current Assets			
Inventories	12	8,186	8,978
Receivables	13	52,027	17,681
Cash and cash equivalents	14	833,745	893,994
		<u>893,958</u>	<u>920,653</u>
Total Assets		<u><u>3,615,078</u></u>	<u><u>3,521,159</u></u>
RESERVES AND LIABILITIES			
Reserves			
Retained earnings		3,335,528	3,025,020
Total equity		<u><u>3,335,528</u></u>	<u><u>3,025,020</u></u>
Non-Current Liabilities			
Deferred income	15	171,774	185,632
		<u>171,774</u>	<u>185,632</u>
Current Liabilities			
Payables	16	107,776	310,507
		<u>107,776</u>	<u>310,507</u>
Total Liabilities		<u><u>279,550</u></u>	<u><u>496,139</u></u>
Total equity and liabilities		<u><u>3,615,078</u></u>	<u><u>3,521,159</u></u>

These financial statements were approved by the Local Council on 5th April 2010 and signed on its behalf by:



Robert Cutajar
Mayor



Carmel Debono
Executive Secretary

The notes on pages 8 to 20 form an integral part of these financial statements.

5. Local Enforcement System

	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €	2008 / 2009 <i>01 Apr - 31 Mar</i> <i>12 months</i> €
Sentenced Cases - Accrued Income	(1,886)	1,957
Share of Profit from Joint Committee	3,526	-
	<u>1,640</u>	<u>1,957</u>

6. Investment Income

	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €	2008 / 2009 <i>01 Apr - 31 Mar</i> <i>12 months</i> €
Bank Interest Receivable	7,339	22,506
	<u>7,339</u>	<u>22,506</u>

7. General Income

	2009 <i>01 Apr - 31 Dec</i> <i>9 months</i> €	2008 / 2009 <i>01 Apr - 31 Mar</i> <i>12 months</i> €
Library Services	466	-
Cultural Events & sponsorships from NGOs	22,183	16,936
Sale of books and other merchandise	1,815	1,139
General Income	365	943
Tender Documents/Info. Charges	857	398
Donations	23	615
Contributions	628	96
UIF Grants Released	7,048	2,718
Refund of expenses	500	504
Income from Permits	13,857	18,438
	<u>47,742</u>	<u>41,787</u>

**Notes to the Financial Statements
for the period ended 31 December 2009**

8. Surplus for the period

	2009	2008 / 2009
	<i>01 Apr - 31 Dec</i>	<i>01 Apr - 31 Mar</i>
	<i>9 months</i>	<i>12 months</i>
	€	€
Surplus for the period is stated after charging:		
Staff salaries	56,496	58,592
Depreciation of tangible assets	153,525	197,466
Deficit on disposal of tangible fixed assets	70	855
	<u>56,496</u>	<u>58,592</u>

Staff salaries

	2009	2008 / 2009
	<i>01 Apr - 31 Dec</i>	<i>01 Apr - 31 Mar</i>
	<i>9 months</i>	<i>12 months</i>
	€	€
Mayor's Allowance	4,500	5,780
Executive Secretary Salary and Allowances	17,542	25,290
Employees' Salaries	30,549	23,695
Social Security Contributions	3,905	3,827
	<u>56,496</u>	<u>58,592</u>

9. Operations and Maintenance

	2009	2008 / 2009
	<i>01 Apr - 31 Dec</i>	<i>01 Apr - 31 Mar</i>
	<i>9 months</i>	<i>12 months</i>
	€	€
<i>Repairs and Upkeep:</i>		
Public Property	-	366
Road/Street Pavements	38,841	60,503
Signs	623	4,935
Road Markings	700	9,177
Bus shelters	-	74
Other repairs and Upkeep	51	770
Council Property	833	893
	<u>41,048</u>	<u>76,718</u>

<i>Contractual Services:</i>		
Waste Disposal	194	194
Refuse Collection	60,816	65,439
Bulky Refuse Collection	5,842	7,824
Open Skips & Bring-in Sites	3,627	4,244
Road & Street Cleaning	25,108	33,277
Cleaning & Maint. Non-Urban	16,548	19,474
Cleaning - Public Conveniences	20,703	27,430
Cleaning - Council Premises	2,246	2,538
Other Contractual Services	6,295	12,419
Clean. & Maint. Parks & Gardens	17,753	20,823
Clean. & Maint. Beaches	4,676	9,165
Street Lighting	5,570	10,575
Studies & Consultations	2,091	-
Local Enforcement Expenses	-	399
	<u>171,469</u>	<u>213,801</u>
 Total Operations and Maintenance Costs	 <u>212,517</u>	 <u>290,519</u>

10. Administration and other expenditure

	2009	2008 / 2009
	<i>01 Apr - 31 Dec</i>	<i>01 Apr - 31 Mar</i>
	<i>9 months</i>	<i>12 months</i>
	€	€
Utilities	9,585	11,778
Other repairs and upkeep	1,597	1,918
Rent	674	583
National and International Memberships	592	735
Office Services	5,843	5,368
Transport	520	922
Travel	1,688	2,334
Information Services	16,320	11,355
Insurance Coverage	2,361	3,293
Bank Charges	152	56
Professional Services	12,649	15,723
Training	9,942	8,909
Entertainment	996	1,201
Conference Expenses	-	1,065
Visits - Foreign Delegations	3,274	-
Social Events	228	-
Cultural Events	40,468	47,007
Community Services	12,619	14,357
Donations	100	-
Sundry Minor Expenses	2,700	1,659
Provision for Doubtful Debtors	1,141	9,424
Bad Debts written off	2,329	-
Deficit on disposal of assets	70	855
Depreciation	153,525	197,466
	<u>279,373</u>	<u>336,008</u>

**Notes to the Financial Statements
for the period ended 31 December 2009**

11. Property, plant and equipment

	Property	Assets under construction	New Street Signs	Urban Improvements & Construction	Plant, machinery & equipment	Office Furniture & fittings	Special Programmes	Total
	€	€	€	€	€	€	€	€
Cost								
At 1 April 2008	338,425	220,052	58,000	114,186	36,733	41,033	3,767,624	4,576,053
Additions/Capitalisations	-	474,809	9,184	544	1,889	3,497	364,279	854,202
Disposals/Capitalisations	-	(343,649)	-	-	(11,828)	-	-	(355,477)
At 31 March 2009	338,425	351,212	67,184	114,730	26,794	44,530	4,131,903	5,074,778
Depreciation & Grants								
At 1 April 2008	2,787	-	58,000	109,159	29,216	12,430	2,076,187	2,287,779
On disposals	-	-	-	-	(10,973)	-	-	(10,973)
Charge for the period	911	-	9,184	1,047	2,298	2,253	181,773	197,466
At 31 March 2009	3,698	-	67,184	110,206	20,541	14,683	2,257,960	2,474,272
Net book values								
At 31 March 2009	334,727	351,212	-	4,524	6,253	29,847	1,873,943	2,600,506

19. Contingent liabilities

The Local Council signed a Joint Cooperation Agreement with the Gharghur, Imgarr, Mosta, Naxxar and St. Paul's Bay Local Councils, whereby such agreement entails that each council deposits €466 (2008/2009: €466) as bank guarantees. This is to indemnify the Joint Committee against any breach of the agreement by the Local Council. The Council has also €1,165 (2008/2009: €3,494) guarantee in favour of MEPA for permits related to the construction and maintenance of Gnien I-Gholjiet.

20. Fair values estimation

The nominal values less estimated credit adjustments of receivables and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.