Local Councils' Association

Quarterly Financial Report

for the Period

1st January till End of December 2025 (Quarter 4)

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Overview and Summary

1. Introduzzjoni

Dan ir-rapport ġie ppreparat bil-għan li jipprovdi analiżi teknika, amministrattiva u maniġerjali tal-kontijiet finanzjarji tal-Local Councils' Association (LCA) għall-perjodu 1 ta' Jannar sa 31 ta' Diċembru 2025.

L-iskop tar-rapport huwa li:

- jiġu evalwati l-prestazzjoni finanzjarja u l-kontrolli interni;
- jiġu identifikati r-riskji ewlenin;
- u jiġu ppreżentati rakkomandazzjonijiet lill-Eżekuttiv sabiex tissaħħaħ is-sostenibbiltà finanzjarja u l-governanza tal-Association.

2. Qafas Ġenerali tal-Accounts

L-istruttura tal-kontijiet turi li l-Association qed topera b'sistema kontabbli matura u konsistenti ma' standards amministrattivi ta' entità istituzzjonali. Il-kontijiet jinkludu:

- reġistrazzjoni sistematika tad-dħul u n-nefqa;
- separazzjoni bejn nefqa amministrattiva u nefqa fuq proġetti;
- u skeda ta' depreciation għall-assi kapitali.

Dan jindika li l-Association mhix qed topera fuq bażi sempliċi ta' cash accounting, iżda qed timplimenta prattiki ta' financial management konformi ma' prinċipji ta' governanza tajba..

3. Analiżi tad-Dħul

Id-dħul tal-Association huwa prinċipalment ibbażat fuq:

- kontribuzzjonijiet u allokazzjonijiet istituzzjonali (Gvern, LESA)
- dħul minn proġetti u inizjattivi;
- u sorsi oħra relatati ma' programmi speċifiċi.

Jeżisti riskju ċar ta' dipendenza fuq numru limitat ta' sorsi ewlenin ta' dħul. Din is-sitwazzjoni toħloq vulnerabbiltà għall-operat tal-Association f'każ ta' tibdil jew tnaqqis fl-allokazzjonijiet stabbiliti.

Huwa għalhekk meħtieġ li tiġi adottata strateġija ta' diversifikazzjoni tad-dħul sabiex titnaqqas id-dipendenza fuq sors wieħed jew fuq deċiżjonijiet unilaterali esterni. Huwa għalehkk ukoll kruċjali li jkun hemm żieda fil-ħaddiema sabiex l-Assoċjazzjoni tkun tista' tagħmel dan b' mod effettiv, permezz anki ta' proġetti Ewropej fort l-oħrajn.

Mario Fava
President

Lianne Cassar
Executive Secretary

Overview and Summary

4. Analiżi tan-Nefqa

In-nefqa tal-Association hija maqsuma f'żewġ kategoriji prinċipali:

4.1 Nefqa Amministrattiva

Din tinkludi:

- salarji u kontribuzzjonijiet soċjali;
- servizzi professjonali;
- spejjeż operattivi u amministrattivi.

Il-livell ta' nefqa amministrattiva jindika struttura operattiva attiva u funzjonali. Madankollu, iż-żieda progressiva fl-ispejjeż tal-persunal trid tiġi diskussa mal-finanzi b'attenzjoni sabiex tinżammf' proporzjon sostenibbli bejn staff costs u nefqa totali tal-operat tal-Assoċjazzjoni, li qiegħed kull ma jmur jikber anki bl-involviment tagħha fi proġetti u inizjattivi oħra, li qed ikomplu jagħtu u jżidu l-preċenza tal-Assoċjazzjojoni kemm lokalment kif ukoll barraminn xtutna.

4.2 Nefqa fuq Proġetti u Attivitajiet

Din tinkludi nefqa relatata ma':

- attivitajiet ta' rappreżentanza;
- taħriġ u capacity building;
- konferenzi u inizjattivi nazzjonali u internazzjonali.

Din in-nefqa hija konsistenti mal-missjoni istituzzjonali tal-Association u tindika li r-riżorsi qed jintużaw biex jiġu ssodisfati l-obbligi legali u istituzzjonali tagħha.

5. Depreciation u Asset Management

Il-preżenza ta' skeda ta' depreciation turi li l-Association għandha assi kapitali li qed jiġu rreġistrati u mmaniġġjati skont policy interna u dik ta' Audit Internazzjonali.

Dan jindika livell adegwat ta' asset management u konformità ma' prattiki ta' financial reporting.

6. Riżultat Finanzjarju u Żviluppi Ewlenin

Ix-xogħol li wetqet l-Association matul nofs is-sena 2024 mal-Ministeru għall-Finanzi kien kruċjali sabiex l-Association kisbet żieda ta' madwar €350,000 fl-allokazzjoni tagħha għas-sena 2025.

Mario Fava
President

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Executive Secretary

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Kieku dan l-intervent ma seħħx, l-Association kienet tkun qed tirreġistra deficit ta' madwar €200,000 minflok surplus ta' madwar €150,000. Dan is-surplus kien diġà mistenni u mwiegħed li jseħħ fit-tmiem tas-sena 2024, meta l-Association kienet għalqet b'deficit ta' €110,000, minħabba sopejjes li ddiġeneraw eċċezzjonalment tul iss-ena 2024.

Dak iż-żmien, l-Amministrazzjoni kienet assigurat lill-Eżekuttiv li minkejja l-obbligi lokali u internazzjonali tal-Association matul is-sena 2025, kellu jsir sforz sabiex is-sena 2025, tintemm b'surplus ekwivalenti għad-deficit tal-2024. Dan kellu l-għan li:

- jiġi bbilanċjat ir-riżultat finanzjarju fuq sentejn;
- u li ma tintmissx ir-riżerva tal-Association.

Din is-sitwazzjoni turi kemm kienet short-sighted id-deċiżjoni tal-Gvern li jnaqqas l-allokazzjoni tal-Association għas-sena 2026 bin-nofs. Din id-deċiżjoni se twassal għal deficit diġà approvat ta' madwar €450,000.

7. Governance u Kontroll Intern

Il-fatt li d-dħul tal-Association ġej minn żewġ sorsi ewlenin joħloq riskju strutturali għall-operat tagħha. L-Association hija l-unika entità nazzjonali li tirrappreżenta lill-kunsilli lokali u reġjonali, u b'deċiżjoni unilaterali tista' tinstab f'sitwazzjoni fejn ma tkunx tista' twettaq l-obbligi legali u istituzzjonali tagħha.

Għalhekk huwa imperattiv li l-impenn mogħti mill-Gvern f'Diċembru 2025, b' riżultat ta' sensiela ta' laqgħat li saru, jiġifieri li l-Association tiġi assistita tul is-sena 2026, jiġi onorat. Jekk dan ma jsirx, id-deficit mistenni ta' €450,000 se jsir reali u se jkollu impatt negattiv gravi fuq l-operat kollu tal-Association.

Barra minn hekk, l-Association għad trid terġa' toħroġ sejħiet għal ħaddiema li huma diġà approvati. Meta dawn il-pożizzjonijiet jimtlew, l-ispiża fuq il-persunal se tiżdied aktar. L-argument li s-sejħiet ma joħorġux ma jistax ikun sostenibbli, peress li x-xogħol tal-Association qed jiżdied kull sena u l-ħaddiema preżenti mhumiex f'pożizzjoni li jlaħħqu b'mod effettiv ma' dan il-volum ta' xogħol.

Dan diġa, qed ikollu impatt dirett u negattiv fuq l-operat tal-Association.

Mario Fava
President

Lianne Cassar
Executive Secretary

Overview and Summary

8. Risk Assessment

Ir-riskji ewlenin identifikati huma:

1. Dipendenza fuq numru limitat ta' sorsi ta' dħul;
2. Żieda fl-ispejjeż tal-persunal mingħajr garanzija ta' dħul kostanti u kull sena;
3. Nuqqas ta' prevedibbiltà fl-allokazzjoni annwali.

Miżuri ta' mitigazzjoni għandhom jinkludu:

- stabbiliment ta' allokazzjoni sostenibbli u garantita;
- management accounts jibqgħu isiru fil-hin kull kwart tas-sena;
- u reserve policy formali.

9. Konklużjoni

L-Association hija finanzjarjament stabbli u amministrattivament matura. Madankollu, id-deċiżjonijiet reċenti dwar it-tnaqqis fl-allokazzjoni joħolqu riskju serju għas-sostenibbiltà tagħha fit-tul. Din l-ispjega qed tingħata wkoll bħala b' antiċipazzjoni għar-rapport tal-awditur għas-sena 2026, jekk kemm-il darba dak imwiegħed lill-Assoċjazzjoni ma jiġix imwettaq.

Huwa għalhekk essenzjali li jiġi stabbilit qafas ta' finanzjament prevedibbli u sostenibbli, sabiex l-Association tkun tista' tkompli twettaq l-obbligi legali, nazzjonali u internazzjonali tagħha b'mod effettiv.

10. Rakkomandazzjonijiet

1. Jiġi stabbilit mekkaniżmu ta' **Funding Diversification Strategy meta jkun hemm full compliment tal-ħaddiema li hemm bżonn**
2. Tiġi approvata **Reserve Policy**
3. Ikompli jiġi segwit sett ta' **KPIs Finanzjarji f' kull kwart tas-sena**

Jiġi nnegozjat mal-Ministeru għall-Finanzi qafas ta' **allokazzjoni sostenibbli u garantita sena wara sena**

Mario Fava
President

Lianne Cassar
Executive Secretary

Statement of Income and Expenditure

1st January till End of December 2025 (Quarter 4)

DESCRIPTION	Actual for the Period	Annual Budget 2025	Virements for the Period	Revised Annual Budget 2025
	€	€	€	€
Income				
Funds received from Central Government (1)	898,352	900,000	-	900,000
Income raised from Bye-Laws (2)	-	-	-	-
Income raised from LES (3)	378,561	325,000	-	325,000
Investment Income (4)	18,349	28,000	-	28,000
Other Income (5)	90,642	85,000	-	85,000
TOTAL	**1,385,904**	**1,338,000**	**-**	**1,338,000**
Expenditure				
Personal Emoluments (6)	232,948	414,000	-	414,000
Operations and Maintenance (7)	572,766	489,000	-	489,000
Administration (8)	364,801	353,500	-	353,500
Finance Cost (9)	-	-	-	-
Other Expenditure (10)	58,634	46,337	-	46,337
TOTAL	**1,229,149**	**1,302,837**	**-**	**1,302,837**
Surplus / Deficit	**156,755**	**35,163**	**-**	**35,163**

Statement of Financial Position as at end of December 2025 (Quarter 4)

DESCRIPTION	Actual for the Period	Annual Budget 2025	Virements for the Period	Revised Annual Budget 2025
	€	€	€	€
Non-current Assets				
Property, Plant and Equipment (17)	369,380	1,037,259		1,037,259
Current Assets				
Inventories (11)	-	-	-	-
Receivables (12)	577,669	105,000	-	105,000
Cash and Cash Equivalents (13)	3,681,311	3,050,504	-	3,050,504
Total Current Assets	**4,258,980**	**3,155,504**	-	**3,155,504**
Current Liabilities				
Payables (14)	2,912,875	2,429,634	-	2,429,634
Total Current Liabilities	**2,912,875**	**2,429,634**	-	**2,429,634**
Net Current Assets	1,346,105	725,870	-	725,870
Non-current liabilities (15)	-	15,500	-	15,500
Net Assets	**1,715,485**	**1,747,629**	-	**1,747,629**
Reserves				
Retained Funds	**1,715,485**	**1,747,629**		**1,747,629**

Financial Situation Indicator

DESCRIPTION					
Current Assets		4,258,980	3,155,504	-	3,155,504
Current Liabilities		2,912,875	2,429,634	-	2,429,634
	Working Capital	1,346,105	725,870	-	725,870
Government Allocation		800,000	800,000	-	800,000
	FSI	**168 %**	**91 %**		**91 %**

Cash flow Statement

DESCRIPTION	Actual for the Period €	Annual Budget 2025 €	Virements for the Period €	Revised Annual Budget 2025 €
Cash flow from operating activities				
Surplus for the year	156,755	35,163	-	35,163
Adjustments for:				
Depreciation	43,783	46,337	-	46,337
Increase / (Decrease) in Allowance for Bad Debts				-
Interest receivable	(18,349)			-
Interest payable	14,851			-
(Profit) / Loss on disposal of asset				-
				-
Increase / (Decrease) in payables	347,275			-
Increase / (Decrease) in accruals	(10,685)			-
Decrease / (Increase) in receivables	(12,164)			-
Decrease / (Increase) in inventories				-
Decrease / (Increase) in inventories				-
Cash generated from operations	**521,466**	**81,500**	-	**81,500**
Interest paid				-
				-
Net cash from operating activities	**521,466**	**81,500**	-	**81,500**
Cash flows from investing activities				
Purchase of property, plant & equipment	(56,058)	(735,000)		(735,000)
Proceeds from sale of property, plant & equipment	-			-
Grants received				-
Interest received	18,349			-
				-
Net cash used in investing activities	**(37,709)**	**(735,000)**	-	**(735,000)**
Cash flows from financing activities				
Proceeds from long-term borrowings				-
Interest Paid				-
Bank Loan Repayments				-
IFRS16 Lease payments	(392)			-
Net cash from financing activities	**(392)**	-	-	-
Net increase/(decrease) in cash & cash equivalents	**483,365**	**(653,500)**	-	**(653,500)**
Cash & cash equivalents at beginning of year	3,197,946	3,704,004		3,704,004
Cash & cash equivalents at end of Quarter	**3,681,311**	**3,050,504**	-	**3,050,504**

Detailed Income

	DESCRIPTION	Actual for the Period €	Annual Budget 2025 €	Virements for the Period €	Revised Annual Budget 2025 €
	Income				
1	**Funds received from Cental Government:**				
0001	In terms of section 55 CAP 363	800,000	800,000		800,000
0002-0004	In terms of section 58 CAP 363		-		-
0005-0019	Other income	98,352	100,000		100,000
		898,352	**900,000**	-	**900,000**
2	**Income raised from Bye-Laws**				
0021-0025	Community Services				-
0026-0035	Income from Permits				-
		-	-	-	-
3	**Local Enforcement Income**				
0037	Commission from Regional Committees	378,561	325,000		325,000
0038-0055	Contraventions		-		-
		378,561	**325,000**	-	**325,000**
4	**Investment Income**				
0091-0095	Bank interest	18,349	28,000		28,000
0096-0099	Income received from Govermnet Securities		-		-
		18,349	**28,000**	-	**28,000**
5 0056-0065	Sponsorships				-
0066-0069	Documents & Information				-
0070-0075	EU funds				-
0076-0080	Twinning				-
0081-0089	Insurance Claims				-
0100-0109	Donations				-
0110-0119	Contributions				-
0120-0129	General Income	90,642	85,000		85,000
		90,642	**85,000**	-	**85,000**
	Total	**1,385,904**	**1,338,000**	-	**1,338,000**

Detailed Expenditure

	DESCRIPTION	Actual for the Period	Annual Budget 2025	Virements for the Period	Revised Annual Budget 2025
		€	€	€	€
6 i)	**Personal Emoluments**				
1100	President's Allowance	24,006	25,000		25,000
1200	Employees' Salaries & Wages	137,679	275,000		275,000
1300	Bonuses	13,828	32,000		32,000
1400	Income Supplements	1,316	3,500		3,500
1500	Social Security Contributions	10,682	35,000		35,000
1600	Allowances	38,977	35,000		35,000
1700	Overtime	6,460	8,500		8,500
		232,948	**414,000**	-	**414,000**

	DESCRIPTION	Actual for the Period	Annual Budget 2025	Virements for the Period	Revised Annual Budget 2025
		€	€	€	€
7	**Operations and Maintenance**				
2100-2149	Public Utilities				-
2200-2259	Public Materials & Supplies				-
2300-2399	Repairs & upkeep				-
2400-2449	Rent				-
3010	Street Lightning				-
3020	Lease of Equipment				-
3030	Insurance	4,077	3,000		3,000
3035	Bank Charges	611	1,000		1,000
3038	Penalties				-
3041	Refuse Collection				-
3042	Bulky Refuse Collection		-		-
3043	Bins on wheels				-
3045	Bring in sites				-
3051	Road & Street Cleaning				-
3052	Cleaning & Maintenance of Non-Urban Areas				-
3053	Cleaning of Public Conveniences				-
3055	Cleaning of Council Premises				-
3040	Waste Disposal				-
3060	Cleaning & Maintenance of Parks & Gardens				-
3061	Cleaning & Maintenance of Soft Areas				-
3062	Cleaning & Maintenance of Beaches & CA				-
3063	Cleaning & Maintenance of Country Non-Urban				-
6064	Other Contractual Services				-
3070-3090	Consultation Fees				-
3100-3139	Contract & Project Management		-		-
3300-3379	Hospitality				-
3380-3389	Community	55,827	85,000		85,000
3390-3394	Donations				-
3600-3694	Local Enforcement Expenses				-
3700-3799	EU Projects				-
3800-3899	Twinning		-		-
	LCA Initiatives and Events	512,251	400,000		400,000
		572,766	**489,000**	-	**489,000**
8	**Administration**				
2150-2199	Office Utilities	9,542	8,000		8,000
2260-2299	Office Materials & Supplies	16,365	25,000		25,000
2450-2499	Office Rent	16,381	31,000		31,000
2500-2599	National & International Memberships	18,965	17,000		17,000
2600-2699	Office Services	26,522	37,500		37,500
2700-2799	Transport	19,034	20,000		20,000
2800-2899	Travel	44,253	50,000		50,000
2900-2999	Information Services	82,570	52,000		52,000
3050	Office Cleaning	2,720	6,500		6,500
3410-3199	Professional Services	113,537	85,000		85,000
3200-3299	Training	3,984	7,000		7,000
3345	Office Hospitality	10,928	12,500		12,500
3400-3499	Incidental Expenses	-	2,000		2,000
					-
		364,801	**353,500**	-	**353,500**
9	**Finance Costs**				
3036	Interest on Bank Loan				-
					-
		-	-	-	-

Detailed Statment of Financial Position

		DESCRIPTION	Actual for the Period €	Annual Budget 2025 €	Virements for the Period €	Revised Annual Budget 2025 €
10		**Other Expenditure**				
	3500-3599	Loss / (Profit) on Disposal of asset				-
	3695	Increase/(Decrease) in allowance for bad debts				-
	8000-8099	Depreciation As at end of December 2025	43,783	46,337		46,337
		IFRS16 interest cost and depreciation	14,851			-
			58,634	**46,337**	-	**46,337**
		Total	**1,229,149**	**1,302,837**	-	**1,302,837**
11		**Inventories**				
	5201-5249	Stationery				-
	5250-5299	Consumables				-
						-
			-	-	-	-
12		**Receivables**				
	0201-0209	Receivables	530,259	30,000		30,000
	0210-0219	LES Receivables		-		-
	0220-0229	Receivables from EU		-		-
	0250	Prepayments & Accrued income	47,410	75,000		75,000
						-
			577,669	**105,000**	-	**105,000**
13		**Cash & Equivalents**				
	5001-5099	Bank & Cash Balances	3,681,311	3,050,504		3,050,504
			3,681,311	**3,050,504**	-	**3,050,504**
14		**Payables**				
	4000	Payables	168,974	45,000		45,000
	4100	Accruals	8,228	45,000		45,000
	4150	Deferred Income	500,262	40,000		40,000
		Short-term Borrowings				-
		Funds in transit/LES/Regions/EU Funds	2,235,411	2,299,634		2,299,634
			2,912,875	**2,429,634**	-	**2,429,634**
15		**Non Current Liabilities**				
	4200	Long Term Borrowing				-
		IFRS16		15,500		15,500
				15,500	-	**15,500**

16 Total Commitments (Recurrent and Capital)

DESCRIPTION	€	€	€
Recurrent and Capital			
	-	-	-
Long Term Loans			
	-	-	-
Others			
	-	-	-

17 Deprecition of Property, Plant and Equipment

	Office Furniture	Office Equipment	Computer Equipment	Software	ANYC	Leased Premises	Leased Motor Vehicle	Plant & Machinery	Parking Area	Total
Asset										
% of depreciation	7.5%	20%	25%	25%	0%			20%	1%	
	€	€	€	€	€	€	€	€	€	€
Cost										
As at 1st January 2025	474,332	99,445	48,906	14,089	54,478	-	-			691,250
Additions	38,534	5,103	2,764		9,657					56,058
Disposals					(14,459)					(14,459)
As at end of December 2025	**512,866**	**104,548**	**51,670**	**14,089**	**49,676**	-	-	-	-	**732,849**
Grants/ other reimbursements										
As at 1st January 2025	112,377				-					**112,377**
Additions										-
As at end of December 2025	**112,377**	-	-	-	-	-	-	-	-	**112,377**
Accumulated Deprecition										
As at 1st January 2025	79,491	77,317	39,209	11,292	-	-	-			**207,309**
Charge for the period	28,487	8,363	4,404	2,529						**43,783**
Released on disposal										-
As at end of December 2025	**107,978**	**85,680**	**43,613**	**13,821**	-	-	-	-	-	**251,092**
NBV As at end of December 2025	**292,511**	**18,868**	**8,057**	**268**	**49,676**	-	-	-	-	**369,380**