

STAR Project

Municipality Berat
Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
KKRT	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of the merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> • There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> • The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> • There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> • In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> • Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> • The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters – The transfer of the staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Berat. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters – Termination of working relationship	
<p>The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination of labor relations, it has financial consequences for the Municipality.</p>	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment

Observations	Recommendations
	<p>relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.

Observations	Recommendations
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Berat and four existing LGUs of Otlak, Otlak, Velabisht, Sinjë, Roshnik, is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	Municipality Berat	LGU Roshnik	LGU Otlak	LGU Velabisht	LGU Sinjë
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓		✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.
- Deputy Mayor: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU Council: Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.
-

After the merger, 4 units are transformed in 1 Municipality with 4 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role	Berat			
New Municipality	Berat			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council				
Administrative Unit	LGU Otlak	LGU Velabisht	LGU Sinjë	LGU Roshnik
Administrator	✓	✓	✓	✓

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/s shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 269.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 81.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	LGU Berat	LGU Velabisht	LGU Otllak	LGU Sinjë	LGU Roshnik	Merged
Infrastructure and public services						
Water Supply Company	Contracting	3	4	N/A	N/A	SHA + 7
Functioning of the sewerage system	Contracting	N/A	N/A	N/A	N/A	SHA
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracting	N/A	N/A	N/A	N/A	SHA
Construction of roads, pavements and public squares	N/A	N/A	N/A	N/A	N/A	N/A
Rehabilitation and maintenance of local roads, sidewalks and public squares	24	N/A	6	N/A	N/A	30
Public lighting	3	N/A	N/A	N/A	N/A	3
The operation of urban public transport	N/A	N/A	N/A	N/A	N/A	N/A
Cemeteries administration and guarantee of funeral services	9	N/A	N/A	N/A	N/A	9
Decorations Service in town / village	7	N/A	N/A	N/A	N/A	7
Administration of parks, gardens and public spaces	22	N/A	N/A	N/A	N/A	22
Collection, disposal and recovery of waste	N/A	N/A	N/A	N/A	N/A	N/A
Urban planning	9	1	1	N/A	1	12
Land management	0.5	2	2	1	1	6.5
Shelter	6.5	N/A	N/A	N/A	N/A	6.5
Social, cultural and sports Services						
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	13	N/A	N/A	N/A	N/A	13
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	N/A	N/A	N/A	N/A	1
Social services of kindergartens	31	N/A	N/A	N/A	N/A	31
Social services - orphanages, shelters	41	N/A	N/A	N/A	N/A	41
Local economic development						
Preparation of local economic development programs	4	N/A	2	N/A	N/A	6
Establishment and function of public markets and trade network	3	N/A	N/A	N/A	N/A	3
Small business development, and the development of promotional activities such as fairs and advertisements in public places	2	N/A	N/A	N/A	N/A	2

Public Services	LGU Berat	LGU Velabisht	LGU Otlak	LGU Sinjë	LGU Roshnik	Merged
Organization of services within the local economic development support and information structures and infrastructure necessary	3	N/A	N/A	N/A	N/A	3
Veterinary services	2	1	1	N/A	N/A	4
Conservation and development of forests and natural resources of local character	N/A	1	3	1	1	6
The order and civil protection						
Preservation of public order to prevent administrative violations	10	N/A	1	N/A	1	12
Civil protection	N/A	N/A	N/A	N/A	N/A	N/A
Educational institutions						
Maintenance of facilities in preliminary education	N/A	7	8	N/A	N/A	15
Medicine						
Health care system and the protection of public health	N/A	N/A	N/A	N/A	N/A	N/A
Social care						
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	7	2	2	1	1	13
Social Care on domestic violence	0.5	N/A	N/A	N/A	N/A	0.5
Social care for the protection of children's Rights	0.5	N/A	N/A	N/A	N/A	0.5
Environmental Protection						
Environmental Protection	1	1	N/A	N/A	N/A	2
Register Office						
Register Office	6	1	1	1	1	10
Business Registration						
National Registration Center	3	N/A	N/A	N/A	N/A	3
Total	209	19	31	4	6	269

Table 4: Horizontal functions and number of people associated with these function

Horizontal Functions	LGU Berat	LGU Velabisht	LGU Ollak	LGU Sinjë	LGU Roshnik	Merged
Finance	5	3	4	2	2	16
Local taxes and Tariffs	12	3	3	2	1	21
Legal Issues	3	1	1	1	0.5	6.5
Procurement	2	N/A	N/A	N/A	N/A	2
Institutional Relations	1	N/A	N/A	N/A	N/A	1
Human Resources	2	1	0.5	1	1	5.5
Protocol	0.5	0.5	N/A	0.5	N/A	1.5
Archiving	0.5	0.5	0.5	0.5	0.5	2.5
Information Technology	1	N/A	N/A	N/A	N/A	1
Supporting services	9	3	3	5	1	21
Internal Audit	3	N/A	N/A	N/A	N/A	3
Total	39	12	12	12	6	81

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:
 - Velabisht
 - Urban Planning Department is located in the same directory with the management of public services.
 - The process of unification brings a new dimension to the organizational model orientation, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.
 - Matrix organizational structure will require the construction of multiple reporting lines, objectives between sectorial divisions and functions, planning and use of resources combined, decision-making, coordination and communication.
 - The responsibilities of leadership following positions / responsibilities that exist in municipalities and four LGU's, will change:
 - LGU Berat
 - Will be created Office for Europe
 - It will create local revenue agency
 - It will create public service agency and funerals
 - Legal Department will be included in the General Directorate of Support Services
 - Education, culture, youth, sports will be included in a general director of social services.
 - Department of Land Management will be included in a single director with urban planning and rural development
 - Will create educational agency Berat
- LGU Velabisht:
 - Will be created agency of local revenue collection
 - The agency will be set up water and sewage
 - It will create educational agency Berat
- NJA Otlak:
 - Will be created agency of local revenue collection
 - The agency will be set up water and sewage wastewater
 - It will create educational agency Berat
- NJA Sinjë:
 - Will be created agency of local revenue collection
 - The agency will be set up water and sewage
 - It will create educational agency Berat
- NJA Roshnik:
 - Will be created agency of local revenue collection
 - The agency will be set up water and sewage
 - It will create educational agency Berat

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
 - Majority of the functions are provided with its own resources.
 - The below services are contracted in LGU Berat:
 - Water supply
 - functioning of the sewage system
 - The functioning of the sewerage system of drinking water and protective canal of inhabited areas
 - Licensed Services:
 - n/a
 - Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
 - To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfilment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
 - The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)
 - Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 1;

In forming its organizational structure, the municipality may consider the following factors:

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;

- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control – scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
- Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
- Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectorial responsibilities (functional) and administrative and reporting lines;

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

Berat

- Will be created Office for Europe
- It will create local revenue agency
- It will create public service agency and funerals
- Legal Department will be included in the General Directorate of Support Services
- Education, culture, youth, sports will be included in a general director of social services.
- Department of Land Management will be included in a single director with urban planning and rural development
- Will create educational agency Berat

Roshnik:

Will be created agency of local revenue collection

NJA Velabisht:

- Will be created agency of local revenue collection
- The agency will be set up water and sewage wastewater
- It will create educational agency Berat

Otlak:

- Will be created agency of local revenue collection
- The agency will be set up water and sewage wastewater
- It will create educational agency Berat

Sinjë:

- Will be created agency of local revenue collection
- The agency will be set up water and sewage wastewater
- The agency will be established
- The agency will be set up water and sewage wastewater
- We Will create educational agency Berat

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p> <p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments

Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.

There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.

These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).

These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.

Liabilities

On July 31, 2015 total liabilities of the municipality are reported at a value of 380,671 thousand ALL. Overdue municipal obligations are reported at a value 264,379 thousand ALL.

The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.

It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.

Receivables

During 2015, tax and non-tax revenues were 26% of total revenues, due to the low rate of revenue collection

During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.

It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.

A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.

Lack of unified accounting policies and practices

It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.

Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.

We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Berat, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Berat, LGU Velabisht, LGU Otlak, LGU Sinjë, LGU Roshnik.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Berat.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	643,529
Tax and non-tax revenue	228,017
Total Expenses	661,215
Total Assets	3,908,910
Liabilities	380,671

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	3,908,910	3,447,853
I	Current Assets	764,812	763,190
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	256,042	256,042
Class 4	2. Receivables	428,907	427,285
Class 3	3. Current Inventory accounts	79,863	79,863
II	Non-current Assets	3,144,097	2,684,662
23	1. Investments	468,186	468,186
25,26	2. Finance assets	459,435	-
21,24,28	3. Tangible assets	2,176,064	2,176,064
20	4. Intangible assets	40,412	40,412
III	Other assets	-	-
B	Liabilities	534,911	534,496
I	Current liabilities	321,702	312,230
Class 4	1. Accounts payable	310,683	312,230
16	2. Non-current liabilities	11,019	-
II	Non liquid liabilities	58,968	69,988
17	1. Foreign loans	58,968	69,988
III	Other liabilities	154,240	152,278
	Net assets (A - B)	3,373,999	2,913,356
	Presented: Consolidated budget	3,164,992	2,707,823
	Carried forward results	209,006	205,534

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 3,908,910 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 35% compared to December 31, 2014.

Current assets

- Current assets which have 20% of total assets are increased by 30% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 133% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a *increase* of 122% and the account of the state of inventories have slightly decrease by 1%.

Accounts Receivable

- Structure of total debtors of municipality Berat consists of 73.29% of debtors of LGU Berat, 8.77 % of debtors of LGU Velabisht, 11.15 % of LGU Otllak, 4.06 % of debtors of LGU Sinjë, 2.73 % of debtors LGU Roshnik.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Berat 80%, have increased by 26% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 7% which compose 56% of total assets.

PPE

- 57.8 % of PPEs of Municipality Berat are composed by the PPEs of LGU Berat, 11.89 % PPEs by LGU Velabisht, 17.79 % by LGU Otlak, 7.02 % by LGU Sinjë, 5.49 % by LGU Roshnik.

Accounts Payables

Accounts payable have decreased by 207% during the period ended July 31, 2015 compared with the previous year 2014.

- 91.82% of the total accounts payable are composed of accounts payable of LGU Berat, 4.94 % by LGU Velabisht, 1.87 % by LGU Otlak, 0.71 % by LGU Sinjë, 0.67 % by LGU Roshnik.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	872,636	872,636
70,750,71	I. REVENUES AND CONTRIBUTES	228,017	228,017
70	1. Tax revenues	107,147	107,147
71	3. Non tax revenues	120,870	120,870
72	II. GENERAL ACTUAL GRANTS	643,529	643,529
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	1,090	1,090
B	TOTAL EXPENSES	661,215	667,102
0	I. ACTUAL EXPENSES	509,515	509,515
600 601	1. Salaries and employees contribution	139,363	139,363
602	2. Goods and Services	111,281	111,281
603	3. Subsidies	19,200	19,200
604	4. Internal actual transfers	4,395	4,395
	6. Budget transfers for families and individuals	235,276	235,276
67	IV. OTHER EXPENSES	151,699	157,587
C	DETERMINED NET INCOME	211,421	205,534
	From this: Functioning results	211,421	205,534
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 872,636 thousand All. 27% of the total municipality incomes are composed of tax and non-tax revenues, 74% of income is from grants.

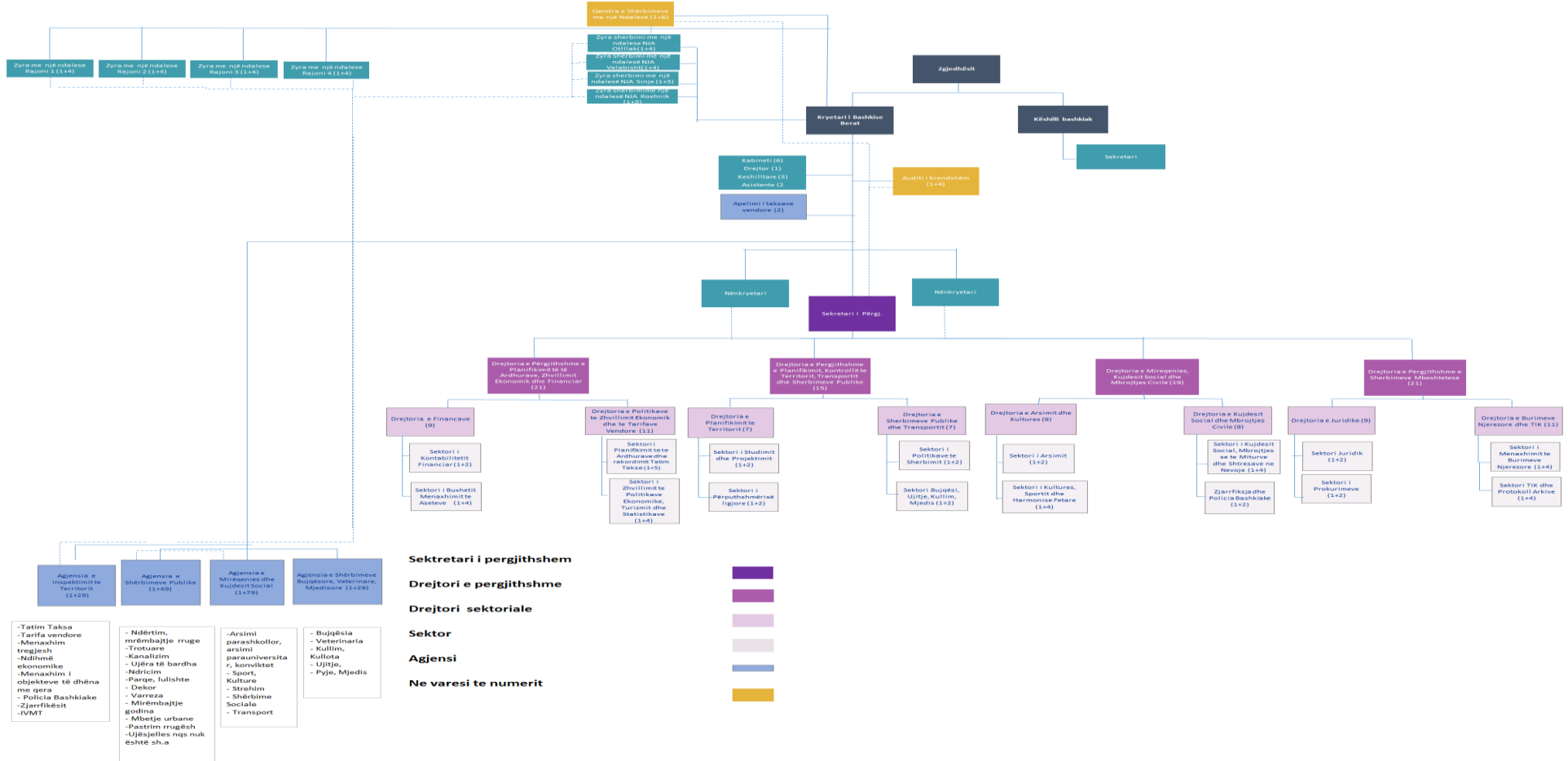
Structure of total revenues is comprised of 80.76 of the revenue generated from LGU Berat, 5.68% by LGU Velabisht, 6.06 % by LGU Otlak, 4.55 % by LGU Sinjë, 2.96 by LGU Roshnik.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were 661,215 thousand All. 77% of the total municipal expenditure is composed of current expenditures, the rest of the occupied surcharges.
- Structure of total expenditure is comprised by 72.8% of the expenditures of LGU Berat, 7.69 % PPE by LGU Velabisht, 9.06 % by LGU Otlak, 6.63 % by LGU Sinjë, 3.82 % by LGU Roshnik.

More detailed on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 – Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 182 employees. More detailed: 0 persons working under employment contracts of one year, 72 persons working under labor contracts expired, (N/A) maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Berat. It is worth mentioning that the Municipality Berat, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the parties entering into the contract do not determine the duration accurately, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of General Secretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the General Secretary. The General Secretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- LGU Berat had only one IT worker who assists with IT problems. From observations in the field, only one IT employee can not reach fulfill all the requirements of the municipality. Status of hardware was relatively good. There were not enough projectors and servers municipal missing.
- Field observations LGU Velabisht has desktop computers in relatively good condition but missing the other hardware devices. There are 2 programs received pirated.
- From the information received on the ground shows that there are no contracts for licensing for software programs installed 3. Absent an IT staff, servers and maintenance of Hardware. Hardware unit is relatively in good condition. Some parts of the hardware that is needed by employees buy privately
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment

Objective	LGU Berat	LGU Otlak	LGU Velabisht	LGU Sinjë	LGU Roshnik
Installed Software	10	5	5	5	4
Contracts of licenses	N/A	Only 2 installed	Only 3 installed	1	2
Hardware (in usage)	185	70	23	25	44
Computer (desktop)	57	22	13	15	20
Printers	32	8	9	8	7
Servers	N/A	N/A	N/A	N/A	N/A
IT staff in total	1	N/A	N/A	N/A	N/A
Hardware and Software maintenance	N/A	N/A		N/A	N/A

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Information Technology 	
<ul style="list-style-type: none"> The LGU has lack of a centralized and standardized system that automates network management of user account data and security requirements. In these conditions, the safety rules and access management are not implemented. 	<ul style="list-style-type: none"> New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the principle that the cost / benefit.
<p>Data storage system</p> <ul style="list-style-type: none"> Lack of procedures for storage and recovery of data in case of loss. There are used USB drives, as a substitute means of communication which subsequently taken outside the LGU premises. 	<ul style="list-style-type: none"> New municipality may consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure. Data can be stored on the platform of cooperation (DMS, etc.) that can be implemented and stored safely in the central datacenter in Berat municipality or Private / Public Cloud.
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> Hardware's and software's are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware's and software's and service provider of maintenance services is performed by private local service provider without contract. 	<ul style="list-style-type: none"> New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.) New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system. It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service).
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles. 	<ul style="list-style-type: none"> New Municipality should consider initiating and implementing policies and procedures on information security for user access management and provision of computer hardware (desktop configuration passwords, laptop).
<p>Lack of IT staff</p> <ul style="list-style-type: none"> There is lack of IT staff for maintenance of Hardwares and Softwares. 	<ul style="list-style-type: none"> LGU Berat should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.

Appendix 4 – Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stocktaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and communication between different sectors;

Summarized description of the information received

- LGU Berat benefits the fixed phone and Internet service from a national bidder Albtelecom. Line in this LGU is relatively stable, but the number of persons having access is very small. Albtelecom contracts are 1 year for Internet service and 2 years for telephone service.
- Number of employees who have access to telephone service is 5 by 96 employees. Internet service contracts with technical legal problems.
- LGU Otlak has signed a contract Internet and telephone service with LEM Ltd, with 11-month period. The LGU currently has 6 telephone lines available that are sufficient for the requirements of the LGU. Internet service partially slow and disconnect.
- LGU Velabisht has a suboptimal service infrastructure ICT. Currently it does not provide fixed telephone service. All Distance communication is carried out by use of personal service Mobile. We are missing a large part of the hardware necessary to perform the job effectively. Internet service has a 5-year contract.
- LGU Sinjë completely missing the presence of ICT infrastructure. There is no internet service or fixed telephone service. Distance communication is performed via private mobile telephone service.
- LGU Roshnik has a weak IT infrastructure. There is no IT staff or hardware maintenance staff to service. Currently the number of desktop computers and printers is sufficient for LGU's staff. No server or projectors. Some software programs are taken pirated.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication System					
Objectives	LGU Berat	LGU Otllak	LGU Velabisht	LGU Sinjë	LGU Roshnik
Telephony service	6 lines according to contract	6 lines according to contract	N/A	N/A	N/A
Telephony/service providers	LEM shpk	LEM shpk	N/A	N/A	N/A
Internet service	LEM shpk	LEM shpk	Local provider Bernet	N/A	N/A
Assess coverage of the telephony service	Sustainable line	Sustainable line	N/A	N/A	N/A
Internal communication lines	Verbal / non verbal	Verbal / non verbal	Verbal / non verbal / t-mobile	Verbal/ Tel mobile	Verbal or through private telephone Mobile

Observations and recommendations

Table 9: Communication	
Observations	Recommendations
Lack of electronic means of communication	
<p>- LGU Berat has 96 employees and only 5 of the 96 employees have access to fixed telephone service. The rest use private mobile telephone service.</p> <p>Contracts with Internet service is with problems</p> <ul style="list-style-type: none"> • Berat Municipality has entered into contractual relations with FBD sh.pk/Albtelekom. The contract has technical problems in compiling its legal. <p>Found no contract hosting of the website</p> <ul style="list-style-type: none"> • LGU Berat reported that it found the contract of hosting the website. Only monthly invoices are available. 	<ul style="list-style-type: none"> - To avoid communication via mobile phone and to make official communications as recommended to significantly increase the number of fixed telephones in all offices of the Municipality of Berat. • We recommend studying the contract and finding a solution through agreement with the contracting party or the judicial route. • You are required to contract subject to hosting the website of offer one (1) copy of the contract.
<p>Lack of telephone service</p> <p>- LGU Sinjë does not have internet service provided. When necessary, the unit officers use private environments.</p> <p>Lack of telephone service</p> <p>- Not available fixed telephone service. LGU does not have an official phone number.</p>	<ul style="list-style-type: none"> - We recommend Internet connection service quickly. The new municipality should invest more in the development of ICT infrastructure. - Provision of fixed telephone service in an immediate way to increase efficiency in communication..

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2014 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- LGU Berat performs archiving process fully in accordance with Law No. 9154, dated 06.11.2003 "archives". All documents are completed in accordance with the methodology of archiving. Protective means counter the fire or any other external factors are present. Also doors and windows with metal clothes but lack the automatic closure. LGU Berat does not apply audit trail archives on control.
- LGU Velabisht archiving procedures are referred to in law no. 9154, dated 06.11.2003 but there are many shortcomings in fire fighting vehicles, missing doors and windows with metal gear, not kept copies of keys and number 2 of Correspondence.
- LGU Sinjë has many problems with retention and archiving material. Currently the situation is outside the standard archiving provided by law. No correspondence and not kept a defined period of retention of documents. Counter the fire tools, doors and windows with metal gear, not held 2-copy key.
- LGU Roshnik serious problems in meeting the procedures prescribed by the Law "On Archives", the maintenance of archived files and reorganizing them when necessary. Protective means counter the fire and other biological factors are absent.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Berat	LGU Otlak	LGU Velabisht	LGU Sinjë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Yes (automatic door locking not)	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall and 80 cm from each other	Yes	Yes, but there is no distance from the wall	No	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No
Archive keys in two copies	Yes	Yes	No	Yes
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	Yes	Yes	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	Yes	No	Only door
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Berat	LGU Otlak	LGU Velabisht	LGU Sinjë
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Berat	LGU Otlak	LGU Velabisht	LGU Sinjë
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	Yes	Yes
The emblem of the Republic	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	No	Yes
The content of the document	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Berat	LGU Otlak	LGU Velabisht	LGU Sinjë
Mode 5 - Table definitions of files for the year	Yes	No	Yes	No
Mod 6 - Elements of cover dossier	Yes	Yes	Yes	No
Mod 7 - Register of files	Yes	Yes	No	No
Mod 8 - Internal File register	Yes	Yes	No	No
Mod 9 - Decision of the Commission of Experts	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	Yes	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> • LGU Berat doors and windows with metal outfit but not with automatic locking as Provision in law. 	<ul style="list-style-type: none"> • Installation of metal doors, with automatic locking, will further enhance the safety of keeping documents archiving
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> • LGU Otlak does not fulfill any of the requirements of security. There is no fixed fire door or window with metal outfit. <p>Not fully followed archiving methodology in LGU Sinjë</p>	<ul style="list-style-type: none"> • The new municipality should improve as soon as the security conditions of archived material.
<ul style="list-style-type: none"> • There is no an audit trail on physical control is not determined keeping period of archived material, not held internal inventory files. <p>Centralization of archive</p>	<ul style="list-style-type: none"> • LGU Sinjë should adjust fully archiving method to that required by the law "On Archives".
<ul style="list-style-type: none"> • Archive volume is expected to increase from the documents taken by the LGU. Consequently reorganization of archive of the New LGU and its maintenance could prove difficult. 	<ul style="list-style-type: none"> • The New municipality may consider measures to ensure new premises or expand existing ones.

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- Given that LGU Berat not have an internal regulation for the management of assets; all procedures are carried out in accordance with Law No. 10296, dated 08.07.2010. Asset management procedures carried out by the finance office chief and specialists of the office.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU Berat	LGU Otlak	LGU Velabisht	LGU Roshnik	LGU Sinjë
Adopted rules and procedures on asset management	Yes	Yes	Yes	Yes	No
Authorizing Officer	Fadil Nasufi, Evgjeni Pelivani	Dalip Kanaci	Yes	Petrit Fiska	Pelivan Sinaj
Executing Officer	Luiza Bazaj	Luiza Kucana	Yes	Luto Marra	Pellumb Hoxha
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	No	Yes	No
Asset Accounting Register	Yes	Yes	Yes	Yes	No
Leased Properties Register	Yes	Yes	Yes	Yes	No
Owned Companies Register	Water Supply and Sewerage ; Football club Tomori 1923	Water Supply and Sewerage	No	N/A	N/A
Register of concessions / contracts enphyteosis	Yes	No	No	N/A	N/A
Annual Assets Inventory	Yes	Yes	No	Yes	No
Commission inventory of assets	Yes	Yes	No	Yes	No
Commission assessment of assets	Yes	Yes	Yes	Yes	No
Commission issuance of disposal of assets	Yes	Yes	No	Yes	No

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none">• Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.	<ul style="list-style-type: none">• Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

Appendix 7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Berat	Reconstruction of trot. Antipatrea Bashki-Gjykate	In process	1,745,208	12,923,310
LGU Berat	Surveillance "Rikonstr. i trot Antipatrea Bashki-Gjykate"	In process	0	864,00
LGU Berat	Rikualif. dhe rikonst. i haps. Urbane L. Barrikade	In process	3,919,440	13,310,994
LGU Berat	Surveillance "Rik i Haps Urbane Ne L Barrikade"	In process	0	16,800
LGU Berat	Rikualif dhe rikonstr. i rrugëve ne L. D. Kastrioti	In process	2,142,000	24,828,818
LGU Berat	Surveillance "Rik. i rrugëve ne lagjen D. Kastrioti"	In process	0	18,000
LGU Berat	Kolaudim "Rikonstruksion i Cerdhes Nr. 1"	In process	0	1,080
LGU Berat	Perforcim i themeleve te palestres se shk. 28 Nentori	In process	581,280	612,000
LGU Berat	Surveillance "Perf. i themeleve te palest. shk 22 Tetori	In process	0.00	12,000
LGU Berat	Surveillance "Rehab. i fasadave pergj blv.kryesor"	In process	0	90,000
LGU Berat	Surveillance "Rik. Urban I lulishtes perend. Loti opsional. T. Muzaka	In process	0	64,800
LGU Berat	Surveillance "Rik Trot.,Parmak,Ndric. Ura e Varur-Ura e Gorices	In process	0	115200
LGU Berat	Surveillance "Rik.te parkut D.e Kombit"	In process	0	180000
LGU Berat	Surveillance "Ndertm i kullës se sahatit"	In process	0	48000
LGU Berat	Restaurim i murit te Kalase	In process	1141200	2994000
LGU Berat	Surveillance i obj. Restuarim i murit te kalase	In process	0	2880
LGU Berat	Mbikqyrje punimesh "Ndert. fusha sportive"	In process	32058	98640
LGU Berat	Surveillance Rikonstruksioni I Biblkiotekes	In process	0	180000
LGU Berat	Ndert.Fusha sportive A.Xhindole,Xh.Cekini, 28 Nentori	In process	4684440	7424400
LGU Berat	Rikonstruksion i shkollës Th.Tani	In process	20387940	24334872
LGU Berat	Rik. Lulishte perend., Sh. T.Muzaka, loti opsional	In process	25385312	59835384
LGU Berat	Rik. Lulishte perend., Sh. T.Muzaka, loti opsional (Kontrata shtese)	In process	0	9714312
LGU Berat	Rehabilitim i fasadave pergjate bulevardit kryesor	In process	35072456	36941510

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
	Ndertim i Kulles se Sahatit	In process	0	4035786
	Rikonstr. i trot., parmak. Ura e Varur-Ura e Gorices	In process	32523024	57830323
	Rikualif. dhe rikonst. i parkut "D. e Kombit", trotuareve	In process	18090588	81232082
	Rikonstruksion i bibliotekes "Vehxhi Buharaja"	In process	0	34570859
LGU Otlak	Rik Banese dhe KUZ per K. Rom dhe Egjipt. Morave, Orizaj, Lapardha	In process	13,880,310	16,869,000
LGU Otlak	Surveillance . Rik Banese dhe kuz per K. Rom dhe Egjipt.	In process	0	28,800
LGU Otlak	Kolaud. Rik Banese dhe kuz per K. Rom dhe Egjipt.	In process	0	7,440
LGU Otlak	KUZ fshati Dyshnik	In process	790,632	892,600
LGU Otlak	Surveillance KUZ Fshati Dyshnik	In process	0	28,800
LGU Otlak	Kolaudim KUZ Fshati Dyshnik	In process	0	3,840
LGU Roshnik	Rikonstruksion. Ujësjellësi Roshnik	In process	54,231,584	63,647,384
LGU Roshnik	Surveillance Punimesh Ujësjellësi Roshnik	In process	585,600	636,913

Appendix 8 – Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Assets	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		3,144,097	2,684,662	2,502,509
3		I. Intangible Assets		40,412	40,412	39,495
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	42,562	42,562	35,128
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	(2,150)	(2,150)	(1,827)
8	230	Expenses for increase of current intangible assets		-	-	6,195
9		II. Tangible Assets		2,644,250	2,644,250	2,463,014
10	210	Land		145,423	145,423	142,049
11	211	Forests, Pasture, Plantation	F6, Sh1	207,315	207,315	204,108
12	212	Building and Constructions	F6, Sh1	900,935	900,935	812,658
13	213	Roads, networks, water facilities	F6, Sh1	1,026,138	1,026,138	970,528
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	34,931	34,931	35,176
15	215	Transport vehicles	F6, Sh1	39,493	39,493	39,493
16	216	Government reserve		11,184	11,184	11,184
17	217	Working and production animals		(37,300)	(37,300)	(35,218)
18	218	Economic Inventory	F6, Sh1	201,990	201,990	183,977
19	219	Depreciation of tangible assets	F7, Sh1	(354,045)	(354,045)	(338,895)
20	231	Expenses in process for increase of current tangible assets	F4	468,186	468,186	437,954
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		459,435	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		459,435	-	-

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Assets	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	B	CURRENT ASSETS		764,812	763,190	383,667
28	Class 3	I. Inventory Status		79,863	79,863	80,682
29	31	Materials	Sh2	-	9,395	4,646
30	32	Inventory Objects	Sh2	79,863	70,442	70,984
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	26	5,052
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		428,907	427,285	193,268
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	330	330	471
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		279,894	276,388	54,418
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	185	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	148,684	140,019	128,884
53	49	Forecasted amounts for depreciation (-)		-	10,363	9,495
54	51	III. Financial accounts		256,042	256,042	109,717
55	50	Securities		-	-	-
56	511	Amounts to receive		-	2,751	-
57	512	Bank		13,434	13,434	11,019
58	520	Treasury funds	Sh5	239,856	239,856	98,542

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Assets	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
59	531	Petty-cash		-	-	155
60	532	Other amounts		2,751	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		3,908,910	3,447,853	2,886,176
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

No.	Account Number	Liabilities	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		3,164,992	2,707,823	2,521,264
2	10	I. Own funds		3,164,992	2,704,616	2,519,541
3	101	Base funds	F8	2,575,881	2,115,504	1,968,291
4	105	Capital internal grants		580,342	580,342	543,020
5	106	Capital foreigner grants		8,769	8,769	8,229
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		-	3,207	1,723
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	3,207	1,723
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		380,671	382,218	174,713
17		I. Long-term debts		58,968	69,988	69,988
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		58,968	69,988	69,988
20	Class 4	II. Short term liabilities		321,702	312,230	104,725
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	256,422	240,041	28,013
23	42	Employees and related accounts		12,560	12,560	12,289
24	431	Liabilities to government for taxes		730	730	560
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-

(Amount in ALL '000, unless otherwise stated)

No.	Account Number	Liabilities	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	4341	Te tjera operacione me shtetin(kreditor)		82	2,208	21,228
28	435	Social Insurance		1,536	4,380	3,600
29	436	Health Insurance		545	545	667
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		11,019	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	30,850	30,851	29,318
36	467	Other creditors		7,958	20,916	9,050
37	C	OTHER ACCOUNTS		154,240	152,278	119,547
38	475	Incomes to register in the coming years		150,653	152,278	67,094
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		3,587	-	52,453
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		209,006	205,534	70,652
43	X	TOTAL LIABILITY		3,908,910	3,447,853	2,886,176
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		510,224	510,224	991,238
2	60	I. Current expenses		509,515	509,515	993,456
3	600	Salaries, bonuses		120,231	120,231	201,234
4	6001	Salaries		117,254	117,254	200,924
5	6002	Temporary salaries		478	478	161
6	6003	Bonuses		44	44	49
7	6009	Other personal expenses		2,454	2,454	100
8	601	Health and social insurance contributions		19,133	19,133	33,110
9	6010	Insurance contributions		17,871	17,871	30,279
10	6011	Health insurance		1,261	1,261	2,831
11	602	Other goods and services		111,281	111,281	253,139
12	6020	Stationary		3,252	3,252	6,731
13	6021	Special services		11,179	11,179	31,912
14	6022	Services from third party		65,022	65,022	137,554
15	6023	Transport expenses		7,383	7,383	18,470
16	6024	Travel expense		924	924	3,540
17	6025	Ordinary maintenance expenses		9,354	9,354	16,328
18	6026	Rent expenses		808	808	1,485
19	6027	Expenses for legal liability for compensation		7,150	7,150	-
20	6028	Borrowing costs related to loans		-	-	329
21	6029	Other operating expenses		6,210	6,210	36,790
22	603	Subsidies		19,200	19,200	22,500
23	6030	Subsidies for price differences		19,200	19,200	22,500
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		4,395	4,395	9,550
29	6040	Current transfers to other government levels		3,661	3,661	8,220
30	6041	Current transfers to various government institutions		-	-	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		735	735	1,330
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		235,276	235,276	473,924
39	6060	Transfers paid from ISS and HII		9,034	9,034	21,144
40	6061	Transfers paid from other institutions and Local government		226,242	226,242	452,781
41	63	II. Change in inventory balances	F1	708	708	(2,217)
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		510,224	510,224	991,238
61		D. RESULT CORRECTIONS ACTIVITES		150,991	156,878	112,424
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		87,195	90,402	80,344
64	8420	Revenues deposited in the budget		171	171	201
65	8421	Deposit in the budget of unused revenues		55,663	58,344	24,636
66	8422	Transfers of revenues within the system		7,580	7,580	5,427
67	8423	Transfers for changes in situation		381	381	1,817
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		661,215	667,102	1,103,662
70	85	RESULTS FROM FUNCTIONING		211,421	205,534	70,652
71	X	TOTAL		872,636	872,636	1,174,315

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

<i>(Amount in ALL '000, Unless otherwise stated)</i>			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	871,546	871,546	1,174,160
2	70	I. TAX INCOMES	107,147	107,147	170,923
3	700	a) On revenues, profit, and equity revenue	13,290	13,290	39,780
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	4,133
6	7002	Small business tax	13,290	13,290	35,647
7	7009	Other tax	-	-	-
8	702	b) Property tax	33,045	33,045	56,611
9	7020	On immovable property	32,220	32,220	53,667
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	825	825	2,944
12	703	c) Tax upon goods and services in the country	30,249	30,249	57,703
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	479
16	7033	Tax upon goods usage and activity permission	-	-	-
17	7035	Local tax on goods usage and activity permission	30,249	30,249	57,224
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	30,563	30,563	16,829
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	120,870	120,870	142,700
35	710	a) From enterprise and ownership	5,702	5,702	17,214
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	5,702	5,702	17,214
39	711	b) Administrative service and secondary revenues	49,951	49,951	66,082
40	7110	Administrative tariffs and regulations	39,461	39,461	53,085
41	7111	Secondary revenues and payments of services	10,490	10,490	12,991
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	7
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	-	-	-
47	719	c) Other non tax revenues	65,217	65,217	59,404
48	72	IV. ACTUAL GRANTS (a+b)	643,529	643,529	860,537
49	720	a) Internal actual grant	643,529	643,529	860,537
50	7200	From same Government level	251,160	251,160	296,074
51	7201	From other Government levels	282,920	282,920	526,626
52	7202	From budget for special payments to Social Institute	5,872	5,872	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	21,587	21,587	36,663
57	7207	Third party sponsorship	540	540	824

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	7209	Other internal grants	81,450	81,450	349
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	516
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	516
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	871,546	871,546	1,174,676
81	83	D. RESULT CORRECTIONS ACTIVITES	1,090	1,090	(361)
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	1,090	1,090	(361)
84	Class 7 & 8	TOTAL FROM OPERATIONS	872,636	872,636	1,174,315
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	872,636	872,636	1,174,315

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
				Debit	Credit	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	446,183	91,788	109,032	463,428
2	105	Internal capital grants	373,208	27,041	108,492	454,658
3	1050	From the same government level	286,208	1,842	1,842	286,208
4	1051	From other Government levels	76,725	7,509	88,959	158,175
5	1052	Third parties contribution for investments	374	-	-	374
6	1059	Internal grants in nature	9,901	17,690	17,690	9,901
7	106	Foreigner Capital grants	8,229	-	540	8,769
8	1060	From foreigner governments	8,229	-	540	8,769
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	64,746	64,746	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	64,746	64,746	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	444,149	126,950	102,913	468,186
34	230	Expenses for increase of Intangible Assets	6,195	97	6,292	-
35	231	Expenses for increase of Tangible Assets	437,954	126,853	96,621	468,186
36	2310	Land	5,720	2,830	3,374	5,177
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	172,059	68,871	33,597	207,334
39	2313	Roads, networks, water facilities	260,175	54,318	58,817	255,675
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	833	833	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	890,333	218,737	211,945	931,614

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	98,542	-	11,019	-
2	II. RECEIVABLES "CASH"	851,091	-	2,448	-
3	1. Funds from budget	366,700	-	-	-
4	Actual budget funds (Budget with changes)	313,788	-	-	-
5	Capital budget funds (Budget with changes)	52,913	-	-	-
6	2. Incomes and revenues during the year in "Cash"	484,391	-	2,448	-
7	Tax revenues in "Cash"	156,854	-	2,448	-
8	Social and health insurance in "Cash"	81,450	-	-	-
9	Non tax revenues "Cash"	790	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	235,909	-	-	-
12	Loans and different lending	540	-	-	-
13	Entry from storage "Cash"	8,847	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	517,080	-	33
15	1. Payment from the budget for actual expenses	-	224,435	-	-
16	2. Payments from the budget for capital expenses	-	35,792	-	-
17	3. Payments from revenues for actual expenses	-	156,600	-	33
18	4. Payments from revenues from capital expenses	-	42,952	-	-
19	5. Payments from storage	-	50,214	-	-
20	6. Other payments	-	7,086	-	-
21	IV. TRANSFERS	-	192,696	-	-
22	1. Deposit of revenues in the budget	-	475	-	-
23	2. Unused budget (actual and capital)	-	82,082	-	-
24	3. Internal movements and transfers	-	110,139	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	949,633	709,777	13,467	33
26	VI. CLOSING BALANCE	239,856	-	13,434	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	41,323	1,239	-	7,337	-	8,576	-	-	7,337	7,337	42,562
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	35,128	97	-	7,337	-	7,434	-	-	-	-	42,562
	Concessions, license, other similar											
4	203 licenses	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current											
4/1	230 intangible assets	6,195	1,142	-	-	-	1,142	-	-	7,337	7,337	-
5	II. TANGIBLE	2,399,173	97,414	76,141	369	-	173,924	-	1,918	3,770	5,688	2,567,409
6	210 Land	18,571	3,374	-	-	-	3,374	-	-	-	-	21,944
7	211 Forests, Pasture, Plantation	728	-	-	-	-	-	-	-	-	-	728
8	212 Building and Constructions	931,840	33,597	58,451	-	-	92,048	-	-	3,770	3,770	1,020,118
9	213 Roads, networks, water facilities	1,167,647	58,817	-	-	-	58,817	-	-	-	-	1,226,463
	Technical installment, machinery,											
10	214 equipment, working tools	39,472	-	-	-	-	-	-	245	-	245	39,227
11	215 Transport vehicles	45,754	-	-	-	-	-	-	-	-	-	45,754
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	195,161	1,626	17,690	369	-	19,686	-	1,673	-	1,673	213,174
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	2,440,495	98,653	76,141	7,706	-	182,500	-	1,918	11,107	13,025	2,609,970

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL'000, Unless otherwise stated)

In ALL '000

No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	1,827	322	-	322	-	-	-	-	2,150
2	219	II. TANGIBLE	374,113	17,231	-	17,231	-	-	-	-	391,345
		TOTAL (I + II)	375,940	17,554	-	17,554	-	-	-	-	393,494

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	1,968,291	25,341	631,554	2,574,504	1,968,291	24,243	171,456	2,115,504
2	1010	Status of base fund	1,968,291	-	459,435	2,427,726	1,968,291	-	-	1,968,291
3	1011	Additions base fund	-	-	172,119	172,119	-	-	171,456	171,456
4	1012	Decrease base fund	-	3,626	-	(3,626)	-	2,528	-	(2,528)
5	1013	Decrease from tangible assets consume	-	16,058	-	(16,058)	-	16,058	-	(16,058)
6	1014	Decrease from selling tangible assets	-	3,770	-	(3,770)	-	3,770	-	(3,770)
7	1015	Decrease from	-	1,887	-	(1,887)	-	1,887	-	(1,887)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	615,396	69,414	244,743	790,725	615,396	69,414	243,101	789,083
11	105	Capital internal grants	545,982	-	35,737	581,719	545,982	-	35,737	581,719
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	1,723	1,723	-	-	1,723	1,723	3,207	3,207
14	12	Carried result	3,627	-	-	3,627	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	64,063	67,691	209,006	205,379	67,691	67,691	204,157	204,157
19	106	EXTERNAL FUND	8,229	-	540	8,769	8,229	-	540	8,769
20	106	Capital foreigner grants	8,229	-	540	8,769	8,229	-	540	8,769
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	2,591,916	94,755	876,837	3,373,999	2,591,916	93,657	415,097	2,913,356

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	435	150	18	567	117,733	106	-	25,223	226	3,661
<i>1</i>	Directors High level education	33	15	2	46	16,048	-	-	4,019	45	1,121
<i>2</i>	specialist	122	42	7	157	45,486	54	-	10,041	181	2,316
<i>3</i>	Technical	39	1	1	39	8,164	52	-	1,882	-	22
<i>4</i>	Ordinary officers	73	28	3	98	15,490	-	-	2,798	-	136
<i>5</i>	Employees	158	64	5	217	31,928	-	-	6,482	-	66
<i>6</i>	Temporary employees	10	-	-	10	616	-	-	-	-	-

Template 10: Summary Consolidated Statement of financial position

Consolidated statements of financial position represent the consolidated financial position of the Municipality.

No.	Account Number	Description	In ALL '000		
			2015 Period Restated	2015 Period	2014 Period
1	A	Assets	3,908,910	3,447,853	2,886,176
2	I	Current Assets	764,812	763,190	383,667
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	256,042	256,042	109,717
13	Class 4	2. Receivables	428,907	427,285	193,268
29	Class 3	3. Current Inventory accounts	79,863	79,863	80,682
39	II	Non-current Assets	3,144,097	2,684,662	2,502,509
40	23	1. Investments	468,186	468,186	444,149
44	25,26	2. Finance assets	459,435	-	-
47	21,24,28	3. Tangible assets	2,176,064	2,176,064	2,025,060
60	20	4. Intangible assets	40,412	40,412	33,300
65	III	Other assets	-	-	-
69	B	Liabilities	534,911	534,496	294,260
70	I	Current liabilities	321,702	312,230	104,725
71	Class	1. Accounts payable	310,683	312,230	104,725
88	16	2. Non-current liabilities	11,019	-	-
89	II	Non liquid liabilities	58,968	69,988	69,988
90	17	1. Foreign loans	58,968	69,988	69,988
91	III	Other liabilities	154,240	152,278	119,547
96		Net assets (A - B)	3,373,999	2,913,356	2,591,916
97		Presented: Consolidated budget	3,164,992	2,707,823	2,521,264
98		Carried forward results	209,006	205,534	70,652

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

No.	Account Number	Description	In ALL '000		
			2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	872,636	872,636	1,174,315
2	70,750,71	I. REVENUES AND CONTRIBUTES	228,017	228,017	313,623
3	70	1. Tax revenues upon	107,147	107,147	170,923
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	120,870	120,870	142,700
23	72	II. GENERAL ACTUAL GRANTS	643,529	643,529	860,537
26		III. FINANCIAL REVENUES	-	-	516
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	1,090	1,090	(361)
33	B	TOTAL EXPENSES	661,215	667,102	1,103,662
34		I. ACTUAL EXPENSES	509,515	509,515	993,456
35	600 601	1. Salaries and employees contribution	139,363	139,363	234,343
38	602	2. Goods and Services	111,281	111,281	253,139
49	603	3. Subsidies	19,200	19,200	22,500
50	604	4. Internal actual transfers	4,395	4,395	9,550
51	605	5. External actual transfers	235,276	235,276	473,924
52	606	6. Budget transfers for families and individuals	151,699	157,587	110,207
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	211,421	205,534	70,652
54	66	III. FINANCIAL EXPENSES	211,421	205,534	70,652
57	67	IV. OTHER EXPENSES	-	-	(0)
58	C	DETERMINED NET INCOME	872,636	872,636	1,174,315
59		From this: Functioning results	228,017	228,017	313,623
60		Functioning observed grants	107,147	107,147	170,923

STAR Project

Municipality Kuçovë Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
KKRT	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of the merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position. 	<ul style="list-style-type: none"> The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Rolet – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters – The transfer of the staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Kuçovë. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters – Termination of working relationship	
The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy

Observations	Recommendations
<p>of labor relations, it has financial consequences for the Municipality.</p>	<p>mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an 	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by

Observations	Recommendations
internal electronic communication system.	setting clear rules on the type of information that can be charged or circulate on these platforms.
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Kuçovë and three existing LGUs of Perondi, Lumas, Kozare, is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	Municipality Kuçovë	LGU Perondi	LGU Lumas	LGU Kozare
LGU Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	✓	✓		✓
Secretary of the LGU Council	✓	✓	✓	✓

Their respective responsibilities include:

- **LGU Council:** The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- **Mayor:** The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.
- **Deputy Mayor:** Assist the Mayor in the supervision of the operation of LGU.
- **Secretary of the LGU Council:** Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, 3 units are transformed in 1 Municipality with 3 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role			
New Municipality	Municipality Kuçovë		
Municipality Council	V		
Mayor	V		
Deputy Mayor	V		
Secretary of Municipality Council	V		
Administrative Unit	Perondi	Lumas	Kozare
Administrator	V	V	V

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/s shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 133.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 68.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	LGU Kuçovë	LGU Kozare	LGU Lumas	LGU Perondi	Merged
Infrastructure and public services					
Water Supply Company	Contracted	8	N/A	N/A	SHA + 8
Functioning of the sewerage system	Contracted	N/A	N/A	N/A	SHA
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	5	N/A	N/A	N/A	5
Construction of roads, pavements and public squares	N/A	N/A	N/A	N/A	N/A
Rehabilitation and maintenance of local roads, sidewalks and public squares	3	4	N/A	7	14
Public lighting	3	N/A	N/A	N/A	3
The operation of urban public transport	1	N/A	N/A	N/A	1
Cemeteries administration and guarantee of funeral services	1	N/A	N/A	N/A	1
Decorations Service in town / village	1	N/A	N/A	N/A	1
Administration of parks, gardens and public spaces	16	N/A	N/A	N/A	16
Collection, disposal and recovery of waste	1	N/A	N/A	N/A	1
Urban planning	1	N/A	1	1	3
Land management	1	1	1	2	5
Shelter	1	N/A	N/A	N/A	1
Social, cultural and sports Services					
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	3	N/A	N/A	N/A	3
Organization of sporting, recreational and entertainment activities and management of relevant institutions	5	N/A	N/A	N/A	5
Social services of kindergardens	23	N/A	N/A	N/A	23
Social services - orphanages, shelters	2	N/A	N/A	N/A	2
Local economic development					
Preparation of local economic development programs	2	N/A	N/A	N/A	2
Establishment and function of public markets and trade network	6	N/A	N/A	N/A	6
Small business development, and the development of promotional activities such as fairs and advertisements in public places	3	N/A	N/A	N/A	3
Organization of services within the local economic development support and information	N/A	N/A	N/A	N/A	N/A

Public Services	LGU Kuçovë	LGU Kozare	LGU Lumas	LGU Perondi	Merged
structures and infrastructure necessary					
Veterinary services	1	N/A	1	1	3
Conservation and development of forests and natural resources of local character	N/A	N/A	2	1	3
The order and civil protection					
Preservation of public order to prevent administrative violations	2	N/A	N/A	2	4
Civil protection	2	N/A	N/A	N/A	2
Educational institutions					
Maintenance of facilities in preliminary education	1	N/A	N/A	N/A	1
Medicine					
Health care system and the protection of public health	N/A	N/A	N/A	N/A	N/A
Social care					
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	4	1	2	1	8
Social Care on domestic violence	1	N/A	N/A	N/A	1
Social care for the protection of children's Rights	1	N/A	N/A	N/A	1
Environmental Protection					
Environmental Protection	1	N/A	N/A	1	2
Register Office					
Register Office	2	1	1	1	5
Business Registration					
National Registration Center	N/A	N/A	N/A	N/A	N/A
Total	93	15	8	17	133

Table 4: Horizontal functions and number of people associated with these functions

Horizontal Functions	LGU Kuçovë	LGU Kozare	LGU Lumas	LGU Perondi	Merged
Finance	5	2	2	2	11
Local taxes and Tariffs	13	2	4	4	23
Legal Issues	1	N/A	1	1	3
Procurement	1	N/A	N/A	N/A	1
Institutional Relations	1	N/A	N/A	N/A	1
Human Resources	1	N/A	1	N/A	2
Protocol	1	1	1	1	4
Archiving	1	1	1	1	4
Information Technology	1	N/A	N/A	N/A	1
Supporting services	2	4	3	7	16
Internal Audit	2	N/A	N/A	N/A	2
Total	29	10	13	16	68

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,

- Analysis show these exceptions:

LGU Kozare

- Keeping the protocol and archive is under the city planning office and agriculture.

LGU Lumas

- Veterinary and cadaster to service provided by the office of agriculture
- The process of unification brings a new dimension to the organizational model orientation, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.
- Matrix organizational structure will require the construction of multiple reporting lines, objectives between sectorial divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- The below services are contracted:
 - Water Supply
- Licensed Services:
 - n/a

- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations

- Human Resources
 - Archive
 - Internal Audit
-
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	Yes	No	No

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 1;

In forming its organizational structure, the municipality may consider the following factors:

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;

- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control – scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
- Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
- Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectorial responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;

- In order to realize the premise of economy of scale and to achieve efficiency in service delivery and reduce costs, the proposed structure in Appendix 1 discusses four main blocks:
- The first block is related to function of Mayor, the Cabinet of the Mayor, Deputy/Mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the Secretary of Municipality; the new role is added to the proposed organizational structure.
- The third block listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies:
 - 1) Territorial Inspection Agency
 - 2) Public Service Agency
 - 3) Welfare Agency and Social Care
 - 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block of the office of one-stop service at Municipality and LGU. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the

community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population has more than 20,000 residents. While in LGU, Service offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in Municipality and subdivisions, if applicable.

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 172,266 thousand ALL. Overdue municipal obligations are reported at a value 141,501 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

<p>Receivables</p>	
<p>During 2015, tax and non-tax revenues were 10% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p>Lack of unified accounting policies and practices</p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex-Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p> <p>We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for</p>

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Kuçovë, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Kuçovë, LGU Kozarë, LGU Perondi, and LGU Lumas.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Kuçovë.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	408,983
Tax and non-tax revenue	57,856
Total Expenses	233,177
Total Assets	2,564,958
Liabilities	172,266

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	2,564,958	2,386,117
I	Current Assets	349,373	337,471
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	85,260	85,260
Class 4	2. Receivables	233,851	221,948
Class 3	3. Current Inventory accounts	30,262	30,262
II	Non-current Assets	2,215,584	2,048,646
23	1. Investments	171,235	171,235
25,26	2. Finance assets	166,938	-
21,24,28	3. Tangible assets	1,867,431	1,867,431
20	4. Intangible assets	9,980	9,980
III	Other assets	-	-
B	Liabilities	254,447	192,234
I	Current liabilities	172,266	162,033
Class 4	1. Accounts payable	172,266	162,033
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	82,182	30,200
	Net assets (A - B)	2,310,510	2,193,883
	Presented: Consolidated budget	2,245,846	2,057,239
	Carried forward results	64,664	136,644

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 2,564,958 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 16% compared to December 31, 2014.

Current assets

- Current assets which have 14% of total assets are increased by 25% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an decrease of 27% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a increased of 86% and the account of the state of inventories have slightly decrease by 1%.

Accounts Receivable

- Structure of total debtors of municipality Kuçovë consists of 72.85 % of debtors of LGU Kuçovë, 9.09 % of debtors of LGU Kozarë, 11.68 % of LGU Perondi, 6.38 % of debtors of LGU Lumas.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Kuçovë 86%, have increased by 15% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 20% which compose 73% of total assets.

PPE

- 34.22 of PPEs of Municipality Kuçovë are composed by the PPEs of LGU Kuçovë, 28.58 % PPEs by LGU Kozarë, 21.7 % by LGU Perondi, 15.5 % by LGU Lumas.

Accounts Payables

Accounts payable have decreased by 32% during the period ended July 31, 2015 compared with the previous year 2014.

- 78.51 % of the total accounts payable are composed of accounts payable of LGU Kuçovë, 4.09 % by LGU Kozarë, 12.66 % by LGU Perondi, and 4.74 % by LGU Lumas.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	555,837	555,837
70,750,71	I. REVENUES AND CONTRIBUTES	57,856	57,856
70	1. Tax revenues upon	31,432	31,432
71	3. Non tax revenues	26,424	26,424
72	II. GENERAL ACTUAL GRANTS	408,983	408,983
78	IV. WORKS FOR INVESTMENTS	42,723	42,723
77, 83	V. OTHER REVENUES	46,275	46,275
B	TOTAL EXPENSES	461,921	419,219
	I. ACTUAL EXPENSES	226,976	226,976
600 601	1. Salaries and employees contribution	56,454	56,454
602	2. Goods and Services	52,963	52,963
603	3. Subsidies	-	-
604	4. Internal actual transfers	136	136
606	6. Budget transfers for families and individuals	117,422	117,422
67	IV. OTHER EXPENSES	234,946	192,243
C	DETERMINED NET INCOME	93,916	136,618
	From this: Functioning results	93,916	136,618
	Functioning observed grants	0	0

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were All 555,837 thousand. 10% of the total municipality income are composed of tax and non-tax revenues, 74% of income is from grants and 8% from other income, 8% from other income, and 8% of the investment works recoveries.

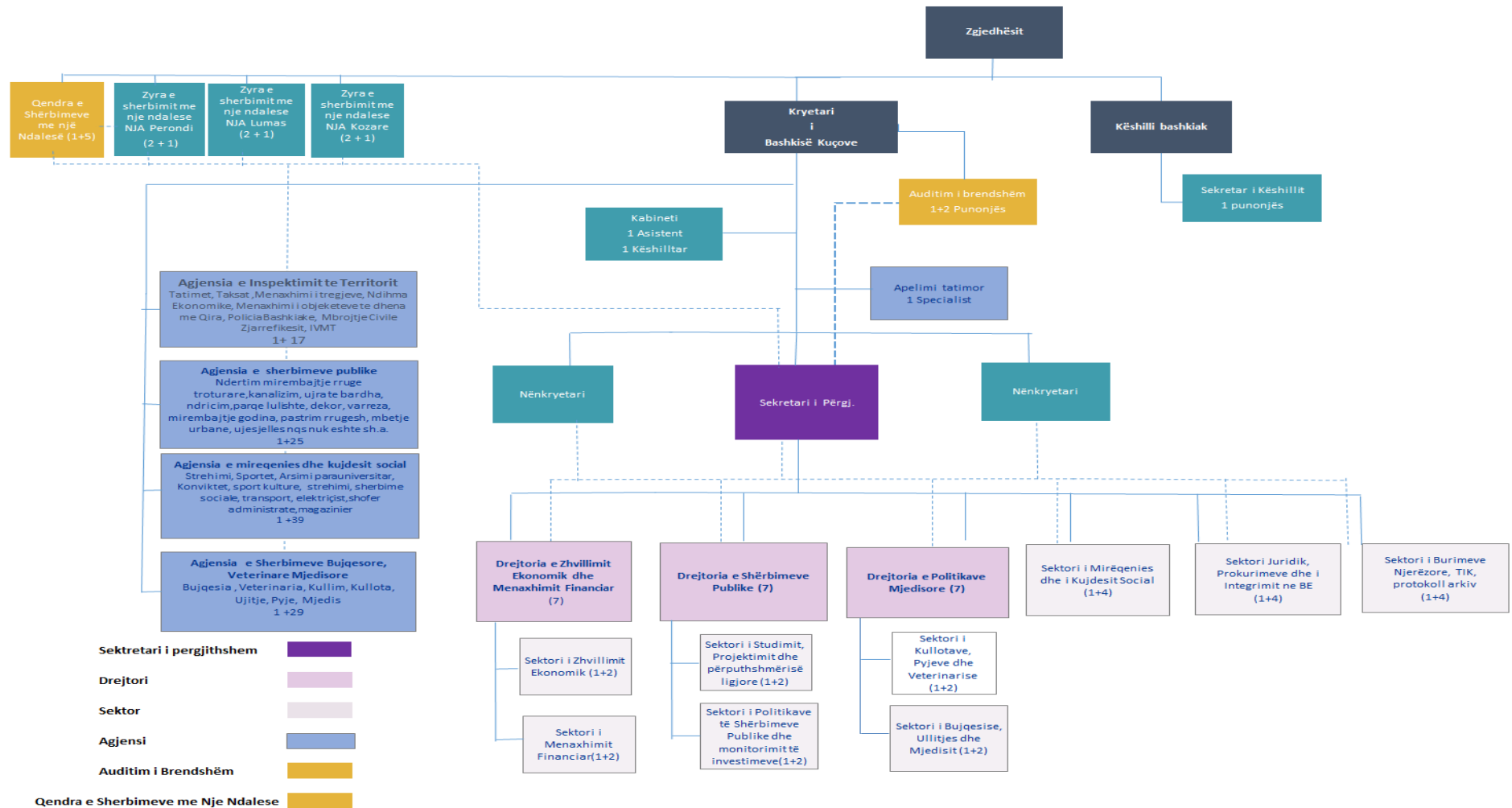
Structure of total revenues is comprised of 68.28% of the revenue generated from LGU Kuçovë, 8.16 % PPE by LGU Kozarë, 13.69 % by LGU Perondi, 9.86 % by LGU Lumas.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were All 461,219 thousand. 49 % of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 59.95% of the expenditures of LGU Kuçovë, 12.13% PPE by LGU Kozarë, 15.01 by LGU Perondi, 12.91 %by LGU Lumas.

More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 – Possible organization structure



Sekretari i pergjithshem

Drejtori

Sektor

Agjensi

Auditim i Brendshëm

Qendra e Shërbimeve me Një Ndalese

Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 227 employees. More detailed: 1 persons working under employment contracts of one year, 46 persons working under labor contracts expired, (N/A) maternity leave, 0 on maternity leave.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Kučově. It is worth mentioning that the Municipality Kučově, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of General Secretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the General Secretary. The General Secretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Table 9: IT Inventory

Objective	LGU Kuçovë	LGU Perondi	LGU Kozare	LGU Lumas
Installed Software	8	3	8	3
Contracts of licenses	No	No	No	No
Hardware (in usage)	134	33	42	17
Computer (desktop)	42	7	12	5
Printers	21	3	7	3
Servers	0	0	0	0
IT staff in total	1	N/A	N/A	N/A
Hardware and Software maintenance	Optimum	N/A	N/A	N/A

Summarized description of received information

- LGU Kuçovë IT infrastructure has relatively well. All hardware-s were optimal physical condition. Recently he was employed and a computer engineer who had all improved ICT infrastructure and help in its maintenance. Software programs were not licensed.
- From the information received on the ground shows that there are no contracts for the licensing of the software installations at QB and administrative units of the Municipality of Kuçovë. There is no IT staff or hardware maintenance. The state of hardware units was relatively good. LGU's Kuçovë and have all the software programs without licensed.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.

Observations and Recommendations

Table 7: The Information Technology

Observations	Recommendations
<ul style="list-style-type: none"> Software not licensed 	
<ul style="list-style-type: none"> All LGUs have all software programs without licensed, installed in pirate way. 	<ul style="list-style-type: none"> The new municipality must take measures for the granting of licenses for all software programs to maintain institutional integrity.
<p>IT staff</p> <ul style="list-style-type: none"> LGU Perondi had problems with hardware maintenance and the Internet service network. 	<ul style="list-style-type: none"> Employing a person with diploma information engineer with IT knowledge will assist all new municipal staff.

Appendix 4 – Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stocktaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and communication between different sectors;

Table 10: Communication System

Objectives	LGU Kuçovë	LGU Perondi	LGU Kozaare	LGU Perondi
Telephony service	Without limit	8 fixed phones	N/A	N/A
Telephony/service providers	Albtelecom without limit	Albtelecom	N/A	N/A
Internet service	Albtelecom but frequent disconnect	Yes, but disconnect	Local service bidder	N/A
Assess coverage of the telephony service	N/A	N/A	N/A	N/A
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Summarized description of the information received

- Municipality Kuçovë benefits from fixed telephone service bidder Albtelecom, which have concluded a contract without specifying (Unlimited). The number of people having access to telephone service is 15. The internal communication is done verbally or via memos. LGU Kuçovë currently has Internet after he continuously break.
- Communication system consisting of a couple Kozare Internet use. This service is provided by a local internet service provider through an analog line. It is a service that is provided through a contract 10 (ten months). Service offering ongoing disconnect. Not all employees have access to the administration regarding this service.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Observations and recommendations

Communication	
Observations	Recommendations
Lack of electronic means of communication	
Not all offices and employees of QB's Kuçovë .	To increase the number of officials access telephone service within LGU Kuçovë , in order to be more effective communication.
Disconnect in providing Internet	
From field observations is that the quality of service evidentuar internet was weak due to continued disconnections of this service during working hours.	You require Internet service providers to improve the service.

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2014 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- During fieldwork in the Kuçovë Municipality it shows that the current status is fully in line with the 9154 law "On Archives". The physical state of the archive office was optimal. Archived documentation was well organized and consistent archiving methodology.
- To LGU Perondi no doors or windows with iron clothing, no fire extinguisher or other security tools. Although the unit has hundreds Perondi contracts with third parties, 49 and 99 years, they are not stored in metal cabinets.
- LGU Kozare archival performs all activities under the law nr.9154, dated 06.11.2003 "On Archives". The archive function LGU held by specialist journal and archive. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- Archiving procedures performed referring to Law No. 9154, dated 06.11.2003. Terms of keeping the archives are outside the standards required by law. No doors or windows with iron clothing, no fire extinguisher or other security tools. Archive office in the administrative unit is the same as would Lumas other office. There is only one copy of the archive office key.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Kuçovë	LGU Kozare	LGU Perondi	LGU Lumas
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	N/A	N/A	N/A
Secured doors and windows with a metallic net and automatic door closure	Yes	Yes	Yes	Yes
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes, shelves board	Yes, shelves board	Yes, shelves board
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes	Yes	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	Yes, verbal	Yes (verbal)	Yes (verbal)
Archive keys in two copies	Yes	No, 1 copy	No (1 copy)	No (1 copy)
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	No	Yes	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	Yes	Yes	Yes
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Kuçovë	LGU Kozare	LGU Perondi	LGU Lumas
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Kuçovë	LGU Kozare	LGU Perondi	LGU Lumas
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	Yes	Yes
The emblem of the Republic	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Kuçovë	LGU Kozare	LGU Perondi	LGU Lumas
Mode 5 - Table definitions of files for the year	Yes	Yes	Yes	Yes
Mod 6 - Elements of cover dossier	Yes	Yes	Yes	Yes
Mod 7 - Register of files	Yes	Yes	Yes	Yes
Mod 8 - Internal File register	Yes	Yes	Yes	Yes
Mod 9 - Decision of the Commission of Experts	No	No	Yes	No
Mod 10 - Compilation of the list of documents that set aside	Yes	Yes	Yes	No
Mod 11 - The period laid down for storage (protection)	Yes	Yes	No	Yes
Mod 12 - Destruction of documents containing any further value	No	No	No	No

Observations and Recommendations

Table 11: Archive

Observations	Recommendations
Lack of security in keeping the archive	
<ul style="list-style-type: none"> LGU Perondi does not fulfil any of the requirements of security. There is no fixed fire door or window metal outfit. 	<ul style="list-style-type: none"> We recommend the immediate improvement of the security conditions of the archive office.
Multi-year contracts not archived correctly	
<ul style="list-style-type: none"> Contracts with maturities of 49 and 99 years old are not archived in a safe place. 	<ul style="list-style-type: none"> Filing of contracts with maturities many years in iron cabinets, as the law provides for the archives, it is highly recommended for the new municipality.
Centralization of archive	
<ul style="list-style-type: none"> The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
Lack of technical requirements in the archive management	
Technical requirements on archives are not fulfilled fully.	<ul style="list-style-type: none"> On the basis of further restructuring, recommend measures to fully meet the technical requirements provided in the methodology of archiving.

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- Municipality Kuçovë asset management carried out fully in accordance with law no. 10296, dated 08.07.2010 "On the financial management and control". LGU Kucova currently has not issued any asset disposal. Asset management carried out by the finance office.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU Kuçovë	LGU Lumas	LGU Perondi	LGU Kozare
Adopted rules and procedures on asset management	Yes	Yes	No	Yes
Authorizing Officer	Yes	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	Yes	No	Yes	Yes
Asset Accounting Register	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	Yes	Yes
Owned Companies Register	Yes	No	No	No
Annual Assets Inventory	Yes	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes
Assets Disposal Committee	No (has not been out of active use)	Yes	Yes	Yes
Committee of disposal of assets	No (has not been out of active use)	Yes	Yes	Yes

Observations and Recommendations

Table 13: Asset Management

Observations	Recommendations
There is no register concessionary	
<ul style="list-style-type: none"> In LGU Kozare missing the register of concessions. <p>Asset management</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Creating a concessionary registry would help in the management of assets. Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

Appendix 7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Kuçovë	Reconstruction of road K.Lacka - Q.Stafa	In process	32,028,494	140,043,456
LGU Kuçovë	Reconstruction. Kuz l. " 11 Janari"	In process	6,565,644	9,749,214
LGU Lumas	Reconstruction of road ;"Sheqes-vodes-korides financuar nga FZHR	In process	44,911,356	44,920,092
LGU Lumas	Reconstruction of road dytesore Lumas -Financuar nga FZHR	In process	57,952,664	58,245,858
LGU Lumas	Kolaudim Building works for ambulance	In process	0	15,000
LGU Lumas	Works Kolaudim rik. Shkolle	In process	0	51,430
LGU Kozare	Systemization and bituminous paving with sand of roads in the Municipality Kozare	The investment been committed, it is not liquidated.	5,908,848	6,111,216
LGU Kozare	Supervizion" Rik. rruge me rërë biturminoze	The investment been committed, it is not liquidated.	36,000	36,000

Appendix 8 – Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		2,215,584	2,048,646	1,928,748
3		I. Intangible Assets		14,160	14,160	11,470
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	10,665	10,665	10,665
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	(685)	(685)	(585)
8	230	Expenses for increase of current intangible assets		4,180	4,180	1,390
9		II. Tangible Assets		2,034,487	2,034,487	1,917,278
10	210	Land		52,659	52,659	52,659
11	211	Forests, Pasture, Plantation	F6, Sh1	992	992	992
12	212	Building and Constructions	F6, Sh1	579,481	579,481	557,286
13	213	Roads, networks, water facilities	F6, Sh1	1,365,257	1,365,257	1,058,062
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	37,185	37,185	40,462
15	215	Transport vehicles	F6, Sh1	25,971	25,971	25,971
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	83,469	83,469	86,829
19	219	Depreciation of tangible assets	F7, Sh1	(277,582)	(277,582)	(269,684)
20	231	Expenses in process for increase of current tangible assets	F4	167,055	167,055	364,701
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		166,938	-	-
25	25	Loan and sub-loans		-	-	-

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	26	Participation with own capital		166,938	-	-
27	B	CURRENT ASSETS		349,373	337,471	278,647
28	Class 3	I. Inventory Status		30,262	30,262	36,464
29	31	Materials	Sh2	1,616	1,616	6,140
30	32	Inventory Objects	Sh2	28,579	28,579	30,233
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		67	67	90
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		233,851	221,948	125,946
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	1,730	1,730	1,688
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		139,784	127,881	45,460
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	92,337	92,337	78,798
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		85,260	85,260	116,237
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	85,260	85,260	116,237
59	531	Petty-cash		-	-	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		2,564,958	2,386,117	2,207,395
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		2,245,846	2,057,239	1,939,578
2	10	I. Own funds		2,244,562	2,055,955	1,936,893
3	101	Base funds	F8	2,244,562	2,055,955	1,790,688
4	105	Capital internal grants		-	-	146,205
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		1,284	1,284	2,685
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		1,284	1,284	2,685
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		172,266	162,033	130,516
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		172,266	162,033	130,516
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	126,898	115,340	30,308
23	42	Employees and related accounts		12	12	6,748
24	431	Liabilities to government for taxes		-	-	250
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		10,155	606	606
28	435	Social Insurance		-	-	1,909
29	436	Health Insurance		-	-	265
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	20,596	20,596	23,495
36	467	Other creditors		14,604	25,480	66,936
37	C	OTHER ACCOUNTS		82,182	30,200	(9,131)
38	475	Incomes to register in the coming years		82,182	25,769	12,612
39	478	Passive converting differences		-	(2,356)	(29,359)
40	480	Incomes to classify or adjust		-	6,788	7,616
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		64,664	136,644	146,432
43	X	TOTAL LIABILITY		2,564,958	2,386,117	2,207,395
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		233,177	233,177	451,925
2	60	I. Current expenses		226,976	226,976	452,762
3	600	Salaries, bonuses		48,324	48,324	91,197
4	6001	Salaries		45,318	45,318	86,088
5	6002	Temporary salaries		3,006	3,006	5,109
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
8	601	Health and social insurance contributions		8,130	8,130	15,286
9	6010	Insurance contributions		7,311	7,311	13,711
10	6011	Health insurance		819	819	1,575
11	602	Other goods and services		52,963	52,963	109,960
12	6020	Stationary		1,697	1,697	4,135
13	6021	Special services		3,708	3,708	6,664
14	6022	Services from third party		27,583	27,583	59,863
15	6023	Transport expenses		4,582	4,582	8,781
16	6024	Travel expense		545	545	1,461
17	6025	Ordinary maintenance expenses		2,060	2,060	8,804
18	6026	Rent expenses		25	25	94
19	6027	Expenses for legal liability for compensation		2,207	2,207	2,982
20	6028	Borrowing costs related to loans		-	-	150
21	6029	Other operating expenses		10,557	10,557	17,026
22	603	Subsidies		-	-	1,500
23	6030	Subsidies for price differences		-	-	1,500

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		136	136	795
29	6040	Current transfers to other government levels		14	14	54
30	6041	Current transfers to various government institutions		123	123	741
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		117,422	117,422	234,024
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		117,422	117,422	234,024
41	63	II. Change in inventory balances	F1	6,202	6,202	(838)
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
55	661	Interest on financing from international organizations		-	-	-	
56	662	Interest on other foreign loans		-	-	-	
57	67	C. Extraordinary Expenses		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		233,177	233,177	451,925	
61		D. RESULT CORRECTIONS ACTIVITES		228,744	186,042	200,883	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		176,422	176,422	196,898	
64	8420	Revenues deposited in the budget		66	66	554	
65	8421	Deposit in the budget of unused revenues		18,691	9,554	2,638	
66	8422	Transfers of revenues within the system		-	-	-	
67	8423	Transfers for changes in situation		-	-	793	
68	8424	Transfers for identified debtors and similar items		33,566	-	-	
69	Class 6 & 8	TOTAL FROM OPERATIONS		461,921	419,219	652,807	
70	85	RESULTS FROM FUNCTIONING		93,916	136,618	146,432	
71	X	TOTAL		555,837	555,837	799,239	

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	509,563	509,563	754,190
2	70	I. TAX INCOMES	31,432	31,432	70,517
3	700	a) On revenues, profit, and equity revenue	4,031	4,031	18,999
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	4,031	4,031	18,999
7	7009	Other tax	-	-	-
8	702	b) Property tax	17,332	17,332	31,948
9	7020	On immovable property	17,137	17,137	31,806
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	195	195	142
12	703	c) Tax upon goods and services in the country	10,070	10,070	19,570
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	3,355	3,355	6,268
17	7035	Local tax on goods usage and activity permission	6,715	6,715	13,302
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	26,424	26,424	44,697
35	710	a) From enterprise and ownership	1,186	1,186	4,579
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1,186	1,186	4,579
			22,802	22,802	40,119
39	711	b) Administrative service and secondary revenues	19,065	19,065	34,729
40	7110	Administrative tariffs and regulations	2,881	2,881	4,608
41	7111	Secondary revenues and payments of services	-	-	-
42	7112	Tax for legal actions and notary	100	100	51
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	755	755	731
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	2,436	2,436	-
47	719	c) Other non tax revenues	408,983	408,983	627,386
48	72	IV. ACTUAL GRANTS (a+b)	408,983	408,983	627,386
49	720	a) Internal actual grant	74,644	74,644	145,075
50	7200	From same Government level	189,993	189,993	399,049
51	7201	From other Government levels	27,491	27,491	47,445
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	116,855	116,855	35,418
56	7206	Expected financing from budget	-	-	400

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party sponsorship	-	-	-
58	7209	Other internal grants	-	-	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	42,723	42,723	11,589
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	27,878	-	-
68	785	Use of funds of the year to come	14,845	42,723	11,589
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	42,537	42,537	(8)
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	(8)
78	778	Correction from previous year	42,537	42,537	-
79	779	Other revenues	552,100	552,100	754,181
80	Class 7	TOTAL INCOMES	3,737	3,737	45
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	3,737	3,737	45
83	841	Status change transfer	555,837	555,837	754,226
84	Class 7 & 8	TOTAL FROM OPERATIONS	-	-	45,013
85	85	RESULTS FROM FUNCTIONING	555,837	555,837	799,239
86	X	TOTAL	509,563	509,563	754,190

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
				Debit	Credit	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	195,111	247,391	115,003	62,723
2	105	Internal capital grants	192,426	241,362	110,349	61,413
3	1050	From the same government level	14,451	28,477	14,026	-
4	1051	From other Government levels	177,975	212,885	96,323	61,413
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	2,685	6,029	4,654	1,310
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	2,685	6,029	4,628	1,284
17	116	Revenues from tangible assets sales	-	-	26	26
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	366,091	137,693	336,729	167,055
34	230	Expenses for increase of Intangible Assets	1,390	2,790	4,180	-
35	231	Expenses for increase of Tangible Assets	364,701	134,903	332,549	167,055
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	9,965	12,981	22,946	-
39	2313	Roads, networks, water facilities	354,457	121,473	308,874	167,055
40	2314	Technical installment, machinery, equipment, working tools	280	413	693	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	36	36	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-

				In ALL '000		
No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance, 31
			January 2015	<i>Debit</i>	<i>Credit</i>	July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	561,203	385,084	451,732	229,779

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	116,237	-	-	-
2	II. RECEIVABLES "CASH"	351,449	-	-	-
3	1. Funds from budget	289,035	-	-	-
4	Actual budget funds (Budget with changes)	178,001	-	-	-
5	Capital budget funds (Budget with changes)	111,034	-	-	-
6	2. Incomes and revenues during the year in "Cash"	62,415	-	-	-
7	Tax revenues in "Cash"	30,334	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	24,914	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	233	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	6,935	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	368,496	-	-
15	1. Payment from the budget for actual expenses	-	182,623	-	-
16	2. Payments from the budget for capital expenses	-	128,674	-	-
17	3. Payments from revenues for actual expenses	-	38,371	-	-
18	4. Payments from revenues from capital expenses	-	9,310	-	-
19	5. Payments from storage	-	9,258	-	-
20	6. Other payments	-	261	-	-
21	IV. TRANSFERS	-	13,930	-	-
22	1. Deposit of revenues in the budget	-	132	-	-
23	2. Unused budget (actual and capital)	-	13,798	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	467,687	382,426	-	-
26	VI. CLOSING BALANCE	85,260	-	-	-

-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	46	7	
-	-	-	-	
-	-	-	-	
257,890	-	46	77,486	335,376

Comments:

The value of fixed assets in F6 regulated with amortization in F7 and investments F4 not reconcile of value All 4,180,000 net value of fixed assets in F1.

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
<i>a</i>	<i>b</i>		<i>1</i>	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	<i>9</i>
<i>1</i>	<i>209</i>	I. INTAGIBLE	585	100	-	100	-	-	-	-	685
<i>2</i>	<i>219</i>	II. TANGIBLE	269,684	13,080	265	13,344	-	4,006	1,440	5,447	277,582
TOTAL (I + II)			270,269	13,180	265	13,445	-	4,006	1,440	5,447	278,267

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2	Credit 3	Credit 4=1+3-2
1	101	BASE FUND	1,790,088	28,981	483,455	2,244,562	1,790,088	28,981	294,848	2,055,955
2	1010	Status of base fund	1,790,088	-	62,888	1,852,976	1,790,088	-	27,422	1,817,510
3	1011	Additions base fund	-	-	420,567	420,567	-	-	267,425	267,425
4	1012	Decrease base fund	-	8,371	-	(8,371)	-	8,371	-	(8,371)
5	1013	Decrease from tangible assets consume	-	13,201	-	(13,201)	-	13,201	-	(13,201)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	7,409	-	(7,409)	-	7,409	-	(7,409)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	295,322	362,829	133,455	65,948	295,322	325,804	168,411	137,928
11	105	Capital internal grants	146,205	210,516	64,311	-	146,205	210,516	64,311	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	2,685	6,029	4,628	1,284	2,685	6,029	4,654	1,310
14	12	Carried result	64,395	-	-	64,395	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	82,037	146,284	64,516	269	146,432	109,260	99,446	136,618
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	2,085,410	391,809	616,909	2,310,510	2,085,410	354,785	463,258	2,193,883

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	232	12	11	233	48,324	-	-	11,694	-	1,563
<i>1</i>	Directors	24	-	1	23	8,173	-	-	1,804	-	553
	High level education										
<i>2</i>	specialist	62	6	5	63	17,177	-	-	3,549	-	880
<i>3</i>	Technical	5	-	-	5	922	-	-	153	-	7
<i>4</i>	Ordinary officers	32	1	2	31	6,657	-	-	2,067	-	81
<i>5</i>	Employees	87	2	3	86	12,318	-	-	3,277	-	32
	Temporary										
<i>6</i>	employees	22	3	-	25	3,077	-	-	845	-	9

Template 10: Summary Consolidated Statement of financial position

Consolidated statements of financial position represent the consolidated financial position of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	2,564,958	2,386,117	2,207,395
2	I	Current Assets	349,373	337,471	278,647
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	85,260	85,260	116,237
13	Class 4	2. Receivables	233,851	221,948	125,946
29	Class 3	3. Current Inventory accounts	30,262	30,262	36,464
39	II	Non-current Assets	2,215,584	2,048,646	1,928,748
40	23	1. Investments	171,235	171,235	366,091
44	25,26	2. Finance assets	166,938	-	-
47	21,24,28	3. Tangible assets	1,867,431	1,867,431	1,552,577
60	20	4. Intangible assets	9,980	9,980	10,080
65	III	Other assets	-	-	-
69	B	Liabilities	254,447	192,234	121,385
70	I	Current liabilities	172,266	162,033	130,516
71	Class	1. Accounts payable	172,266	162,033	130,516
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	82,182	30,200	(9,131)
96		Net assets (A - B)	2,310,510	2,193,883	2,086,010
97		Presented: Consolidated budget	2,245,846	2,057,239	1,939,578
98		Carried forward results	64,664	136,644	146,432

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	555,837	555,837	754,226
2	70,750,71	I. REVENUES AND CONTRIBUTES	57,856	57,856	115,214
3	70	1. Tax revenues upon	31,432	31,432	70,517
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	26,424	26,424	44,697
23	72	II. GENERAL ACTUAL GRANTS	408,983	408,983	627,386
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	42,723	42,723	11,589
32	77, 83	V. OTHER REVENUES	46,275	46,275	37
33	B	TOTAL EXPENSES	461,921	419,219	652,807
34		I. ACTUAL EXPENSES	226,976	226,976	452,762
35	600 601	1. Salaries and employees contribution	56,454	56,454	106,483
38	602	2. Goods and Services	52,963	52,963	109,960
49	603	3. Subsidies	-	-	1,500
50	604	4. Internal actual transfers	136	136	795
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	117,422	117,422	234,024
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	234,946	192,243	200,045
58	C	DETERMINED NET INCOME	93,916	136,618	101,419
59		From this: Functioning results	93,916	136,618	146,432
60		Functioning observed grants	0	0	(45,013)

STAR Project

Municipality Poliçan Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
KKRT	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of the merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters – The transfer of the staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Poliçan. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters – Termination of working relationship	
<p>The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination</p>	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This

Observations	Recommendations
<p>of labor relations, it has financial consequences for the Municipality.</p>	<p>category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> • Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> • The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> • The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> • The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> • Despite that the administrative units have internet access, none of them has an internal electronic communication system. 	<ul style="list-style-type: none"> • The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these

Observations	Recommendations
	platforms.
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Poliçan and two existing LGUs of Terpan, Vertop is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	Municipality Poliçan	LGU Terpan	LGU Vertop
LGU Council	√	√	√
Mayor	√	√	√
Deputy Mayor	√		
Secretary of the LGU Council	√	√	√

Their respective responsibilities include:

- LGU Council: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.
- Deputy Mayor: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU Council: Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, 2 units are transformed in 1 Municipality with 2 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role		
New Municipality	Poliçan	
Municipality Council	√	
Mayor	√	
Deputy Mayor	√	
Secretary of Municipality Council	√	
Administrative Unit	LGU Vertop	LGU Terpan
Administrator	√	√

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/s shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 118.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 56.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	LGU Poliçan	LGU Terpan	LGU Vertop	Merged
Infrastructure and public services				
Water Supply Company	Contracted	2	1	SHA+3
Functioning of the sewerage system	8	N/A	N/A	14
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	6	N/A	N/A	6
Construction of roads, pavements and public squares	N/A	N/A	N/A	N/A
Rehabilitation and maintenance of local roads, sidewalks and public squares	2	4	7	13
Public lighting	2	N/A	N/A	N/A
The operation of urban public transport	2	N/A	N/A	2
Cemeteries administration and guarantee of funeral services	4	N/A	N/A	4
Decorations Service in town / village	N/A	N/A	N/A	N/A
Administration of parks, gardens and public spaces	38	N/A	1	39
Collection, disposal and recovery of waste	5	N/A	1	6
Urban planning	N/A	N/A	N/A	N/A
Land management	1	1	1	3
Shelter	N/A	N/A	N/A	N/A
Social, cultural and sports Services				
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	4	N/A	N/A	4
Organization of sporting, recreational and entertainment activities and management of relevant institutions	N/A	N/A	N/A	N/A
Social services of kindergardens	6	N/A	N/A	6
Social services - orphanages, shelters	N/A	N/A	N/A	N/A
Local economic development				
Preparation of local economic development programs	N/A	N/A	N/A	N/A
Establishment and function of public markets and trade network	N/A	N/A	N/A	N/A
Small business development, and the development of promotional activities such as fairs and advertisements in public places	N/A	N/A	N/A	N/A
Organization of services within the local economic development support and information structures and	N/A	N/A	N/A	N/A

Public Services	LGU Poliçan	LGU Terpan	LGU Vertop	Merged
infrastructure necessary				
Veterinary services	1	N/A	N/A	1
Conservation and development of forests and natural resources of local character	1	2	0.5	3.5
The order and civil protection				
Preservation of public order to prevent administrative violations	3	N/A	1	4
Civil protection	N/A	N/A	N/A	N/A
Educational institutions				
Maintenance of facilities in preliminary education	5	N/A	3	8
Medicine				
Health care system and the protection of public health	N/A	N/A	N/A	N/A
Social care				
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	N/A	N/A	1	1
Social Care on domestic violence	1	N/A	N/A	1
Social care for the protection of children's Rights	N/A	N/A	N/A	N/A
Environmental Protection				
Environmental Protection	N/A	N/A	0.5	0.5
Register Office				
Register Office	1	1	1	3
Business Registration				
National Registration Center	N/A	N/A	N/A	N/A
Total	90	10	18	118

Table 4: Horizontal functions and number of people associated with these functions

Horizontal Functions	LGU Poliçan	LGU Vertop	LGU Terpan	Merged
Finance	5	3	3	11
Local taxes and Tariffs	2	2	2	6
Legal Issues	1	1	N/A	2
Procurement	N/A	N/A	N/A	N/A
Institutional Relations	N/A	N/A	N/A	N/A
Human Resources	N/A	1	1	2
Protocol	0.5	0.5	N/A	1
Archiving	0.5	0.5	N/A	1
Information Technology	N/A	N/A	N/A	N/A
Supporting services	12	13	8	33
Internal Audit	N/A	N/A	N/A	N/A
Total	21	21	14	56

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:

Municipality Poliçan

- Value procurements conducted by human resources specialist

Municipality Poliçan

- Inspectorate of the Municipal Police is subordinate to the director of human resources.

NJA Tërpan

- Water supply is located within the Department of Support Services

- The process of unification brings a new dimension to the organizational model orientation, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

- Matrix organizational structure will require the construction of multiple reporting lines, objectives between sectorial divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- The following services are contracted:

- Water supply

- Licensed Services:

- n/a

- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.

- To facilitate this analysis, we have compiled the following three questions to be used as development principles:

- Does the fulfillment of work require physical presence?
- Is there any reason (legal, strategic) to centralize the execution of function?
- Is the work scalable by performing it in distance/ centralized processing?

-

- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)

- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit

- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Social services - orphanages, shelters	Yes	No	No
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 1;

In forming its organizational structure, the municipality may consider the following factors:

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;

- Extent of control – scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
- Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
- Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to realize the premise of economy of scale and to achieve efficiency in service delivery and reduce costs, the proposed structure in Appendix 1 discusses four main blocks:

- The first block is related to function of Mayor, the Cabinet of the Mayor, Deputy/Mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the Secretary of Municipality; the new role is added to the proposed organizational structure.
- The third block listed agencies, who are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies:
 - 1) Territorial Inspection Agency
 - 2) Public Service Agency
 - 3) Welfare Agency and Social Care
 - 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block of the office of one-stop service at Municipality and LGU. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the

community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population has more than 20,000 residents. While in LGU, Service offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in Municipality and subdivisions, if applicable.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 73,109 thousand ALL. Overdue municipal obligations are reported at a value 20,282 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

<p>Receivables</p>	
<p>During 2015, tax and non-tax revenues were 14% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p>Lack of unified accounting policies and practices</p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex-Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p> <p>We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies.</p>

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

Using a uniform software solution for all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Poliçan, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Poliçan, LGU Vertop, and LGU Tërpan.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Poliçan.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	151,115
Tax and non-tax revenue	25,483
Total Expenses	133,374
Total Assets	768,115
Liabilities	73,109

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	768,115	689,106
I	Current Assets	123,902	123,875
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	12,201	12,201
Class 4	2. Receivables	94,727	94,700
Class 3	3. Current Inventory accounts	16,974	16,974
II	Non-current Assets	644,213	565,230
23	1. Investments	-	-
25,26	2. Finance assets	78,983	-
21,24,28	3. Tangible assets	561,830	561,830
20	4. Intangible assets	3,400	3,400
III	Other assets	-	-
B	Liabilities	96,773	57,984
I	Current liabilities	73,109	34,320
Class 4	1. Accounts payable	73,109	34,320
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	23,664	23,664
	Net assets (A - B)	671,343	631,122
	Presented: Consolidated budget	661,187	620,967
	Carried forward results	10,155	10,155

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,768,115 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 11% compared to December 31, 2014.

Current assets

- Current assets which have 16% of total assets are decrease by 5% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an decrease of 28% of cash, which affects more in the total decrease of current assets meanwhile the receivable's accounts suffered a decrease of 2% and the account of the state of inventories have slightly decrease by 1%.

Accounts Receivable

- Structure of total debtors of municipality Poliçan consists of 42.65% of debtors of LGU Poliçan, 32.34 % of debtors of LGU Tërpan, and 25.01% of LGU Vertop.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Poliçan 84%, have increased by 15% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 1% which compose 73% of total assets.

PPE

- 34.26 % of PPEs of Municipality Poliçan are composed by the PPEs of LGU Poliçan 15.6 % PPEs by LGU Tërpan 50.14% % by LGU Vertop.

Accounts Payable

Accounts payable have increased by 46% during the period ended July 31, 2015 compared with the previous year 2014.

- 55.71 % of the total accounts payable are composed of accounts payable of LGU Poliçan, 43.40 % by LGU Tërpan 0.89% by LGU Vertop.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	176,598	176,598
70,750,71	I. REVENUES AND CONTRIBUTES	25,483	25,483
70	1. Tax revenues upon	12,964	12,964
71	3. Non tax revenues	12,519	12,519
72	II. GENERAL ACTUAL GRANTS	151,115	151,115
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	-	-
B	TOTAL EXPENSES	166,443	166,443
	I. ACTUAL EXPENSES	133,164	133,164
600 601	1. Salaries and employees contribution	51,560	51,560
602	2. Goods and Services	26,755	26,755
604	4. Internal actual transfers	1,366	1,366
	6. Budget transfers for families and individuals	53,483	53,483
67	IV. OTHER EXPENSES	33,279	33,279
C	DETERMINED NET INCOME	10,155	10,155
	From this: Functioning results	10,155	10,155
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were All 176,598 thousand. 14% of the total municipality incomes are composed of tax and non-tax revenues, 84% of income is from grants.

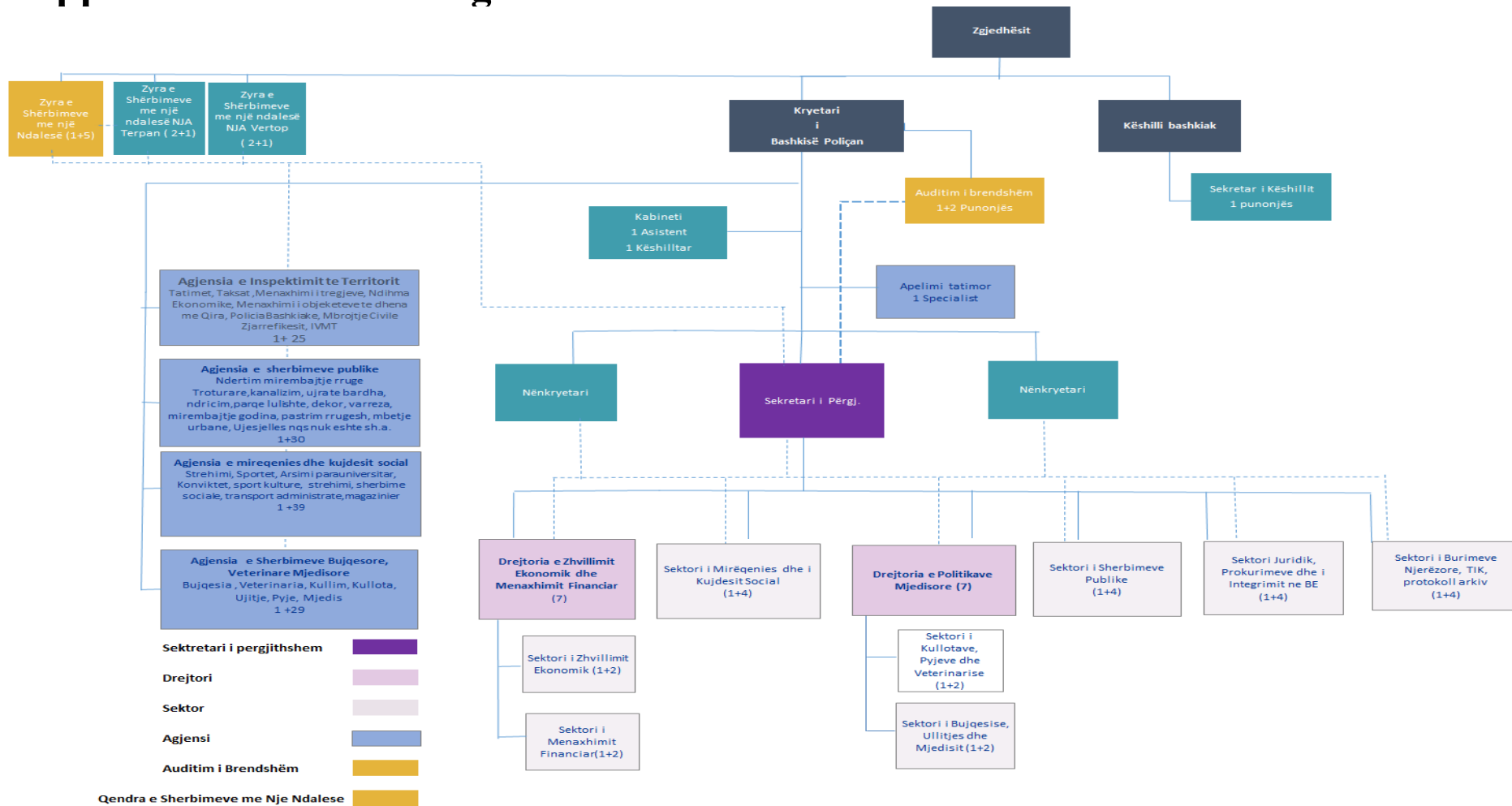
Structure of total revenues is comprised of 60.92 % of the revenue generated from LGU Poliçan, 13.33 % PPE by LGU Tërpan 25.74% by LGU Vertop.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were All 166,443 thousand. 80% of the total municipal expenditure is composed of current expenditures, the rest occupy the other expenses.
- Structure of total expenditure is comprised by 59.29 % of the expenditures of LGU Poliçan, 13.24 % PPE by LGU Tërpan 27.47 % by LGU Vertop.

More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 164 employees. More detailed: 0 persons working under employment contracts of one year, 141 persons working under labor contracts expired, (N/A) maternity leave. These last under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
Lack of IT personnel	
<ul style="list-style-type: none"> Municipality Poliçan has 124 employees but has not IT staff that can help with IT problems and maintain the network. Director of human resources often tries to assist with keeping the computer well. 	<ul style="list-style-type: none"> The employment of an employee with experience in engineering, computing or information will help all personnel and will increase performance for all Municipality Poliçan
Lack of internal audit	
<ul style="list-style-type: none"> Up to this moment Municipality Poliçan never had the internal audit. 	<ul style="list-style-type: none"> Creation of an internal audit department will riste transparency and will give you the opportunity municipal employees to be more responsible for their work.
The transfer of the staff	
<ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Poliçan. It is worth mentioning that the Municipality Poliçan, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extention of the probationary period or non-confirmation of participation.

	<ul style="list-style-type: none"> • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> • The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> - <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. - <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.

Improvement of organizational structure

- | | |
|---|---|
| <ul style="list-style-type: none">• Organizational structures of local government units do not stipulate the position of General Secretary. | <ul style="list-style-type: none">• It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the General Secretary. The General Secretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit. |
|---|---|

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- Municipality Poliçan has limited access regarding information technology. Existing computers are not in very good condition and their number is limited. Lack of staff of IT creates many problems in the network and hardware maintenance. All installed programs including Microsoft Office were not licensed.
- LGU Tërpan has a problematic IT infrastructure. Currently we are working only 3 laptop and 3 desktop computers. All software programs are unlicensed s. The condition of the hardware is very bad. Often employees are forced to use private desktop computer to complete the administrative work of the unit.
- LGU Vertop has a problematic IT infrastructure. Currently in use in desktop computers are only 7 total. Conditions hardware is not in optimal conditions. All software's are unlicensed, pirated receive.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.

Table 9: IT environment

Objective	LGU Poliçan	LGU Cakran	LGU Frrakull
Installed Software	7	3	3
Contracts of licenses	No	N/A	No
Hardware (in usage)	89	20	26
Computer (desktop)	21	7	7
Printers	11	4	N/A
Servers	N/A	N/A	No
IT staff in total	N/A	N/A	N/A
Hardware and Software maintenance	N/A	N/A	N/A

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> Lack of IT personnel 	
<ul style="list-style-type: none"> Municipality Poliçan has 124 employees but has not IT staff that can help with IT problems and maintain the network. Director of human resources often tries to assist with keeping the computer well. 	<ul style="list-style-type: none"> The employment of an employee with experience in engineering, computing or information will help all personnel and will increase performance for all Municipality Poliçan.
Software no licensed	
<ul style="list-style-type: none"> Municipality Poliçan has no software to license. All programs are pirate including Microsoft Office. 	<ul style="list-style-type: none"> To maintain the integrity of local government as an institution, Municipality Poliçan should definitely certify installed programs.

Appendix 4 – Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stocktaking of telephony and Internet deals;
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and communication between different sectors;

Summarized description of the information received

- Municipality Poliçan benefits Poliçan Internet and landline phone service from a national provider Albtelecom. In connection with the internal communication, he conducted verbally or through mobile phone. Municipality Poliçan has only 3 fixed phone. Internet service is relatively stable.
- LGU Tërpan there any f telephone service. All Distance communication is carried out by private mobile phone. LGU Tërpan has contracted no local or national Internet provider.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Lack of telephone service	
Communication	
Observations	Recommendations
Lack of telephone service	
<p>During the observations in the Municipality Poliçan the main problem ICT was only 4 people had access. Therefore were forced to use private mobile phone.</p> <p>Lack of access to internet service:</p> <ul style="list-style-type: none"> Most workers in the Municipality Poliçan were not connected line Internet service. Also the lack of computers per employee was a major problem. 	<ul style="list-style-type: none"> To avoid communication via mobile phone and to make official communications as recommended to significantly increase the number of fixed telephones in all offices of the Municipality Poliçan. Municipality Poliçan should definitely offer internet service in each office to provide each employee with his personal computer to work.

Table 10: Communication System

Objectives	Municipality Poliçan	LGU Terpan	LGU Vertop
Telephony service	Only 3 people have access	There is no telephone service	There is no telephone service
Telephony/service providers	Albtelecom	N/A	N/A
Internet service	Albtelecom	There is no internet service	Abcome
Assess coverage of the telephony service	N/A	N/A	N/A
Internal communication lines	Verbale/ Written	Verbal/ Mobile	Verbal / Mobile

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2014 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- Municipality Poliçan performs archiving process fully in accordance with Law No. 9154, dated 06.11.2003 "archives". All documents are completed in accordance with the methodology of archiving. The only problem is the lack of doors and windows secured with metal networks and lack of audit trail to be performed by the secretary. Regarding fire regulations, the Municipality Poliçan has no fire protection means.
- Archiving Procedures Law No. 9154 referred performed, dated 06.11.2003. Terms of keeping the archives are outside the standards required by law. There is no doors or windows with iron outfit, no fire extinguisher or other security tools. Office LGU Tërpan archive is equally as any other office.
- LGU Vertop has an archive in very problematic. No correspondences register kept for Archiving procedures, the physical condition of the archive office are totally outside any standards prescribed by law. There is no fire extinguisher or doors and windows with metal outfit.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Poliçan	LGU Terpan	LGU Vertop
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Yes	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No, are placed in wooden closet with key	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, metal stack but no away from the wall, the environment is airy and free of humidity.	No, are placed in wooden closet with key	Yes, metal stack but no away from the wall, the environment is airy and free of humidity.
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No
Archive keys in two copies	Yes	No	Yes
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	No	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Has only Safe box locked and secured	Has only Safe box locked and secured	Has only Safe box locked and secured
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Poliçan	LGU Terpan	LGU Vertop
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes
<p>Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.</p>	Yes	Yes	Yes
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes, partly	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Poliçan	LGU Terpan	LGU Vertop
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	Yes
The emblem of the Republic	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes
Number of documents attached	Yes, when necessary	Yes	Yes, when necessary
The content of the document	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	N/A	No	No
Mod 4. -The Book Delivery	Yes	No	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	Municipality Poliçan	LGU Terpan	LGU Vertop
Mode 5 - Table definitions of files for the year	N/A	No	N/A
Mod 6 - Elements of cover dossier	N/A	No	N/A
Mod 7 - Register of files	Yes	No	Yes
Mod 8 - Internal File register	No	No	No
Mod 9 - Decision of the Commission of Experts	No	No	No
Mod 10 - Compilation of the list of documents that set aside	N/A	No	N/A
Mod 11 - The period laid down for storage (protection)	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No

Observations and Recommendations

Archive

Observations	Recommendations
<ul style="list-style-type: none"> • LGU Vertop does not maintain records correspondence for control over to archived materials. 	<ul style="list-style-type: none"> • Suggest reorganization of the archive office and full access to the methodology archiving prescribed by law archives.
Centralization of archive	
<ul style="list-style-type: none"> • Archive volume is expected to increase from the documents received by the LGU's. Consequently reorganization of archive of the New Municipality and its maintenance could prove difficult. 	<ul style="list-style-type: none"> • The new municipality may consider taking measures to ensure new facilities or expand the existing ones.

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- Municipality Poliçan not having an internal regulation for the management of assets refers completely Law No. 10296, dated 08.07.2010 "On Financial Management and Control". Accounting record kept by the office of the director of finance. From the information received, the asset valuation carried out only by order of the mayor.
- • Lacking an internal regulation LGU Tërpan manages assets in accordance with the law No. 10296, dated 08.07.2010. Asset management is conducted by the finance office. Missing property registry and registry leased concessions.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Municipality Poliçan	LGU Vertop	LGU Terpan
Adopted rules and procedures on asset management	No	No	No
Authorizing Officer	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	Yes
Asset Accounting Register	Yes	Yes	Yes
Leased Properties Register	No	No	No
Owned Companies Register	No	No	No
Register of concessions / contracts enphyteosis	No	No	No
Annual Assets Inventory	Yes	Yes	Yes
Committee inventory of assets	Yes	Yes	Yes
Commission assessment of assets	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes

Observations and Recommendations

Asset Management

Observations	Recommendations
Asset management system	
<ul style="list-style-type: none"> Municipality Poliçan not still holds a record concessionary / leasing contracts 	<ul style="list-style-type: none"> Creating a registry concessions would be more effective and will increase transparency in the Municipality Poliçan.
<p>Lack of rental property registry</p> <ul style="list-style-type: none"> There is no a register where it can scored the leased properties, terms, conditions etc. 	<ul style="list-style-type: none"> We recommend the creation of a registry where it can register rental properties.
<p>Asset management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

Appendix 7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Municipality Poliçan	N/A	N/A	N/A	N/A
LGU Terpan	N/A	N/A	N/A	N/A
LGU Vertop	N/A	N/A	N/A	N/A

Appendix 8 – Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		644,213	565,230	558,667
3		I. Intangible Assets		3,400	3,400	3,304
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	3,400	3,400	3,304
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		561,830	561,830	555,363
10	210	Land		1,188	1,188	1,188
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-
12	212	Building and Constructions	F6, Sh1	228,163	228,163	228,163
13	213	Roads, networks, water facilities	F6, Sh1	367,830	367,830	357,215
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	11,274	11,274	11,094
15	215	Transport vehicles	F6, Sh1	57,318	57,318	55,830
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	29,101	29,101	28,847
19	219	Depreciation of tangible assets	F7, Sh1	(133,045)	(133,045)	(127,474)
20	231	Expenses in process for increase of current tangible assets	F4	-	-	500
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		78,983	-	-
25	25	Loan and sub-loans		-	-	-

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	26	Participation with own capital		78,983	-	-
27	B	CURRENT ASSETS		123,902	123,875	130,792
28	Class 3	I. Inventory Status		16,974	16,974	17,185
29	31	Materials	Sh2	151	151	511
30	32	Inventory Objects	Sh2	16,824	16,824	16,674
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		94,727	94,700	96,654
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	-	-	-
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		32,301	32,274	46,251
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	39,184	39,184	36,922
53	49	Forecasted amounts for depreciation (-)		23,242	23,242	13,481
54	51	III. Financial accounts		12,201	12,201	16,953
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	12,185	12,185	16,953
59	531	Petty-cash		16	16	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		768,115	689,106	689,459
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

			In ALL '000			
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		661,187	620,967	610,111
2	10	I. Own funds		661,187	620,967	610,111
3	101	Base funds	F8	661,187	620,967	610,111
4	105	Capital internal grants		-	-	-
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		73,109	34,320	50,123
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		73,109	34,320	50,123
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	4,874	4,847	9,452
23	42	Employees and related accounts		36	36	6,649
24	431	Liabilities to government for taxes		2,688	2,688	2,839
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other creditors		38,762	-	-
28	435	Social Insurance		4,804	4,804	6,178
29	436	Health Insurance		4,490	4,490	4,882
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	2,046	2,046	1,631
36	467	Other creditors		15,408	15,408	18,491
37	C	OTHER ACCOUNTS		23,664	23,664	13,903
38	475	Incomes to register in the coming years		23,664	23,664	13,903
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		10,155	10,155	15,322
43	X	TOTAL LIABILITY		768,115	689,106	689,459
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		133,374	133,374	230,938
2	60	I. Current expenses		133,164	133,164	230,274
3	600	Salaries, bonuses		40,939	40,939	66,512
4	6001	Salaries		39,531	39,531	63,624
5	6002	Temporary salaries		1,408	1,408	2,888
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
8	601	Health and social insurance contributions		10,621	10,621	13,981
9	6010	Insurance contributions		9,550	9,550	12,550
10	6011	Health insurance		1,071	1,071	1,430
11	602	Other goods and services		26,755	26,755	38,633
12	6020	Stationary		1,408	1,408	2,426
13	6021	Special services		197	197	1,118
14	6022	Services from third party		5,403	5,403	13,044
15	6023	Transport expenses		2,839	2,839	4,882
16	6024	Travel expense		360	360	1,142
17	6025	Ordinary maintenance expenses		7,593	7,593	7,114
18	6026	Rent expenses		1,846	1,846	2,361
19	6027	Expenses for legal liability for compensation		-	-	-
20	6028	Borrowing costs related to loans		55	55	127
21	6029	Other operating expenses		7,056	7,056	6,419
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		1,366	1,366	673
29	6040	Current transfers to other government levels		285	285	358
30	6041	Current transfers to various government institutions		-	-	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		1,081	1,081	315
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		53,483	53,483	110,475
39	6060	Transfers paid from ISS and HII		19,666	19,666	49,716
40	6061	Transfers paid from other institutions and Local government		33,816	33,816	60,759
41	63	II. Change in inventory balances	F1	211	211	663
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
55	661	Interest on financing from international organizations		-	-	-	
56	662	Interest on other foreign loans		-	-	-	
57	67	C. Extraordinary Expenses		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
60	Class 6	TOTAL EXPENSES		133,374	133,374	230,938	
61		D. RESULT CORRECTIONS ACTIVITES		33,069	33,069	29,174	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		3,631	3,631	7,052	
64	8420	Revenues deposited in the budget		4,917	4,917	1,613	
65	8421	Deposit in the budget of unused revenues		8,690	8,690	2,883	
66	8422	Transfers of revenues within the system		306	306	544	
67	8423	Transfers for changes in situation		(211)	(211)	520	
68	8424	Transfers for identified debtors and similar items		15,735	15,735	16,562	
69	Class 6 & 8	TOTAL FROM OPERATIONS		166,443	166,443	260,111	
70	85	RESULTS FROM FUNCTIONING		10,155	10,155	15,000	
71	X	TOTAL		176,598	176,598	275,111	

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	176,598	176,598	275,791
2	70	I. TAX INCOMES	12,964	12,964	26,643
3	700	a) On revenues, profit, and equity revenue	987	987	5,357
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	987	987	5,253
7	7009	Other tax	-	-	104
8	702	b) Property tax	9,391	9,391	19,098
9	7020	On immovable property	9,391	9,391	18,098
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	1,000
12	703	c) Tax upon goods and services in the country	2,586	2,586	2,188
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	89	89	-
17	7035	Local tax on goods usage and activity permission	2,497	2,497	2,188
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	12,519	12,519	9,613
35	710	a) From enterprise and ownership	867	867	1,784
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	867	867	1,784
39	711	b) Administrative service and secondary revenues	3,965	3,965	3,884
40	7110	Administrative tariffs and regulations	3,198	3,198	3,622
41	7111	Secondary revenues and payments of services	212	212	248
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	555	555	15
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
47	719	c) Other non tax revenues	7,688	7,688	3,945
48	72	IV. ACTUAL GRANTS (a+b)	151,115	151,115	239,536
49	720	a) Internal actual grant	151,115	151,115	239,536
50	7200	From same Government level	48,904	48,904	57,253
51	7201	From other Government levels	59,962	59,962	120,703
52	7202	From budget for special payments to Social Institute	-	-	-
53	7203	From budget to cover the deficit of Social Institute and Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	9,211	9,211	15,697
56	7206	Expected financing from budget	33,038	33,038	44,958

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party sponsorship	-	-	30
58	7209	Other internal grants	-	-	895
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking's for liquid assets	-	-	-
66	783	Forecasted retaking's for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	176,598	176,598	275,791
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	(680)
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	-	-	(680)
84	Class 7 & 8	TOTAL FROM OPERATIONS	176,598	176,598	275,111
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	176,598	176,598	275,111

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
a						
1	I	SOURCE OF FUNDS				
2	105	Internal capital grants	-	21,427	21,427	-
3	1050	From the same government level	-	15,908	15,908	-
4	1051	From other Government levels	-	5,484	5,484	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
7	106	Foreigner Capital grants	-	36	36	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	36	36	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	-	12,598	12,598	-
34	230	Expenses for increase of Intangible Assets	-	96	96	-
35	231	Expenses for increase of Tangible Assets	-	12,502	12,502	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	-	-	-
39	2313	Roads, networks, water facilities	-	10,615	10,615	-
40	2314	Technical installment, machinery, equipment, working tools	-	180	180	-
41	2315	Transport vehicles	-	1,488	1,488	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	219	219	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	-	34,025	34,025	-

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	16,953	-	-	-
2	II. RECEIVABLES "CASH"	131,726	-	-	-
3	1. Funds from budget	101,056	-	-	-
4	Actual budget funds (Budget with changes)	95,572	-	-	-
5	Capital budget funds (Budget with changes)	5,484	-	-	-
6	2. Incomes and revenues during the year in "Cash"	30,670	-	-	-
7	Tax revenues in "Cash"	13,058	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	4,737	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	12,031	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	843	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	129,716	-	-
15	1. Payment from the budget for actual expenses	-	91,031	-	-
16	2. Payments from the budget for capital expenses	-	5,527	-	-
17	3. Payments from revenues for actual expenses	-	25,635	-	-
18	4. Payments from revenues from capital expenses	-	6,571	-	-
19	5. Payments from storage	-	750	-	-
20	6. Other payments	-	202	-	-
21	IV. TRANSFERS	-	6,778	-	-
22	1. Deposit of revenues in the budget	-	1,861	-	-
23	2. Unused budget (actual and capital)	-	4,917	-	-
24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	148,679	136,494	-	-
26	VI. CLOSING BALANCE	12,185	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	3,304	96	-	-	-	96	-	-	-	-	3,400
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	3,304	96	-	-	-	96	-	-	-	-	3,400
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	682,337	12,502	36	-	-	12,538	-	-	-	-	694,874
6	210	1,188	-	-	-	-	-	-	-	-	-	1,188
7	211	-	-	-	-	-	-	-	-	-	-	-
8	212	228,163	-	-	-	-	-	-	-	-	-	228,163
9	213	357,215	10,615	-	-	-	10,615	-	-	-	-	367,830
10	214	11,094	180	-	-	-	180	-	-	-	-	11,274
11	215	55,830	1,488	-	-	-	1,488	-	-	-	-	57,318
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	28,847	219	36	-	-	254	-	-	-	-	29,101
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	685,641	12,598	36	-	-	12,634	-	-	-	-	698,275

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	127,474	5,570	-	5,570	-	-	-	-	133,045
		TOTAL (I + II)	127,474	5,570	-	5,570	-	-	-	-	133,045

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
1	101	BASE FUND	610,111	44,332	95,408	661,187	610,111	5,570	16,425	620,967
2	1010	Status of base fund	610,111	-	43,041	653,152	610,111	-	-	610,111
3	1011	Additions base fund	-	8,125	52,367	44,243	-	-	16,425	16,425
4	1012	Decrease base fund	-	30,637	-	(30,637)	-	-	-	-
5	1013	Decrease from tangible assets consume	-	5,570	-	(5,570)	-	5,570	-	(5,570)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	-	-	-	-	-	-	-
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
10	105,107,11,12,13,145,15,85	INTERNAL FUND	15,322	15,322	10,155	10,155	15,322	15,322	10,155	10,155
11	105	Capital internal grants	-	-	-	-	-	-	-	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	1,686	-	-	1,686	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	13,636	15,322	10,155	8,470	15,322	15,322	10,155	10,155
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		CONSOLIDATED FUND (1 up to 4)	625,433	59,654	105,563	671,343	625,433	20,892	26,581	631,122

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	168	8	7	169	40,939	-	-	11,874	-	726
<i>1</i>	Directors	9	-	-	9	3,509	-	-	1,392	-	165
<i>2</i>	High level education specialist	27	-	-	27	8,999	-	-	2,709	-	380
<i>3</i>	Technical	8	-	-	8	4,724	-	-	608	-	7
<i>4</i>	Ordinary officers	19	-	-	19	5,217	-	-	1,564	-	8
<i>5</i>	Employees	70	-	-	70	14,679	-	-	4,223	-	5
<i>6</i>	Temporary employees	35	8	7	36	3,811	-	-	1,378	-	161

Template 10: Summary Consolidated Statement of financial position

Consolidated statements of financial position represent the consolidated financial position of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	768,115	689,106	689,459
2	I	Current Assets	123,902	123,875	130,792
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	12,201	12,201	16,953
13	Class 4	2. Receivables	94,727	94,700	96,654
29	Class 3	3. Current Inventory accounts	16,974	16,974	17,185
39	II	Non-current Assets	644,213	565,230	558,667
40	23	1. Investments	-	-	500
44	25,26	2. Finance assets	78,983	-	-
47	21,24,28	3. Tangible assets	561,830	561,830	554,863
60	20	4. Intangible assets	3,400	3,400	3,304
65	III	Other assets	-	-	-
69	B	Liabilities	96,773	57,984	64,025
70	I	Current liabilities	73,109	34,320	50,123
71	Class	1. Accounts payable	73,109	34,320	50,123
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	23,664	23,664	13,903
96		Net assets (A - B)	671,343	631,122	625,433
97		Presented: Consolidated budget	661,187	620,967	610,111
98		Carried forward results	10,155	10,155	15,322

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	176,598	176,598	275,111
2	70,750,71	I. REVENUES AND CONTRIBUTES	25,483	25,483	36,255
3	70	1. Tax revenues upon	12,964	12,964	26,643
19	71	3. Non tax revenues	12,519	12,519	9,613
23	72	II. GENERAL ACTUAL GRANTS	151,115	151,115	239,536
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	-	-	(680)
33	B	TOTAL EXPENSES	166,443	166,443	260,111
34		I. ACTUAL EXPENSES	133,164	133,164	230,274
35	600 601	1. Salaries and employees contribution	51,560	51,560	80,493
38	602	2. Goods and Services	26,755	26,755	38,633
50	604	4. Internal actual transfers	1,366	1,366	673
52	606	6. Budget transfers for families and individuals	53,483	53,483	110,475
57	67	IV. OTHER EXPENSES	33,279	33,279	29,837
58	C	DETERMINED NET INCOME	10,155	10,155	15,000
59		From this: Functioning results	10,155	10,155	15,000
60		Functioning observed grants	-	-	-

STAR Project

Municipality Skrapar Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
KKRT	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of the merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters – The transfer of the staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Skrapar. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters – Termination of working relationship	
The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy

Observations	Recommendations
<p>of labor relations, it has financial consequences for the Municipality.</p>	<p>mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> Despite that the administrative units have internet access, none of them has an 	<ul style="list-style-type: none"> The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by

Observations	Recommendations
internal electronic communication system.	setting clear rules on the type of information that can be charged or circulate on these platforms.
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Skrapar and eight existing LGUs of Qendër (Skrapar), Bogovë, Vëndreshë, Çepan, Potom, Gjerbes, Leshnjë, Zhepë is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Table 1: Roles in the municipaloty/administrative units

Roles

Performed roles are shown in table 1, below:

Roles	Municipality Skrapar	LGU Qëndër	LGU Vëndreshë	LGU Bogove	LGU Cepan	LGU Potom	LGU Gjerbes	LGU Leshnje	LGU Zhepe
LGU Council	√	√	√	√	√	√	√	√	√
Mayor	√	√	√	√	√	√	√	√	√
Deputy Mayor	√	√	√	√	√	√	√	√	√
Secretary of the LGU Council	√	√	√	√	√	√	√	√	√

Their respective responsibilities include:

- LGU Council: The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- Mayor: The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.
- Deputy Mayor: Assist the Mayor in the supervision of the operation of LGU.
- Secretary of the LGU Council: Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, 9 units are transformed in 1 Municipality with 8 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role								
New Municipality	Skrapar							
Municipality Council	✓							
Mayor	✓							
Deputy Mayor	✓							
Secretary of Municipality Council	✓							
Administrative Unit	LGU Qender (Skrapar)	LGU Bogove	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnje	LGU Gjerbes	LGU Zhepe
Administrator	✓	✓	✓	✓	✓	✓	✓	✓

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/s shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:
 - Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
 - Observes and examines administrative offenses;
 - It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 206.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 58.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	LGU Çorovodë	LGU Qender	LGU Bogove	LGU Cepan	LGU Leshnje	LGU Gjerbes	LGU Zhepe	LGU Vendreshe	LGU Potom	Merged
Infrastructure and public services										
Water Supply Company	Contracting	1	N/A	1	1	2	1	N/A	2	SHA + 8
Functioning of the sewerage system	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10
Construction of roads, pavements and public squares	15	N/A	N/A	2	2	N/A	N/A	N/A	1	20
Rehabilitation and maintenance of local roads, sidewalks and public squares	10	8	N/A	N/A	N/A	4	N/A	2	N/A	24
Public lighting	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
The operation of urban public transport	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cemeteries administration and guarantee of funeral services	5	N/A	1	N/A	N/A	1	N/A	N/A	N/A	7
Decorations Service in town / village	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10
Administration of parks, gardens and public spaces	20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20
Collection, disposal and recovery of waste	5	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	8
Urban planning	1	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	2
Land management	1	1	1	0.5	1	N/A	1	1	1	7.5
Shelter	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Social, cultural and sports Services										
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9
Organization of sporting, recreational and entertainment activities and management of relevant institutions	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3
Social services of kindergartens	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8
Social services - orphanages, shelters	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Local economic development										
Preparation of local economic development programs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Establishment and function of public markets and trade network	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6
Small business development, and the development of promotional activities such as fairs and advertisements in	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Public Services	LGU Çorovodë	LGU Qender	LGU Bogove	LGU Cepan	LGU Leshnje	LGU Gjerbes	LGU Zhepe	LGU Vendreshe	LGU Potom	Merged
public places										
Organization of services within the local economic development support and information structures and infrastructure necessary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Veterinary services	1	1	N/A	N/A	N/A	N/A	1	N/A	N/A	3
Conservation and development of forests and natural resources of local character	N/A	1	1	2	N/A	1	1	N/A	N/A	6
The order and civil protection										
Preservation of public order to prevent administrative violations	4	N/A	N/A	N/A	N/A	1	1	N/A	N/A	6
Civil protection	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Educational institutions										
Maintenance of facilities in preliminary education	16	N/A	N/A	N/A	N/A	N/A	2	N/A	N/A	18
Medicine										
Health care system and the protection of public health	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Social care										
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	2	2	1	1	1	1	1	1	1	11
Social Care on domestic violence	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Social care for the protection of children's Rights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Environmental Protection										
Environmental Protection	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Register Office										
Register Office	1	1	1	1	1	N/A	N/A	N/A	1	6
National Registration Center	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Total	140	15	8	7.5	6	10	8	5	6	205.5

Table 4: Horizontal functions and number of people associated with these functions

Horizontal Functions	LGU Çorovodë	LGU Qender	LGU Bogove	LGU Cepan	LGU Leshnje	LGU Gjerbes	LGU Zhepe	LGU Vendreshe	LGU Potom	Merged
Finance	3	2	1	1	1	1	1	1	1	12
Local taxes and Tariffs	3	1	1	1	1	0.5	1	1	1	10.5
Legal Issues	0.5	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.5
Procurement	0.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.5
Institutional Relations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Human Resources	1	N/A	N/A	1	N/A	N/A	N/A	N/A	N/A	2
Protocol	0.5	N/A	N/A	1	N/A	0.5	0.5	0.5	N/A	3
Archiving	0.5	1	1	N/A	1	0.5	0.5	0.5	N/A	5
Information Technology	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Supporting services	5	2	2	N/A	3	4	3	2	2	23
Internal Audit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	14	7	5	4	6	6.5	6	5	4	57.5

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:
- The process of unification brings a new dimension to the organizational model orientation, which is split by geography. Consequently, the need to develop a matrix organizational structure is needed.
- Matrix organizational structure will require the construction of multiple reporting lines, objectives between sectorial divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- The below services are contracted:
 - Water Supply
 - n/a
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.

- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
 - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Social services - orphanages, shelters	Yes	No	No
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features:

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 1; In forming its organizational structure, the municipality may consider the following factors:
 - Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;
 - Form follows function: the organizational structure should ensure the provision of quality public services;
 - Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control – scope of control should be as wide as possible without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
- Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
- Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
- Coordination approach - Applicable especially for new administrator who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectorial responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative unit (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

- The first block is related to function of Mayor, the Cabinet of the Mayor, Deputy/Mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the Secretary of Municipality, the new role is added to the proposed organizational structure.
- The third block listed agencies, which are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block of the office of one-stop service at Municipality and LGU. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that cover relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population has more than 20,000 residents. While in LGU, Service offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in Municipality and subdivisions, if applicable.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 169,120 thousand ALL. Overdue municipal obligations are reported at a value 80,901 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

<p>Receivables</p>	
<p>During 2015, tax and non-tax revenues were 10% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p>Lack of unified accounting policies and practices</p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p> <p>We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for</p>

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Skrapar, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Çorovodë, LGU Qendër (Skrapar), LGU Bogovë, LGU Vëndreshë, LGU Çepan, LGU Potom, LGU Leshnje, LGU Gjerbës, LGU Zhepë.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Çorovodë.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	209,858
Tax and non-tax revenue	24,592
Total Expenses	170,349
Total Assets	1,550,923
Liabilities	169,120

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	1,550,923	1,515,491
I	Current Assets	229,136	229,136
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	64,175	64,175
Class 4	2. Receivables	152,696	152,696
Class 3	3. Current Inventory accounts	12,265	12,265
II	Non-current Assets	1,321,787	1,286,355
23	1. Investments	-	-
25,26	2. Finance assets	35,432	-
21,24,28	3. Tangible assets	1,282,702	1,282,702
20	4. Intangible assets	3,653	3,653
III	Other assets	-	-
B	Liabilities	173,076	173,076
I	Current liabilities	169,120	169,120
Class 4	1. Accounts payable	169,120	169,120
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	3,956	3,956
	Net assets (A - B)	1,377,847	1,342,415
	Presented: Consolidated budget	1,334,052	1,298,620
	Carried forward results	43,795	43,795

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were All 1,550,923 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 7% compared to December 31, 2014.

Current assets

- Current assets which have 15% of total assets are decrease by 10% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an decrease of 13% of cash, which affects more in the total decrease of current assets meanwhile the receivable's accounts suffered a decrease of 9% and the account of the state of inventories have slightly increased by 4%.

Accounts Receivable

- Structure of total debtors of municipality Skrapar consists of 38.92% of debtors of LGU Çorovodë, 32.51 % of debtors of LGU Qendër (Skrapar), 10.93% of LGU Bogovë, 2.85 % of debtors of LGU Vëndreshë, 8.1 % of debtors Çepan, 0.65% of LGU Potom, 1.82 % of debtors of LGU Leshnje 2.85 % of debtors of LGU Gjerbës, 1.39 % by LGU Zhepë.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Skrapar 85%, have increased by 11% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 8% which compose 83% of total assets.

PPE

- 48.26% of PPEs of Municipality Skrapar are composed by the PPEs of LGU Çorovodë, 12.15 % PPEs by LGU Qendër (Skrapar), 6.88% by LGU Bogovë, 8.75 % by LGU Vëndreshë, 5.8 % by LGU Çepan, 3.92% PPEs by LGU Potom, 2.02 % by LGU Leshnje, 8.09 % by LGU Gjerbës, 4.14% by LGU Zhepë.

Accounts Payable

Accounts payable have decreased by 9% during the period ended July 31, 2015 compared with the previous year 2014.

- 42.63 % of the total accounts payable is composed of accounts payable of LGU Çorovodë, 29.39 % by LGU Qendër (Skrapar), 9.87% by LGU Bogovë, 3.82 % by LGU Vëndreshë, 7.37 % by LGU Çepan, 0.72% from LGU Potom, 1.78 % by LGU Leshnje, 3 % by LGU Gjerbës, 1.42 % by LGU Zhepë.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	TOTAL REVENUES	2 766 362	2 766 362
70,750,71	I. REVENUES AND CONTRIBUTES	836 249	836 249
70	1. Tax revenues upon	234,530	234,530
71	3. Non tax revenues	24,592	24,592
72	II. GENERAL ACTUAL GRANTS	10,787	10,787
	III. FINANCIAL REVENUES	13,805	13,805
78	IV. WORKS FOR INVESTMENTS	209,858	209,858
77, 83	V. OTHER REVENUES	-	-
B	TOTAL EXPENSES	80	80
	I. ACTUAL EXPENSES	197,258	197,258
600 601	1. Salaries and employees contribution	169,918	169,918
602	2. Goods and Services	67,252	67,252
604	4. Internal actual transfers	34,306	34,306
606	6. Budget transfers for families and individuals	4,629	4,629
67	IV. OTHER EXPENSES	63,731	63,731
C	DETERMINED NET INCOME	27,339	27,339
	From this: Functioning results	37,273	37,273
	Functioning observed grants	43,161	43,161
		(5,888)	(5,888)

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were All 234,530 thousand. 10% of the total municipality incomes are composed of tax and non-tax revenues, 89% of income is from grants and 1% from other income.

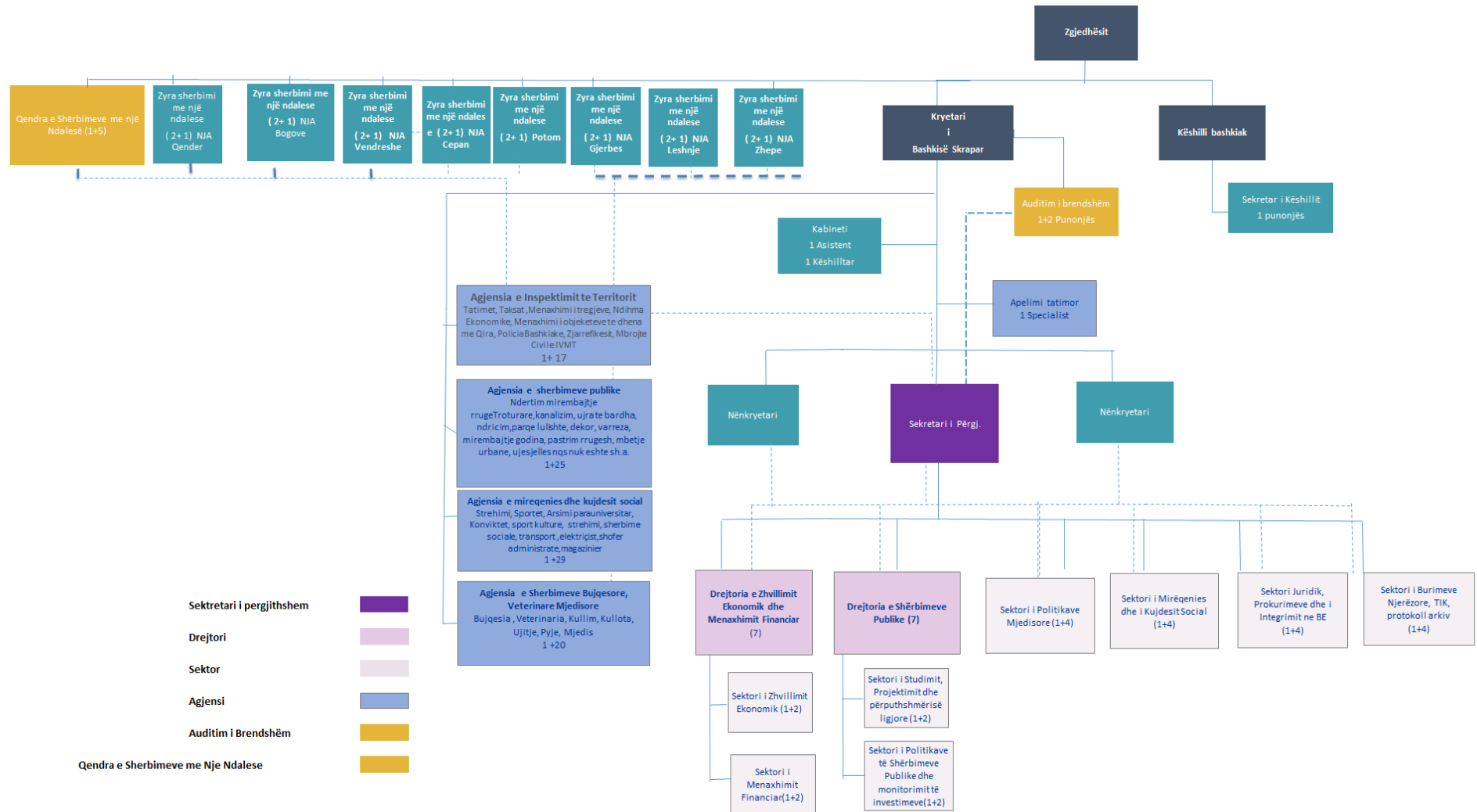
Structure of total revenues is comprised of 41.07 % of the revenue generated from LGU Çorovodë, 18.49 % PPE by LGU Qendër (Skrapar), 7.72% by LGU Bogovë, 6.42 % by LGU Vëndreshë, 4.11 % by LGU Çepan, 6.52%PPE from LGU Potom, 4.24 % by LGU Leshnje, 5.98 % by LGU Gjerbës, 5.44 % by LGU Zhepë.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were All 197,258 thousand. 86% of the total municipal expenditure is composed of current expenditures, the rest of the occupied other expenses.
- Structure of total expenditure is comprised by 45.03 % of the expenditures of LGU Çorovodë, 12.51% PPE by LGU Qendër (Skrapar), 9.03% by LGU Bogovë, 5.66% by LGU Vëndreshë, 5.7% by LGU Çepan, 5.82% PPE by LGU Potom, 4.42% by LGU Leshnje, 6.33% by LGU Gjerbës, 5.49% by LGU Zhepë.

More detailed on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 – Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 287 employees. More detailed: 0 on maternity leave, 227 persons working under labor contracts expired, (N/A) maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Skrapar. It is worth mentioning that the Municipality Skrapar, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.

Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of General Secretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the General Secretary. The General Secretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- LGU Çorovode QB the hardware device in relatively good condition but no IT staff who can maintain. IT problems usually assisted by employees of the finance which they had some general knowledge about IT. All employees who were contacted were familiarized with general knowledge of Microsoft Office.
- Much of LGU do not offer Internet service or do not have the hardware device. Employees have purchased in private way and hardware devices often use environments outside the municipality to take advantage of Internet service.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment

Objective	LGU Çorovodë	LGU Qendër	LGU Bogove	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnjë	LGU Zhepe	LGU Gjerbes
Installed Software	4	2	2	2	N/A	2	2	2	2
Contracts of licenses	No	No	No	No	N/A	No	No	No	No
Hardware (in usage)	37	11	14	21	N/A	10	14	9	20
Computer (desktop)	14	5	6	10	N/A	3	6	3	6
Printers	7	1	1	3	N/A	1	1	1	4
Servers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
IT staff in total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hardware and Software maintenance	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none">• There is enough desktop computers	
<ul style="list-style-type: none">• Many civil servants LGU do not have computer / desktop. Some of them use personal hardware. There is a lack of notable hardware unit that results necessary.	<ul style="list-style-type: none">• We recommend equipping every employee with desktop computer and hardware purchasing necessary by new municipality
<ul style="list-style-type: none">• Software unlicensed	<ul style="list-style-type: none">• New Municipality take measures to use licensed software.

Appendix 4 – Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stocktaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and communication between different sectors;

Summarized description of the information received

- LGU Skrapar benefit fixed phone and Internet service from a national bidder Albtelecom. LGU Line in this is relatively stable, but the number of persons having access is very small. Albtelecom has contracts with a maturity of 1 year.
- The Municipality Skrapar did not raise infrastructure to telephone service or Internet.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication System

Objectives	LGU Çorovode	LGU Qender	LGU Zhepe	LGU Gjërbes	LGU Bogove	LGU Cegan	LGU Potom	LGU Zhepe	LGU Leshnje
Telephony service	Fix telephone	1	N/A	N/A	N/A	N/A	2	N/A	N/A
Telephony/service providers	National bidder	Albtelecom	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Internet service	Albtelecom	Albtelecom	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Assess coverage of the telephony service	N/A	Not enough	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Table 9: Communication

Observations	Recommendations
Fixed telephone service is not available to most employees	
<p>LGU Skrapar had problems with the provision of fixed telephone service. Only 4 employees have access to this service. Distance communication carried out by private mobile phone use.</p> <p>Some of the municipal clerk had no access to internet service</p> <ul style="list-style-type: none"> • Most employees LGU Skrapar not provided internet service. Also the lack of computers for each employee was a major problem. <p>Lgu's do not provide internet or fixed telephone service</p> <ul style="list-style-type: none"> • Seven LGU do not offer internet and fixed telephone service 	<p>To avoid mobile phone communication and to increase the capacity of the institution telephony environments, it is recommended to increase significantly the number of fixed telephones in all offices LGU Skrapar.</p> <ul style="list-style-type: none"> • Municipality Skrapar should definitely provide internet service in all office to provide each employee with his personal computer to work. • The new municipality must improve the way of communication and to ensure that every unit has telephone and Internet service.

Observations and recommendations

Table 10: Communication System

Objectives	LGU Skrapar	LGU Cakran	LGU Dërmënas	LGU Frrakull	LGU Levan	LGU Libofshë	LGU Mbrostar	LGU Qëndër	LGU Portëz	LGU Topojë
Telephony service	Fixed line	n/a	n/a	n/a	Fixed line	n/a	Fixed line	Fixed line	Fixed line	n/a
Telephony/service providers	National service provider	n/a	n/a	n/a	n/a	n/a	National service provider	National service provider	National service provider	n/a
Internet service	National service provider	Local service provider	n/a	n/a	National service provider	n/a	National service provider	National service provider	n/a	n/a
Assess coverage of the telephony service	Local Coverage	n/a	n/a	n/a	Local Coverage	n/a	Local Coverage	Local Coverage	Local Coverage	n/a
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2014 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- LGU Skrapar performs archiving process fully in accordance with Law No. 9154, dated 06.11.2003 "archives". All documents are completed in accordance with the methodology of archiving. Currently missing doors and windows secured with metal mesh. Not applicable leaving traces audit should be conducted by the secretary.
- To Lgu's completely lacking physical security requirements. Not conducted internal inventory of files, determine the number of documents not attached or storage periods specified documentation. Organize files on the shelves it was relatively in good condition.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Çorovode	LGU Qender	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnjë	LGU Gjerbes	LGU Bogovë	LGU Zhepe
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No	No	No	No	No	No
Archive keys in two copies	Yes	Yes	No	No	Yes	Yes	No	Yes	No
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	Yes	No	No	Yes	Yes	No	Yes	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	No	No	No	Yes	No	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Çorovode	LGU Qender	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnjë	LGU Gjerbes	LGU Bogovë	LGU Zhepe
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Çorovode	LGU Qender	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnjë	LGU Gjerbes	LGU Bogovë	LGU Zhepe
Cover file (Module 6), clearly marked and grammar: <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Çorovode	LGU Qender	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnjë	LGU Gjerbes	LGU Bogovë	LGU Zhepe
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	No	No	No	Yes	No	Yes	No
Mode 5 - Table definitions of files for the year	Yes	No	No	No	No	Yes	No	Yes	No
Mod 6 - Elements of cover dossier	Yes	Yes	No	No	Yes	Yes	No	Yes	No
Mod 7 - Register of files	Yes	No	No	No	No	Yes	No	Yes	No
Mod 8 - Internal File register	Yes	No	No	No	No	Yes	No	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Çorovode	LGU Qender	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnjë	LGU Gjerbes	LGU Bogovë	LGU Zhepe
Mod 9 - Decision of the Commission of Experts	Yes	No	No	No	No	Yes	No	Yes	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No	No	Yes	No	Yes	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No	No	No	Yes	No	Yes	No
Mod 12 - Destruction of documents containing any further value	No	No	No	Yes	No	No	No	No	No

Observations and Recommendations

Table 11: Archive

Observations	Recommendations
Doors and windows are metal mesh	
<ul style="list-style-type: none"> - LGU Skrapar has not secured doors and windows with metal mesh and auto reclose. 	<ul style="list-style-type: none"> - Equipping office door window archive of insuring would increase significantly the reliability of archived materials.
Audit trail	
<ul style="list-style-type: none"> - Not applicable audit trail leaving the physical control of the archives from the archive Secretary 	<ul style="list-style-type: none"> - Office of the archive must apply the methodology of audit trails leaving on physical checks in order to contribute to increased effectiveness in the management of archived material.
Inventory internal files	
<ul style="list-style-type: none"> • LGU Zhepe not performs internal inventory files archiving. If the reorganization of the archive will be very difficult and inefficient they're reporting. 	<ul style="list-style-type: none"> • The new municipality must reorganize and archive office fully adept the way of keeping the archive with the procedures required by the law "On Archive".
Centralization of archive	
<ul style="list-style-type: none"> • The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.. 	<ul style="list-style-type: none"> • The new municipality may consider taking measures to ensure new facilities or expand the existing ones.

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- LGU Skrapar has no internal rules for the management of assets, and all procedures are performed referring to Law No. 10296, dated 08.07.2010.
- asset management procedures carried out by Head of the Office of Finance. LGU Skrapar has not yet established a commission for evaluation of assets or holds a concession register.
- LGU's have many deficiencies in the maintenance of assets and adjustment of asset management procedures according to the law "On Financial Management and Control". Currently evaluation commission lacks assets, the evaluation committee and the accounting admissions register.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU Çorovode	LGU Zhepe	LGU Bogove	LGU Qender	LGU Vendreshe	LGU Cepan	LGU Potom	LGU Leshnje	LGU Gjebes
Adopted rules and procedures on asset management	No	No	No	Yes	Yes	No	No	No	Yes
Authorizing Officer	Nesim Spahiu	Sulejman Seitaj	Fadil Kapllani	Astrit Mustafaraj	Yes	Besnik Osmani	Edmond Ymeri	Fadi	Yes
Executing Officer	Naim Gogo	Fatos Mezini	Novrus Llango	Donika Spaho	Yes	Saimir Bego	Floie Cerri	Novruz	Yes
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No	No	No	No
Asset Accounting Register	No	No	No	Yes	No		No	No	
Leased Properties Register	Yes	No	No	Yes	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No	No
Register of concessions / contracts enphyteosis	No	No	No	No	No	Yes	No	No	No
Annual inventory of assets	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Commission inventory of assets	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
Commission assessment of assets	No	No	No	No	No	No	No	No	No
Commission issuance of disposal of assets	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No

Observations and Recommendations

Asset Management

Observations	Recommendations
Assets evaluation commission	
<ul style="list-style-type: none"> LGU Skrapar has not yet established a asset evaluation committee. 	<ul style="list-style-type: none"> Creation of a committee for managing the assets would be entirely necessary because the evaluation will increase the accuracy and avoid abuses.
<p>The lack of a registry concessions</p> <ul style="list-style-type: none"> LGU Skrapar not hold a register concessions / contracts enphyteosis. <p>No accounting records</p> <ul style="list-style-type: none"> Four Lgu's do not have accounting records. Asset management is not carried out fully in accordance with the law "On financial management and control". 	<ul style="list-style-type: none"> Creating a registry concessions would increase transparency and efficiency in their management at LGU Skrapar. The new municipality must ensure that each LGU manages assets in accordance with the legislation in force.
<p>Asset management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<p>Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.</p>

Appendix 7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Çorovodë	Construction of ring road Southeast	In process	28,308,114	46,552,924
LGU Qendër	Improvement of road asphalt Verzhezhe	In process	29,321,139	54,782,624
LGU Çepan	Çepan village water system	In process	0	16,472,378
LGU Vendreshë	Asphalting the road Therepel	In process	37,264,395	38,760,324

Appendix 8 – Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Assets	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		1,321,787	1,286,355	1,191,396
3		I. Intangible Assets		3,653	3,653	3,653
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	3,653	3,653	3,653
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		1,282,702	1,282,702	1,187,743
10	210	Land		2,652	2,652	2,652
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-
12	212	Building and Constructions	F6, Sh1	378,010	378,010	375,265
13	213	Roads, networks, water facilities	F6, Sh1	1,030,208	1,030,208	932,039
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	29,339	29,339	27,625
15	215	Transport vehicles	F6, Sh1	55,262	55,262	53,485
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	46,295	46,295	45,500
19	219	Depreciation of tangible assets	F7, Sh1	(259,063)	(259,063)	(248,823)
20	231	Expenses in process for increase of current tangible assets	F4	-	-	-
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		35,432	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		35,432	-	-

(Amount in ALL '000, Unless otherwise stated)

			In ALL '000			
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	B	CURRENT ASSETS		229,136	229,136	253,894
28	Class 3	I. Inventory Status		12,265	12,265	11,743
29	31	Materials	Sh2	1,196	1,196	932
30	32	Inventory Objects	Sh2	11,068	11,068	10,799
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	13
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		152,696	152,696	168,349
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		455	455	20,776
41	423	Employees, prepayment, deficits and penalties	Sh3	-	-	-
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		81,334	81,334	90,715
46	435	Social Insurance		21	21	135
47	436	Health Insurance		2	2	17
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	70,883	70,883	56,706
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		64,175	64,175	73,802
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	60,219	60,219	70,603

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Assets	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
59	531	Petty-cash		49	49	260
60	532	Other amounts		3,907	3,907	2,939
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,550,923	1,515,491	1,445,290
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

No.	Account Number	Liabilities	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		1,334,052	1,298,620	1,203,138
2	10	I. Own funds		1,334,052	1,298,620	1,203,138
3	101	Base funds	F8	1,334,052	1,298,620	1,203,138
4	105	Capital internal grants		-	-	-
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		169,120	169,120	185,502
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		169,120	169,120	185,502
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	67,854	67,854	92,032
23	42	Employees and related accounts		886	886	6,344
24	431	Liabilities to government for taxes		2	2	103
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-

			In ALL '000			
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	4341	Te tjera operacione me shtetin(kreditor)		70,883	70,883	52,881
28	435	Social Insurance		21	21	1,415
29	436	Health Insurance		2	2	176
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	16,424	16,424	17,176
36	467	Other creditors		13,047	13,047	15,375
37	C	OTHER ACCOUNTS		3,956	3,956	3,199
38	475	Incomes to register in the coming years		3,956	3,956	3,199
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		43,795	43,795	53,450
43	X	TOTAL LIABILITY		1,550,923	1,515,491	1,445,290
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		170,349	170,349	303,446
2	60	I. Current expenses		169,918	169,918	304,137
3	600	Salaries, bonuses		57,543	57,543	92,873
4	6001	Salaries		53,182	53,182	90,030
5	6002	Temporary salaries		4,361	4,361	2,843
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
8	601	Health and social insurance contributions		9,709	9,709	15,647
9	6010	Insurance contributions		8,971	8,971	14,056
10	6011	Health insurance		738	738	1,591
11	602	Other goods and services		34,306	34,306	54,966
12	6020	Stationary		3,664	3,664	3,062
13	6021	Special services		1,963	1,963	3,519
14	6022	Services from third party		4,402	4,402	6,287
15	6023	Transport expenses		5,616	5,616	10,353
16	6024	Travel expense		1,879	1,879	3,162
17	6025	Ordinary maintenance expenses		6,686	6,686	10,067
18	6026	Rent expenses		140	140	293
19	6027	Expenses for legal liability for compensation		2,622	2,622	3,908
20	6028	Borrowing costs related to loans		105	105	598
21	6029	Other operating expenses		7,229	7,229	13,716
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		4,629	4,629	776
29	6040	Current transfers to other government levels		289	289	528
30	6041	Current transfers to various government institutions		51	51	248
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		4,289	4,289	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		63,731	63,731	139,876
39	6060	Transfers paid from ISS and HII		930	930	110
40	6061	Transfers paid from other institutions and Local government		62,801	62,801	139,766
41	63	II. Change in inventory balances	F1	431	431	(691)
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		170,349	170,349	303,446
61		D. RESULT CORRECTIONS ACTIVITES		26,908	26,908	35,108
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		125	125	4,726
64	8420	Revenues deposited in the budget		708	708	663
65	8421	Deposit in the budget of unused revenues		26,426	26,426	1,893
66	8422	Transfers of revenues within the system		-	-	27,243
67	8423	Transfers for changes in situation		(351)	(351)	583
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		197,258	197,258	338,554
70	85	RESULTS FROM FUNCTIONING		43,161	43,161	53,450
71	X	TOTAL		240,418	240,418	392,003

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

			In ALL '000		
No.	Account Number	Description of Revenues	As at	As at	As at
			31 July 2015, Restated	31 July 2015	31 Dec. 2014
1	Class 7	A. REVENUES	234,450	234,450	386,784
2	70	I. TAX INCOMES	10,787	10,787	23,197
3	700	a) On revenues, profit, and equity revenue	550	550	4,594
4	7000	Personal income tax	-	-	-
5	7001	Income tax	2	2	48
6	7002	Small business tax	548	548	4,546
7	7009	Other tax	-	-	-
8	702	b) Property tax	4,377	4,377	7,679
9	7020	On immovable property	4,357	4,357	7,623
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	20	20	56
12	703	c) Tax upon goods and services in the country	5,860	5,860	10,924
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	644	644	1,312
17	7035	Local tax on goods usage and activity permission	5,215	5,215	9,612
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	13,805	13,805	13,447
35	710	a) From enterprise and ownership	7,262	7,262	3,740
36	7100	From public non financial enterprise	420	420	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	6,842	6,842	3,740
			6,543	6,543	9,707
39	711	b) Administrative service and secondary revenues	4,434	4,434	6,534
40	7110	Administrative tariffs and regulations	1,919	1,919	2,727
41	7111	Secondary revenues and payments of services	1	1	-
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	189	189	446
45	7115	Fines and late-fees, sequestration and compensation	-	-	-
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	0	0	-
47	719	c) Other non tax revenues	209,858	209,858	350,140
48	72	IV. ACTUAL GRANTS (a+b)	209,837	209,837	350,140
49	720	a) Internal actual grant	95,236	95,236	171,582
50	7200	From same Government level	94,746	94,746	118,247
51	7201	From other Government levels	-	-	-
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	13,609	13,609	17,566
55	7205	Additional finances created within the system	-	-	34,990
56	7206	Expected financing from budget	1,575	1,575	3,500
57	7207	Third party sponsorship	4,671	4,671	4,256

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	7209	Other internal grants	22	22	-
59	721	b) External actual grants	22	-	-
60	7210	From foreigner Governments	-	22	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	234,450	234,450	386,784
80	Class 7	TOTAL INCOMES	80	80	407
81	83	D. RESULT CORRECTIONS ACTIVITES	-	-	-
82	829	Canceled or under written expense order	80	80	407
83	841	Status change transfer	234,530	234,530	387,191
84	Class 7 & 8	TOTAL FROM OPERATIONS	5,888	5,888	4,813
85	85	RESULTS FROM FUNCTIONING	240,418	240,418	392,003
86	X	TOTAL	234,450	234,450	386,784

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	-	105,899	105,899	-
2	105	Internal capital grants	-	105,899	105,899	-
3	1050	From the same government level	-	82,101	82,101	-
4	1051	From other Government levels	-	19,651	19,651	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	4,147	4,147	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	-	101,752	101,752	-
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	-	101,752	101,752	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	2,744	2,744	-
39	2313	Roads, networks, water facilities	-	98,169	98,169	-
40	2314	Technical installment, machinery, equipment, working tools	-	43	43	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	795	795	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	-	207,651	207,651	-

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	70,603	-	-	-
2	II. RECEIVABLES "CASH"	299,540	-	-	-
3	1. Funds from budget	266,245	-	-	-
4	Actual budget funds (Budget with changes)	158,632	-	-	-
5	Capital budget funds (Budget with changes)	107,613	-	-	-
6	2. Incomes and revenues during the year in "Cash"	33,295	-	-	-
7	Tax revenues in "Cash"	8,971	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	16,021	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	3,010	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	5,292	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	274,645	-	-
15	1. Payment from the budget for actual expenses	-	143,722	-	-
16	2. Payments from the budget for capital expenses	-	100,416	-	-
17	3. Payments from revenues for actual expenses	-	14,175	-	-
18	4. Payments from revenues from capital expenses	-	1,336	-	-
19	5. Payments from storage	-	6,044	-	-
20	6. Other payments	-	8,953	-	-
21	IV. TRANSFERS	-	35,278	-	-
22	1. Deposit of revenues in the budget	-	3,626	-	-
23	2. Unused budget (actual and capital)	-	31,433	-	-
24	3. Internal movements and transfers	-	219	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	370,143	309,923	-	-
26	VI. CLOSING BALANCE	60,219	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances									Balances	
				Transf.								
			Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1	I. INTAGIBLE	3,653	-	-	-	-	-	-	-	-	-	3,653
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	3,653	-	-	-	-	-	-	-	-	-	3,653
	Concessions, license, other similar											
4	203 licenses	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current											
4/1	230 intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,436,566	101,752	1,650	2,497	-	105,899	-	-	700	700	1,541,765
6	210 Land	2,652	-	-	-	-	-	-	-	-	-	2,652
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	375,265	2,744	-	-	-	2,744	-	-	-	-	378,010
9	213 Roads, networks, water facilities	932,039	98,169	-	-	-	98,169	-	-	-	-	1,030,208
	Technical installment, machinery,											
10	214 equipment, working tools	27,625	43	1,650	21	-	1,714	-	-	-	-	29,339
11	215 Transport vehicles	53,485	-	-	2,477	-	2,477	-	-	700	700	55,262
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	45,500	795	-	-	-	795	-	-	-	-	46,295
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
19	T O T A L (I + II)	1,440,219	101,752	1,650	2,497	-	105,899	-	-	700	700	1,545,418

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation	
			1 January 2015	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	31 July 2015
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	248,823	9,647	1,293	10,940	-	-	700	700	259,063
		TOTAL (I + II)	248,823	9,647	1,293	10,940	-	-	700	700	259,063

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Opening Balance			Closing Balances		Opening Balance		Closing Balances	
			1 Jan. 2015	Period of Movements		31 July 2015	1 Jan. 2015	Period of Movements		31 July 2015	
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	
1	101	BASE FUND	1,203,138	11,249	142,162	1,334,052	1,203,138	11,249	106,730	1,298,620	
2	1010	Status of base fund	1,203,138	-	1,428	1,204,566	1,203,138	-	-	1,203,138	
3	1011	Additions base fund	-	-	140,734	140,734	-	-	106,730	106,730	
4	1012	Decrease base fund	-	309	-	(309)	-	309	-	(309)	
5	1013	Decrease from tangible assets consume	-	9,682	-	(9,682)	-	9,682	-	(9,682)	
6	1014	Decrease from selling tangible assets	-	558	-	(558)	-	558	-	(558)	
7	1015	Decrease from	-	-	-	-	-	-	-	-	
8	1016	Decrease from transferring tangible assets	-	700	-	(700)	-	700	-	(700)	
9	109,	DIFFERENCE IN TANGIBLE ASSETS	-	-	-	-	-	-	-	-	
	105,107,11,12,	REVALUATION	-	-	-	-	-	-	-	-	
10	13,145,15,85	INTERNAL FUND	53,450	53,450	43,795	43,795	53,450	53,450	43,795	43,795	
11	105	Capital internal grants	-	-	-	-	-	-	-	-	
12	107	Current assets in use	-	-	-	-	-	-	-	-	
13	11	Other own funds	-	-	-	-	-	-	-	-	
14	12	Carried result	17,928	14,477	-	3,451	-	-	-	-	
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-	
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-	
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-	
18	85	Result	35,522	38,973	43,795	40,344	53,450	53,450	43,795	43,795	
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-	
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-	
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-	
22		CONSOLIDATED FUND (1 up to 4)	1,256,588	64,699	185,957	1,377,847	1,256,588	64,699	150,526	1,342,415	

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	293	1	-	294	57,543	-	-	6,898	-	385
<i>1</i>	Directors High level education	15	-	-	15	5,139	-	-	976	-	174
<i>2</i>	specialist	39	-	-	39	10,991	-	-	1,190	-	148
<i>3</i>	Technical	60	-	-	60	11,207	-	-	1,992	-	44
<i>4</i>	Ordinary officers	47	-	-	47	9,569	-	-	1,181	-	19
<i>5</i>	Employees	92	-	-	92	16,031	-	-	1,423	-	-
<i>6</i>	Temporary employees	40	1	-	41	4,605	-	-	136	-	-

Template 10: Summary Consolidated Statement of financial position

Consolidated statements of financial position represent the consolidated financial position of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	1,550,923	1,515,491	1,445,290
2	I	Current Assets	229,136	229,136	253,894
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	64,175	64,175	73,802
13	Class 4	2. Receivables	152,696	152,696	168,349
29	Class 3	3. Current Inventory accounts	12,265	12,265	11,743
39	II	Non-current Assets	1,321,787	1,286,355	1,191,396
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	35,432	-	-
47	21,24,28	3. Tangible assets	1,282,702	1,282,702	1,187,743
60	20	4. Intangible assets	3,653	3,653	3,653
65	III	Other assets	-	-	-
69	B	Liabilities	173,076	173,076	188,702
70	I	Current liabilities	169,120	169,120	185,502
71	Class	1. Accounts payable	169,120	169,120	185,502
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	3,956	3,956	3,199
96		Net assets (A - B)	1,377,847	1,342,415	1,256,588
97		Presented: Consolidated budget	1,334,052	1,298,620	1,203,138
98		Carried forward results	43,795	43,795	53,450

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	234,530	234,530	387,191
2	70,750,71	I. REVENUES AND CONTRIBUTES	24,592	24,592	36,644
3	70	1. Tax revenues upon	10,787	10,787	23,197
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	13,805	13,805	13,447
23	72	II. GENERAL ACTUAL GRANTS	209,858	209,858	350,140
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	80	80	407
33	B	TOTAL EXPENSES	197,258	197,258	338,554
34		I. ACTUAL EXPENSES	169,918	169,918	304,137
35	600 601	1. Salaries and employees contribution	67,252	67,252	108,520
38	602	2. Goods and Services	34,306	34,306	54,966
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	4,629	4,629	776
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	63,731	63,731	139,876
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	27,339	27,339	34,416
58	C	DETERMINED NET INCOME	37,273	37,273	48,637
59		From this: Functioning results	43,161	43,161	53,450
60		Functioning observed grants	(5,888)	(5,888)	(4,813)

STAR Project

Municipality Urë Vajgurore Consolidated Due Diligence report

Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs
ALL	Albanian Lek
APP	Public Procurement Agency
CD	Compact Disc
CDL	Council Decision of LGU
CHUIA	Central Unit of Coordination of Internal Audit
DCM	Decision of the Council of Ministers of Republic of Albania
Cr	Credit
Dr	Debit
F	Form
FID	Fiscal Identification Number
FS	Financial Statement
FY	Financial year
GA	Government of Albania
HR	Human Resources

IT	Information Technology
KKRT	National Council on Territory Regulation
LGU	Local Government Administrative Unit
MF	Ministry of Finance of Republic of Albania
n/a	Not Applicable
NBV	Net Book Value
No	Number
PM	Policy Modification
RE	Reclassifications
T	Template
TAR	Territorial and administrative reform
VAT	Value Added Tax
WIP	Work In Progress

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Operational due diligence

Summary of observations and recommendations

- A summary of observations and recommendations, in the context of the merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> • Under the law in force for the local government, the Municipality mayor is responsible for the approval of the new organizational structure of the municipality and the regulation for its organization functioning. Currently we observed a conservative approach, almost formal, to the organizational structure, which makes it a document that does not add much value in practice. 	<ul style="list-style-type: none"> • The new municipality may consider an innovative approach to the new organization structure. The new structure may have a functional approach; which means to have agility, accountability, efficiency and effectiveness in delivering services to the community. As such it may be suggested that the Mayor, in adopting it, take into account not only the general principles that should normally lead organization and functioning of the municipality, but also take into consideration all the specific circumstances characterizing the specific municipality; which means the types of services offered, how to provide these services, geographical condition which affect the decision-making and above all, human resources and the type of work required in fulfilling these functions.
Roles – Deputy Mayor	
<ul style="list-style-type: none"> • In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position. 	<ul style="list-style-type: none"> • The new municipality may consider a more active role of the deputy mayor, who can take care of meeting the targets by certain parts of the municipal administration. It is suggested that the Deputy Mayor take an active role in the management of the municipality. Because this position under the direct authority of the mayor who appoints and dismisses it is assumed that among these there is also a steady relationship of trust. Setting the deputy mayor in active positions and fulfillment of policy objectives on the other side of the Mayor's cabinet delivers such functions leaving cabinet members focused on their original role; holder that counseling for various technical issues.
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving the budget, the maximum number of employees of the New Municipality and budgetary institutions and the maximum bonus level. It has been noted that the municipality council does not have sufficient time available for a detailed analysis of the budget. 	<ul style="list-style-type: none"> The new municipality may consider to prepare the budget and the new structure and to submit it to the council in a timely manner in order that the Municipality Council takes sufficient time for analysis and detailed examination of the structure of the budget and presented structure.
<p>Roles – Administrator</p> <ul style="list-style-type: none"> The Administrator is a new role stipulated in the amendments to the law of local government before the election of 2015. The administrator is appointed and dismissed by the Mayor who directs the Administrative Unit and oversees its operation. The administrator is supposed to assist the mayor in fulfillment of municipal functions in the territory of the administrative unit and be responsible for the quality of services provided to the public. It is noted insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens. 	<ul style="list-style-type: none"> The new municipality may consider that the regulation of its organization and operation to clearly define the role of the administrator in relation to the services provided and hierarchical dependence agencies that will offer these services to citizens.
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> The ex-municipality is not considered an administrative unit and has not appointed an administrator. 	<ul style="list-style-type: none"> The mayor should consider the fact that under the law on territorial reform, the ex-municipality itself is an administrative unit like all other LGUs and therefore the appointment of an administrator would facilitate his work in the management of the territory of the ex-municipality and help improve the monitoring of the quality of services provided to the community in that territory.
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> The maximum number of police forces of LGU's for every existing LGU is determined by the Council of Ministers ("DCM") No.313, dated 01.07.2002, on "Determining the structure, number of employees, and costs for municipal police. 	<ul style="list-style-type: none"> This DCM appear to undermine the organizational autonomy granted to the municipality by the Constitution of the Republic of Albania and the law on the organization and functioning of local government as it limits the number of police forces and do not allow the municipality to determine it by themselves as needed. In these conditions it is suggested that the municipality or forms of organization that protects the interests of local governments to require the change of this decision.
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> Organizational units have a mixed orientation and exercise sectoral and 	<ul style="list-style-type: none"> The municipality may consider that the positions of the same field or closely related fields are grouped within the same organizational unit and organization sectors, directory or general directory is carried out in case of fulfillment of numerical

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc. 	<ul style="list-style-type: none"> The new municipality may consider re-organization and name them in an orderly and hirerchal manner. For this purpose it is suggested that organizational units should be divided into sectors, directory and general directory depending on the fulfillment of numerical standards.
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit. 	<ul style="list-style-type: none"> The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise. Public procurement should be centralized and be part of the main section of the structure. Internal audit of the local government unit should directly report to the mayor (functional reporting) without being dependent from any other organ of the municipality in addition to the General Secretary from whom should depend on terms of organization in accordance with the legislation in force. The Internal Audit Report to the Head of the institution should be presented simultaneously also to the municipal council and the decision-making resulting from it are a collegial decision between the institution and the relevant municipal council. The finance service, budget and procurement should also be centralized and carried on center. Information technology service should also be centralized and monitored from the center of the municipality through the creation and implementation of the electronic systems of internal communication. The service of human resource management and revenue management should also be centralized and carried on the municipality.
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> Offices, sectors, brigades, directories, etc do not have in their composition a sufficient number of employees to be qualified as such, pursuant to Decision no. 893, dated 12.02.2014. 	<ul style="list-style-type: none"> The new municipality may consider that a sector must have at least 5 employees, including the head of the sector, except in special cases where it is impossible for specialists of various fields be grouped in a single sector; Directoris should have at least 2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions. 	<ul style="list-style-type: none"> The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> There is no clear division of functions within the organization's administration. 	<ul style="list-style-type: none"> In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labour Code.
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign. 	<ul style="list-style-type: none"> The municipality may consider creating an organizational unit responsible for relations with the voters community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit have also suggested to have archive and protocol workers for how long that it will be the focal point of cooperation and interaction with the public and the municipality responsible for relations with other institutions. Also, given the recent initiatives undertaken in connection with the establishment of service offices with a stop (one stop shop or front office) suggested that part of this unit can be linked or de-localized in the local units existing supervised by administrators. Last but not least, these units should be composed of the archive and protocol workers, either at central or de-localized level.

Observations	Recommendations
Personnel matters – The transfer of the staff	
<ul style="list-style-type: none"> • As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Urë Vajgurore. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged. • An employee has fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006. 	<ul style="list-style-type: none"> • In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the duration is not determined accurately by the parties entering into the contract, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after the expiration of contracts, it is silently extended beyond this limit, it is considered as a contract of indefinite duration, it is recommended that the case be seen whether the provisions for the settlement of an employment contract with indefinite term can be applied. • Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. • Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. • The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources • It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number, salaries and bonuses as well as the organizational structure of the new Municipality.
Personnel matters – Termination of working relationship	
The reorganization may bring the necessity of termination of the employment relationship of some employees of the Municipality. Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination	<ul style="list-style-type: none"> • It is recommended to keep in mind that the legale basis for the termination of working relationships is different depending on the category of employees and respectively: <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy

Observations	Recommendations
<p>of labor relations, it has financial consequences for the Municipality.</p>	<p>mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> • Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented. 	<ul style="list-style-type: none"> • The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> • The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information. 	<ul style="list-style-type: none"> • The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> • Despite that the administrative units have internet access, none of them has an 	<ul style="list-style-type: none"> • The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by

Observations	Recommendations
internal electronic communication system.	setting clear rules on the type of information that can be charged or circulate on these platforms.
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> Administrative units do not have telephone service. 	<ul style="list-style-type: none"> The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult. 	<ul style="list-style-type: none"> The new municipality may consider taking measures to ensure new facilities or expand the existing ones.
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality Urë Vajgurore and three existing LGUs of Cukala, Kutalli, Poshnjë, is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.
- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

Roles

Performed roles are shown in table 1, below:

Table 1: Roles in the municipality/administrative units

Roles	Municipality Urë Vajgurore	LGU Kutalli	LGU Cukalat	LGU Poshnjë
LGU Council	√	√	√	√
Mayor	√	√	√	√
Deputy Mayor	√	√		
Secretary of the LGU Council	√	√	√	√

Their respective responsibilities include:

- **LGU Council:** The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- **Mayor:** The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.
- **Deputy Mayor:** Assist the Mayor in the supervision of the operation of LGU.
- **Secretary of the LGU Council:** Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, 3 units are transformed in 1 Municipality with 3 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role	Urë Vajgurore		
New Municipality			
Municipality Council	✓		
Mayor	✓		
Deputy Mayor	✓		
Secretary of Municipality Council	✓		
Administrative Unit	LGU Kutalli	LGU Cukala	LGU Poshnje
Administrator	✓	✓	✓

- Municipality Council will continue to exercise the same powers. To help in the improvement of the efficiency of the Municipality, The Municipality Council will undertake the amended responsibilities, as follows:
 - Approval of salary and bonuses for employees and others elected or appointed according to the law.
 - By approving the budget and its changes, the Council will also approve the maximum number of employees of the Municipality and budgetary institutions depending on the Municipality.
- The Mayor shall continue to exercise the same powers. To assist with improving the effectiveness of the Municipality, the Mayor will take on new responsibilities, as follows:
 - Approval of the Municipality organizational structure and basic regulations of the Municipality administration and its budgetary institutions depending on the Municipality.
 - Appoints and dismisses managers of administrative units.
- Deputy Mayor/s shall continue to exercise the same powers. The Municipality Mayor shall appoint them.
- Secretary of Municipality Council shall continue to exercise the same powers. The Municipality Mayor shall appoint him.
- The Administrator is a new role. He / she shall be appointed and dismissed by the Mayor and shall undertake the following responsibilities:

- Runs the administrative unit and reports to the Mayor about the functioning of the administrative unit;
- Observes and examines administrative offenses;
- It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

Functions

- Information on public services, with the number of people who carry out these functions, is shown in Table 3 on the following page.

When people exercise more than one function, they are split proportionally according to the time spent, resulting in the equivalent of full-time workers. As a result, the number of people qualifying for some functions may not result rounded.

The total number of people performing public services is 109.

- The information can also present functions for which there is no allocation of human resources to execute them, and are set with 'n/a' (not applicable).
- Horizontal functions together with the number of people who carry out these functions are presented in table 4 below:

The total number of people that execute horizontal functions is 49.

Table 3: Public Services Functions and number of people associated with these functions

Public Services	LGU Urë Vajgurore	LGU Cukalat	LGU Kutalli	LGU Poshnjë	Merged
Infrastructure and public services					
Water Supply Company	SH.A	N/A	19	18	SH.A + 37
Functioning of the sewerage system	9	N/A	N/A	N/A	9
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	N/A	N/A	N/A	N/A	N/A
Construction of roads, pavements and public squares	N/A	N/A	N/A	N/A	N/A
Rehabilitation and maintenance of local roads, sidewalks and public squares	3	N/A	4	N/A	7
Public lighting	1	N/A	N/A	1	2
The operation of urban public transport	N/A	N/A	N/A	N/A	N/A
Cemeteries administration and guarantee of funeral services	3	N/A	N/A	1	4
Decorations Service in town / village	N/A	N/A	N/A	N/A	N/A
Administration of parks, gardens and public spaces	5	N/A	N/A	N/A	5
Collection, disposal and recovery of waste	14	N/A	N/A	1	15
Urban planning	N/A	N/A	N/A	N/A	N/A
Land management	2	N/A	N/A	N/A	2
Shelter	N/A	N/A	N/A	N/A	N/A
Social, cultural and sports Services					
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	N/A	N/A	N/A	N/A	N/A
Organization of sporting, recreational and entertainment activities and management of relevant institutions	N/A	N/A	N/A	N/A	N/A
Social services of kindergartens	1	N/A	N/A	N/A	1
Social services - orphanages, shelters	N/A	N/A	N/A	N/A	N/A
Local economic development					
Preparation of local economic development programs	N/A	N/A	N/A	N/A	N/A
Establishment and function of public markets and trade network	N/A	N/A	N/A	N/A	N/A
Small business development, and the development of promotional activities such as	N/A	N/A	N/A	N/A	N/A

Public Services	LGU Urë Vajgurore	LGU Cukalat	LGU Kutalli	LGU Poshnjë	Merged
fairs and advertisements in public places					
Organization of services within the local economic development support and information structures and infrastructure necessary	N/A	N/A	N/A	N/A	N/A
Veterinary services	2	N/A	1	1	4
Conservation and development of forests and natural resources of local character	2	N/A	N/A	1	3
The order and civil protection					
Preservation of public order to prevent administrative violations	N/A	N/A	N/A	N/A	N/A
Civil protection	N/A	N/A	N/A	N/A	N/A
Educational institutions					
Maintenance of facilities in preliminary education	7	N/A	6	N/A	13
Medicine					
Health care system and the protection of public health	N/A	N/A	N/A	N/A	N/A
Social care					
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	N/A	N/A	N/A	N/A	N/A
Social Care on domestic violence	1	N/A	N/A	N/A	1
Social care for the protection of children's Rights	N/A	N/A	N/A	N/A	N/A
Environmental Protection					
Environmental Protection	1	N/A	1	N/A	2
Register Office	1	1	1	1	4
Register Office					
Business Registration					
National Registration Center	N/A	N/A	N/A	N/A	N/A
Total	52	1	32	24	109

Table 4: Horizontal functions and number of people associated with these functions

Horizontal Functions	LGU Urë Vajgurore	LGU Cukalat	LGU Kutalli	LGU Poshnjë	Merged
Finance	5	3	6	3	17
Local taxes and Tariffs	6	2	4	5	17
Legal Issues	1	N/A	1	N/A	2
Procurement	N/A	N/A	N/A	N/A	N/A
Institutional Relations	N/A	N/A	N/A	N/A	N/A
Human Resources	1	N/A	N/A	1	2
Protocol	1	N/A	N/A	1	2
Archiving	N/A	N/A	1	N/A	1
Information Technology	1	N/A	N/A	N/A	1
Supporting services	3	N/A	N/A	N/A	3
Internal Audit	N/A	N/A	N/A	N/A	N/A
Total	18	5	12	10	45

Orientation

- Two types of guidance used in the current organizational model are:
 - Breakdown by sector for the Public Services, and,
 - Functional orientation to horizontal functions,
- Analysis show these exceptions:

LGU Urë Vajgurore

- The director of human resources is also the archivist

LGU Urë Vajgurore

- The education sector is involved in the management of human resources

LGU Urë Vajgurore

- Veterinary Service is included in the revenue department

LGU Poshnjë:

- Public Relations are included within the human resources department

- The process of unification brings a new dimension to the organizational model orientation, which is split by geography. Consequently, the need to develop a matrix organizational structure emerges.

- Matrix organizational structure will require the construction of multiple reporting lines, objectives between sectorial divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

Service Providing

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- The below services are contracted:
 - Water Supply Company
- Licensed Services:
 - N/A
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
 - Does the fulfillment of work require physical presence?
 - Is there any reason (legal, strategic) to centralize the execution of function?
 - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:

- Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
 - Legal Issues
 - Procurement
 - Institutional Relations
 - Human Resources
 - Archive
 - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Infrastructure and public services			
Water Supply Company	Yes	No	No
Functioning of the sewerage system	Yes	No	No
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Yes	No	No
Construction of roads, pavements and public squares	Yes	No	No
Rehabilitation and maintenance of local roads, sidewalks and public squares	Yes	No	No
Public lighting	Yes	No	No
The operation of urban public transport	No	No	Yes
Cemeteries administration and guarantee of funeral services	Yes	No	No
Decorations Service in town / village	Yes	No	No
Administration of parks, gardens and public spaces	Yes	No	No
Collection, disposal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
Social, cultural and sports Services			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Yes	No	No
Social services of kindergartens	Yes	No	No

Table 5: Public Services –Application of development principles

Services	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Social services - orphanages, shelters	Yes	No	No
Local economic development			
Preparation of local economic development programs	No	No	Yes
Establishment and function of public markets and trade network	Yes	No	No
Small business development, and the development of promotional activities such as fairs and advertisements in public places.	Yes	No	No
Organization of services within the local economic development support and information structures and infrastructure necessary	Yes	No	No
Veterinary services	Yes	No	No
Conservation and development of forests and natural resources of local character.	Yes	No	No
The order and civil protection			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
Educational institutions			
Maintenance of facilities in preliminary education	Yes	No	No
Medicine			
Health care system and the protection of public health	Yes	No	No
Social care			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	Yes	No	No
Social Care on domestic violence	Yes	No	No
Social care for the protection of children's Rights	Yes	No	No
Environmental Protection			
Environmental Protection	Yes	No	No

Table 6: Horizontal Functions – Application of development principles

Function	Does the fulfillment of work require physical presence?	Is there any reason (legal, strategic) to centralize the execution of function?	Is the work scalable by performing it in distance/ centralized processing?
Finance (Note 1)	No	Yes	Yes
Local taxes and Tariffs	Yes	No	No
Legal Issues	No	No	Yes
Procurement	No	No	Yes
Institutional Relations	No	No	Yes
Human Resources	No	No	Yes
Protocol	Yes	No	No
Archiving	No	No	Yes
Information Technology	Yes	No	Yes
Supporting services	Yes	No	No
Internal Audit	No	No	Yes

Organizational Structure

To develop a future organizational structure based on best practices, it may be taken into consideration that the future organizational structure includes the following features

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
- Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
- At the same time they should also have a second line of reporting to administrators;
- Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
- Internal audit function reports directly to the Mayor;
- A possible illustration of the future organizational structure, is presented in Annex 1;

In forming its organizational structure, the municipality may consider the following factors:

- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;

- Form follows function: the organizational structure should ensure the provision of quality public services;
- Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
- Extent of control – scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
- Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
- Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
- Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
- Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
- Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectorial responsibilities (functional) and administrative and reporting lines;

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- In order to realize the premise of economy of scale and to achieve efficiency in service delivery and reduce costs, the proposed structure in Appendix 1 discusses four main blocks:
- The first block is related to function of Mayor, the Cabinet of the Mayor, Deputy/Mayor and supportive offices with functional reporting line on issues directly to Mayor such as Internal Audit and Tax Appeal.
- The second block includes Civil servants who draft and approve policies of the New Municipality. Functions included in this block are in a Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the Secretary of Municipality, the new role is added to the proposed organizational structure.
- The third block listed agencies, which are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies: 1) Territorial Inspection Agency 2) Public Service Agency 3) Welfare Agency and Social Care 4) Agricultural Services Agency, Veterinary and Environmental.
- In the fourth block of the office of one-stop service at Municipality and LGU. We explain that these offices will have a LGU Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends LGU solutions. Also, LGU these offices can be raised even at the neighborhood level, which occur when the population has more than 20,000 residents. While in LGU, Service offices One Stop Shop will be represented by the Administrator, and will be organized and will play the same role as in Municipality and subdivisions, if applicable.

Financial due diligence

Summary of observations and recommendations

Observations	Recommendations
<p>Property, Plant and Equipment</p>	
<p>During the control of the Ex-Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which are currently owned by the Ex -Municipality and LGUs are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept out off balance sheet and they actually have a book value.</p>	<p>We suggest that the stocktaking of fixed assets at 31 December 2015 to be carried out as soon as possible. The stocktaking will serve as a basis for the preparation of fixed assets registers to be used for the preparation of the financial statements year ended December 31, 2015.</p> <p>The stocktaking will not just aim the verification of assets that are currently registered but also the identification of other assets owned by the Ex-Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 56,991 thousand ALL. Overdue municipal obligations are reported at a value 43,420 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

<p>Receivables</p>	
<p>During 2015, tax and non-tax revenues were 23% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p>Lack of unified accounting policies and practices</p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p> <p>We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for</p>

Lack of unified accounting policies and practices - continued

During our work we have identified different and non-uniform accounting policies and practices used by LGUs. In some LGUs expenses are recognized on accrual basis and in others on the basis of payment. Also, various differences, classifications and inconsistencies were identified when comparing the financial statements with supporting notes.

Just a few LGUs use accounting software that enables the construction of a full and steady verification balance. The rest keep written documents or documents in the computer files of "MS Office" package. In many cases we have identified absence of accounting documents of prior periods such as inventory details and details of debtors or creditors.

all LGUs could be useful in improving the accountancy and financial reporting.

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Urë Vajgurore, we have prepared the consolidated financial statements, which are presented in formats 1 to 9, as defined in the guidelines of the Ministry of Finance

These statements have been prepared by summing line by line the restated statements of Municipality Urë Vajgurore, LGU Poshnje, LGU Kutalli, and LGU Cukalat.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Urë Vajgurore.

The restated statements reflect the adjustments that have been identified and presented in individual reports for each ex-Municipality and administrative unit. Adjustments are based upon the guidelines and rules of the Ministry of Finance to apply uniform accounting policies

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	168,544
Tax and non-tax revenue	52,541
Total Expenses	159,700
Total Assets	1,535,834
Liabilities	56,991

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
A	Assets	1,535,834	1,525,648
I	Current Assets	188,090	188,090
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	32,877	32,877
Class 4	2. Receivables	139,776	139,776
Class 3	3. Current Inventory accounts	15,437	15,437
II	Non-current Assets	1,347,744	1,337,558
23	1. Investments	164,177	164,177
25,26	2. Finance assets	10,186	-
21,24,28	3. Tangible assets	1,165,800	1,165,800
20	4. Intangible assets	7,581	7,581
III	Other assets	-	-
B	Liabilities	151,834	140,043
I	Current liabilities	56,991	57,410
Class 4	1. Accounts payable	56,991	57,410
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	94,843	82,632
	Net assets (A - B)	1,384,000	1,385,606
	Presented: Consolidated budget	1,363,181	1,363,150
	Carried forward results	20,819	22,456

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,535,834 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 3% compared to December 31, 2014.

Current assets

- Current assets which have 12% of total assets are increased by 2% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an decrease of 33% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a decrease of 17% and the account of the state of inventories have slightly increased by 2%.

Accounts Receivable

- Structure of total debtors of municipality Urë Vajgurore consists of 19.17% of debtors of LGU Urë Vajgurore, 48.43 % of debtors of LGU Poshnje 23.04% of LGU Kutalli, 9.36 % of debtors of LGU Cukalat.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Urë Vajgurore 88%, have increased by 3% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 1% which compose 76% of total assets.

PPE

- 31.23% of PPEs of Municipality Urë Vajgurore are composed by the PPEs of LGU Urë Vajgurore, 20.92 % PPEs by LGU Poshnje 25.19 % by LGU Kutalli, 22.66 %by LGU Cukalat.

Accounts Payable

Accounts payable have decreased by 15% during the period ended July 31, 2015 compared with the previous year 2014.

- 26.08% of the total accounts payable are composed of accounts payable of LGU Urë Vajgurore, 53.6% by LGU Poshnje 11.68% by LGU Kutalli, 8.63% by LGU Cukalat.

Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	TOTAL REVENUES	223,818	223,818
70,750,71	I. REVENUES AND CONTRIBUTES	52,541	52,541
70	1. Tax revenues upon	32,407	32,407
71	3. Non tax revenues	20,133	20,133
72	II. GENERAL ACTUAL GRANTS	168,544	168,544
78	IV. WORKS FOR INVESTMENTS	-	-
77, 83	V. OTHER REVENUES	2,734	2,734
B	TOTAL EXPENSES	201,363	201,363
	I. ACTUAL EXPENSES	160,226	160,226
600 601	1. Salaries and employees contribution	56,724	56,724
602	2. Goods and Services	28,027	28,027
604	4. Internal actual transfers	836	836
	6. Budget transfers for families and individuals	74,640	74,640
67	IV. OTHER EXPENSES	41,136	41,136
C	DETERMINED NET INCOME	22,456	22,456
	From this: Functioning results	22,456	22,456
	Functioning observed grants	-	-

Overview of consolidated statement of financial performance

Sources of funds (revenues)

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were All 223,818 thousand. 23% of the total municipality incomes are composed of tax and non-tax revenues, 75% of income is from grants.

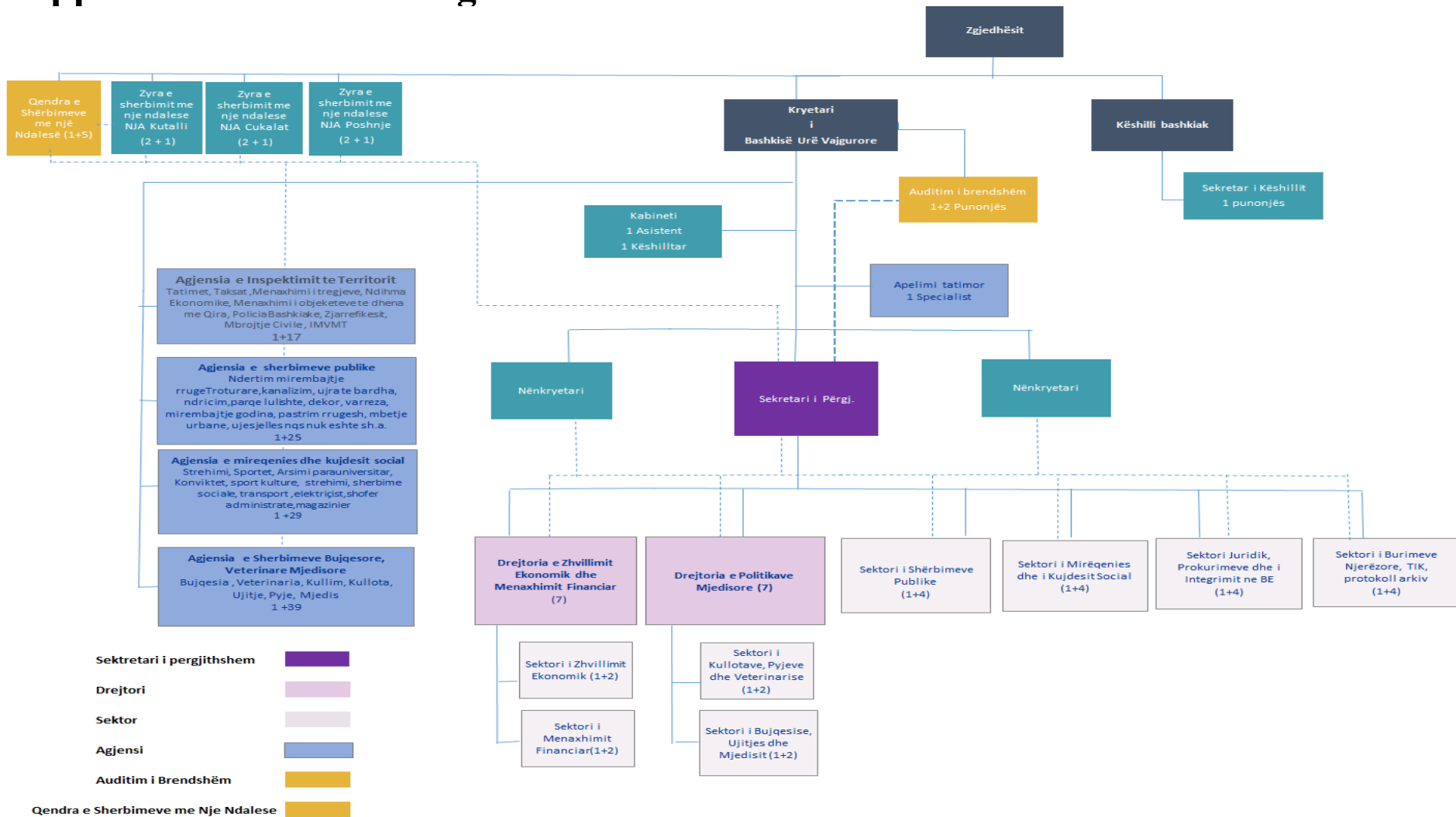
Structure of total revenues is comprised of 34.46 % of the revenue generated from LGU Urë Vajgurore, 20.24 % PPE by LGU Poshnje, 31.23% by LGU Kutalli, 14.08 % by LGU Cukalat.

Uses of Funds (expenses)

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were All 201,363 thousand. 80 % of the total municipal expenditure is composed of current expenditures, the rest of the expenses.
- Structure of total expenditure is comprised by 33.39 % of the expenditures of LGU Urë Vajgurore, 27.85 % PPE by LGU Poshnje, 30.05% by LGU Kutalli, 8.72% by LGU Cukalat.

More details on the expenses and revenues are presented in formats 3/1 and 3/2 in the appendices of this report.

Appendix 1 – Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

- Develop a register of the staff until the end of July 2015 containing information on the full name, place of work for each employee, function / the sector where each employee is assigned, the date of commencement of work in the LGU, type of employment, education and training.
- Presentation of a summarized description of the personnel data based on the appropriate legal framework as follows:
 - Labour Code Articles 105 a/2, 107, 140, 143, 144, 145, 147, 148
 - Law no.152/2013, dated 30.05.2013 “On Civil Servants” as amended, Articles 50/1/6 dhe 7
 - DCM No.118, dated 05.03.2014 “On the appointment, recruitment, management and termination of civil service relationship of civil servants in senior management and members of the TND”
 - DCM No.243, dated 18.03.2015 “On admission, lateral, probation period and appointing the executive category”
- Observations and recommendations on personnel transfer and training in the context of the merge and reorganization of the Municipality.

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 209 employees. More detailed: 0 persons working under employment contracts of one year, 0 on maternity leave, 169 persons working under labor contracts expired, (N/A) maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Table 5: Personnel matters

Observations	Recommendations
Internal Audit	
<ul style="list-style-type: none"> Municipality Urë Vajgurore Municipality has a staff of 93 employees and no internal audit director. 	<ul style="list-style-type: none"> To enhance transparency and the service to deliver a more effective, it recommended the establishment of the internal audit department.
Lack of archivist	
<ul style="list-style-type: none"> Director of human resources performs and the role of the archivist. Municipality Urë Vajgurore has not archivists. 	<ul style="list-style-type: none"> To keep the archival activity in the most accurate and consistent recommended employment staff of archive.
<p>Lack of personnel and organization of human resources</p> <ul style="list-style-type: none"> LGU Kutalli hasn't jurist, or IT staff support services. Each of the employees performs several different functions. The unit has serious deficiencies in the organization of human resources for an employee performs several different functions. LGU Poshnjë does not lawyer though has a large number of judicial process and more contracts with third parties with 99 years maturity. 	<ul style="list-style-type: none"> It is recommended increasing the number of staff and division of tasks in the new municipality.

Personnel matters

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> As a result of the amalgamation process, in accordance with Decision no. 510, dated 06.10.2015 of labor relations existing between the merged entity (LGUs) and their employees will be transferred to the Municipality of Urë Vajgurore. It is worth mentioning that the Municipality Urë Vajgurore, before the amalgamation process, is considered as one of the merged units. An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the employment relationship on 01.01.2006. 	<ul style="list-style-type: none"> In accordance with the provisions of the Labour Code, the employment contract is signed for a fixed period is justified by objective reasons related to the temporary nature of the assignment, in which the employee will be hired. If the parties entering into the contract do not determine the duration accurately, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply. Civil servants whose position no longer exists, according to Law no. 152/2013, "On the civil servant", as amended, due to the closure or restructuring of the institution, will be transferred to another position in the civil service of the same category. The transfer must be carried out under the provisions of the law on civil servants. Related to civil servants who are on probation, the institution must take a decision for the confirmation, extension of the probationary period or non-confirmation of participation. The municipality must ensure the creation of personnel files for each of the transferred employees. Personnel files should be individual and include evidence of technical, professional character, disciplinary measures, data for the periodic assessment of individual results, and other data required for proper management of human resources It is recommended that the Municipality should take any necessary measure to enable decision making on time of the Municipality Council and the Mayor on the number,

	salaries and bonuses as well as the organizational structure of the new Municipality.
Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees. 	<ul style="list-style-type: none"> It is recommended to keep in mind that the legal basis for the termination of working relationships is different depending on the category of employees and respectively: <ul style="list-style-type: none"> - <i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations. - <i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority. - <i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer
Improvement of organizational structure	
<ul style="list-style-type: none"> Organizational structures of local government units do not stipulate the position of General Secretary. 	<ul style="list-style-type: none"> It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the General Secretary. The General Secretary is responsible for the formulation and monitoring of policies and horizontal functions / support to these policies, and serves not only to guarantee the legality of the activity of civil servants but also serves as a filter to political pressure elected / nominated to the administration civil local government unit.

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

- The stocktaking of IT business systems, equipment, licenses and other agreements and contracts including IT services;
- Evaluation of IT equipment maintenance;
- Assessment of the actual information security practices, procedures for the recovery and storage of data in case of loss based on the information received until the end of 2015.

Summarized description of received information

- Municipality Urë Vajgurore has only 4 software installed and all are not licensed. The hardware's condition was not very good. Most of the employees had problems with their computers, although the municipality has recently hired a computer engineers.
- LGU Poshnjë has an IT infrastructure in unsatisfactory condition. Most of the computer is out of use and the rest is economically fully amortized. None of the software programs is not under license.
- LGU Kutalli no software license, all were taken in a pirate way. The hardware's condition is very bad. A portion of computer did not work. Officers often, their private use hardware devices to complete the work.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment

Objective	LGU Urë Vajgurore	LGU Cakran	LGU Frrakull	LGU Levan
Installed Software	4	3	3	3
Contracts of licenses	N/A	N/A	N/A	
Hardware (in usage)	22	74	43	28
Computer (desktop)	17	23	9	4
Printers	13	8	7	7
Servers	N/A	N/A	N/A	N/A
IT staff in total	1	N/A	N/A	N/A
Hardware and Software maintenance	N/A	N/A	N/A	N/A

Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> - Software not licensed 	
<ul style="list-style-type: none"> • LGU Urë Vajgurore has 4 software installed, but all are not licensed. Installation of all software pirate violates image of the local government 	<ul style="list-style-type: none"> • New LGU Urë Vajgurore must take measures to licensed software in use.
<ul style="list-style-type: none"> - Unlicensed programs <ul style="list-style-type: none"> • LGU Kutalli has all programs without licensed, get in the way pirate. 	<ul style="list-style-type: none"> • Licensing programs is recommended to maintain the integrity of the institution.
<ul style="list-style-type: none"> -Computers no in use <ul style="list-style-type: none"> • LGU Kutalli, Poshnjë has most computers desktop out of order. 	<ul style="list-style-type: none"> • Repair of computers out of order or replacement with new computers is necessary.

Appendix 4 – Communication

Objectives of the analysis

Assessing the status of the communication system has the following objectives:

- Stocktaking of telephony and Internet deals
- Understand the methods of internal communication, verbal or written applied for circulating memos protocol, issuing regulations, orders the mayor and communication between different sectors;

Summarized description of the information received

- Municipality Urë Vajgurore has signed a contract with the National provider Albtelecom. Currently there are 20 fix phone distributed to all offices. Internet was provided with ADSL but the line was too much trouble and was not stable.
- LGU Kutalli has no contract with any provider of fixed telephone service. All communication is conducted verbally or through personal mobile phone. Website provided by a local server which has always problems on the network.
- LGU Cukalat does not telephone service. All conversations remotely carried out by private mobile telephone service. Internet service is offered by a local provider who has always problems with the sustainability of the network.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Table 10: Communication System

Objectives	LGU Urë Vajgurore	LGU Kutalli	LGU Cukalat	LGU Poshnjë
Telephony service	Albtelecom	N/A	N/A	N/A
Telephony/service providers	20 Fixed telephony	N/A	N/A	N/A
Internet service	Albtelecom/ ADSL	Local	Local	Local
Assess coverage of the telephony service	Full	N/A	N/A	N/A
Internal communication lines	Verbal/ Written	Verbal/ Written	Verbal/ Written	Verbal/ Written

Observations and recommendations

Communication	
Observations	Recommendations
The line of Internet not stable	
<p>- Internet offered by Albtelecom was ADSL with poor quality. Employees municipality Urë Vajgurore complained constantly to disconnect the network.</p>	<p>- Recommendation to provide a line more consistent and faster than ADSL offered by Albtelecom.</p>
<p>Lack of fixed telephone service</p> <p>- LGU Kutalli, Cukalat, Poshnjë does not fixed tel service. Communication is conducted verbally or through personal mobile phone.</p>	<p>- New Municipality should definitely contract a company for Fixed telephone service and provide LGU's fixed telephone service.</p>

Appendix 5 – Archives

Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2014 based on the legal and technical requirements provided by the following legal framework applicable to archives:
 - Law nr.9154, dated 06.11.2003 "On Archives" and
 - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- Municipality Urë Vajgurore perform all archiving procedures referred to Law No. 9154, dated 06.11.2003 "On Archives". Currently there archivists had hired a director of human resources but perform and function of the database. Fire extinguishers were missing and windows with metal mesh. The files were arranged according to the methodology of archiving.
- Archiving procedures performed referring to Law No. 9154, dated 06.11.2003. Terms of keeping the archives are outside the standards required by law. No doors or windows with iron clothing, no fire extinguisher or other security tools. Office archive LGU Kutalli is the same as any other office.
- LGU Poshnjë not employed an archivist who could be in the job description only archivists activity. Filing Procedures Law No. 9154 referred performed, dated 06.11.2003. Terms of keeping the archive are beyond the standards required by law. No doors or windows with iron clothing, no fire extinguisher or other security tools.
- The unit has an office archive Cukalat out the standards required by law. Do not contain register correspondences, the physical condition of the archive office are totally out of order. No fire extinguisher as doors and windows with metal gear
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Urë Vajgurore	LGU Kutalli	LGU Cukalat	LGU Poshnjë
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but does not distance from the wall	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	Yes	Yes	Yes
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No
Archive keys in two copies	Yes	No	No	Yes
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	No	No	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No	No
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	No	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Urë Vajgurore	LGU Kutalli	LGU Cukalat	LGU Poshnjë
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year</p> <p>Then, are classified based on structures (i.e. directorates, departments, branched, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information which refers to more than one department.</p>	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	No	Yes
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use 	Yes	Yes	Yes	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Urë Vajgurore	LGU Kutalli	LGU Cukalat	LGU Poshnjë
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which are published by the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	No	Yes
The emblem of the Republic	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	No	Yes
Mod 3 - Serial Number of Correspondence	No	Yes	No	Yes
Mod 4. -The Book Delivery	Yes	No	No	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Urë Vajgurore	LGU Kutalli	LGU Cukalat	LGU Poshnjë
Mode 5 - Table definitions of files for the year	Yes	No	No	Yes
Mod 6 - Elements of cover dossier	Yes	No	No	Yes
Mod 7 - Register of files	No	Yes	No	Yes
Mod 8 - Internal File register	Yes	No	No	Yes
Mod 9 - Decision of the Commission of Experts	Yes	No	No	Yes
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	Yes
Mod 11 - The period laid down for storage (protection)	No	No	No	Yes
Mod 12 - Destruction of documents containing any further value	Yes	No	No	Yes

Observations and Recommendations

Archive

Observations	Recommendations
Lack of archivist	
<p>LGU Urë Vajgurore had not employed an archivist but function of archivist carried out by the director of human resources</p>	<p>The employment of municipality archivists will help Urë Vajgurore perform Archiving operations in more accurate and coherent.</p>
Lack of doors and windows with metal mesh	
<p>Missing doors and windows with metal mesh. Office archive there were no elements that guarantee the preservation of information, but it was just like any other office.</p>	<p>The device with metal doors and windows will increase the overall security of archived documents storage.</p>
Lack of security in keeping the archive	
<p>LGU Kutalli does not fulfil any of the requirements of security. There is no fixed fire door or window as the cladding</p>	<p>It recommended immediate improvement of security conditions of the archive.</p>

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
 - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and
 - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year (year under review);

Summarized description of the information received

- Municipality Urë Vajgurore having no internal regulations for the management of assets refers completely Law No. 10296, dated 08.07.2010 "On Financial Management and Control". Asset management and accounting record keeping was done by the director of finance. Absent register concessions.
- LGU Kutalli, manages assets in accordance with Ligjini No. 10296, dated 08.07.2010. Asset management is conducted by the finance office. Evaluation commission lacks assets.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	LGU Urë Vajgurore	LGU Cukalat	LGU Kutalli	LGU Poshnjë
Adopted rules and procedures on asset management	Yes	Yes	Yes	Yes
Authorizing Officer	Yes	Yes	Yes	Yes
Executing Officer	Yes	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	No	Yes	No	Yes
Asset Accounting Register	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	Yes	No
Owned Companies Register	No	No	No	No
Register of concessions / contracts enphyteosis	No	No	No	No
Annual inventory of assets	Yes	Yes	Yes	Yes
Committee inventory of assets	Yes	Yes	Yes	Yes
Commission assessment of assets	Yes	Yes	No	No
Committee of disposal of assets	Yes	Yes	No	No

Observations and Recommendations

Asset Management

Observations	Recommendations
Lack of active management committee	
<ul style="list-style-type: none"> • LGU Poshnjë has not yet created commission evaluation assets. Their evaluation was carried out by order of the Head of LGU's. 	<ul style="list-style-type: none"> • To increase transparency and to make much better the valuation of assets, recommended the creation of an assessment committee.
<p>Asset management – lack of registers</p> <ul style="list-style-type: none"> • Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties. 	<ul style="list-style-type: none"> • Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.
Absent concessions register	
<ul style="list-style-type: none"> • LGU Urë Vajgurore does not a register where may record all the concessions. 	<ul style="list-style-type: none"> • Creating registry concessions would help in the effective management of assets and increase efficiency in their management.

Appendix 7 – Investment Projects

Based on the inventory of investment projects for each municipality / administrative unit it is prepared a consolidated table on which appear all investment projects that will be transferred to the Municipality as a result of the merger. Please refer to Table 13 investment projects below.

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Urë Vajguore	Rehabilitation lighting greenery promenade to neighbourhood "18 Tetori" Urë Vajguore	Work on the building has not started yet. The contract signed with the service provider.	0	41,753,197
LGU Urë Vajguore	Systemization siege yard, gym building, Shkolla e Bashkuar lagja "4 Shtatori , Bashkia Urë Vajguore	Is at the end	12,828,022	24,317,111
LGU Urë Vajguore	Reconstruction Garden center's Garden Urë Vajguore, Bashkia Urë Vajguore	Has been completedhas not been made a final liquidation of the Invoice for the effect not opening of the budget	13,301,837	24,906,951
LGU Urë Vajguore	High School Building Urë Vajguore	Subject that started in 2008, requires additional contract funds. It is in the commissioning phase	50,631,748	51,352,900
LGU Urë Vajguore	Reconstruction of the road schools Çiflik- Fshati Arrëz	The works have completed	36,634,344	36,634,344
LGU Urë Vajguore	Payment supervisor "Systemization siege yard, gym construction ,Shkolla e Bashkuar lagja "4 Shtatori , Bashkia Urë Vajguore	Is conclude contracts	0	95,000
LGU Urë Vajguore	Payment kolaudatori Systemization yard siege, gym construction ,Shkolla e Bashkuar lagja "4 Shtatori , Bashkia Urë Vajguore	Is conclude contracts	0	44,116
LGU Urë Vajguore	Payment kolaudatori Systemization yard siege, gym construction ,Shkolla e Bashkuar lagja "4 Shtatori , Bashkia Urë Vajguore	Is conclude contracts	0	44,116

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Urë Vajgurore	Payment supervised the facility "Reconstruction Garden of the center's Urë Vajgurore Municipality Urë Vajgurore"	Is conclude contracts	0	54,000
LGU Urë Vajgurore	Payment kolaudatori object "Reconstruction Garden of the center's Urë Vajgurore Municipality Urë Vajgurore"	Is conclude contracts	0	3,900
LGU Urë Vajgurore	Purchase submersible pump	Is conclude contracts	0	1,446,240
LGU Urë Vajgurore	Payment supervised the reconstruction of the cemetery road Drenovicë	Is conclude contracts	0	7,200
LGU Urë Vajgurore	Payment Kolaudatori of reconstruction of the road of the cemetery Drenovicë	Is conclude contracts	0	1,200
LGU Kutalli	Reconstruction of the road to the cemetery Drenovicë	The works have completed	1,891,920	1,891,920
LGU Kutalli	Purchase submersible pump	Is conclude contracts	0	1,446,240
LGU Kutalli	Payment supervised the reconstruction of the cemetery road Drenovicë	Is conclude contracts	0	7,200
LGU Kutalli	Payment Kolaudatori of reconstruction of the road of the cemetery Drenovicë	Is conclude contracts	0	1,200
LGU Poshnjë	Reconstruction of the road School Çiflik- Fshati Arrëz	In process	8,000,171	36,634,344

Appendix 8 – Legal Issues

Public Service Arrangements

Consolidated information for public service contracts that will be transferred to the Municipality in the context of the merge, is presented in Appendix 3- contracts public services, in a secure CD based on an inventory of public service contracts for every ex-municipality / administrative unit.

Legal Proceedings

Consolidated information on litigations that will be transferred to the Municipality in the context of the merge, is presented in Annex 4- Litigation, on a CD provided, based on the inventory of litigation of any ex-municipality / administrative unit.

Third party contracts

Consolidated information on third party contracts that will be transferred to the Municipality in the context of the merge, is presented in Annex 5- third party contracts in a secure CD based on the inventory of third party contracts of any ex-municipality / administrative unit.

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

Statement of assets has been prepared on accrual basis and includes short and long term assets; cash balances on hand and amounts to be collected.

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	12	Brought forward results		-	-	-
2	A	Non Current Assets		1,347,744	1,337,558	1,300,157
3		I. Intangible Assets		7,581	7,581	7,640
4	201	Amounts to be remitted and loan reimbursements		3,786	3,786	3,786
5	202	Studies and research	F6, Sh1	8,505	8,505	8,505
6	203	Concessions, license, other similar licenses		(3,586)	(3,586)	(3,586)
7	209	Amortization of current intangible assets (-)	F7, Sh1	(1,124)	(1,124)	(1,064)
8	230	Expenses for increase of current intangible assets		-	-	-
9		II. Tangible Assets		1,329,977	1,329,977	1,292,517
10	210	Land		1,762	1,762	1,664
11	211	Forests, Pasture, Plantation	F6, Sh1	3,228	3,228	3,228
12	212	Building and Constructions	F6, Sh1	395,534	395,534	394,550
13	213	Roads, networks, water facilities	F6, Sh1	794,774	794,774	783,302
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	44,541	44,541	44,333
15	215	Transport vehicles	F6, Sh1	19,407	19,407	18,029
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	62,969	62,969	54,949
19	219	Depreciation of tangible assets	F7, Sh1	(156,415)	(156,415)	(150,531)
20	231	Expenses in process for increase of current tangible assets	F4	164,177	164,177	142,994
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
24	25	III. Financial Assets		10,186	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		10,186	-	-

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	B	CURRENT ASSETS		188,090	188,090	183,871
28	Class 3	I. Inventory Status		15,437	15,437	15,063
29	31	Materials	Sh2	1,965	1,965	1,631
30	32	Inventory Objects	Sh2	13,472	13,472	13,432
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		139,776	139,776	119,804
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	4,324	4,324	4,685
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		43,935	43,935	32,577
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	91,517	91,517	82,542
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		32,877	32,877	49,004
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
58	520	Treasury funds	Sh5	31,485	31,485	47,773
59	531	Petty-cash		986	986	986
60	532	Other amounts		406	406	245
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		1,535,834	1,525,648	1,484,029
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

Template 2: Bilanci – Balance Sheet - Statement of fund and liabilities

Funds and Liability Statement has been prepared on accrual basis and presents its own funds and obligations of Municipality.

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	A	OWN FUNDS		1,363,181	1,363,150	1,321,124
2	10	I. Own funds		1,361,126	1,361,095	1,306,777
3	101	Base funds	F8	1,110,950	1,110,919	1,077,783
4	105	Capital internal grants		250,177	250,177	228,994
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
8	11	II. Other own funds		2,055	2,055	14,347
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		2,055	2,055	14,347
11	116	Revenues from selling of current assets		-	-	-
12	12	III. Carried result		-	-	-
13	13	IV. Exceptional subsidiaries (-)		-	-	-
14	14	V. Participation of the institution in investing for third parties		-	-	-
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-
16	B	LIABILITIES		56,991	57,410	67,204
17		I. Long-term debts		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
20	Class 4	II. Short term liabilities		56,991	57,410	67,204
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	14,041	10,256	20,768
23	42	Employees and related accounts		-	-	8,933
24	431	Liabilities to government for taxes		-	-	222
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-

			In ALL '000			
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	4341	Te tjera operacione me shtetin(kreditor)		1,920	515	1,770
28	435	Social Insurance		-	-	1,655
29	436	Health Insurance		-	-	229
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	11,651	14,220	14,340
36	467	Other creditors		29,379	32,419	19,287
37	C	OTHER ACCOUNTS		94,843	82,632	56,589
38	475	Incomes to register in the coming years		94,436	82,226	56,343
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		406	406	245
41	487	Incomes received before title exposure		-	-	-
42	85	Result (credit amount)		20,819	22,456	39,112
43	X	TOTAL LIABILITY		1,535,834	1,525,648	1,484,029
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

Statement of expenditure was prepared on accrual basis, as required by law no. 9936 on the "Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 6	A. Expenses for exploitation/usage		159,700	159,700	320,524
2	60	I. Current expenses		160,226	160,226	318,435
3	600	Salaries, bonuses		48,376	48,376	82,235
4	6001	Salaries		48,376	48,376	82,235
5	6002	Temporary salaries		-	-	-
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
8	601	Health and social insurance contributions		8,348	8,348	13,194
9	6010	Insurance contributions		7,640	7,640	11,792
10	6011	Health insurance		707	707	1,402
11	602	Other goods and services		28,027	28,027	52,117
12	6020	Stationary		599	599	1,333
13	6021	Special services		232	232	780
14	6022	Services from third party		6,221	6,221	14,643
15	6023	Transport expenses		8,331	8,331	10,814
16	6024	Travel expense		1,472	1,472	3,279
17	6025	Ordinary maintenance expenses		6,115	6,115	8,660
18	6026	Rent expenses		386	386	2,087
19	6027	Expenses for legal liability for compensation		1,349	1,349	2,762
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		3,322	3,322	7,759
22	603	Subsidies		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-

No.	Account Number	Description of Expenses	Notes	In ALL '000		
				As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		836	836	1,461
29	6040	Current transfers to other government levels		602	602	1,461
30	6041	Current transfers to various government institutions		233	233	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	-
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budgets and other individuals		74,640	74,640	169,428
39	6060	Transfers paid from ISS and HII		47,969	47,969	112,171
40	6061	Transfers paid from other institutions and Local government		26,671	26,671	57,257
41	63	II. Change in inventory balances	F1	(526)	(526)	2,088
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		159,700	159,700	320,524
61		D. RESULT CORRECTIONS ACTIVITES		41,662	41,662	66,128
62	828	Names of cancelled revenues		2,862	2,862	6,374
63	831	Determination of revenues for investments		9,756	9,756	51,339
64	8420	Revenues deposited in the budget		19,526	19,526	2,559
65	8421	Deposit in the budget of unused revenues		9,335	9,335	1,766
66	8422	Transfers of revenues within the system		380	380	423
67	8423	Transfers for changes in situation		(197)	(197)	3,636
68	8424	Transfers for identified debtors and similar items		-	-	32
69	Class 6 & 8	TOTAL FROM OPERATIONS		201,363	201,363	386,652
70	85	RESULTS FROM FUNCTIONING		22,456	22,456	39,112
71	X	TOTAL		223,818	223,818	425,763

Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required tnga Law no. 9936 on 'Management of the budgetary system in the Republic of Albania.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	221,085	221,085	423,416
2	70	I. TAX INCOMES	32,407	32,407	74,632
3	700	a) On revenues, profit, and equity revenue	2,148	2,148	14,182
4	7000	Personal income tax	-	-	626
5	7001	Income tax	346	346	40
6	7002	Small business tax	1,802	1,802	13,516
7	7009	Other tax	-	-	-
8	702	b) Property tax	12,751	12,751	31,567
9	7020	On immovable property	7,675	7,675	23,696
10	7021	Sales of immovable property	4,865	4,865	7,642
11	7029	Other on property	211	211	229
12	703	c) Tax upon goods and services in the country	5,409	5,409	28,884
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	250	250	4,872
17	7035	Local tax on goods usage and activity permission	5,159	5,159	24,012
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	12,100	12,100	-
25	709	g) Penalty interest	-	-	-
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	20,133	20,133	25,635
35	710	a) From enterprise and ownership	120	120	10,896
36	7100	From public non financial enterprise	-	-	10,527
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	120	120	369
39	711	b) Administrative service and secondary revenues	10,493	10,493	14,739
40	7110	Administrative tariffs and regulations	7,164	7,164	13,609
41	7111	Secondary revenues and payments of services	1,576	1,576	1,098
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	32
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	1,753	1,753	-
47	719	c) Other non tax revenues	9,520	9,520	-
48	72	IV. ACTUAL GRANTS (a+b)	168,544	168,544	323,149
49	720	a) Internal actual grant	168,544	168,544	323,149
50	7200	From same Government level	57,482	57,482	128,833
51	7201	From other Government levels	76,435	76,435	127,281
52	7202	From budget for special payments to Social Institute	20,879	20,879	49,054
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	1,050	1,050	1,665
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	12,106	12,106	16,315

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party sponsorship	112	112	-
58	7209	Other internal grants	480	480	-
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	221,085	221,085	423,416
81	83	D. RESULT CORRECTIONS ACTIVITES	2,734	2,734	2,347
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	2,734	2,734	2,347
84	Class 7 & 8	TOTAL FROM OPERATIONS	223,818	223,818	425,763
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	223,818	223,818	425,763

Template 4: Funds and expenses related to investments

Financing costs associated with the investments represents all capital assets under construction that are not yet completed and not yet transferred to fixed assets.

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
				Debit	Credit	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	144,221	21,570	41,527	164,177
2	105	Internal capital grants	144,221	19,516	39,472	164,177
3	1050	From the same government level	42,591	11,089	9,182	40,683
4	1051	From other Government levels	100,404	-	23,090	123,494
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	1,226	8,426	7,200	-
7	106	Foreigner Capital grants	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
11	14	Capital grants for investments to third parties	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
14	11	Other own funds	-	2,055	2,055	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	2,055	2,055	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-

No.	Account Number	Description	In ALL '000			
			Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	142,994	34,327	13,144	164,177
34	230	Expenses for increase of Intangible Assets	-	-	-	-
35	231	Expenses for increase of Tangible Assets	142,994	34,327	13,144	164,177
36	2310	Land	-	97	97	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	51,232	23,516	426	74,322
39	2313	Roads, networks, water facilities	91,763	8,387	10,294	89,855
40	2314	Technical installment, machinery, equipment, working tools	-	89	89	-
41	2315	Transport vehicles	-	1,379	1,379	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	859	859	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1			Balance, 31
			January 2015	Debit	Credit	July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	287,215	55,897	54,671	328,354

Template 5: Statement of cash flows

Cash Flow Statement presents the cash movements during the year, including the opening balance brought forward from the previous year and the cash balance at the end of the year carried forward to next year.

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	47,773	-	-	-
2	II. RECEIVABLES "CASH"	214,319	-	-	-
3	1. Funds from budget	150,992	-	-	-
4	Actual budget funds (Budget with changes)	116,920	-	-	-
5	Capital budget funds (Budget with changes)	34,072	-	-	-
6	2. Incomes and revenues during the year in "Cash"	63,327	-	-	-
7	Tax revenues in "Cash"	45,104	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	14,459	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	3,765	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	201,961	-	-
15	1. Payment from the budget for actual expenses	-	85,158	-	-
16	2. Payments from the budget for capital expenses	-	29,715	-	-
17	3. Payments from revenues for actual expenses	-	77,523	-	-
18	4. Payments from revenues from capital expenses	-	9,355	-	-
19	5. Payments from storage	-	210	-	-
20	6. Other payments	-	-	-	-
21	IV. TRANSFERS	-	28,646	-	-
22	1. Deposit of revenues in the budget	-	402	-	-
23	2. Unused budget (actual and capital)	-	27,827	-	-
24	3. Internal movements and transfers	-	417	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	262,092	230,608	-	-
26	VI. CLOSING BALANCE	31,485	-	-	-

Template 6: Statement of Fixed Assets' Balance and Changes during the year

Statement of changes in asset balances and stable during all the changes presents tangible and intangible assets during the year, measured at cost.

In ALL '000.

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
1	I. INTAGIBLE	8,705	-	-	-	-	-	-	-	-	-	8,705
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	8,705	-	-	-	-	-	-	-	-	-	8,705
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	1,300,054	15,000	7,271	-	-	22,271	-	110	-	110	1,322,215
6	210	1,664	97	-	-	-	97	-	-	-	-	1,762
7	211	3,228	-	-	-	-	-	-	-	-	-	3,228
8	212	394,550	984	-	-	-	984	-	-	-	-	395,534
9	213	783,302	11,473	-	-	-	11,473	-	-	-	-	794,774
10	214	44,333	208	-	-	-	208	-	-	-	-	44,541
11	215	18,029	1,379	-	-	-	1,379	-	-	-	-	19,407
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	54,949	859	7,271	-	-	8,130	-	110	-	110	62,969
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
19	TOTAL (I + II)	1,308,758	15,000	7,271	-	-	22,271	-	110	-	110	1,330,920

Template 7: Statement of Fixed Assets' depreciation

The statement below presents the movements in accumulated amortization of tangible and nontangible assets, including the amortization of the year for the respective additions and disposals.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	1,064	59	-	59	-	-	-	-	1,124
2	219	II. TANGIBLE	150,531	5,883	-	5,883	-	-	-	-	156,415
		TOTAL (I + II)	151,596	5,943	-	5,943	-	-	-	-	157,538

Template 8: Statement of changes in fund

Statement of Changes in Fund presents all additions and reductions of fixed assets, amortization charge for the year and other changes affecting the fund.

(Amount in ALL '000, Unless otherwise stated)

No.	Acc. No.	Description	Restated									
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015
			Credit 1	Debit 2	Credit 3	Credit 4=1+3-2	Credit 1	Debit 2	Credit 3	Credit 4=1+3-2		
1	101	BASE FUND	1,077,782.88	17,163	50,330	1,110,950	1,077,783	4,208	37,344	1,110,919		
2	1010	Status of base fund	1,077,783	-	11,347	1,089,130	1,077,783	-	11,347	1,089,130		
3	1011	Additions base fund	-	-	38,983	38,983	-	-	25,997	25,997		
4	1012	Decrease base fund	-	12,955	-	(12,955)	-	-	-	-		
5	1013	Decrease from tangible assets consume	-	4,208	-	(4,208)	-	4,208	-	(4,208)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	-	-	-	-	-	-	-		
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-		
9	109,	DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-		
10	105,107,11,12, 13,145,15,85	INTERNAL FUND	282,453	55,956	46,553	273,051	282,453	55,956	48,190	274,687		
11	105	Capital internal grants	228,994	2,497	23,679	250,177	228,994	2,497	23,679	250,177		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	14,347	14,347	2,055	2,055	14,347	14,347	2,055	2,055		
14	12	Carried result	7,701	7,701	-	-	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-		
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-		
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		
18	85	Result	31,411	31,411	20,819	20,819	39,112	39,112	22,456	22,456		
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
22		CONSOLIDATED FUND (1 up to 4)	1,360,236	73,119	96,883	1,384,000	1,360,236	60,164	85,534	1,385,606		

Template 9: Statement of number of employees and personnel expenses

The statement below presents information about the number of employees for various positions, with appropriate salaries and other expenses.

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	219	24	21	222	48,376	-	-	12,008	-	1,129
<i>1</i>	Directors High level education	7	-	-	7	3,093	-	-	717	-	209
<i>2</i>	specialist	53	6	3	56	17,281	-	-	3,861	-	692
<i>3</i>	Technical	19	3	1	21	4,003	-	-	867	-	153
<i>4</i>	Ordinary officers	46	2	4	44	9,701	-	-	2,295	-	75
<i>5</i>	Employees	92	13	13	92	14,172	-	-	4,246	-	-
<i>6</i>	Temporary employees	2	-	-	2	127	-	-	21	-	-

Template 10: Summary Consolidated Statement of financial position

Consolidated statements of financial position represent the consolidated financial position of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	1,535,834	1,525,648	1,484,029
2	I	Current Assets	188,090	188,090	183,871
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	32,877	32,877	49,004
13	Class 4	2. Receivables	139,776	139,776	119,804
29	Class 3	3. Current Inventory accounts	15,437	15,437	15,063
39	II	Non-current Assets	1,347,744	1,337,558	1,300,157
40	23	1. Investments	164,177	164,177	142,994
44	25,26	2. Finance assets	10,186	-	-
47	21,24,28	3. Tangible assets	1,165,800	1,165,800	1,149,522
60	20	4. Intangible assets	7,581	7,581	7,640
65	III	Other assets	-	-	-
69	B	Liabilities	151,834	140,043	123,793
70	I	Current liabilities	56,991	57,410	67,204
71	Class	1. Accounts payable	56,991	57,410	67,204
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	94,843	82,632	56,589
96		Net assets (A - B)	1,384,000	1,385,606	1,360,236
97		Presented: Consolidated budget	1,363,181	1,363,150	1,321,124
98		Carried forward results	20,819	22,456	39,112

Template 11: Consolidated statement of comprehensive income and operating expenses

Consolidated statement of comprehensive income and expenses represents the consolidated statement of the comprehensive income of the Municipality.

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	2	3	5	6	7
1	A	TOTAL REVENUES	223,818	223,818	425,763
2	70,750,71	I. REVENUES AND CONTRIBUTES	52,541	52,541	100,267
3	70	1. Tax revenues upon	32,407	32,407	74,632
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	20,133	20,133	25,635
23	72	II. GENERAL ACTUAL GRANTS	168,544	168,544	323,149
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	2,734	2,734	2,347
33	B	TOTAL EXPENSES	201,363	201,363	386,652
34		I. ACTUAL EXPENSES	160,226	160,226	318,435
35	600 601	1. Salaries and employees contribution	56,724	56,724	95,429
38	602	2. Goods and Services	28,027	28,027	52,117
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	836	836	1,461
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	74,640	74,640	169,428
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	41,136	41,136	68,216
58	C	DETERMINED NET INCOME	22,456	22,456	39,112
59		From this: Functioning results	22,456	22,456	39,112
60		Functioning observed grants	-	-	-