

# **STAR Project**

**Municipality Delvinë**  
**Consolidated Due Diligence report**

## Glossary

ACP	Agency of Consumer Protection	NBV	Net Book Value
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs	No	Number
ALL	Albanian Lek	PM	Policy Modification
APP	Public Procurement Agency	RE	Reclassifications
CD	Compact Disc	T	Template
CDL	Council Decision of LGU	TAR	Territorial and administrative reform
CHUIA	Central Unit of Coordination of Internal Audit	VAT	Value Added Tax
DCM	Decision of the Council of Ministers of Republic of Albania	WIP	Work In Progress
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		

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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"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Deputy Mayor	
<ul style="list-style-type: none"> <li>• In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Rolet – Municipality Council	
<ul style="list-style-type: none"> <li>• In the law of organization and functioning of local government it is stipulated that the Municipality Council will be responsible for approving</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>

Observations	Recommendations
<p>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.</p>	<p>sufficient time for analysis and detailed examination of the structure of the budget and presented structure.</p>
<p>Roles – Administrator</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> <li>• The ex-municipality is not considered an administrative unit and has not appointed an administrator.</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> <li>• Organizational units have a mixed orientation and exercise sectoral and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>• 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 standards for each of them.</li> </ul>

Observations	Recommendations
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> <li>Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation - horizontal functions</p> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<ul style="list-style-type: none"> <li>The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise.</li> <li>Public procurement should be centralized and be part of the main section of the structure</li> <li>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.</li> <li>The finance service, budget and procurement should also be centralized and carried on center.</li> <li>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</li> <li>The service of human resource management and revenue management should also be centralized and carried on the municipality.</li> </ul>
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p>	

Observations	Recommendations
<ul style="list-style-type: none"> <li>There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>There is no clear division of functions within the organization's administration.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> <li>Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>



Observations	Recommendations
<p>Personnel matters – The transfer of the staff</p> <ul style="list-style-type: none"> <li>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 Prrenjas. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>
<p>Personnel matters – Termination of working relationship</p> <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.</p>	<ul style="list-style-type: none"> <li>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"> <li><i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This</li> </ul> </li> </ul>

Observations	Recommendations
<p>In the event that the relevant provisions do not apply for the termination 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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

<b>Observations</b>	<b>Recommendations</b>
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## The structure and organization

### Organizational Model

Analysis of the organization and structure for the Municipality Delvinë and existed LGU Vergo, 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 Delvine	LGU Vergo
LGU Council	✓	✓
Mayor	✓	✓
Deputy Mayor	✓	n/a
Secretary of the LGU Council	✓	✓

Their respective responsibilities include:

- LGU Council Delvinë: Statute and internal regulations for the operation of Local Council. Approval of the organizational structure and administration of the LGU Delvine 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 Delvine, 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: Role in municipality

<b>Roles</b>	
<b>New Municipality</b>	<b>Delvinë</b>
Municipality Council	✓
Mayor	✓
Deputy Mayor	✓
Secretary of Municipality Council	✓
<b>Administrative Unit</b>	<b>Vergo</b>
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 54.

- 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 32.

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

Public Services	LGU Delvine	LGU Vergo	Merged
<b>Infrastructure and public services</b>			
Water Supply Company	Sha	5	5
Functioning of the sewerage system	Sha	Sha	Sha
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	n/a	n/a	0
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	1	1	2
Public lighting	1	n/a	1
The operation of urban public transport	Private ventures	Private ventures	Private ventures
Cemeteries administration and guarantee of funeral services	Private ventures	n/a	Private ventures
Decorations Service in town / village	1	n/a	1
Administration of parks, gardens and public spaces	Contracted	n/a	Contracted
Collection, disposal and recovery of waste	Contracted	n/a	Contracted
Urban planning	3	n/a	3
Land management	1	1	2
Shelter	n/a	n/a	
<b>Social, cultural and sports Services</b>			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	5	n/a	5
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Sha	Sha	Sha
Social services of kinder gardens	6	1	7
Social services - orphanages, shelters	n/a	n/a	n/a
<b>Local economic development</b>			
Preparation of local economic development programs	4	n/a	4
Establishment and function of public markets and trade network	1	n/a	1
<b>Infrastructure and public services</b>			
Organization of services within the local economic development support and information structures and infrastructure necessary	2	n/a	2

Veterinary services	3	1	4
Conservation and development of forests and natural resources of local character	1	n/a	1
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations	5	1	6
Civil protection	n/a	n/a	n/a
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	2	n/a	2
<b>Medicine</b>			
Health care system and the protection of public health	n/a	n/a	n/a
<b>Social care</b>			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	n/a	n/a	n/a
Social Care on domestic violence	1	n/a	1
Social care for the protection of children's Rights	n/a	n/a	n/a
<b>Environmental Protection</b>			
Environmental Protection	1	n/a	1
<b>Register Office</b>			
Register Office	2	1	3
<b>Business Registration</b>			
National Registration Center	n/a	n/a	n/a
<b>Total</b>	<b>42</b>	<b>12</b>	<b>54</b>



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

<b>Horizontal Functions</b>	<b>Municipality Delvinë</b>	<b>LGU Vergo</b>	<b>Merged</b>
Finance	5	2	7
Local taxes and Tariffs	3	1	4
Legal Issues	1	n/a	1
Procurement	n/a	n/a	n/a
Institutional Relations	n/a	n/a	n/a
Human Resources	3	n/a	3
Protocol	n/a	n/a	n/a
Archiving	n/a	n/a	n/a
Information Technology	n/a	n/a	n/a
Supporting services	10	6	16
Internal Audit	1	n/a	1
<b>Total</b>	<b>23</b>	<b>9</b>	<b>32</b>



### ***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
- The merger process brings a new orientation dimension to the organizational model, 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, agreement of objectives between sectoral 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. Is done by Municipality Delvine.
  - The sewage system of LGU Delvine.
  - Administration of the cemeteries in Municipality Delvine.

- Administration of parks, and green areas in LGU Delvine.
- Management of waste materials.

Licensed functions: 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?
<b>Infrastructure and public services</b>			
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	No	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	Yes	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	Yes	No	Yes
Land management	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?
Shelter	Yes	No	Yes
<b>Social, cultural and sports Services</b>			
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	Jo
Social services - orphanages, shelters	Yes	No	Jo
<b>Local economic development</b>			
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
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations.	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?
Civil protection	Yes	No	No
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	Yes	No	No
<b>Medicine</b>			
Health care system and the protection of public health	Yes	No	No
<b>Social care</b>			
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	Jo
Social care for the protection of children's Rights	Yes	No	Jo
<b>Environmental Protection</b>			
Environmental Protection	Yes	No	Jo

**Table 6: Horizontal Functions – Application of development principles**

<b>Function</b>	<b>Does the fulfillment of work require physical presence?</b>	<b>Is there any reason (legal, strategic) to centralize the execution of function?</b>	<b>Is the work scalable by performing it in distance/ centralized processing?</b>
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 2;

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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

In order to realize the premise of economy and to efficiency achieve in service delivery and reduce costs, the proposed structure in Appendix 1, explains the discussions regarding the four main blocks:

- The first unit is connected with the Mayors functions, the Mayors Cabinet, and with the supportive offices with functional reporting, by having a direct connection with the Mayor, through the Internal Audit and Tax Appeal.
- The second unit includes Civil servants who draft and approve policies of the New Municipality. The functions included in this block are the General Directorate, Directorate, and sectors, depending on the size of the New Municipality. The highest position in this block is the Secretary-General; the new role is added to the proposed organizational structure.
- In the third unit, agencies 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 unit, of there are included the Service Offices. We explain that these offices in the Municipality, will have a Responsible Office, Civil Registry staff, NRC if required, and employees that covers relations with the public, which collects requests, complaints from the community and sends to the Municipality the solutions. Also, in the Municipality, these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGU's Service Offices will be represented by the Administrator, will be organized and will play the same role as amended in the Municipality.

## **Financial due diligence**

## Summary of observations and recommendations

Observations	Recommendations
<p><b>Property, Plant and Equipment</b></p>	
<p>During the control of the 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 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>

<b>Investments</b>	
<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>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 31,376 thousand ALL. Overdue municipal obligations are reported at a value 5,899 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>
<b>Receivables</b>	

<p>During 2015, tax and non-tax revenues were 7% 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><b>Lack of unified accounting policies and practices</b></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 Delvine, 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 Delvine, LGU Vergo.

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

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	92,837
Tax and non-tax revenue	7,320
Total Expenses	80,436
Total Assets	636,995
Liabilities	31,376

**Table 1. Summary of consolidated statement of financial position.**  
*Amounts in thousand ALL*

		In ALL '000	
Description	2015 Period Restated	2015 Period	
<b>A</b>	<b>Assets</b>	<b>636,995</b>	<b>626,851</b>
<b>I</b>	<b>Current Assets</b>	<b>65,135</b>	<b>65,135</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	13,204	13,204
Class 4	2. Receivables	26,990	26,990
Class 3	3. Current Inventory accounts	24,942	24,942
<b>II</b>	<b>Non-current Assets</b>	<b>571,859</b>	<b>561,715</b>
23	1. Investments	-	-
25,26	2. Finance assets	10,144	-
21,24,28	3. Tangible assets	552,478	552,478
20	4. Intangible assets	9,238	9,238
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	<b>31,376</b>	<b>31,376</b>
<b>I</b>	<b>Current liabilities</b>	<b>31,376</b>	<b>31,376</b>
Class 4	1. Accounts payable	31,376	31,376
<b>II</b>	<b>Non liquid liabilities</b>	-	-
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	-	-
	<b>Net assets (A - B)</b>	<b>605,619</b>	<b>595,475</b>
	<b>Presented: Consolidated budget</b>	596,801	586,657
	<b>Carried forward results</b>	8,818	8,818

### Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 636,995 thousand. Total assets of the municipality on July 31, 2015 increased by 1% compared to December 31, 2014.

#### *Current assets*

- Current assets, which have 10% of total assets, are increased by 20% 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 a decrease of 39% cash, which affects growth more in total current assets increased accounts receivable also have suffered a 24% decrease respectively.

#### *Accounts Receivable*

- Structure of total debtors of municipality Delvine consists of 94.71% of debtors of LGU Delvine, 5.29% of debtors of LGU Vergo.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the municipality Delvine 90%, have increased by 4% 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 2% which compose 87% of total assets

*PPE*

- 85.6% of PPEs of Municipality Delvine are composed by the PPEs of LGU Delvine, 14.4% PPEs by LGU Vergo.

*Accounts Payable*

Accounts payable have decreased by 20% during the period ended July 31, 2015 compared with the previous year 2014.

- 94.27% of the total accounts payable are composed of accounts payable of LGU Delvine, 5.73% by LGU Vergo.

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
<b>A</b>	<b>I. REVENUES AND CONTRIBUTES</b>	100,158	100,158
<b>70,750,71</b>	1. Tax revenues upon	7,320	7,320
70	2. Contributions and social and health insurance	2,225	2,225
71	<b>II. GENERAL ACTUAL GRANTS</b>	5,095	5,095
72	<b>III. FINANCIAL REVENUES</b>	92,837	92,837
78	<b>IV. WORKS FOR INVESTMENTS</b>	-	-
77, 83	<b>V. OTHER REVENUES</b>	-	-
	<b>TOTAL EXPENSES</b>	91,340	91,340
<b>B</b>	<b>I. ACTUAL EXPENSES</b>	80,470	80,470
<b>0</b>	1. Salaries and employees contribution	17,656	17,656
600 601	2. Goods and Services	22,012	22,012
602	3. Subsidies	739	739
604	5. External actual transfers	40,064	40,064
606	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	10,869	10,869
<b>67</b>	<b>DETERMINED NET INCOME</b>	8,818	8,818
<b>C</b>	From this: Functioning results	8,818	8,818
	Functioning observed grants	-	-

### Overview of consolidated statement of financial performance

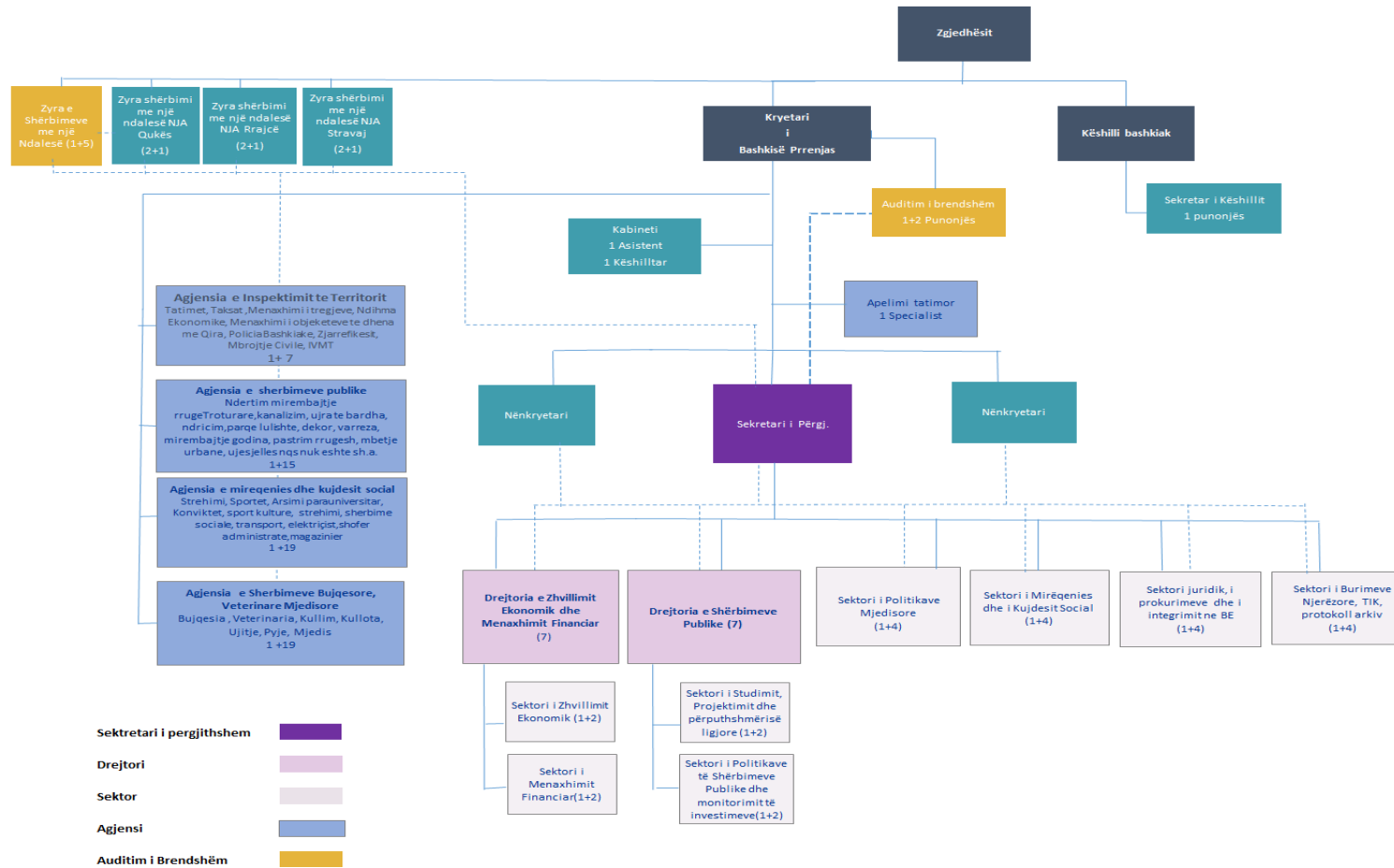
- *Sources of funds (revenues)*
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance was ALL 100,158 thousand. 7% of the total municipality incomes are composed of tax and non-tax revenues, 93% of income is from grants and 1% from other income.

Structure of total revenues is comprised of 84.09% of the revenue generated from LGU Delvine, 15.91% PPE by LGU Vergo.

### *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 with ALL 91,340 thousand. 88% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 81.01% of the expenditures of LGU Delvine, 18.99% PPE by LGU Vergo.
- 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 54 employees. More detailed: 36 employees are working under employment contracts of one year, 18 persons working under labor contracts expired, (N/A) maternity leave. The latest under the Labour 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"> <li>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 Prrenjas. It is worth mentioning that the Municipality Prrenjas, before the amalgamation process, is considered as one of the merged units.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>
<p>Termination of working relationship</p> <ul style="list-style-type: none"> <li>The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.</li> </ul>	<ul style="list-style-type: none"> <li>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"> <li>- <i>Political functionaries</i>. Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category</li> </ul> </li> </ul>

does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.

- *Employees with working contract.* 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.

- *Civil Servants.* 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

- Organizational structures of local government units do not stipulate the position of General Secretary.
- 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**

- Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows AutoCAD, Anti Spyware, Anti-Malware Malwarebytes, and Antivirus.
- Consolidated information about the IT environment is presented in Table 9 – IT environment.

**Table 9: IT environment**

Objective	LGU Delvine	LGU Vergo
Installed Software	Windows Xp/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials, TeamViewer 10	Windows Xp/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials
<b>Contracts of licenses</b>	<b>n/a</b>	n/a
Computer (desktop)	21	8
Printers	11	2
Servers	n/a	n/a
IT staff in total	n/a	n/a
Maintenance of hardware and software	No maintenece contract	No maintenece contract

## Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Information Technology</li> </ul>	
<ul style="list-style-type: none"> <li>The LGU Delvine 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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Data storage system</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Delvine municipality or Private / Public Cloud.</li> </ul>
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> <li>Hardware and software are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware and software and service provider of maintenance services is performed by private local service provider without contract.</li> </ul>	<ul style="list-style-type: none"> <li>New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.)</li> <li>New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system.</li> <li>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)</li> </ul>
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> <li>Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles</li> </ul>	<ul style="list-style-type: none"> <li>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).</li> </ul>
<p>Lack of IT staff</p> <ul style="list-style-type: none"> <li>There is lack of IT staff for maintenance of Hardware and Software</li> </ul>	<ul style="list-style-type: none"> <li>LGU Delvine should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.</li> </ul>

## 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 receives telephone and internet service by a national service provider Altelecom or local private provider.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

**Table 10: Communication**

Objectives	LGU Delvine	LGU Vergo
Telephonic service	Yes	n/a
Telephone service supply	Yes	n/a
Internet service	Yes	n/a
Evaluation of the telephonic coverage	Yes	n/a
Lines of the internal communication	Electronic / Verbal / Written /	Verbal / Written

## Observations and recommendations

Communication	
<b>Observations</b>	
Lack of electronic means of communication	
<ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system .</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Lack of telephone service</p> <ul style="list-style-type: none"> <li>Local government units under survey does not receive the fixed telephone service .</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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

- Archive and protocol specialists, from the information obtained during the fieldwork, perform the function of the archive in LGU Delvine; the majority of the technical requirements are partially met in the LGUs.
- 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 Delvine	LGU Vergo
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	n/a
Secured doors and windows with a metallic net and automatic door closure	No	n/a
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	n/a
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but there is no distance from the wall	n/a
Presence of heaters or any other item that can cause fire present in the archive premise	No	n/a
Records on physical control of the archive kept from the secretary of the archive	No	n/a
Archive keys in two copies	Yes, but there is no distance from the wall	n/a
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	n/a
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	n/a
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).		

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Delvine	LGU Vergo
<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, branch, 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	n/a
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	n/a
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> <li>- Full name of the state entity - no state</li> <li>- Department or branch that operates</li> <li>- The level of classification (if the document is of this type)</li> <li>- The file contains an identification number, year</li> <li>- Full title of the file</li> <li>- The period that the document should save (protect)</li> <li>- Date of completion of conservation</li> <li>- The amount of documents that are stored in files</li> <li>- Inventory identification number on file</li> <li>- The period of use</li> </ul>	Yes	n/a
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	Yes	n/a



<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Delvine</b>	<b>LGU Vergo</b>
committee of experts should determine the period of preservation of these documents (by module 11).		
The emblem of the Republic	Yes	n/a
At the head of the document should be written "Republic of Albania"	No	n/a
Title of the institution and structures belonging to the institution	Yes	n/a
Number of documents attached	Yes	n/a
The content of the document	Yes	n/a
Name, surname and signature of the person who signed the document and stamp	Yes	n/a
Signature of the director of the institution	Yes	n/a
Date and number of protocol	Yes	n/a
Mod 1 - Correspondence model	Yes	n/a
Mod 3 - Serial Number of Correspondence	No	n/a
Mod 4. -The Book Delivery	Yes	n/a
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	n/a
Mode 5 - Table definitions of files for the year	Yes	n/a
Mod 6 - Elements of cover dossier	Yes	n/a

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Delvine</b>	<b>LGU Vergo</b>
Mod 7 - Register of files	Yes	n/a
Mod 8 - Internal File register	Yes	n/a
Mod 9 - Decision of the Commission of Experts	Yes	n/a
Mod 10 - Compilation of the list of documents that set aside	Yes	n/a
Mod 11 - The period laid down for storage (protection)	No	n/a
Mod 12 - Destruction of documents containing any further value	Yes	n/a

## Observations and recommendations

Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> <li>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..</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>

## **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**

In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.

No register for leased properties is held in LGUs Delvine.

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**

<b>Assets management</b>	<b>LGU Delvine</b>	<b>LGU Vergo</b>
Adopted rules and procedures on asset management	No	Yes
Authorizing Officer	Yes (Mayor)	Yes
Executing Officer	Yes (Director of Finance)	Yes
Adopted plan, objectives and control mechanisms related Risk	No	No
Asset Accounting Register	Yes	Yes
Leased Properties Register	Yes	Yes
Owned Companies Register	No	No
Annual Assets Inventory	No (No concessions and contracts entifoze)	No
Assets Inventory Committee	Yes	Yes
Assets Evaluation Committee	Yes	Yes
Assets Disposal Committee	Yes	Yes
Committee of disposal of assets	No	No

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"><li>• Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li></ul>	<ul style="list-style-type: none"><li>• 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.</li></ul>

## 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 Delvine	n/a	n/a	n/a	n/a
LGU Vergo	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	
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-	
<b>2</b>	<b>A</b>	<b>Non-Current Assets</b>		<b>571.859</b>	<b>561.715</b>	<b>551.967</b>	
<b>3</b>		<b>I. Intangible Assets</b>		<b>9.238</b>	<b>9.238</b>	<b>9.238</b>	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	<b>F6, Sh1</b>	9.238	9.238	9.238	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	-	-	-	
8	230	Expenses for increase of current intangible assets		-	-	-	
<b>9</b>		<b>II. Tangible Assets</b>		<b>552.478</b>	<b>552.478</b>	<b>542.729</b>	
10	210	Land		52.262	52.262	52.262	
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	4.500	4.500	4.500	
12	212	Building and Constructions	<b>F6, Sh1</b>	156.486	156.486	155.796	
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	335.222	335.222	327.857	
14	214	Technical instalment, machinery, equipment, working tools	<b>F6, Sh1</b>	7.642	7.642	7.527	
15	215	Transport vehicles	<b>F6, Sh1</b>	8.201	8.201	8.201	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	<b>F6, Sh1</b>	20.870	20.870	17.438	
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(32.705)	(32.705)	(30.850)	
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	-	-	-	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	28	Assignments		-	-	-
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>10.144</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		10.144	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>65.135</b>	<b>65.135</b>	<b>81.825</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>24.942</b>	<b>24.942</b>	<b>24.907</b>
29	31	Materials	Sh2	330	330	338
30	32	Inventory Objects	Sh2	24.612	24.612	24.569
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 (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>26.990</b>	<b>26.990</b>	<b>35.395</b>
39	409	Suppliers, prepayments or partial payment		51	51	1.129
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)		8.658	8.658	14.385
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	18.281	18.281	19.881
53	49	Forecasted amounts for depreciation (-)		-	-	-

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>13.204</b>	<b>13.204</b>	<b>21.523</b>
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	<b>Sh5</b>	13.204	13.204	21.523
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 (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>636.995</b>	<b>626.851</b>	<b>633.791</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
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
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>596.801</b>	<b>586.657</b>	<b>576.873</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>596.801</b>	<b>586.657</b>	<b>576.873</b>
3	101	Base funds	F8	596.801	586.657	576.873
4	105	Capital internal grants		-	-	-
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>31.376</b>	<b>31.376</b>	<b>39.424</b>
<b>17</b>		<b>I. Long-term debts</b>		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>31.376</b>	<b>31.376</b>	<b>39.424</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	Sh6	3.665	3.665	5.090
23	42	Employees and related accounts		2.114	2.114	2.148
24	431	Liabilities to government for taxes		203	203	160
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor balance)		18.281	18.281	19.881

In ALL '000
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No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		432	432	513
29	436	Health Insurance		60	60	71
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	4.386	4.386	4.029
36	467	Other creditors		2.234	2.234	7.532
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		-	-	-
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>8.818</b>	<b>8.818</b>	<b>17.494</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>636.995</b>	<b>626.851</b>	<b>633.791</b>
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)

					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	
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>80.436</b>	<b>80.436</b>	<b>158.174</b>	
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>80.470</b>	<b>80.470</b>	<b>158.093</b>	
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>15.026</b>	15.026	<b>25.845</b>	
4	6001	Salaries		15.026	15.026	25.845	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>2.630</b>	<b>2.630</b>	<b>4.881</b>	
9	6010	Insurance contributions		2.376	2.376	4.350	
10	6011	Health insurance		254	254	531	
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>22.012</b>	<b>22.012</b>	<b>33.778</b>	
12	6020	Stationary		196	196	453	
13	6021	Special services		355	355	1.540	
14	6022	Services from third party		17.004	17.004	22.648	
15	6023	Transport expenses		845	845	1.600	
16	6024	Travel expense		634	634	660	
17	6025	Ordinary maintenance expenses		980	980	1.558	
18	6026	Rent expenses		-	-	-	
19	6027	Expenses for legal liability for compensation		-	-	-	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		1.999	1.999	5.319	
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	
25	6032	Subsidies to cover loss		-	-	-	
26	6033	Subsidies for entrepreneurship		-	-	-	

In ALL '000
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No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
27	6039	Other subsidies		-	-	-
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>739</b>	<b>739</b>	<b>1.332</b>
29	6040	Current transfers to other government levels		739	739	1.332
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		-	-	-
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	-
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		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>40.064</b>	<b>40.064</b>	<b>92.257</b>
39	6060	Transfers paid from ISS and HII		1.070	1.070	71.360
40	6061	Transfers paid from other institutions and Local government		38.994	38.994	20.897
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>(35)</b>	<b>(35)</b>	<b>81</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
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		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
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		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-

In ALL '000
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No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>80.436</b>	<b>80.436</b>	<b>158.174</b>
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>10.904</b>	<b>10.904</b>	<b>6.531</b>
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		-	-	-
64	8420	Revenues deposited in the budget		-	-	-
65	8421	Deposit in the budget of unused revenues		10.802	10.802	3.736
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		35	35	336
68	8424	Transfers for identified debtors and similar items		68	68	2.459
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>91.340</b>	<b>91.340</b>	<b>164.705</b>
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>8.818</b>	<b>8.818</b>	<b>17.494</b>
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>100.158</b>	<b>100.158</b>	<b>182.198</b>



### Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required from 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
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>100.158</b>	<b>100.158</b>	<b>182.407</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>2.225</b>	<b>2.225</b>	<b>8.040</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>755</b>	<b>755</b>	<b>3.343</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	574	574	2.805
7	7009	Other tax	181	181	538
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>1.290</b>	<b>1.290</b>	<b>4.148</b>
9	7020	On immovable property	1.290	1.290	4.148
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	-
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>179</b>	<b>179</b>	<b>549</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	-	-	-
17	7035	Local tax on goods usage and activity permission	179	179	549
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>5.095</b>	<b>5.095</b>	<b>16.071</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>2.000</b>	<b>2.000</b>	<b>9.065</b>
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	2.000	2.000	9.065
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>3.095</b>	<b>3.095</b>	<b>7.006</b>
40	7110	Administrative tariffs and regulations	2.667	2.667	6.347
41	7111	Secondary revenues and payments of services	428	428	647
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	-	-	13
		Revenues from ownership transfer, legalization of buildings without permits	-	-	-
46	7116		-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non-tax revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>92.837</b>	<b>92.837</b>	<b>158.295</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>92.837</b>	<b>92.837</b>	<b>158.295</b>
50	7200	From same Government level	82.508	82.508	139.943
51	7201	From other Government levels	1.770	1.770	2.867
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and Healthcare Institute	-	-	-
53	7203		-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	8.559	8.559	14.385
57	7207	Third party sponsorship	-	-	1.100
58	7209	Other internal grants	-	-	-
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	<b>-</b>	<b>-</b>	<b>-</b>

			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
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking 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	-	-	-
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	-	-	-
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	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>100.158</b>	<b>100.158</b>	<b>182.407</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	-	-	<b>(209)</b>
82	829	Cancelled or under written expense order	-	-	-
83	841	Status change transfer	-	-	(209)
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>100.158</b>	<b>100.158</b>	<b>182.198</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>100.158</b>	<b>100.158</b>	<b>182.198</b>

#### 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 Balance, 1	Transactions during the Year		Closing Balance, 31 July 2015
			January 2015	Debit	Credit	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	<b>10,455</b>	<b>11.604</b>	<b>11.604</b>	-
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	-	<b>10.583</b>	<b>10.583</b>	-
3	1050	From the same government level	-	-	-	-
4	1051	From other Government levels	-	7.139	7.139	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	3.444	3.444	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	233	233	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	233	233	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
12	145	Internal grants, participation capital in investments for third parties	-	-	-	-
13	146	Foreigner grants, participation capital in investments for third parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	<b>10,455</b>	<b>787</b>	<b>787</b>	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	10,455	787	787	-
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-
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)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing Balance,
			Balance, 1 January 2015	Debit	Credit	31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
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)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	-	<b>7.926</b>	<b>7.926</b>	-
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	-	-	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	-	<b>7.926</b>	<b>7.926</b>	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	690	690	-
39	2313	Roads, networks, water facilities	-	7.139	7.139	-
40	2314	Technical instalment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	97	97	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
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 lending principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-
52	265	Outing for own equity in non-profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-

In ALL '000
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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	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	-	<b>19.530</b>	<b>19.530</b>	-

**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>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>21.523</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>83.425</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>73.714</b>	-	-	-
4	Actual budget funds (Budget with changes)	71.574	-	-	-
5	Capital budget funds (Budget with changes)	2.140	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>9.711</b>	-	-	-
7	Tax revenues in "Cash"	2.506	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	6.849	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	357	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	<b>-</b>	<b>76.338</b>	<b>-</b>	<b>-</b>
15	1. Payment from the budget for actual expenses	-	59.714	-	-
16	2. Payments from the budget for capital expenses	-	7.139	-	-
17	3. Payments from revenues for actual expenses	-	8.697	-	-
18	4. Payments from revenues from capital expenses	-	787	-	-
19	5. Payments from storage	-	-	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	<b>-</b>	<b>15.405</b>	<b>-</b>	<b>-</b>
22	1. Deposit of revenues in the budget	-	10.802	-	-
23	2. Unused budget (actual and capital)	-	4.604	-	-
24	3. Internal movements and transfers	-	-	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>104.948</b>	<b>91.744</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>13.204</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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.*

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<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>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>9.238</b>	-	-	-	-	-	-	-	-	-	<b>9.238</b>
2	20 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	20 Studies and research	9.238	-	-	-	-	-	-	-	-	-	<b>9.238</b>
4	20 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	23 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>573.579</b>	<b>7.926</b>	<b>3.444</b>	<b>233</b>	-	<b>11.604</b>	-	-	-	-	<b>585.183</b>
6	21 Land	52.262	-	-	-	-	-	-	-	-	-	<b>52.262</b>
7	21 Forests, Pasture, Plantation	4.500	-	-	-	-	-	-	-	-	-	<b>4.500</b>
8	21 Building and Constructions	155.796	690	-	-	-	<b>690</b>	-	-	-	-	<b>156.486</b>
9	3 Roads, networks, water facilities	327.857	7.139	226	-	-	<b>7.366</b>	-	-	-	-	<b>335.222</b>
10	21 Technical instalment, machinery, equipment, working tools	7.527	-	116	-	-	<b>116</b>	-	-	-	-	<b>7.642</b>
11	21 Transport vehicles	8.201	-	-	-	-	-	-	-	-	-	<b>8.201</b>
12	21 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	7 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	21 Economic Inventory	17.438	97	3.102	233	-	<b>3.432</b>	-	-	-	-	<b>20.870</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>T O T A L ( I + II )</b>	<b>582.817</b>	<b>7.926</b>	<b>3.444</b>	<b>233</b>	-	<b>11.604</b>	-	-	-	-	<b>594.420</b>



**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	30.850	1.855	-	1.855	-	-	-	-	32.705
		<b>TOTAL (I + II)</b>	<b>30.850</b>	<b>1.855</b>	<b>-</b>	<b>1.855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.705</b>

## 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	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	Debit	Credit	31 July 2015	1 Jan. 2015	Debit	Credit	31 July 2015		
		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit			
		1	2	3	4=1+3-2	1	2	3	4=1+3-2			
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>576.873,46</b>	<b>1.855</b>	<b>21.782</b>	<b>596.801</b>	<b>576.873</b>	<b>1.855</b>	<b>11.638</b>	<b>586.657</b>		
2	1010	Status of base fund	576.873	-	-	576.873	576.873	-	-	576.873		
3	1011	Additions base fund	-	-	21.782	21.782	-	-	11.638	11.638		
4	1012	Decrease base fund	-	-	-	-	-	-	-	-		
5	1013	Decrease from tangible assets consume	-	431	-	(431)	-	431	-	(431)		
6	1014	Decrease from selling tangible assets	-	1.423	-	(1.423)	-	1.423	-	(1.423)		
7	1015	Decrease from	-	-	-	-	-	-	-	-		
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-		
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>10</b>	<b>105,107,11,12,13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>17.494</b>	<b>17.494</b>	<b>8.818</b>	<b>8.818</b>	<b>17.494</b>	<b>17.494</b>	<b>8.818</b>	<b>8.818</b>		
11	105	Capital internal grants	-	-	-	-	-	-	-	-		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	17.494	17.494	-	-	17.494	17.494	-	-		
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	-	-	8.818	8.818	-	-	8.818	8.818		
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	31 July 2015
			Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>594.367</b>	<b>19.348</b>	<b>30.600</b>	<b>605.619</b>	<b>594.367</b>	<b>19.348</b>	<b>20.456</b>	<b>595.475</b>		

**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>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>58</b>	-	-	<b>58</b>	<b>15.026</b>	-	-	<b>2.630</b>	-	<b>538</b>
<i>1</i>	<b>Directors</b>	8	-	-	8	3.300	-	-	592	-	215
<i>2</i>	<b>High level education specialist</b>	17	-	-	17	5.253	-	-	939	-	209
<i>3</i>	<b>Technical</b>	6	-	-	6	1.380	-	-	247	-	23
<i>4</i>	<b>Ordinary officers</b>	13	-	-	13	2.509	-	-	410	-	68
<i>5</i>	<b>Employees</b>	13	-	-	13	2.297	-	-	394	-	13
<i>6</i>	<b>Temporary employees</b>	1	-	-	1	287	-	-	48	-	10

**Template 10: Summary Consolidated Statement of financial position**

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

			<b>In ALL '000</b>		
<b>No.</b>	<b>Account Number</b>	<b>Description</b>	<b>2015 Period Restated</b>	<b>2015 Period</b>	<b>2014 Period</b>
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>636.995</b>	<b>626.851</b>	<b>633.791</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>65.135</b>	<b>65.135</b>	<b>81.825</b>
3	Class 5	1. Petty- Cash, Banks, and Funds Availability	13.204	13.204	21.523
13	Class 4	2. Receivables	26.990	26.990	35.395
29	Class 3	3. Current Inventory accounts	24.942	24.942	24.907
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>571.859</b>	<b>561.715</b>	<b>551.967</b>
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	10.144	-	-
47	21,24,28	3. Tangible assets	552.478	552.478	542.729
60	20	4. Intangible assets	9.238	9.238	9.238
<b>65</b>	<b>III</b>	<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>31.376</b>	<b>31.376</b>	<b>39.424</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>31.376</b>	<b>31.376</b>	<b>39.424</b>
71	Class	1. Accounts payable	31.376	31.376	39.424
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
90	17	1. Foreign loans	-	-	-
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>605.619</b>	<b>595.475</b>	<b>594.367</b>
97		<b>Presented: Consolidated budget</b>	596.801	586.657	576.873
98		<b>Carried forward results</b>	8.818	8.818	17.494

**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>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>100.158</b>	<b>100.158</b>	<b>182.198</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>7.320</b>	<b>7.320</b>	<b>24.112</b>
3	70	1. Tax revenues upon	2.225	2.225	8.040
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	5.095	5.095	16.071
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>92.837</b>	<b>92.837</b>	<b>158.295</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>-</b>	<b>-</b>	<b>(209)</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>91.340</b>	<b>91.340</b>	<b>164.705</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>80.470</b>	<b>80.470</b>	<b>158.093</b>
35	600 601	1. Salaries and employees contribution	17.656	17.656	30.726
38	602	2. Goods and Services	22.012	22.012	33.778
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	739	739	1.332
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	40.064	40.064	92.257
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>10.869</b>	<b>10.869</b>	<b>6.612</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>8.818</b>	<b>8.818</b>	<b>17.494</b>
59		From this: Functioning results	8.818	8.818	17.494
60		Functioning observed grants	-	-	-

# **STAR Project**

## **Municipality Finiq Consolidated Due Diligence report**

## Glossary

ACP	Agency of Consumer Protection	NBV	Net Book Value
Agency	Agency of Stocktaking of Public Property at the Ministry of Internal Affairs	No	Number
ALL	Albanian Lek	PM	Policy Modification
APP	Public Procurement Agency	RE	Reclassifications
CD	Compact Disc	T	Template
CDL	Council Decision of LGU	TAR	Territorial and administrative reform
CHUIA	Central Unit of Coordination of Internal Audit	VAT	Value Added Tax
DCM	Decision of the Council of Ministers of Republic of Albania	WIP	Work In Progress
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		



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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"> <li>• 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.</li> <li>• This new responsibility of the President , makes this even more essential role within the constitution of the New City Hall and its mission to conduct services</li> <li>• He will be responsible to ensure normal delivery of public services to the community ( ie without interruption ) , within the City of New constitution (Article 70 of the Law on Organization and Functioning of Local Government " ) .</li> <li>• Organizational structure and grouping represents dependence of individual roles and administrative structures of the new municipality . New bash includes QB Finiq and LGU - to Dhiver , Aliko , meadows and Mesopotam .</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Deputy Mayor	
<ul style="list-style-type: none"> <li>• In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>

Observations	Recommendations
<p>Rolet – Municipality Council</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrator</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> <li>The ex-municipality is not considered an administrative unit and has not appointed an administrator.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

Observations	Recommendations
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>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 standards for each of them.</li> </ul>
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> <li>Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation - horizontal functions</p> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<ul style="list-style-type: none"> <li>The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise.</li> <li>Public procurement should be centralized and be part of the main section of the structure</li> <li>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.</li> <li>The finance service, budget and procurement should also be centralized and carried on center.</li> <li>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</li> <li>The service of human resource management and revenue management should also be centralized and carried on the municipality.</li> </ul>
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>

Observations	Recommendations
	<p>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.</p>
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> <li>There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>There is a lack of clear division within organizational administrations which perform multi functions, service provider and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> <li>Absence of a specialized designated structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign</li> </ul>	<p>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-</p>

Observations	Recommendations
<p>Personnel matters – The transfer of the staff</p> <ul style="list-style-type: none"> <li>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 Prrenjas. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged.</li> <li>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.</li> </ul>	<p>localized level.</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>
<p>Personnel matters – Termination of working relationship</p> <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</p>	<ul style="list-style-type: none"> <li>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</li> </ul>

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>respectively:</p> <p><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.</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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>



Observations	Recommendations
<p>internal electronic communication system</p>	<p>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.</p>
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> <li>• Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>• Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

## The structure and organization

### Organizational Model

Analysis of the organization and structure for the Municipality Finiq and 4 LGU Aliko, Dhiver, Livadhja and Mesopotam, 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 Finiq	LGU Aliko	LGU Dhiver	LGU Livadhja	LGU Mesopotam
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Finiq: The adoption of the Statute and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU Finiq 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 Finiq, 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 3 administrative units, as presented in the table 2 below.

Table 2: Roles in municipalities

Roles				
<b>New Municipality</b>	Finiq			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council	✓			
<b>Administrative Unit</b>	<b>Aliko</b>	<b>Dhiver</b>	<b>Livadhja</b>	<b>Mesopotam</b>
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 76.

- 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 69.

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

Public Services	LGU Finiq	LGU Aliko	LGU Dhiver	LGU Livadhja	LGU Mesopotam	Merged
<b>Infrastructure and public services</b>						
Water Supply Company	6	4	3	0	1	14
Functioning of the sewerage system	0	0	0	0	0	0
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	0	0	0	0	0	0
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	Contracted	Contracted	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	0	0	0	0	0	0
Public lighting	1	0	1	0	1	3
The operation of urban public transport	Private ventures	Private ventures	Private ventures	Private ventures		Private ventures
Cemeteries administration and guarantee of funeral services	0	0	0	0	0	0
Decorations Service in town / village	0	0	0	0	0	0
Administration of parks, gardens and public spaces	0	0	0	0	0	0
Collection, disposal and recovery of waste	4	1	1	0	2	8
Urban planning	2	4	1	2	2	11
Land management	1	2	0	1	1	5
Shelter	0	0	0	0	0	0
<b>Social, cultural and sports Services</b>						
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	0	0	0	0	0	0
Organization of sporting, recreational and entertainment activities and management of relevant institutions	0	0	0	0	0	0
Social services of kinder gardens	1	0	0	1	0	2
Social services - orphanages, shelters	0	0	0	0	0	0
<b>Local economic development</b>						
Preparation of local economic development programs	0	0	0	0	0	0
Establishment and function of public markets and trade network	2	1	2	2	0	7

<b>Infrastructure and public services</b>	0	0	0	0	2	0
Organization of services within the local economic development support and information structures and infrastructure necessary	1	1	0	0	0	2
Veterinary services	0	0	0	0	1	0
Conservation and development of forests and natural resources of local character	3	0	0	2	3	11
<b>The order and civil protection</b>						
Preservation of public order to prevent administrative violations	1	0	1	1	1	4
Civil protection	0	2	0	0	0	2
<b>Educational institutions</b>						
Maintenance of facilities in preliminary education	0	2	0	0	0	2
<b>Medicine</b>						
Health care system and the protection of public health	0	0	0	0	0	0
<b>Social care</b>						
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0	0	0	0	0	0
Social Care on domestic violence	0	0	0	0	0	0
Social care for the protection of children's Rights	0	0	0	0	0	0
<b>Environmental Protection</b>						
Environmental Protection	0	0	0	0	0	0
<b>Register Office</b>						
Register Office	1	1	1	1	1	5
<b>Business Registration</b>						
National Registration Center	0	0	0	0	0	0
<b>Total</b>	<b>23</b>	<b>18</b>	<b>11</b>	<b>10</b>	<b>15</b>	<b>76</b>

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

<b>Horizontal Functions</b>	<b>Municipality Finiq</b>	<b>LGU Aliko</b>	<b>LGU Dhiver</b>	<b>LGU Livadhja</b>	<b>LGU Mesopotam</b>	<b>Merged</b>
Finance	3	2	2	2	3	12
Local taxes and Tariffs	2	1	2	2	2	9
Legal Issues	0	1	0	0	0	1
Procurement	0	0	0	0	0	0
Institutional Relations	0	0	0	0	0	0
Human Resources	0	0	0	0	0	0
Protocol	0	0	0	1	0	1
Archiving	1	1	1	0	1	4
Information Technology	0	0	0	0	0	0
Supporting services	12	13	6	3	7	41
Internal Audit	1	1	0	0	0	1
<b>Total</b>	<b>19</b>	<b>18</b>	<b>11</b>	<b>8</b>	<b>13</b>	<b>69</b>

### ***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:

#### Finig

No exceptions

#### Dhiver

No exceptions

#### Aliko

No exceptions

#### Livadhja

No exceptions

#### Mesopotam

In LGU, is joined on the same principal, the Town Planning Service Functions

- The merger process brings a new orientation dimension to the organizational model, 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, agreement of objectives between sectoral 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:
  - The functioning of the sewerage system of sewage;
  - Construction of roads, pavements and public squares;
  - The management of parks, gardens and public green areas;
  - Service décor in town / village;
  - Collection, removal and processing of waste;
  - Operation of urban public transport;
  - Administration of cemeteries and guaranteeing burial service;
  - Organization of sporting, recreational and entertainment activities and management of relevant institutions;



**Licensed functions:**

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?
<b>Infrastructure and public services</b>			
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
<b>Social, cultural and sports Services</b>			
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

**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 of kindergartens	Yes	No	No
Social services - orphanages, shelters	Yes	No	No
<b>Local economic development</b>			
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
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	Yes	No	No
<b>Medicine</b>			
Health care system and the protection of public health	Yes	No	No
<b>Social care</b>			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	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 Care on domestic violence	Yes	Jo	Jo
Social care for the protection of children's Rights	Yes	Jo	Jo
<b>Environmental Protection</b>			
Environmental Protection	Yes	Jo	Jo

**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 2;

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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

In order to realize the premise of economy and to efficiency achieve in service delivery and reduce costs, the proposed structure in Appendix 1, explains the discussions regarding the four main blocks:

- The first unit is connected with the Mayors functions, the Mayors Cabinet, and with the supportive offices with functional reporting, by having a direct connection with the Mayor, through the Internal Audit and Tax Appeal.
- The second unit includes Civil servants who draft and approve policies of the New Municipality. The functions included in this block are the General Directorate, Directorate, and sectors, depending on the size of the New Municipality. The highest position in this block is the Secretary-General; the new role is added to the proposed organizational structure.
- In the third unit, agencies 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 unit, of there are included the Service Offices. We explain that these offices in the Municipality, will have a Responsible Office, Civil Registry staff, NRC if required, and employees that covers relations with the public, which collects requests, complaints from the community and sends to the Municipality the solutions. Also, in the Municipality, these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGU's Service Offices will be represented by the Administrator, will be organized and will play the same role as amended in the Municipality.

## **Financial due diligence**



**Summary of observations and recommendations**

<b>Observations</b>	<b>Recommendations</b>
<b>Property, Plant and Equipment</b>	
<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</p>

	recorded in the assets register.
<b>Investments</b>	
<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>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 57,417 thousand ALL. Overdue municipal obligations are reported at a value 20,480 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</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>

used in the allocation of grants from central government	
<b>Receivables</b>	
<p>During 2015, tax and non-tax revenues were 9% 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>
<b>Lack of unified accounting policies and practices</b>	
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	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.

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.

**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.

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 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 Finiq, 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 Finiq, LGU Aliko, LGU Livadhja, LGU Dhiver and LGU Mesopotam.

Affiliated units are consolidated at the level of municipality and have been part of individual due diligence report of Municipality Finiq. 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	133,046
Tax and non-tax revenue	15,162
Total Expenses	137,671
Total Assets	1,175,608
Liabilities	57,417

**Table 1. Summary of consolidated statement of financial position.**

*Amounts in thousand ALL*

		In ALL '000	
Description		2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	1,175,608	1,123,680
<b>I</b>	<b>Current Assets</b>	99,304	99,304
	1. Petty - Cash, Banks, and Funds	28,945	28,945
Class 5	Availability		
Class 4	2. Receivables	57,770	57,770
Class 3	3. Current Inventory accounts	12,588	12,588
<b>II</b>	<b>Non-current Assets</b>	1,076,304	1,024,377
23	1. Investments	-	-
25,26	2. Finance assets	51,928	-
21,24,28	3. Tangible assets	1,020,128	1,020,128
20	4. Intangible assets	4,249	4,249
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	64,198	64,198
<b>I</b>	<b>Current liabilities</b>	57,417	57,417
Class 4	1. Accounts payable	57,417	57,417
<b>II</b>	<b>Non liquid liabilities</b>	-	-
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	6,781	6,781
	<b>Net assets (A - B)</b>	1,111,410	1,059,482
	<b>Presented: Consolidated budget</b>	1,088,892	1,036,964
	<b>Carried forward results</b>	22,518	22,518

**Overview of the consolidated statement of the financial position**

- On July 31, 2015 total assets and liabilities of the new municipality were 1,175,608 thousand leke. Total assets of the municipality on July 31, 2015 increased by 5% compared to December 31, 2014.

*Current assets*

- Current assets, which have 8% of total assets, are increased by 12% 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 35% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts increased of 1% and the account of the state of inventories have slightly increased by 7%.

- *Accounts Receivable*

- Structure of total debtors of municipality Finiq consists of 48.48% of debtors of LGU Livadhja, 35.96 % of debtors of LGU Aliko, 9.67% of LGU Finiq and the other part belongs to other LGUs.

*Non-current accounts*

- Non-current assets which occupy the largest share of assets of the municipality Finiq 92%, have increased by 7% 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 4% which compose 87% of total assets.

### *PPE*

74.33% of PPEs of Municipality Finiq are composed by the PPEs of LGU Aliko, 21.07% by LGU Finiq, 13.36% by LGU Libonik, 20.31% by LGU Livadhja, 14.47% by LGU Dhiver and 15.96% by LGU Mespotam.

### *Accounts Payable*

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

- 94.72% of the total accounts payable are composed of accounts payable of LGU Livadhja, 33.74% by LGU Aliko, 12.4% by LGU Finiq, 3.87% by LGU Mesopotam and 0.43% by LGU Dhiver.

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
	<b>I. REVENUES AND CONTRIBUTES</b>	171,875	171,875
<b>A</b>			
<b>70,750,71</b>	1. Tax revenues upon	15,162	15,162
70	2. Contributions and social and health insurance	11,536	11,536
71			
<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	3,626	3,626
<b>72</b>	<b>III. FINANCIAL REVENUES</b>	133,046	133,046
<b>78</b>	<b>V. OTHER REVENUES</b>	23,293	23,293
<b>77, 83</b>	<b>V. OTHER REVENUES</b>	374	374
<b>B</b>	<b>I. ACTUAL EXPENSES</b>	152,016	152,016
<b>0</b>	1. Salaries and employees contribution	137,298	137,298
600 601	2. Goods and Services	36,598	36,598
602	3. Subsidies	40,671	40,671
604	5. External actual transfers	2,622	2,622
606	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	57,406	57,406
<b>67</b>	<b>DETERMINED NET INCOME</b>	14,719	14,719
<b>C</b>	From this: Functioning results	19,859	19,859
	Functioning observed grants	22,518	22,518
	Grants assumed operation	(2,659)	(2,659)

## Overview of consolidated statement of financial performance

### Sources of funds (revenues)

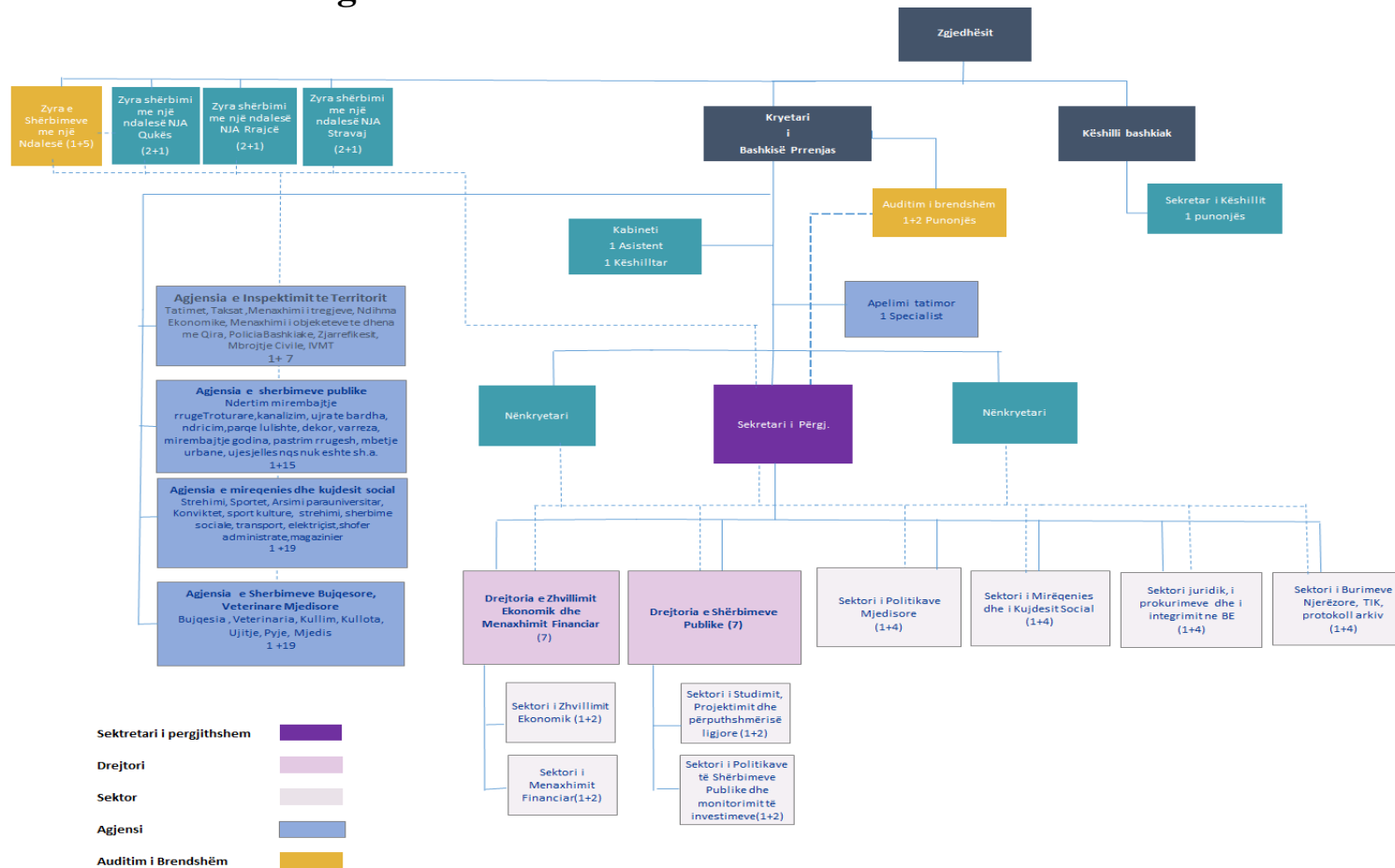
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance was ALL 171,875 thousand. 9% of the total municipality incomes are composed of tax and non-tax revenues, 77% of income is from grants and 1% from other income.
- Structure of total revenues is comprised of 28.64% of the revenue generated from LGU Finiq, 22.64% by LGU Livadhja, 18.04% by LGU Mespotam, 17.28% nby LGU Dhiver and 13.38% by LGU Aliko.

### 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 with ALL 152,016 thousand. 90% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 23.67% of the expenditures of LGU Finiq, 22, 22% by LGU Livadhja, 19.16 by LGU Mesopotam, 19.09% by LGU Dhiver and 15.85% by LGU Aliko.
- 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 115 employees. More detailed: 115 persons working under labor contracts expired. 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"> <li>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 Prrenjas. It is worth mentioning that the Municipality Finiq, before the amalgamation process, is considered as one of the merged units.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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 applicable provisions for the settlement of an employment contract with indefinite term.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>
<p>Termination of working relationship</p> <ul style="list-style-type: none"> <li>The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.</li> </ul>	<ul style="list-style-type: none"> <li>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"> <li>- <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</li> </ul> </li> </ul>

procedures are implemented for the termination of the employment relations.

- *Employees with working contract.* 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.

- *Civil Servants.* 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

- Organizational structures of local government units do not stipulate the position of General Secretary.
- 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**
- Use of information technology is limited to the use of personal computers, printers and Internet service. There is Microsoft Office package 2007 and 2010 Microsoft windows Autocad, Anti Spyware, Anti-Malware Malwarebytes, Antivirus.
  
- Consolidated information about the IT environment is presented in Table 9 – IT environment.

**Table 9: IT environment**

Objective	LGU Finiq	LGU Dhiver	LGU Aliko	LGU Livadhja	LGU Mesopotam
Installed Software	Windows Xp/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials, TeamViewer 10	Windows Xp/7/8, Office 2007, Essentials, AutoCAD 2012, Essentials	Windows XP, Office 2007, Essentials, TeamViewer 10	Windows Xp/7, Office 2007, Essentials	Microsoft Office 2008/Microsoft Windows 2003 - 2007
Contracts of licenses	No license	n/a	n/a	n/a	n/a
Hardware (in usage)					
Computer (desktop)	4	6	6	3	3
3	3	6	4	1	1
Servers	n/a	n/a	n/a	n/a	n/a
IT staff in total	n/a	n/a	n/a	n/a	n/a
Maintenance of hardware and software	No maintenece contract	No maintenece contract	No maintenece contract	No maintenece contract	No maintenece contract

## Observations and Recommendations

### IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Information Technology</li> </ul>	
<ul style="list-style-type: none"> <li>The LGU Finiq 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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Data storage system</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Finiq municipality or Private / Public Cloud.</li> </ul>
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> <li>Hardware and software are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware and software and service provider of maintenance services is performed by private local service provider without contract.</li> </ul>	<ul style="list-style-type: none"> <li>New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.)</li> <li>New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system.</li> <li>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)</li> </ul>
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> <li>Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles</li> </ul>	<ul style="list-style-type: none"> <li>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).</li> </ul>
<p>Lack of IT staff</p> <ul style="list-style-type: none"> <li>There is lack of IT staff for maintenance of Hardware and Software</li> </ul>	<ul style="list-style-type: none"> <li>LGU Finiq should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.</li> </ul>

## **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 receives telephone and internet service by a national service provider Albtelcom or local private provider
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.



Table 10: Communication

<b>Objectives</b>	<b>LGU Finiq</b>	<b>LGU Dhiver</b>	<b>LGU Aliko</b>	<b>LGU Livadhja</b>	<b>LGU Mesopotam</b>
Telephonic service	No	n/a	n/a	n/a	n/a
Telephone service supply	No	n/a	n/a	n/a	n/a
Internet service	Yes	Yes	Yes	Yes	Yes
Evaluation of the telephonic coverage	Yes	n/a	n/a	n/a	Yes
Lines of the internal communication	Electronic / Verbal / Written /	Electronic / Verbal / Written /	Electronic / Verbal / Written /	Electronic / Verbal / Written /	Electronic / Verbal / Written /

## Observations and d recommendations

### Communication

Observations	Recommendations
--------------	-----------------

Lack of electronic means of communication	
<ul style="list-style-type: none"><li>• Despite that the administrative units have internet access, none of them has an internal electronic communication system .</li></ul>	<ul style="list-style-type: none"><li>• 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.</li></ul>
Lack of telephone service	
<ul style="list-style-type: none"><li>• Local government units under survey does not receive the fixed telephone service .</li></ul>	<ul style="list-style-type: none"><li>• 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.</li></ul>

## 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

- Archive and protocol specialists, from the information obtained during the fieldwork, perform the function of the archive in LGU Finiq; the majority of the technical requirements are partially met in the LGUs.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Finiq</b>	<b>LGU Dhiver</b>	<b>LGU Aliko</b>	<b>LGU Livadhja</b>	<b>Mesopotam</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	Yes	Yes	Yes	Yes
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	Yes	No	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	No	Yes, no distance from the wall	No	Yes distance from the wall	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	Yes	No	Yes	Yes
Archive keys in two copies	Yes	Yes	No	Yes	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	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	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).	No	No	Yes	No	Yes

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Finiq	LGU Dhiver	LGU Aliko	LGU Livadhja	Mesopotam
<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, branch, 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>	No	No	Yes	No	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>	No	No	Yes	No	No
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> <li>- Full name of the state entity - no state</li> <li>- Department or branch that operates</li> <li>- The level of classification (if the document is of this type)</li> <li>- The file contains an identification number, year</li> <li>- Full title of the file</li> <li>- The period that the document should save (protect)</li> <li>- Date of completion of conservation</li> <li>- The amount of documents that are stored in files</li> <li>- Inventory identification number on file <ul style="list-style-type: none"> <li>- - The period of use</li> </ul> </li> </ul>	No	No	Yes	No	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Finiq</b>	<b>LGU Dhiver</b>	<b>LGU Aliko</b>	<b>LGU Livadhja</b>	<b>Mesopotam</b>
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).	No	No	No	No	
The emblem of the Republic	No	No	Yes	No	No
At the head of the document should be written "Republic of Albania"	No	No	Yes	No	No
Title of the institution and structures belonging to the institution	No	No	Yes	No	No
Number of documents attached	No	No	Yes	No	No
The content of the document	No	No	Yes	No	No
Name, surname and signature of the person who signed the document and stamp	No	No	Yes	No	No
Signature of the director of the institution	No	No	Yes	No	No
Date and number of protocol	No	No	Yes	No	No
Mod 1 - Correspondence model	No	No	Yes	No	No
Mod 3 - Serial Number of Correspondence	No	No	Yes	No	No
Mod 4. -The Book Delivery	No	No	Yes	No	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	No	No	No	No	No

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

## Observations and recommendations

Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> <li>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..</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>



## 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

In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance. No register for leased properties is held in LGUs Finiq.

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**

<b>Assets management</b>	<b>LGU Finiq</b>	<b>LGU Dhiver</b>	<b>LGU Aliko</b>	<b>LGU Livadhja</b>	<b>LGU Mesopotam</b>
Adopted rules and procedures on asset management	No	No	No	No	No
Authorizing Officer	Mayor	Mayor	Yes	Mayor	Yes
Executing Officer	Head of Finance	Finance	Yes	Finance	Yes
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	Yes	Yes	Yes
Owned Companies Register	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	No	No	No	No	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"><li>• Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li></ul>	<ul style="list-style-type: none"><li>• 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.</li></ul>

## 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
Finiq	n/a	n/a	n/a	n/a
LGU Dhiver	n/a	n/a	n/a	n/a
LGU Aliko	n/a	n/a	n/a	n/a
LGU Livadhja	n/a	n/a	n/a	n/a
LGU Mesopotam	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
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-
<b>2</b>	<b>A</b>	<b>Non Current Assets</b>		<b>1.076.304</b>	<b>1.024.377</b>	<b>1.005.245</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>4.249</b>	<b>4.249</b>	<b>4.249</b>
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	15.433	15.433	15.433
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	(11.184)	(11.184)	(11.184)
8	230	Expenses for increase of current intangible assets		-	-	-
<b>9</b>		<b>II. Tangible Assets</b>		<b>1.020.128</b>	<b>1.020.128</b>	<b>1.000.996</b>
10	210	Land		300	300	300
11	211	Forests, Pasture, Plantation	F6, Sh1	-	-	-
12	212	Building and Constructions	F6, Sh1	233.782	233.782	233.782
13	213	Roads, networks, water facilities	F6, Sh1	857.776	857.776	821.810
14	214	Technical instalment, machinery, equipment, working tools	F6, Sh1	12.491	12.491	12.491
15	215	Transport vehicles	F6, Sh1	13.785	13.785	13.785
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	15.791	15.791	15.750
19	219	Depreciation of tangible assets	F7, Sh1	(113.796)	(113.796)	(112.432)
20	231	Expenses in process for increase of current tangible assets	F4	-	-	15.510
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>51.928</b>	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		51.928	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>99.304</b>	<b>99.304</b>	<b>113.049</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>12.588</b>	<b>12.588</b>	<b>12.441</b>
29	31	Materials	Sh2	487	487	514
30	32	Inventory Objects	Sh2	12.101	12.101	11.927
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 (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>57.770</b>	<b>57.770</b>	<b>55.754</b>
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)		21.274	21.274	30.008
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	36.497	36.497	25.746
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>28.945</b>	<b>28.945</b>	<b>44.854</b>
55	50	Securities		-	-	-

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	28.945	28.945	44.854
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 (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>1.175.608</b>	<b>1.123.680</b>	<b>1.118.294</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
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	
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>1.088.892</b>	<b>1.036.964</b>	<b>1.017.686</b>	
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>1.088.892</b>	<b>1.036.964</b>	<b>1.017.686</b>	
3	101	Base funds	<b>F8</b>	1.088.892	1.036.964	1.017.686	
4	105	Capital internal grants		-	-	-	
5	106	Capital foreigner grants		-	-	-	
6	107	Current assets in use		-	-	-	
7	109	Reserves from revaluation of current assets		-	-	-	
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		-	-	-	
9	111	Reserve funds		-	-	-	
10	115	Assignments from the year results for investments		-	-	-	
11	116	Revenues from selling of current assets		-	-	-	
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-	
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-	
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-	
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-	
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>57.417</b>	<b>57.417</b>	<b>63.159</b>	
<b>17</b>		<b>I. Long-term debts</b>		-	-	-	
18	16	Internal borrowing and similar		-	-	-	
19	17	Borrowing out of the country		-	-	-	
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>57.417</b>	<b>57.417</b>	<b>63.159</b>	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	<b>Sh6</b>	20.051	20.051	23.540	
23	42	Employees and related accounts		743	743	4.705	
24	431	Liabilities to government for taxes		26	26	232	
25	432	Taxes collected from government for the local government		-	-	-	
26	433	Government natural disaster		-	-	-	
27	4341	Other operations with government (creditor balance)		29.716	29.716	23.728	

In ALL '000
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No.	Account Number	Liabilities	Notes	As at		
				31 July 2015, Restated	31 July 2015	31 Dec. 2014
28	435	Social Insurance		215	215	1.232
29	436	Health Insurance		30	30	119
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	6.208	6.208	9.168
36	467	Other creditors		428	428	434
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>6.781</b>	<b>6.781</b>	<b>2.018</b>
38	475	Incomes to register in the coming years		6.781	6.781	2.018
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>22.518</b>	<b>22.518</b>	<b>35.432</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>1.175.608</b>	<b>1.123.680</b>	<b>1.118.294</b>
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
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)

					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	
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>137.671</b>	<b>137.671</b>	<b>288.884</b>	
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>137.298</b>	<b>137.298</b>	<b>288.750</b>	
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>32.078</b>	32.078	<b>50.606</b>	
4	6001	Salaries		24.275	24.275	39.317	
5	6002	Temporary salaries		6.045	6.045	11.288	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		1.758	1.758	-	
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>4.520</b>	<b>4.520</b>	<b>10.203</b>	
9	6010	Insurance contributions		4.129	4.129	9.418	
10	6011	Health insurance		392	392	785	
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>40.671</b>	<b>40.671</b>	<b>64.858</b>	
12	6020	Stationary		900	900	1.113	
13	6021	Special services		3.726	3.726	3.895	
14	6022	Services from third party		10.653	10.653	20.100	
15	6023	Transport expenses		5.412	5.412	11.159	
16	6024	Travel expense		801	801	1.926	
17	6025	Ordinary maintenance expenses		11.152	11.152	11.608	
18	6026	Rent expenses		-	-	-	
19	6027	Expenses for legal liability for compensation		719	719	3.184	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		7.308	7.308	11.874	
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	
25	6032	Subsidies to cover loss		-	-	-	
26	6033	Subsidies for entrepreneurship		-	-	-	

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
27	6039	Other subsidies		-	-	-
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>2.622</b>	<b>2.622</b>	<b>3.557</b>
29	6040	Current transfers to other government levels		2.502	2.502	3.357
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		<b>120</b>	120	200
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	-
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		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>57.406</b>	<b>57.406</b>	<b>159.527</b>
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		57.406	57.406	159.527
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>374</b>	<b>374</b>	<b>134</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
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		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
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		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>137.671</b>	<b>137.671</b>	<b>288.884</b>

In ALL '000
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No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>14.345</b>	<b>14.345</b>	<b>21.342</b>
62	828	Names of cancelled revenues		-	-	12.387
63	831	Determination of revenues for investments		2.965	2.965	6.072
64	8420	Revenues deposited in the budget		-	-	86
65	8421	Deposit in the budget of unused revenues		11.380	11.380	1.565
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		-	-	-
68	8424	Transfers for identified debtors and similar items		-	-	1.232
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>152.016</b>	<b>152.016</b>	<b>310.226</b>
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>22.518</b>	<b>22.518</b>	<b>35.432</b>
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>174.534</b>	<b>174.534</b>	<b>345.657</b>

### Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required from 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
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>171.501</b>	<b>171.501</b>	<b>345.837</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>11.536</b>	<b>11.536</b>	<b>35.784</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>1.252</b>	<b>1.252</b>	<b>4.234</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1.252	1.252	4.234
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>8.094</b>	<b>8.094</b>	<b>24.474</b>
9	7020	On immovable property	8.094	8.094	24.417
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	57
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>2.190</b>	<b>2.190</b>	<b>7.076</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	29	29	1.081
17	7035	Local tax on goods usage and activity permission	2.161	2.161	5.995
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-

			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
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>3.626</b>	<b>3.626</b>	<b>14.904</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>1.283</b>	<b>1.283</b>	<b>5.790</b>
36	7100	From public non financial enterprise	-	-	3
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1.283	1.283	5.787
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>2.340</b>	<b>2.340</b>	<b>7.617</b>
40	7110	Administrative tariffs and regulations	1.823	1.823	6.095
41	7111	Secondary revenues and payments of services	65	65	621
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	423	423	643
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	29	29	258
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non tax revenues</b>	<b>3</b>	<b>3</b>	<b>1.497</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>133.046</b>	<b>133.046</b>	<b>280.083</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>133.046</b>	<b>133.046</b>	<b>280.083</b>
50	7200	From same Government level	54.648	54.648	92.899
51	7201	From other Government levels	70.441	70.441	160.206
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	-	-	-
56	7206	Expected financing from budget	5.700	5.700	10.841
57	7207	Third party sponsorship	2.257	2.257	16.138
58	7209	Other internal grants	-	-	-
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	<b>-</b>	<b>-</b>	<b>-</b>
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>

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
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>23.293</b>	<b>23.293</b>	<b>15.066</b>
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking 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	23.293	23.293	15.066
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	-	-	-
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	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>171.501</b>	<b>171.501</b>	<b>345.837</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>374</b>	<b>374</b>	<b>(179)</b>
82	829	Cancelled or under written expense order	-	-	(313)
83	841	Status change transfer	374	374	134
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>171.875</b>	<b>171.875</b>	<b>345.657</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>171.875</b>	<b>171.875</b>	<b>345.657</b>



#### 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 Balance, 1	Transactions during the Year		Closing Balance, 31 July 2015
			January 2015	Debit	Credit	
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	-	<b>19.663</b>	<b>19.663</b>	-
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	-	<b>13.711</b>	<b>13.711</b>	-
3	1050	From the same government level	-	13.711	13.711	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
		Internal grants, participation capital in investments for third parties	-	-	-	-
12	145	Foreigner grants, participation capital in investments for third parties	-	-	-	-
13	146	parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	-	<b>2.945</b>	<b>2.945</b>	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	2.945	2.945	-
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	<b>3.007</b>	<b>3.007</b>	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-
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)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance,
			January 2015	Debit	Credit	31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
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)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	<b>15.510</b>	<b>20.635</b>	<b>36.145</b>	-
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	-	-	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	<b>15.510</b>	<b>20.635</b>	<b>36.145</b>	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	-	-	-
39	2313	Roads, networks, water facilities	15.510	20.456	35.966	-
40	2314	Technical instalment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	179	179	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
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 lending principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-
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	-	-	-	-

In ALL '000
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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>						
55	269	Outing for own equity other	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	<b>15.510</b>	<b>40.299</b>	<b>55.809</b>	<b>-</b>

**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>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>44.854</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>163.455</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>85.425</b>	-	-	-
4	Actual budget funds (Budget with changes)	77.932	-	-	-
5	Capital budget funds (Budget with changes)	7.492	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>78.030</b>	-	-	-
7	Tax revenues in "Cash"	12.789	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	4.926	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	59.565	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	750	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>162.236</b>	-	-
15	1. Payment from the budget for actual expenses	-	60.824	-	-
16	2. Payments from the budget for capital expenses	-	21.930	-	-
17	3. Payments from revenues for actual expenses	-	66.000	-	-
18	4. Payments from revenues from capital expenses	-	9.773	-	-
19	5. Payments from storage	-	3.710	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>17.128</b>	-	-
22	1. Deposit of revenues in the budget	-	20	-	-
23	2. Unused budget (actual and capital)	-	17.108	-	-
24	3. Internal movements and transfers	-	-	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>208.309</b>	<b>179.364</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>28.945</b>	-	-	-

**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.*

		Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances									Balances	
			<u>Transf.</u>						Write	Other		
No.	Description	Purch.	Out	In	Mov.	Total	Sales	Off	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>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>15.433</b>	-	-	-	-	-	-	-	-	-	<b>15.433</b>
20	Amounts to be remitted and loan											
2	1 reimbursements	-	-	-	-	-	-	-	-	-	-	-
20												
3	2 Studies and research	15.433	-	-	-	-	-	-	-	-	-	<b>15.433</b>
20	Concessions, license, other similar											
4	3 licenses	-	-	-	-	-	-	-	-	-	-	-
23	Expenses for increase of current											
4/1	0 intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>1.097.918</b>	<b>36.145</b>	-	-	-	<b>36.145</b>	-	<b>139</b>	-	<b>139</b>	<b>1.133.924</b>
21												
6	0 Land	300	-	-	-	-	-	-	-	-	-	<b>300</b>
21												
7	1 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
21												
8	2 Building and Constructions	233.782	-	-	-	-	-	-	-	-	-	<b>233.782</b>
21												
9	3 Roads, networks, water facilities	821.810	35.966	-	-	-	<b>35.966</b>	-	-	-	-	<b>857.776</b>
21												
10	4 Technical instalment, machinery, equipment, working tools	12.491	-	-	-	-	-	-	-	-	-	<b>12.491</b>
21												
11	5 Transport vehicles	13.785	-	-	-	-	-	-	-	-	-	<b>13.785</b>
21												
12	6 Government reserve	-	-	-	-	-	-	-	-	-	-	-
21												
13	7 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
21												
14	8 Economic Inventory	15.750	179	-	-	-	<b>179</b>	-	139	-	<b>139</b>	<b>15.791</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>T O T A L ( I + II )</b>	<b>1.113.351</b>	<b>36.145</b>	-	-	-	<b>36.145</b>	-	<b>139</b>	-	<b>139</b>	<b>1.149.357</b>

**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	
			1	Dep. Charge for the year 2	Other Addit. 3	Total 4	Sales 5	Write off 6	Other Depr. 7	Total 8	9
1	209	I. INTAGIBLE	11.184	-	-	-	-	-	-	-	11.184
2	219	II. TANGIBLE	112.432	1.365	-	1.365	-	-	-	-	113.796
		<b>TOTAL (I + II)</b>	<b>123.616</b>	<b>1.365</b>	<b>-</b>	<b>1.365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124.980</b>

## 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	Debit	Credit	Credit	Credit	Debit	Credit	Credit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>1.017.686,25</b>	<b>1.617</b>	<b>72.823</b>	<b>1.088.892</b>	<b>1.017.686</b>	<b>1.617</b>	<b>20.895</b>	<b>1.036.964</b>
2	1010	Status of base fund	1.017.686	-	-	1.017.686	1.017.686	-	-	1.017.686
3	1011	Additions base fund	-	-	71.851	71.851	-	-	19.923	19.923
4	1012	Decrease base fund	-	94	972	878	-	94	972	878
5	1013	Decrease from tangible assets consume	-	1.365	-	(1.365)	-	1.365	-	(1.365)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	158	-	(158)	-	158	-	(158)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>105,107,11,12,13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>35.432</b>	<b>35.432</b>	<b>22.518</b>	<b>22.518</b>	<b>35.432</b>	<b>35.432</b>	<b>22.518</b>	<b>22.518</b>
11	105	Capital internal grants	-	-	-	-	-	-	-	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	16.474	16.474	-	-	16.474	16.474	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated						Closing Balances 31 July 2015			
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015		Period of Movements		
			Credit	Debit	Credit	Credit	Credit	Debit		Credit	Debit	Credit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
18	85	Result	18.958	18.958	22.518	22.518	18.958	18.958	22.518	22.518		
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	-	-	-	-	-	-	-	-		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-		
		Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
21	146											
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>1.053.118</b>	<b>37.049</b>	<b>95.341</b>	<b>1.111.410</b>	<b>1.053.118</b>	<b>37.049</b>	<b>43.413</b>	<b>1.059.482</b>		



**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>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>131</b>	-	<b>1</b>	<b>130</b>	<b>30.320</b>	-	-	<b>4.317</b>	-	<b>1.078</b>
<i>1</i>	<b>Directors</b>	6	-	-	6	2.846	-	-	432	-	234
<i>2</i>	<b>High level education specialist</b>	37	-	-	37	12.000	-	-	1.745	-	643
<i>3</i>	<b>Technical</b>	18	-	-	18	4.262	-	-	596	-	97
<i>4</i>	<b>Ordinary officers</b>	24	-	-	24	6.054	-	-	943	-	98
<i>5</i>	<b>Employees</b>	29	-	1	28	3.726	-	-	557	-	7
<i>6</i>	<b>Temporary employees</b>	17	-	-	17	1.432	-	-	44	-	-

**Template 10: Summary Consolidated Statement of financial position**

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

			<b>In ALL '000</b>		
<b>No.</b>	<b>Account Number</b>	<b>Description</b>	<b>2015 Period Restated</b>	<b>2015 Period</b>	<b>2014 Period</b>
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>1.175.608</b>	<b>1.123.680</b>	<b>1.118.294</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>99.304</b>	<b>99.304</b>	<b>113.049</b>
3	Class 5	1. Petty- Cash, Banks, and Funds Availability	28.945	28.945	44.854
13	Class 4	2. Receivables	57.770	57.770	55.754
29	Class 3	3. Current Inventory accounts	12.588	12.588	12.441
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>1.076.304</b>	<b>1.024.377</b>	<b>1.005.245</b>
40	23	1. Investments	-	-	15.510
44	25,26	2. Finance assets	51.928	-	-
47	21,24,28	3. Tangible assets	1.020.128	1.020.128	985.486
60	20	4. Intangible assets	4.249	4.249	4.249
<b>65</b>	<b>III</b>	<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>64.198</b>	<b>64.198</b>	<b>65.176</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>57.417</b>	<b>57.417</b>	<b>63.159</b>
71	Class	1. Accounts payable	57.417	57.417	63.159
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
90	17	1. Foreign loans	-	-	-
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>6.781</b>	<b>6.781</b>	<b>2.018</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>1.111.410</b>	<b>1.059.482</b>	<b>1.053.118</b>
97		<b>Presented: Consolidated budget</b>	1.088.892	1.036.964	1.017.686
98		<b>Carried forward results</b>	22.518	22.518	35.432

**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.*

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>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>171.875</b>	<b>171.875</b>	345.657
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>15.162</b>	<b>15.162</b>	50.688
3	70	1. Tax revenues upon	11.536	11.536	35.784
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	3.626	3.626	14.904
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>133.046</b>	<b>133.046</b>	280.083
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	<b>-</b>	<b>-</b>	-
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>23.293</b>	<b>23.293</b>	15.066
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>374</b>	<b>374</b>	(179)
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>152.016</b>	<b>152.016</b>	310.226
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>137.298</b>	<b>137.298</b>	288.750
35	600 601	1. Salaries and employees contribution	36.598	36.598	60.809
38	602	2. Goods and Services	40.671	40.671	64.858
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	2.622	2.622	3.557
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	57.406	57.406	159.527
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	<b>-</b>	<b>-</b>	-
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	<b>-</b>	<b>-</b>	-
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>14.719</b>	<b>14.719</b>	21.476
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>19.859</b>	<b>19.859</b>	35.432
59		From this: Functioning results	22.518	22.518	35.432
60		Functioning observed grants	(2.659)	(2.659)	-

# **STAR Project**

**Municipality Himarë**  
**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"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Deputy Mayor	
<ul style="list-style-type: none"> <li>• In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Municipality Council	



Observations	Recommendations
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrator</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> <li>The ex-municipality is not considered an administrative unit and has not appointed an administrator.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> <li>Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> <li>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise.</li> <li>Public procurement should be centralized and be part of the main section of the structure.</li> <li>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.</li> <li>The finance service, budget and procurement should also be centralized and carried on center.</li> <li>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.</li> <li>The service of human resource management and revenue management should also be centralized and carried on the municipality.</li> </ul>
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> <li>There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>There is a lack of clear division within organizative administrations which perform multi functions, service provider and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> <li>Absence of a specialized designanted structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

Observations	Recommendations
Personnel matters – The transfer of the staff	
<ul style="list-style-type: none"> <li>• 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 Himarë. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> <li>• 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.</li> </ul>
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"> <li>• 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</li> </ul>

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"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> <li>• Despite that the administrative units have internet access, none of them has an</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>

<b>Observations</b>	<b>Recommendations</b>
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"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

# The structure and organization

## Organizational Model

Analysis of the organization and structure for the Municipality Himarë and two existing LGUs of Lukovë and Horë Vranisht 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.

**Table 1: Roles in the municipality/administrative units**

Roles	Municipality Himarë	Lukovë	Horë Vranisht
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.

- 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:

- **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 2 administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

Role		
<b>New Municipality</b>	<b>Himarë</b>	
Municipality Council	✓	
Mayor	✓	
Deputy Mayor	✓	
Secretary of Municipality Council	✓	
<b>Administrative Unit</b>	<b>Lukovë</b>	<b>Hore Vranisht</b>
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 98.

- 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 117.



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

Public Services	Himarë	Lukovë	Horë Vranisht	Merged
<b>Infrastructure and public services</b>				
Water Supply Company	Sh.a	8	0	32
Functioning of the sewerage system	Sh.a	1	Contracted	1
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	0	1	0	1
Construction of roads, pavements and public squares	Contracted	0	0	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	1	1	contracted	2
Public lighting	1	1	0	2
The operation of urban public transport	Private venture	0	0	0
Cemeteries administration and guarantee of funeral services	Private venture	1	0	1
Decorations Service in town / village	1	0	Contracted	1
Administration of parks, gardens and public spaces	Contracted	1	0	1
Collection, disposal and recovery of waste	Contracted	1	0	1
Urban planning	1	1	0	2
Land management	1	1	0	2
Shelter	0	0	1	1
<b>Social, cultural and sports Services</b>				
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	4	1	1	6
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Sh.a	0	1	1
Social services of kindergardens	1	0	1	2
Social services - orphanages, shelters	0	0	0	0
<b>Local economic development</b>				
Preparation of local economic development programs	2	0	1	3
Establishment and function of public markets and trade network	1	0	0	1
Small business development, and the development of promotional activities such as fairs and advertisements in public places	1	0	0	1
Organization of services within the local economic development support and information structures and infrastructure necessary	2	0	0	2

<b>Public Services</b>	<b>Himarë</b>	<b>Lukovë</b>	<b>Horë Vranisht</b>	<b>Merged</b>
Veterinary services	1	1	1	3
Conservation and development of forests and natural resources of local character	1	1	1	3
<b>The order and civil protection</b>				
Preservation of public order to prevent administrative violations	7	2	1	10
Civil protection	0	0	1	1
<b>Educational institutions</b>				
Maintenance of facilities in preliminary education	2	2	0	4
<b>Medicine</b>			0	
Health care system and the protection of public health	0	0	0	0
<b>Social care</b>				
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0	1	0	1
Social Care on domestic violence	1	1	1	3
Social care for the protection of children's Rights	0	1	1	2
<b>Environmental Protection</b>				
Environmental Protection	1	1	1	3
<b>Register Office</b>				
Register Office	2	1	1	4
<b>Business Registration</b>				
National Registration Center	0	0	0	0
<b>Total</b>	<b>31</b>	<b>29</b>	<b>12</b>	<b>98</b>

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

<b>Horizontal Functions</b>	<b>Himarë</b>	<b>Lukovë</b>	<b>Horë Vranisht</b>	<b>Merged</b>
Finance	4	3	2	9
Local taxes and Tariffs	4	2	1	7
Legal Issues	3	1	0	4
Procurement	1	1	0	2
Institutional Relations	1	0	0	1
Human Resources	1	1	1	3
Protocol	1	1	1	3
Archiving	1	1	1	3
Information Technology	1	1	0	2
Supporting services	20	39	24	83
Internal Audit	0	0	0	0
<b>Total</b>	<b>37</b>	<b>50</b>	<b>30</b>	<b>117</b>

### ***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:
  - Himarë  
No exceptions
  - Lukove  
No exceptions
  - Hore Vranisht  
No exceptions

### ***Service Providing***

- In the below tables 5 and 6 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:
  - Rehabilitation and maintenance of local roads, sidewalks and public squares
  - Collection, disposal and recovery of waste
  - Water Supply Company
  - Water Supply Company
  - Rehabilitation and maintenance of local roads, sidewalks and public squares
  - Collection, disposal and recovery of waste
  - Water Supply Company
  - 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?
<b>Infrastructure and public services</b>			
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
<b>Social, cultural and sports Services</b>			
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?
<b>Local economic development</b>			
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
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	Yes	No	No
<b>Medicine</b>			
Health care system and the protection of public health	Yes	No	No
<b>Social care</b>			
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
<b>Environmental Protection</b>			
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 2;

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;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:



## **Financial due diligence**

## Summary of observations and recommendations

Observations	Recommendations
<p><b>Property, Plant and Equipment</b></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>

<b>Investments</b>	
<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>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 54,150 thousand ALL. Overdue municipal obligations are reported at a value 129,858 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><b>Receivables</b></p>	
<p>During 2015, tax and non-tax revenues were 13% 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><b>Lack of unified accounting policies and practices</b></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 Himarë, 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 LGU Himare, LGU Lukove, LGU Hore Vranisht.

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

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

<b>Key performance indicators</b>	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	201,737
Tax and non-tax revenue	54,236
Total Expenses	364,356
Total Assets	1,917,588
Liabilities	54,150

**Table 1. Summary of consolidated statement of financial position.**

*Amounts in thousand ALL*

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	1,751,480	1,755,104
<b>I</b>	<b>Current Assets</b>	313,150	311,253
	1. Petty - Cash, Banks, and Funds	55,270	55,270
Class 5	Availability		
Class 4	2. Receivables	247,641	245,744
Class 3	3. Current Inventory accounts	10,240	10,240
<b>II</b>	<b>Non-current Assets</b>	1,438,330	1,443,851
23	1. Investments	343,528	343,528
25,26	2. Finance assets	38,047	38,047
21,24,28	3. Tangible assets	1,000,365	1,005,886
20	4. Intangible assets	56,390	56,390
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	262,952	262,952
<b>I</b>	<b>Current liabilities</b>	262,802	262,802
Class 4	1. Accounts payable	262,802	262,802
16	2. Non-current liabilities	-	-
<b>II</b>	<b>Non liquid liabilities</b>	-	-
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	151	151
	<b>Net assets (A - B)</b>	1,488,528	1,492,152
	<b>Presented: Consolidated budget</b>	1,448,569	1,454,199
	<b>Carried forward results</b>	39,959	38,087

## **Overview of the consolidated statement of the financial position**

- On July 31, 2015 total assets and liabilities of the new municipality were 1,751,480 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 6% compared to December 31, 2014.

### *Current assets*

- Current assets which have 18% of total assets are increased by 9% 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 13% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a decrease of 6%.

### *Accounts Receivable*

- Structure of total debtors of municipality Himarë consists of 91.18% of debtors of LGU Himarë, 6.94% of debtors of LGU Lukove, 1.87% of LGU Hore-Vranisht.
- *Non-current accounts*
- Non-current assets which occupy the largest share of assets of the municipality Himarë 83%, have increased by 6% 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%.

### *PPE*

- 67.75% of PPEs of Municipality Himarë are composed by the PPEs of LGU Himarë, 12.55 % PPEs by LGU Lukove, 18.7% by LGU Hore-Vranisht.

### *Accounts Payable*

Accounts payable have decreased by 13% during the period ended July 31, 2015 compared with the previous year 2014.



- 90.14% of the total accounts payable is composed of accounts payable of LGU Himarë, 6.8% by LGU Lukove, 3.06% by LGU Hore-Vranisht.

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
<b>A</b>	<b>I. REVENUES AND CONTRIBUTES</b>	404,314	402,442
		54,236	54,236
<b>70,750,71</b>	1. Tax revenues upon		
	2. Contributions and social and health insurance	38,769	38,769
70			
71	<b>II. GENERAL ACTUAL GRANTS</b>	15,468	15,468
72	<b>III. FINANCIAL REVENUES</b>	201,737	201,737
78	<b>V. OTHER REVENUES</b>	47,467	47,467
<b>77, 83</b>		100,873	99,002
<b>B</b>	<b>I. ACTUAL EXPENSES</b>	364,356	364,356
	1. Salaries and employees contribution	103,726	103,726
600 601	2. Goods and Services	36,211	36,211
602	3. Subsidies	37,817	37,817
603	4. Internal actual transfers	2,381	2,381
604	5. External actual transfers	6	6
606	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	27,312	27,312
<b>67</b>	<b>DETERMINED NET INCOME</b>	260,630	260,630
<b>C</b>	From this: Functioning results	39,958	38,086
	Functioning observed grants	39,959	36,176
		(1)	1,911

**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 404,314 thousand lek. 13% of the total municipality income is composed of tax and non-tax revenues, 50% of income are from grants.

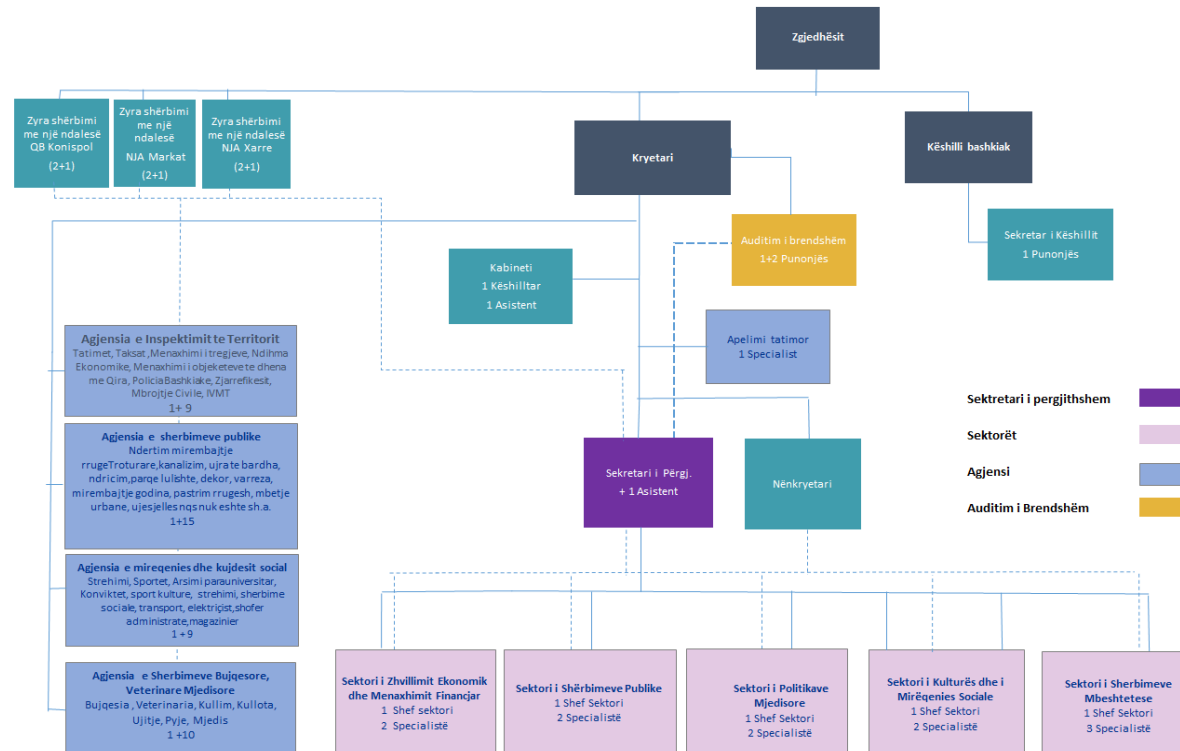
Structure of total revenues is comprised of 75.84% of the revenue generated from LGU Himarë, 12% PPE by LGU Lukove, 12.16% by LGU Hore-Vranisht.

*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 891.348 thousand Lek. 100% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 77.8% of the expenditures of LGU Himarë, 13.96% PPE by LGU Lukove, 8.23% by LGU Hore-vranisht.

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 1057 employees. More detailed: 105 persons working under employment contracts of one year, 849 persons working under labor contracts expired, (N/A) maternity leave. The latest under the Labour 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"> <li>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 Himarë. It is worth mentioning that the Municipality Himarë, before the amalgamation process, is considered as one of the merged units.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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 applicable provisions for the settlement of an employment contract with indefinite term.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>

Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> <li>The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.</li> </ul>	<ul style="list-style-type: none"> <li>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"> <li><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.</li> <li><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.</li> <li><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</li> </ul> </li> </ul>
Improvement of organizational structure	
<ul style="list-style-type: none"> <li>Organizational structures of local government units do not stipulate the position of General Secretary.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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

- In the Municipality of Himare related to software in use is ascertained that are older versions of unlicensed devices consist of hardware devices such as desktop PCs, printers and photocopiers.
- The Administrative Units and Hore Lukovë Vranisht, Regarding the software in use is ascertained that the old versions are not licensed, no hardware equipment consisting of equipment such as desktop PCs, printers and photocopiers
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

**Table 9: IT environment**

<b>Objective</b>	<b>LGU Himarë</b>	<b>Lukovë</b>	<b>Horë Vranisht</b>
Installed Software	Microsoft Office 2010/Windows Professional2007/ AutoCAD 2010/	Microsoft Office 2007/ Windows 2007/	Microsoft Office 2007/ Microsoft Windows 2007
Contracts of licenses	Jo	n/a	n/a
Hardware (in usage)	1	2	1
Computer (desktop)	19	12	4
Printers	3	12	4
Servers	n/a	n/a	n/a
IT staff in total	n/a	n/a	n/a
Hardware and Software maintenance	There is no	There is no	There is no



## Observations and Recommendations

### IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Information Technology</li> </ul>	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Data storage system</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Himarë municipality or Private / Public Cloud.</li> </ul>
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> <li>Hardware and software are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware and software and service provider of maintenance services is performed by private local service provider without contract.</li> </ul>	<ul style="list-style-type: none"> <li>New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.)</li> <li>New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system.</li> <li>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).</li> </ul>
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> <li>Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles.</li> </ul>	<ul style="list-style-type: none"> <li>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).</li> </ul>
<p>Lack of IT staff</p> <ul style="list-style-type: none"> <li>There is lack of IT staff for maintenance of Hardware and Software's.</li> </ul>	<ul style="list-style-type: none"> <li>LGU Himarë should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.</li> </ul>

## 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

- Communications service in Himare municipality consists in the use of internet and telephone. In the Municipality of Himare, fixed telephony service offered by a national service provider Albtelecom. Not all employees have access to this service. Internet service system is provided, via ADSL and internet line analog. Few employees have access. Ways of internal communications are electronic, verbal and written.
- Administrative Unit does not benefit Lukovë internet and telephone service.
- With regard to internal communication, verbal and communication tools used to write memos minute circulation, issued regulations, orders of the President of the Administrative Unit.
- The Administrative Unit Hore-Vranisht Internet service is not available and telephone service. Internal ways of communication are verbal and written.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Lack of electronic means of communication	
<ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Lack of telephone service <ul style="list-style-type: none"> <li>Local government units under survey does not receive the fixed telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Observations and recommendations

**Table 10: Communication System**

<b>Objectives</b>	<b>Himarë</b>	<b>Lukovë</b>	<b>Horë Vranisht</b>
Telephony service	Yes	n/a	n/a
Telephony/service providers	Yes	n/a	n/a
Internet service	Yes	n/a	n/a
Assess coverage of the telephony service	Yes	n/a	n/a
Internal communication lines	Electronic/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

- The function of the archive in LGU Himarë is performed archive specialist and Protocol. The process of archive, server and service of actual documents is performed in a private environment.
- From the information collected, concluded that the documents are partially processed in accordance with the requirements for archiving and transfer of documents to the State Archives Government is not conducted in accordance with the terms ligjore. Vihet new technical requirements for facilities that archives are partially filled .
- Description of Archive in LGU Lukovë held by specialist of the Cabinet of the Mayor. From the information collected, concluded that the documents are processed in accordance with the requirements for archiving and transfer of documents to the State Archives Government is not conducted in accordance with the terms ligjore. no new archive space for the technical requirements for the premises of archives not They are met.
- Description of the Administrative Archive in this unit is not held by any specialist Archive. The process of archiving, storage and service of documents are not currently carried out.
- 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 Himarë	Lukovë	Horë Vranisht
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	Yes	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	No	Yes, but there is no distance from the wall	Yes, but there is no distance from the wall
Presence of heaters or any other item that can cause fire present in the archive premise	No	Yes, with resistance heater	No
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No
Archive keys in two copies	Yes	No, 1 copy is available	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	No	No
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	No	No
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).			

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Himarë	Lukovë	Horë Vranisht
<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, branch, 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		
<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	
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> <li>- Full name of the state entity - no state</li> <li>- Department or branch that operates</li> <li>- The level of classification (if the document is of this type)</li> <li>- The file contains an identification number, year</li> <li>- Full title of the file</li> <li>- The period that the document should save (protect)</li> <li>- Date of completion of conservation</li> <li>- The amount of documents that are stored in files</li> <li>- Inventory identification number on file</li> <li>- The period of use</li> </ul>			

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Himarë</b>	<b>Lukovë</b>	<b>Horë Vranisht</b>
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		
The emblem of the Republic	Yes		
At the head of the document should be written "Republic of Albania"	Yes		
Title of the institution and structures belonging to the institution	Yes		
Number of documents attached	Yes		
The content of the document	Yes		
Name, surname and signature of the person who signed the document and stamp			
Signature of the director of the institution	Yes		
Date and number of protocol	Yes		
Mod 1 - Correspondence model	Yes		
Mod 3 - Serial Number of Correspondence			
Mod 4. -The Book Delivery			
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes		
Mode 5 - Table definitions of files for the year	Yes		



<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Himarë</b>	<b>Lukovë</b>	<b>Horë Vranisht</b>
Mod 6 - Elements of cover dossier	Yes		
Mod 7 - Register of files			
Mod 8 - Internal File register			
Mod 9 - Decision of the Commission of Experts			
Mod 10 - Compilation of the list of documents that set aside	Partly		
Mod 11 - The period laid down for storage (protection)			
Mod 12 - Destruction of documents containing any further value			

## Observations and Recommendations

### Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> <li>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..</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>

## 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

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the 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**

<b>ASSET MANAGEMENT</b>	<b>LGU Himarë</b>	<b>Lukovë</b>	<b>Horë Vranisht</b>
Adopted rules and procedures on asset management	No	No	No
Authorizing Officer	Yes (Mayor)	Yes (Mayor)	Simbol PAZAJ
Executing Officer	Yes( Head of finance )	Yes (Head of finance)	Asqerie HYSAJ
Adopted plan, objectives and control mechanisms related Risk	No	No	No
Asset Accounting Register	Yes	Yes	Yes
Leased Properties Register	Yes	No, there is the file of contract	Yes
Owned Companies Register	No	No	No
Annual Assets Inventory	No, there is no concessions and contracts	Enfitioze award concessions and no registry, only contract	No
Assets Inventory Committee	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes
Committee of disposal of assets	No	Yes	Yes

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"><li>• Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li></ul>	<ul style="list-style-type: none"><li>• 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.</li></ul>

## 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 Himarë	Water supply Dhërmi Municipality Himarë	Completed (it is delivered but for 1 year)	35,220,906	54,019,559
LGU Himarë	Internal construction, Dhermi ,burimi "Fresko", Municipality Himare, Qarku Vlore	Completed (it is delivered but for 1 year)	20,477,677	32,181,067
LGU Himarë	Project promenade beside the sea in the area called "Hoston" in village Qeparo	Completed (it is delivered but for 1 year)	77,599,999	79,877,469
LGU Himarë	Reconstruction of secondary inter-neighborhood in the village of Dhermi Gjilek	Completed but not delivered	46,732,770	50,212,134
LGU Himarë	Reconstruction of secondary village Dhermi (Additional Project)	Completed but not delivered	5,999,816	10,166,118
Lukovë	There are no Investment Project	n/a	n/a	n/a
Horë Vranisht	There are Investment Project	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
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-
<b>2</b>	<b>A</b>	<b>Non-Current Assets</b>		1,438,330	1,443,851	1,358,832
<b>3</b>		<b>I. Intangible Assets</b>		58,829	58,829	54,997
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	<b>F6, Sh1</b>	89,512	89,512	82,555
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	(33,123)	(33,123)	(29,997)
8	230	Expenses for increase of current intangible assets		2,440	2,440	2,440
<b>9</b>		<b>II. Tangible Assets</b>		1,341,453	1,346,974	1,265,787
10	210	Land		28,563	28,563	28,563
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	-	-	-
12	212	Building and Constructions	<b>F6, Sh1</b>	697,422	697,422	662,802
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	498,868	498,868	481,098
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	9,174	9,174	9,174
15	215	Transport vehicles	<b>F6, Sh1</b>	16,751	16,751	16,751
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	<b>F6, Sh1</b>	25,024	25,024	24,471
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(275,435)	(269,914)	(271,137)
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	341,088	341,088	314,065
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		38,047	38,047	38,047
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		38,047	38,047	38,047
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<u>313,150</u>	<u>311,253</u>	<u>287,419</u>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		10,240	10,240	10,265
29	31	Materials	<b>Sh2</b>	982	982	1,010
30	32	Inventory Objects	<b>Sh2</b>	9,257	9,257	9,328
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 (-)		-	-	(73)
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		247,641	245,744	218,418
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	<b>Sh3</b>	-	-	-
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)		132,897	131,000	101,017
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		38	38	38
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	<b>Sh4</b>	114,706	114,706	117,362
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		55,270	55,270	58,737
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		2,667	2,667	7,573
58	520	Treasury funds	Sh5	52,402	52,402	51,162
59	531	Petty-cash		201	201	2
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		1,751,480	1,755,104	1,646,251
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
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
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		1,448,569	1,454,199	1,377,006
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		1,439,230	1,444,859	1,363,557
3	101	Base funds	<b>F8</b>	1,105,042	1,110,671	1,052,593
4	105	Capital internal grants		331,749	331,749	308,525
5	106	Capital foreigner grants		2,440	2,440	2,440
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		9,340	9,340	13,448
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		9,340	9,340	13,448
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		262,802	262,802	232,143
<b>17</b>		<b>I. Long-term debts</b>		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		262,802	262,802	232,143
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	127,872	127,872	94,165
23	42	Employees and related accounts		2,273	2,273	4,977
24	431	Liabilities to government for taxes		79	79	231
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor balance)		114,706	114,706	117,362

In ALL '000						
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		658	658	1,422
29	436	Health Insurance		91	91	196
30	437	Other social organizations		-	-	-
31	44	Other public institutions		26	26	26
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	15,110	15,110	12,654
36	467	Other creditors		1,986	1,986	1,109
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		151	151	2
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		151	151	2
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		39,959	38,087	45,010
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		1,751,480	1,755,239	1,654,160
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
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)

				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
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		104,268	104,160	224,401
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		103,726	103,726	229,305
<b>3</b>	<b>600</b>	Salaries, bonuses		31,478	31,478	64,377
4	6001	Salaries		31,478	31,478	64,297
5	6002	Temporary salaries		-	-	-
6	6003	Bonuses		-	-	80
7	6009	Other personal expenses		-	-	-
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		4,733	4,733	10,963
9	6010	Insurance contributions		4,549	4,549	9,908
10	6011	Health insurance		184	184	1,054
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		37,817	37,817	69,359
12	6020	Stationary		2,857	2,857	3,686
13	6021	Special services		1,319	1,319	6,865
14	6022	Services from third party		17,455	17,455	32,416
15	6023	Transport expenses		4,066	4,066	12,109
16	6024	Travel expense		377	377	964
17	6025	Ordinary maintenance expenses		6,796	6,796	4,936
18	6026	Rent expenses		208	208	177
19	6027	Expenses for legal liability for compensation		-	-	189
20	6028	Borrowing costs related to loans		2,578	2,578	3,019
21	6029	Other operating expenses		2,162	2,162	4,998
<b>22</b>	<b>603</b>	<b>Subsidies</b>		2,381	2,381	2,025
23	6030	Subsidies for price differences		-	-	-

In ALL '000
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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		2,381	2,381	2,025
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		6	6	3,004
29	6040	Current transfers to other government levels		6	6	3,004
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		-	-	-
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	24,980
34	6051	Transfers for IOS		-	-	24,980
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		27,312	27,312	54,598
39	6060	Transfers paid from ISS and HII		18,026	18,026	54,433
40	6061	Transfers paid from other institutions and Local government		9,287	9,287	165
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	542	433	(4,904)
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
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		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
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		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-
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		-	-	-	
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		131,889	131,889	94,038	
58	677	Losses from allowed errors from previous years		126,982	126,982	94,038	
59	678	Other Extraordinary expenses		4,906	4,906	-	
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		236,157	236,048	318,439	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		128,199	128,308	146,017	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		10,817	10,817	24,257	
64	8420	Revenues deposited in the budget		7,499	7,499	15,576	
65	8421	Deposit in the budget of unused revenues		10,907	10,907	4,682	
66	8422	Transfers of revenues within the system		-	-	-	
67	8423	Transfers for changes in situation		150	258	163	
68	8424	Transfers for identified debtors and similar items		98,827	98,827	101,339	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		364,356	364,356	464,456	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		39,959	36,176	41,160	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		404,315	400,532	505,616	



### Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required from 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
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	303,440	303,440	404,699
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	38,769	38,769	82,284
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	1,985	1,985	5,676
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	1,985	1,985	5,676
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	4,889	4,889	9,546
9	7020	On immovable property	3,826	3,826	8,847
10	7021	Sales of immovable property	201	201	310
11	7029	Other on property	862	862	389
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	31,894	31,894	67,062
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	9,566	9,566	-
16	7033	Tax upon goods usage and activity permission	-	-	371
17	7035	Local tax on goods usage and activity permission	22,327	22,327	66,691
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	-	-	-
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	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	-	-	-
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	-	-	-
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	-	-	-
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	-	-	-

			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	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	15,468	15,468	21,572
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	4,884	4,884	6,986
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	4,884	4,884	6,986
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	10,565	10,565	14,586
40	7110	Administrative tariffs and regulations	1,032	1,032	12,444
41	7111	Secondary revenues and payments of services	7,856	7,856	1,053
42	7112	Tax for legal actions and notary	-	-	693
43	7113	From goods and services sales	80	80	10
44	7114	Revenues from tickets	-	-	91
45	7115	Fines and late-fees, sequestration and compensation	14	14	295
		Revenues from ownership transfer, legalization of buildings	1,584	1,584	-
46	7116	without permits	-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non-tax revenues</b>	19	19	-
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	201,737	201,737	271,548
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	201,737	201,737	261,535
50	7200	From same Government level	48,929	48,929	106,302
51	7201	From other Government levels	12,405	12,405	30,918
52	7202	From budget for special payments to Social Institute	9,646	9,646	22,938
		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	-	-	-

			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
56	7206	Expected financing from budget	129,955	129,955	99,158
57	7207	Third party sponsorship	801	801	2,219
58	7209	Other internal grants	-	-	-
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	10,012
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	10,012
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	47,467	47,467	29,296
64	781	Works, investments in economy	7,133	7,133	9,984
65	782	Forecasted retaking for liquid assets	-	-	4,639
66	783	Forecasted retaking for fixed assets	-	-	146
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	40,334	40,334	14,527
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	100,698	98,827	101,238
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	100,698	98,827	101,238
79	779	Other revenues	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	404,139	402,267	505,937
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	175	175	4,639
82	829	Canceled or under written expense order	175	175	-
83	841	Status change transfer	-	-	4,639
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	404,314	402,442	510,576
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	404,314	402,442	510,576

#### 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>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	316,504	59,898	86,922	343,528
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	308,525	47,976	71,199	331,749
3	1050	From the same government level	308,525	47,976	71,199	331,749
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	2,440	4,906	4,906	2,440
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	2,440	4,906	4,906	2,440
10	1069	Foreigner grants in nature	-	-	-	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
		Internal grants, participation capital in investments for third	-	-	-	-
12	145	parties				
		Foreigner grants, participation capital in investments for third	-	-	-	-
13	146	parties				
<b>14</b>	<b>11</b>	<b>Other own funds</b>	5,540	7,017	10,817	9,340
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	5,540	7,017	10,817	9,340
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (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>
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)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
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)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	316,504	86,922	59,898	343,528
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	2,440	6,957	6,957	2,440
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	314,065	79,965	52,941	341,088
36	2310	Land	3,390	-	-	3,390
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	3,101	33,624	33,624	3,101
39	2313	Roads, networks, water facilities	183,066	38,034	11,010	210,090
40	2314	Technical installment, machinery, equipment, working tools	124,507	7,755	7,755	124,507
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	552	552	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
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 lending principal transaction	-	-	-	-

In ALL '000
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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>
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-
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	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	633,008	146,820	146,820	687,056

**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>					
<b>1</b>	<b>I. OPENING BALANCE</b>	54,446	-	7,573	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	332,797	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	263,646	-	-	-
4	Actual budget funds (Budget with changes)	70,234	-	-	-
5	Capital budget funds (Budget with changes)	193,411	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	69,151	-	-	-
7	Tax revenues in "Cash"	50,314	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	4,779	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	-	-	-	-
12	Loans and different lending	10,298	-	-	-
13	Entry from storage "Cash"	3,760	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	190,009	-	4,906
15	1. Payment from the budget for actual expenses	-	43,015	-	-
16	2. Payments from the budget for capital expenses	-	76,236	-	-
17	3. Payments from revenues for actual expenses	-	53,817	-	-
18	4. Payments from revenues from capital expenses	-	15,636	-	-
19	5. Payments from storage	-	1,305	-	-
20	6. Other payments	-	-	-	4,906
<b>21</b>	<b>IV. TRANSFERS</b>	-	144,805	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	144,395	-	-
24	3. Internal movements and transfers	-	410	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	387,242	334,814	7,573	4,906

26 VI. CLOSING BALANCE

52,428

-

2,667

-

**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	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<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>
<b>1</b>	<b>I. INTAGIBLE</b>	82,555	6,957	-	-	-	6,957	-	-	-	-	89,512
	Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
2	201											
3	202	82,555	6,957	-	-	-	6,957	-	-	-	-	89,512
	Studies and research Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4	203											
	Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
4/1	230											
<b>5</b>	<b>II. TANGIBLE</b>	1,222,860	52,941	-	-	-	52,941	-	-	-	-	1,275,801
6	210	28,563	-	-	-	-	-	-	-	-	-	28,563
7	211	-	-	-	-	-	-	-	-	-	-	-
8	212	662,802	33,624	-	-	-	33,624	-	-	-	-	696,426
9	213	481,098	18,765	-	-	-	18,765	-	-	-	-	499,864
	Roads, networks, water facilities Technical installment, machinery, equipment, working tools	9,174	-	-	-	-	-	-	-	-	-	9,174
10	214											
11	215	16,751	-	-	-	-	-	-	-	-	-	16,751
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	24,471	552	-	-	-	552	-	-	-	-	25,024
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>TOTAL (I + II)</b>	1,305,414	59,898	-	-	-	59,898	-	-	-	-	1,365,313



**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>1</i>	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	<i>9</i>
<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	29,996	3,126	-	3,126	-	-	-	-	33,122
2	219	II. TANGIBLE	265,616	4,299	-	4,299	-	-	-	-	269,914
		<b>TOTAL (I + II)</b>	295,612	7,424	-	7,424	-	-	-	-	303,036

## 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	Debit	Credit	Credit	Credit	Debit	Credit	Credit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	1,052,592.64	7,708	62,028	1,106,913	1,052,593	7,599	81,256	1,126,249
2	1010	Status of base fund	1,052,593	-	1,871	1,054,464	1,052,593	-	-	1,052,593
3	1011	Additions base fund	-	-	60,157	60,157	-	-	81,256	81,256
4	1012	Decrease base fund	-	284	-	(284)	-	1,165	-	(1,165)
5	1013	Decrease from tangible assets consume	-	7,424	-	(7,424)	-	6,434	-	(6,434)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	-	-	-	-	-	-	-
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	-	-	-	-	-	-	-	-
	<b>105,107,11,12,</b>		366,983	116,468	128,660	379,176	359,074	108,559	136,763	387,278
<b>10</b>	<b>13,145,15,85</b>	<b>INTERNAL FUND</b>								
11	105	Capital internal grants	308,525	17,626	40,849	331,749	308,525	17,626	40,849	331,749
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	13,448	14,925	10,817	9,340	5,540	7,017	10,817	9,340
14	12	Carried result	-	38,907	38,907	-	-	38,907	38,907	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
		Participation of the institution in investing for	-	-	-	-	-	-	-	-
16	145	third parties								
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-

			Restated									
No.	Acc. No.	Description	Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015				31 July 2015	1 Jan. 2015				31 July 2015
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit	Credit	
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
18	85	Result	45,010	45,010	38,087	38,087	45,010	45,010	46,190	46,190		
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	2,440	4,906	4,906	2,440	2,440	4,906	4,906	2,440		
20	106	Capital foreigner grants	2,440	4,906	4,906	2,440	2,440	4,906	4,906	2,440		
		Capital foreigner grants	-	-	-	-	-	-	-	-		
21	146	investing for third parties										
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	1,422,015	129,082	195,594	1,488,528	1,414,107	121,064	222,925	1,515,967		

**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>	<b>Total number of employees (1+2+3+4+5+6)</b>	86	-	-	86	16,665	-	-	4,708	-	480
<i>1</i>	<b>Directors</b>	14	-	-	14	4,324	-	-	1,322	-	161
	<b>High level education</b>	19	-	-	19	4,010	-	-	1,058	-	144
<i>2</i>	<b>specialist</b>										
<i>3</i>	<b>Technical</b>	8	-	-	8	1,198	-	-	303	-	35
<i>4</i>	<b>Ordinary officers</b>	29	-	-	29	5,282	-	-	1,607	-	140
<i>5</i>	<b>Employees</b>	16	-	-	16	1,851	-	-	417	-	-
	<b>Temporary</b>	-	-	-	-	-	-	-	-	-	-
<i>6</i>	<b>employees</b>										

**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
<b>1</b>	<b>A</b>	<b>Assets</b>	1,751,480	1,755,104	1,646,251
<b>2</b>	<b>I</b>	<b>Current Assets</b>	313,150	311,253	287,419
		1. Petty- Cash, Banks, and Funds	55,270	55,270	58,737
3	Class 5	Availability			
13	Class 4	2. Receivables	247,641	245,744	218,418
29	Class 3	3. Current Inventory accounts	10,240	10,240	10,265
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	1,438,330	1,443,851	1,358,832
40	23	1. Investments	343,528	343,528	316,504
44	25,26	2. Finance assets	38,047	38,047	38,047
47	21,24,28	3. Tangible assets	1,000,365	1,005,886	951,723
60	20	4. Intangible assets	56,390	56,390	52,558
<b>65</b>	<b>III</b>	<b>Other assets</b>	-	-	-
<b>69</b>	<b>B</b>	<b>Liabilities</b>	262,952	262,952	232,145
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	262,802	262,802	232,143
71	Class	1. Accounts payable	262,802	262,802	232,143
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	151	151	2
90	17	1. Foreign loans	1,488,528	1,492,152	1,414,107
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	1,448,569	1,454,199	1,377,006
<b>96</b>		<b>Net assets (A - B)</b>	39,959	38,087	45,010
97		<b>Presented: Consolidated budget</b>	1,751,480	1,755,104	1,646,251
98		<b>Carried forward results</b>	313,150	311,253	287,419

**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>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	404,314	402,442	<b>510,576</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	54,236	54,236	<b>103,856</b>
3	70	1. Tax revenues upon	38,769	38,769	82,284
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	15,468	15,468	21,572
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	201,737	201,737	<b>271,548</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	-	-	-
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	47,467	47,467	29,296
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	100,873	99,002	105,877
			364,356	364,356	464,456
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	103,726	103,726	229,305
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	36,211	36,211	75,340
35	600 601	1. Salaries and employees contribution	37,817	37,817	69,359
38	602	2. Goods and Services	2,381	2,381	2,025
49	603	3. Subsidies	6	6	54,598
50	604	4. Internal actual transfers	-	-	-
51	605	5. External actual transfers	27,312	27,312	46,120
52	606	6. Budget transfers for families and individuals	-	-	-
		<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-	-
<b>53</b>	<b>68</b>	<b>III. FINANCIAL EXPENSES</b>	260,630	260,630	3,004
<b>54</b>	<b>66</b>	<b>IV. OTHER EXPENSES</b>	39,958	38,086	54,598
<b>57</b>	<b>67</b>	<b>DETERMINED NET INCOME</b>	39,959	36,176	41,160
58	<b>C</b>				
59		From this: Functioning results	(1)	1,911	4,960
60		Functioning observed grants			

# **STAR Project**

**Municipality Konispol**  
**Consolidated Due Diligence report**

## Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Itocktaking 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 their merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Deputy Mayor	
<ul style="list-style-type: none"> <li>• In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an honorific position.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrator</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> <li>The ex-municipality is not considered an administrative unit and has not appointed an administrator.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and</li> </ul>	<ul style="list-style-type: none"> <li>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 standards</li> </ul>

Observations	Recommendations
horizontal functions.	for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> <li>Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> <li>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise.</li> <li>Public procurement should be centralized and be part of the main section of the structure.</li> <li>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.</li> <li>The finance service, budget and procurement should also be centralized and carried on center.</li> <li>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.</li> <li>The service of human resource management and revenue management should also be centralized and carried on the municipality.</li> </ul>
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> <li>• There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>• There is a lack of clear division within organizative administrations which perform multi functions, service provider and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> <li>• Absence of a specialized designanted structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Observations	Recommendations
Personnel matters – The transfer of the staff	
<ul style="list-style-type: none"> <li>• 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 Gjirokaštër. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> <li>• 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.</li> </ul>
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"> <li>• 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</li> </ul>

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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>



<b>Observations</b>	<b>Recommendations</b>
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"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

# The structure and organization

## Organizational Model

Analysis of the organization and structure for the Municipality Konispol and 2 existing LGUs of Xarre, Markat 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**

Role	LGU Konispol	LGU Xarrë	LGU Markat
Council	✓	✓	✓
Mayor	✓	✓	✓
Deputy Mayor	n/a	n/a	n/a
Council Secretary	✓	✓	✓

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, ex-municipality and 2 LGUs are transformed in 1 Municipality with 2 administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

<b>Roles</b>		
<b>New Municipality</b>	<b>Konispol</b>	
Municipality Council	✓	
Mayor	✓	
Deputy Mayor	✓	
Secretary of Municipality Council	✓	
<b>Administrative Unit</b>	<b>Xarrë</b>	<b>Markat</b>
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 51.

- 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 47.

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

<b>Public Services</b>	<b>Konispol</b>	<b>Xarrë</b>	<b>Markat</b>	<b>Merged</b>
<b>Infrastructure and public services</b>				
Water Supply Company	6	4	0	10
Functioning of the sewerage system	0	0	0	0
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	0	0	0	0
Construction of roads, pavements and public squares	Contracted	Contracted	Contracted	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	Contracted	Contracted	Contracted	0
Public lighting	0	Contracted	0	0
The operation of urban public transport	Private	0	0	0
Cemeteries administration and guarantee of funeral services	1	1	0	2
Decorations Service in town / village	0	0	0	0

<b>Public Services</b>	<b>Konispol</b>	<b>Xarrë</b>	<b>Markat</b>	<b>Merged</b>
Administration of parks, gardens and public spaces	4	3	0	7
Collection, disposal and recovery of waste	6	7	0	13
Urban planning	0	0	0	0
Land management	1	1	0	2
Shelter	0	0	0	0
<b>Social,cultural and sports Services</b>				
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	0	0	0	0
Organization of sporting, recreational and entertainment activities and management of relevant institutions	0	0	0	0
Social services of kindergardens	0	0	0	0
Social services - orphanages, shelters	0	1	0	1

<b>Public Services</b>	<b>Konispol</b>	<b>Xarrë</b>	<b>Markat</b>	<b>Merged</b>
<b>Local economic development</b>				
Preparation of local economic development programs	0	0	0	0
Establishment and function of public markets and trade network	0	0	0	0
Small business development, and the development of promotional activities such as fairs and advertisements in public places	0	0	0	0
Organization of services within the local economic development support and information structures and infrastructure necessary	0	0	0	0
Veterinary services	1	1	1	3
Conservation and development of forests and natural resources of local character	1	0	1	2
<b>The order and civil protection</b>				
Preservation of public order to prevent administrative violations	1	1	0	2
Civil protection	0	0	0	0

<b>Public Services</b>	<b>Konispol</b>	<b>Xarrë</b>	<b>Markat</b>	<b>Merged</b>
<b>Educational institutions</b>				
Maintenance of facilities in preliminary education	0	3	0	3
<b>Medicine</b>				
Health care system and the protection of public health	0	0	0	0
<b>Social care</b>				
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	0	0	0	0
Social Care on domestic violence	1	0	0	1
Social care for the protection of children's Rights	0	0	0	0
<b>Environmental Protection</b>				
Environmental Protection	0	1	0	1
<b>Register Office</b>				



<b>Public Services</b>	<b>Konispol</b>	<b>Xarrë</b>	<b>Markat</b>	<b>Merged</b>
Register Office	1	1	1	3
<b>Business Registration</b>				
National Registration Center	0	1	0	1
<b>Total</b>	<b>23</b>	<b>25</b>	<b>3</b>	<b>51</b>

<b>Horizontal Functions</b>	<b>Konispol</b>	<b>Xarrë</b>	<b>Markat</b>	<b>Merged</b>
Finance	2	2	2	6
Local taxes and Tariffs	1	1	3	5
Legal Issues	1	0	0	1
Procurement	0	0	0	0
Institutional Relations	0	0	0	0
Human Resources	0	0	0	0
Protocol	1	0	0	1
Archiving	1	0	1	2
Information Technology	0	0	0	0
Supporting services	17	14	1	32
Internal Audit	0	0	0	0
<b>Total</b>	<b>23</b>	<b>17</b>	<b>7</b>	<b>47</b>

### ***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 no exceptions
- The process of unification brings a new dimension organizational model that is a breakdown by geography. Consequently, the need to develop a matrix organizational structure emerges.
- The Matrix organizational structure will require the construction of multiple reporting lines, unification of objectives between sectoral divisions and functions, planning and use of combined resources, 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:
  - Construction of roads , pavements and public squares
  - Rehabilitation and maintenance of local roads , sidewalks and public squares
- 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?
<b>Infrastructure and public services</b>			
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 transyesrt	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, disyessal and recovery of waste	Yes	No	No
Urban planning	No	No	Yes
Land management	Yes	No	No
Shelter	No	No	Yes
<b>Social, cultural and syesrts Services</b>			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	Yes	No	No
Organization of syesrtng, 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?
<b>Local economic development</b>			
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 supesrt 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
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	Yes	No	No
<b>Medicine</b>			
Health care system and the protection of public health	Yes	No	No
<b>Social care</b>			
Social care and the alleviation of yesity 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
<b>Environmental Protection</b>			
Environmental Protection	Yes	No	No

**Table 6: Horizontal Functions – Application of development principles**

<b>Function</b>	<b>Does the fulfillment of work require physical presence?</b>	<b>Is there any reason (legal, strategic) to centralize the execution of function?</b>	<b>Is the work scalable by performing it in distance/ centralized processing?</b>
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 (form 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 the Mayor, the Cabinet of the Mayor, Deputy Mayors 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-General, the new role is added to the proposed organizational structure.
  - The third block consists of 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 .
  - The fourth block consists of the office of one-stop service at LGUs level . 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, these offices can be raised even at the neighborhood level , which occur when the population is more than 20,000 residents . While in LGUs One Stop Shop offices will be represented by the Administrator, and will be organized and will play the same role as in LGU and its agencies , if applicable .

## **Financial due diligence**



## Summary of observations and recommendations

Observations	Recommendations
<p><b>Property, Plant and Equipment</b></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 stoctaking 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 Immovable Estate Registration 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 recorderd in the assets register.</p>

<b>Investments</b>	
<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>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 75,516 thousand ALL. Overdue municipal obligations are reported at a value 40,862 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><b>Receivables</b></p>	
<p>During 2015, tax and non-tax revenues were 16% 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><b>Lack of unified accounting policies and practices</b></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 Konispol, 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 Konispol, LGU Xarre and LGU Markat.

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

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

<b>Key performance indicators</b>	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	56,780
Tax and non-tax revenue	9,256
Total Expenses	65,310
Total Assets	1,021,116
Liabilities	75,516

**Table 1. Summary of consolidated statement of financial position.**



Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	1,021,116	1,027,329
<b>I</b>	<b>Current Assets</b>	85,100	84,773
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	13,655	13,215
Class 4	2. Receivables	66,644	66,947
Class 3	3. Current Inventory accounts	4,802	4,611
<b>II</b>	<b>Non-current Assets</b>	936,016	942,555
23	1. Investments	-	-
25,26	2. Finance assets	-	-
21,24,28	3. Tangible assets	935,225	941,765
20	4. Intangible assets	790	790
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	75,516	75,864
<b>I</b>	<b>Current liabilities</b>	58,494	58,842
Class 4	1. Accounts payable	58,494	58,842
16	2. Non-current liabilities	-	-
<b>II</b>	<b>Non liquid liabilities</b>	-	-
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	17,022	17,022
	<b>Net assets (A - B)</b>	945,601	951,465
	<b>Presented: Consolidated budget</b>	940,818	947,167

Carried forward results

4,783

4,299

### Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 1,021,116 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 1% compared to December 31, 2014.

#### Current assets

- Current assets which have 8% of total assets are increased by 16% 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 a decrease of 1% of cash, meanwhile the receivable's accounts and the account of the state of inventories have increased by 21 % and 7%.

#### Accounts Receivable

- Structure of total debtors of municipality Konispol consists of 61.63% of debtors of LGU Konispol, 7.22 % of debtors of LGU Markat and 31.16% of LGU Xarre.

#### Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Konispol (92%), have slightly decreased by 1 % in total.

PPE

- 40.27% of PPEs of Municipality Konispol is made of PPEs of Ex-municipality Konispol, 44.85% of PPEs of LGU Markat and 14.88% of LGU Xarrë.

*Accounts Payable*

Accounts payable have increased by 4% during the period ended July 31, 2015 compared with the previous year 2014.

- 74.58% of total of payables is made of payables of ex-municipality Konispol, 17.66% of LGU Markat and 7.76% of LGU Xarrë.
- Further details on the assets and liabilities are presented in formats 1 and 2 in the appendices of this report.

**Tabela 2: Summary of Consolidated Statement of Financial Performance**

*Amounts in thousand ALL*

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
<b>2</b>	<b>TOTAL REVENUES</b>	<b>223,841</b>	<b>212,545</b>
	<b>I. REVENUES AND CONTRIBUTES</b>		
<b>A</b>	<b>CONTRIBUTES</b>	<b>18,337</b>	<b>18,337</b>
<b>70,750,71</b>	1. Tax revenues upon	5,435	5,435
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	12,903	12,903
71	<b>II. GENERAL ACTUAL GRANTS</b>	<b>205,504</b>	<b>194,208</b>
72	<b>III. FINANCIAL REVENUES</b>	-	-
	<b>IV. WORKS FOR INVESTMENTS</b>	-	-
78	<b>V. OTHER REVENUES</b>	-	-
<b>77, 83</b>	<b>TOTAL EXPENSES</b>	<b>137,772</b>	<b>126,476</b>
	<b>I. ACTUAL EXPENSES</b>	<b>122,314</b>	<b>111,018</b>
	1. Salaries and employees contribution	31,731	28,473
600 601	2. Goods and Services	27,037	26,721
602	3. Subsidies	-	-
603	4. Internal actual transfers	1,312	1,312
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	62,234	54,512
	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-
606		-	-
<b>68</b>	<b>III. FINANCIAL EXPENSES</b>	-	-
<b>66</b>	<b>IV. OTHER EXPENSES</b>	<b>15,457</b>	<b>15,457</b>
<b>67</b>	<b>DETERMINED NET INCOME</b>	<b>86,069</b>	<b>86,069</b>
<b>C</b>	From this: Functioning results	86,069	86,069
	Functioning observed grants	0	0

## Overview of consolidated statement of financial performance

### *Sources of funds (revenues)*

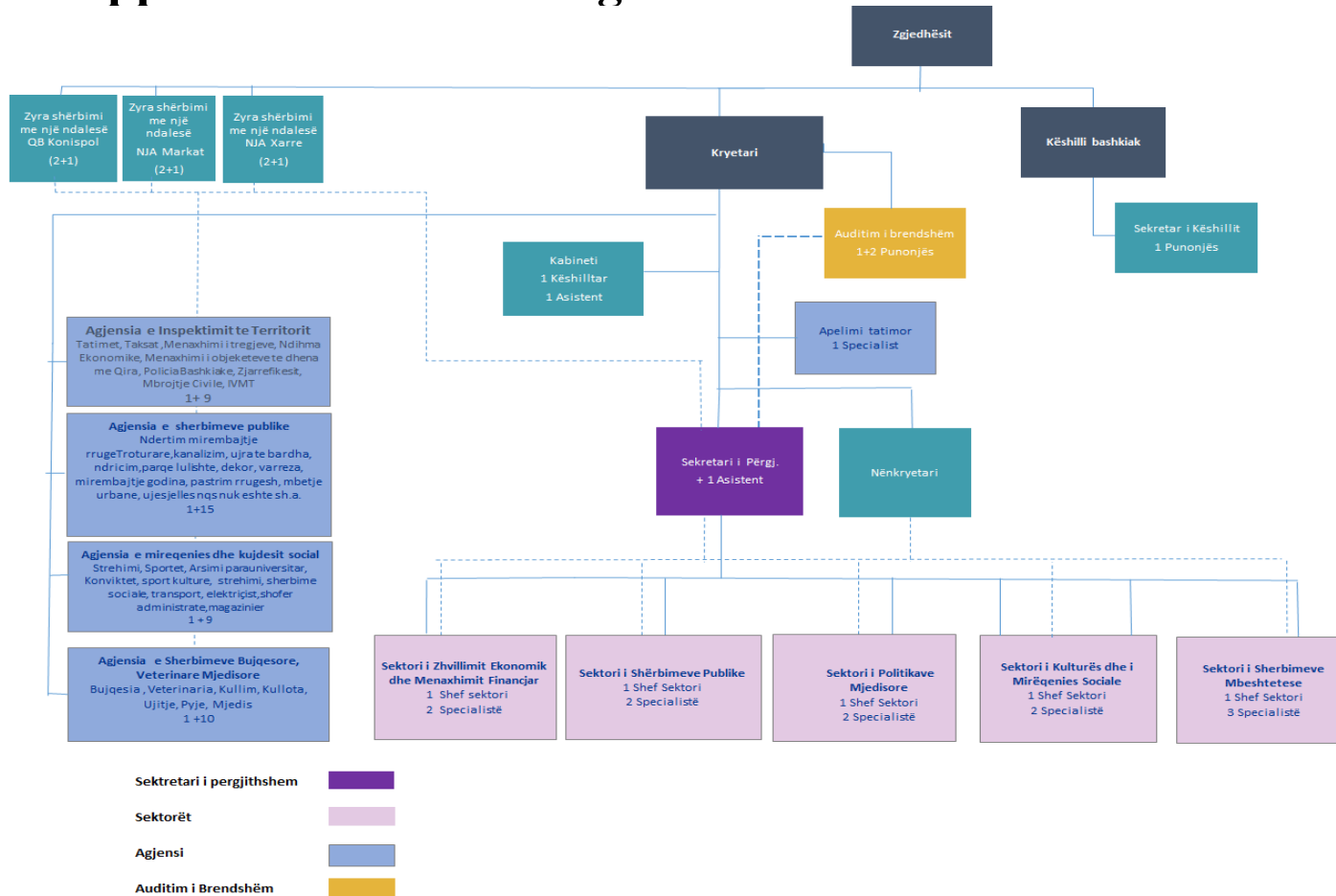
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 71,035 thousand lek. 13% of the total municipality income are composed of tax and non-tax revenues and 80% of income is from grants.

Structure of total revenues is comprised of 33.70% of revenues generated from LGU Konispol, 29.59% from LGU Markat, 10.02% and 36.71% from LGU Xarre.

### *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 66,252 thousand Lek. 77% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 28.87% of expenses of LGU Konispol, 31.91% of LGU Markat and 39.23% of LGU Xarre.
- Details for expenses and revenues are presented at Forms 3/1 and 3/2 in the appendix 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 60 employees. More detailed: 55 persons working under employment contracts of one year; 5 persons working under indefinite employment contracts.
- 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"> <li>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 Konispol. It is worth mentioning that the Municipality Konispol, before the amalgamation process, is considered as one of the merged units.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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 applicable provisions for the settlement of an employment contract with indefinite term.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>

Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> <li>The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.</li> </ul>	<ul style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li><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.</li> <li><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.</li> <li><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</li> </ul> </li> </ul>
Improvement of organizational structure	
<ul style="list-style-type: none"> <li>Organizational structures of local government units do not stipulate the position of General Secretary.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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

- In ex-municipality Konispol and LGU Markat and Xarre, softwares are old and unlicensed.
- Hardware consists of desktop computers, printers and photocopy machines.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below



<b>Objective</b>	<b>LGU Konispol</b>	<b>LGU Xarrë</b>	<b>LGU Markat</b>
Installed Software	Microsoft Office 2007/Windows Professional 2007/ Autocad 2008/ 360 Total security/ Teamviwer Ver 10	Microsoft Office /Windows Professional	Microsoft Office 2007
Contracts of licences	n/a	n/a	n/a
Hardware (in useage)	4	1	1
Computer (desktop)	6	n/a	n/a
Printers	n/a	n/a	n/a
Servers	n/a	n/a	n/a
IT staff in total	n/a	n/a	n/a
Hardware and Software maintenance	Microsoft Office 2007/Windows Professional 2007/ Autocad 2008/ 360 Total security/ Teamviwer Ver 10	Microsoft Office /Windows Professional	Microsoft Office 2007

## Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Information Technology               <ul style="list-style-type: none"> <li>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.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Data storage system</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Data may be stored in platforms (DMS, ERMS) that can be stored and implemented in data center s of the LGUs.</li> </ul>
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> <li>Hardwares and softwares are old. There is lack of licence for software and software protection.</li> <li>Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract.</li> </ul>	<ul style="list-style-type: none"> <li>New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.)</li> <li>New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system.</li> </ul>

## 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 departamenteve and communication between different sectors;

### Summarized description of the information received

- Internet service in the municipality Konispol is offered by Albtelekom through ADSL technology and it's accessible by 9 employees. Fixed line telephones are accessible by only 2 employees. Internal communication is electronic,verbal and written.
- LGU Xarrë and LGU Markat do not have internet and telephone service. Internal communication is electronic,verbal and written.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Lack of electronic means of communication	
<ul style="list-style-type: none"> <li>Internet service is present but no internal communication system is available.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Lack of telephone lines	
<ul style="list-style-type: none"> <li>There is no fixed telephone lines in the LGUs</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider contracting local operators for telephone services. An investment to set a fixed internal telehopne line will improve internal communication and lower costs of communication.</li> </ul>

## Observations and recommendations

Objectives	LGU Konispol	LGU Xarrë	LGU Markat
Telephony service	Yes	n/a	n/a
Telephony/service providers	Yes	n/a	n/a
Internet service	Yes	n/a	n/a
Assess coverage of the telephony service	Yes	n/a	n/a
Internal communication lines	Electronic/Verbal or written	Verbal or written	Verbal or 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 2015.

## Summarized description of the information received

- Description of Archive in LGU is held by the Protocol and Archiving Specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- From the information collected, it concluded that the documents are processed in accordance with the requirements for archiving and transfer of documents to the State Archives Vendor is performed in accordance with the terms ligjore.It is noticed that most of the technical requirements for archive environments are not met.

LGU Xarre does not have an archive. Documentation is not stored or processed.
- Description of the LGU Archive Brands is held by the Archive Specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives.
- From the information collected, it concluded that the documents are processed in accordance with the requirements for archiving and transfer of documents to the State Archives Vendor is performed in accordance with the terms ligjore.It is noticed that most of the technical requirements for archive environments are not met.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Konisyesl</b>	<b>LGU Xarrë</b>	<b>LGU Markat</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes but no distance from the wall	No	No
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 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
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Konisyesl	LGU Xarrë	LGU Markat
Documents structured as per organizational structure of the public institution (e.g when the public institution has a hierarchy of organizational structure).	Yes	No	No
<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	no	no
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	No	No



Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Konisyesl	LGU Xarrë	LGU Markat
Cover file (Module 6), clearly marked and grammar: <ul style="list-style-type: none"> <li>- Full name of the state entity - no state</li> <li>- Department or branch that operates</li> <li>- The level of classification (if the document is of this type)</li> <li>- The file contains an identification number, year</li> <li>- Full title of the file</li> <li>- The peREod that the document should save (protect)</li> <li>- Date of completion of conservation</li> <li>- The amount of documents that are stored in files</li> <li>- Inventory identification number on file</li> <li>- The period of use</li> </ul>	Yes	No	No
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal imyesrtance, 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 histoREcal imyesrtance, national and documentation retention peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).	Yes	No	
The emblem of the Republic	Yes	No	Yes
At the head of the document should be written "Republic of Albania"	Yes	No	Yes

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

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Konisyesl	LGU Xarrë	LGU Markat
Mod 9 - Decision of the Commission of Experts	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No

## Observations and Recommendations

Archive

Observations	Recommendations
Archives centralisation	
<ul style="list-style-type: none"> <li>Archive volume is expected to increase from the documents received by the Administrative Units. Consequently reorganization of the archives in the new municipality could prove difficult.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider to take new measures to ensure new facilities or expand existing ones</li> </ul>
Lack of technical requirements and management of archives	
<ul style="list-style-type: none"> <li>In all three former units of local government technical deficiencies in the storage of archived documents is found, missing doors and windows security , duplicates of keys missing and the doors of safes or archive itself is not provided and sealed after the end of working hours</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive of his possible injuries .The new municipality may consider taking measures to ensure new facilities or expand the existing one in order to achieve the listing of all documents in the archives</li> </ul>

## Appendix 6 – Assets Management System

### Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing 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

- Head of the LGU is an Authorizing Officer, while the role of enforcer officers held by the Head of Finance. Also, the provisions of Instruction No. 30, dated 27.12.2011 "On the management of assets in the public sector " as amended, implemented since 2014 , as the rules and procedures are not approved by the respective Presidents . However, certain requirements of Directive cited above in connection with risk management assets, specific assets and records evaluation assets partially fulfilled.
- In the ex-municipality and existing LGUs , the Mayor approves the end of each year for special orders inventory of assets which is followed by the performance of inventory of assets at the beginning of next year . Special committees have been created for the inventory of 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**

<b>ASSET MANAGEMENT</b>	<b>LGU Konispol</b>	<b>LGU Xarrë</b>	<b>LGU Markat</b>
Adopted rules and procedures on asset management	No	No	No
Authorizing Officer	Mayor Mimoza Arapi	Mayor Dhimiter Kote	Mayor Ismail Murtaj
Executing Officer	Head of Finance Selim Beqiri	Head of Finance Hanushe Sulo	Head of Finance Ibrahim Bastri
Adopted plan, objectives and control mechanisms related Risk	No	No	No
Asset Accounting Register	Yes	Yes	No
Leased Properties Register	No	No	No
Owned Companies Register	No	No	No
Annual Assets Inventory	No	No	No
Assets Inventory Committee	Yes	Yes	No
Assets Evaluation Committee	Yes	Yes	No
Committee of disposal of assets	Yes	Yes	No

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – Lack of registers	
<ul style="list-style-type: none"><li>• Not all former local government units have kept registers of leased properties, companies owned or concessions contracts with third parties.</li></ul>	<ul style="list-style-type: none"><li>• Such registers should be kept in accordance with the requirements of Instruction Nr. 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 , the assets of the existing LGUs , and to enable proper management of assets and in accordance with the legal framework in force</li></ul>

## 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

	<b>Project Title</b>	<b>Current status of project implementation</b>	<b>Actual cost in ALL</b>	<b>Approved total estimated funding required for the investment in ALL</b>
Konispol	There are no investment projects			
Xarrë	There are no investment projects			
Markat	There are no investment projects			





## **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	
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-	
<b>2</b>	<b>A</b>	<b>Non Current Assets</b>		<b>936,016</b>	<b>942,555</b>	<b>937,184</b>	
<b>3</b>		<b>I. Intangible Assets</b>		<b>790</b>	<b>790</b>	<b>943</b>	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research		4,436	4,436	4,436	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)		(3,645)	(3,645)	(3,493)	
8	230	Expenses for increase of current intangible assets		-	-	-	
<b>9</b>		<b>II. Tangible Assets</b>		<b>935,225</b>	<b>941,765</b>	<b>936,241</b>	
10	210	Land		24,011	24,011	24,011	
11	211	Forests, Pasture, Plantation		-	-	-	
12	212	Building and Constructions		271,140	271,140	270,204	
13	213	Roads, networks, water facilities		662,837	669,376	662,044	
14	214	Technical installment, machinery, equipment, working tools		11,742	11,742	11,742	
15	215	Transport vehicles		3,266	3,266	3,266	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory		16,765	16,765	17,076	
19	219	Depreciation of tangible assets		(54,536)	(54,536)	(52,103)	
20	231	Expenses in process for increase of current tangible assets		-	-	-	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		-	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		-	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>85,100</b>	<b>84,773</b>	<b>73,470</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>4,802</b>	<b>4,611</b>	<b>4,623</b>
29	31	Materials		190	190	185
30	32	Inventory Objects		4,612	4,421	4,438
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 (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>66,644</b>	<b>66,947</b>	<b>55,084</b>
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties		-	-	-
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)		42,219	42,523	39,774
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		24,424	24,424	15,310
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>13,655</b>	<b>13,215</b>	<b>13,763</b>

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds		13,655	13,215	13,763
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 (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>1,021,116</b>	<b>1,027,329</b>	<b>1,010,654</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
71	80,81	Active evidence		-	-	-

## 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
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>940,818</b>	<b>947,167</b>	<b>941,807</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>940,818</b>	<b>947,167</b>	<b>941,807</b>
3	101	Base funds		940,818	947,167	941,807
4	105	Capital internal grants		-	-	-
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>58,494</b>	<b>58,842</b>	<b>56,513</b>
<b>17</b>		<b>I. Long-term debts</b>		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>58,494</b>	<b>58,842</b>	<b>56,513</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts		40,702	41,050	36,570
23	42	Employees and related accounts		915	915	2,458
24	431	Liabilities to government for taxes		40	40	83
25	432	Taxes collected from government for the local government		-	-	-

In ALL '000
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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)		7,402	7,402	7,402
28	435	Social Insurance		354	354	599
29	436	Health Insurance		49	49	64
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		8,872	8,872	9,202
36	467	Other creditors		160	160	135
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>17,022</b>	<b>17,022</b>	<b>7,908</b>
38	475	Incomes to register in the coming years		17,022	17,022	7,908
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exyessure		-	-	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>4,783</b>	<b>4,299</b>	<b>4,426</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>1,021,116</b>	<b>1,027,329</b>	<b>1,010,654</b>
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		7,402	7,402	7,402
45	80,81	Passive evidences		354	354	599

### 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)

					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	
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>65,310</b>	<b>65,310</b>	<b>146,879</b>	
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>65,299</b>	<b>65,299</b>	<b>146,703</b>	
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>15,474</b>	15,474	<b>31,409</b>	
4	6001	Salaries		13,073	13,073	26,869	
5	6002	Temporary salaries		2,401	2,401	4,540	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>2,248</b>	<b>2,248</b>	<b>4,560</b>	
9	6010	Insurance contributions		1,992	1,992	4,079	
10	6011	Health insurance		256	256	481	
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>18,261</b>	<b>18,261</b>	<b>41,917</b>	
12	6020	Stationary		826	826	1,793	
13	6021	Special services		105	105	300	
14	6022	Services from third party		6,910	6,910	22,097	
15	6023	Transesyrt expenses		2,246	2,246	7,722	
16	6024	Travel expense		519	519	1,019	
17	6025	Ordinary maintenance expenses		3,857	3,857	4,195	
18	6026	Rent expenses		96	96	96	
19	6027	Expenses for legal liability for compensation		434	434	250	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		3,268	3,268	4,445	
<b>22</b>	<b>603</b>	<b>Subsidies</b>		<b>-</b>	<b>-</b>	<b>-</b>	



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
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>1,809</b>	<b>1,809</b>	<b>3,588</b>
29	6040	Current transfers to other government levels		1,809	1,809	3,588
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		-	-	-
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	-
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		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>27,506</b>	<b>27,506</b>	<b>65,229</b>
39	6060	Transfers paid from ISS and HII		5,305	5,305	-
40	6061	Transfers paid from other institutions and Local government		22,201	22,201	65,229
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>		<b>12</b>	<b>12</b>	<b>176</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disysessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
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		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-

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
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>65,310</b>	<b>65,310</b>	<b>146,879</b>
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>942</b>	<b>942</b>	<b>8,397</b>
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		933	933	8,371
64	8420	Revenues deysessited in the budget		3	3	26
65	8421	Deyessit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		6	6	-
68	8424	Transfers for identified debtors and similar items		-	-	-
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>66,252</b>	<b>66,252</b>	<b>155,277</b>
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>4,783</b>	<b>4,299</b>	<b>4,426</b>
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>71,035</b>	<b>70,551</b>	<b>159,703</b>

### 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
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>70,534</b>	<b>70,534</b>	<b>159,527</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>4,416</b>	<b>4,416</b>	<b>11,422</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>549</b>	<b>549</b>	<b>2,015</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	549	549	2,015
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>3,666</b>	<b>3,666</b>	<b>8,636</b>
9	7020	On immovable property	3,364	3,364	8,636
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	302	302	-
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>202</b>	<b>202</b>	<b>771</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uyesn specific services	-	-	-
16	7033	Tax uyesn goods usage and activity permission	181	181	611
17	7035	Local tax on goods usage and activity permission	21	21	160
<b>18</b>	<b>704</b>	<b>d) Tax uyesn commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
19	7040	Duties on imyesrt goods	-	-	-
20	7041	Duties on exyesrt goods	-	-	-
21	7042	Custom tariff and yesst service	-	-	-
22	7049	Other tax uyesn international commercial transyesrt	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>

			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
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	-	-	-
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	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>4,840</b>	<b>4,840</b>	<b>16,242</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>1,186</b>	<b>1,186</b>	<b>6,282</b>
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1,186	1,186	6,282
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>3,653</b>	<b>3,653</b>	<b>9,960</b>
40	7110	Administrative tariffs and regulations	3,567	3,567	9,712
41	7111	Secondary revenues and payments of services	84	84	217
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	6
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	3	3	26
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non tax revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>56,780</b>	<b>56,780</b>	<b>124,114</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>56,780</b>	<b>56,780</b>	<b>123,977</b>
50	7200	From same Government level	10,183	10,183	43,270
51	7201	From other Government levels	30,495	30,495	65,235
52	7202	From budget for special payments to Social Institute	5,305	5,305	-
		From budget to cover the deficit of Social Institute and	-	-	-
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-

			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
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	9,351	9,351	12,029
57	7207	Third party syesnsorship	1,446	1,446	3,442
58	7209	Other internal grants	-	-	-
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	<b>137</b>
60	7210	From foreigner Governments	-	-	137
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>4,498</b>	<b>4,498</b>	<b>7,748</b>
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	4,498	4,498	7,748
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deyessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	<b>484</b>	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	484	-	-
79	779	Other revenues	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>71,018</b>	<b>70,534</b>	<b>159,527</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>17</b>	<b>17</b>	<b>176</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	17	17	176
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>71,035</b>	<b>70,551</b>	<b>159,703</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>71,035</b>	<b>70,551</b>	<b>159,703</b>

#### 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>	
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	-	8,269	8,269	-	
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	-	7,335	7,335	-	
3	1050	From the same government level	-	-	-	-	
4	1051	From other Government levels	-	7,335	7,335	-	
5	1052	Third parties contribution for investments	-	-	-	-	
6	1059	Internal grants in nature	-	-	-	-	
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	-	-	-	
8	1060	From foreigner governments	-	-	-	-	
9	1061	From international institutions	-	-	-	-	
10	1069	Foreigner grants in nature	-	-	-	-	
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-	
		Internal grants, participation capital in investments for third					
12	145	parties	-	-	-	-	
		Foreigner grants, participation capital in investments for					
13	146	third parties	-	-	-	-	
<b>14</b>	<b>11</b>	<b>Other own funds</b>	-	933	933	-	
15	111	Reserve funds	-	-	-	-	
16	115	Fund allocation for investments from result of the year	-	933	933	-	
17	116	Revenues from tangible assets sales	-	-	-	-	
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-	
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-	
20	160	Bonds and direct credit (entry)	-	-	-	-	

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>						
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)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
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)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	-	<b>8,269</b>	<b>8,269</b>	-
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	-	-	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	-	<b>8,269</b>	<b>8,269</b>	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	936	936	-
39	2313	Roads, networks, water facilities	-	7,333	7,333	-
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	-	-	-	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000
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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>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-
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	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	-	<b>16,538</b>	<b>16,538</b>	-



**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>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>13,763</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>67,322</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>37,922</b>	-	-	-
4	Actual budget funds (Budget with changes)	30,586	-	-	-
5	Capital budget funds (Budget with changes)	7,335	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>29,400</b>	-	-	-
7	Tax revenues in "Cash"	4,740	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	4,950	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	19,171	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	539	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>67,372</b>	-	-
15	1. Payment from the budget for actual expenses	-	29,886	-	-
16	2. Payments from the budget for capital expenses	-	7,335	-	-
17	3. Payments from revenues for actual expenses	-	28,348	-	-
18	4. Payments from revenues from capital expenses	-	933	-	-
19	5. Payments from storage	-	869	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>498</b>	-	-
22	1. Deyessit of revenues in the budget	-	3	-	-
23	2. Unused budget (actual and capital)	-	231	-	-

24	3. Internal movements and transfers		264	-	-
25	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>81,085</b>	<b>67,870</b>	-	-
26	<b>VI. CLOSING BALANCE</b>	<b>13,215</b>	-	-	-

**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 Balances	Additions during the Year					Decreases during the Year			Closing 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>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>4,436</b>	-	-	-	-	-	-	-	-	-	<b>4,436</b>
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	4,436	-	-	-	-	-	-	-	-	-	<b>4,436</b>
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>988,344</b>	<b>8,269</b>	-	-	-	<b>8,269</b>	-	<b>312</b>	-	<b>312</b>	<b>996,301</b>
6	210	24,011	-	-	-	-	-	-	-	-	-	<b>24,011</b>
7	211	-	-	-	-	-	-	-	-	-	-	-
8	212	270,204	936	-	-	-	<b>936</b>	-	-	-	-	<b>271,140</b>
9	213	662,044	7,333	-	-	-	<b>7,333</b>	-	-	-	-	<b>669,376</b>
10	214	11,742	-	-	-	-	-	-	-	-	-	<b>11,742</b>
11	215	3,266	-	-	-	-	-	-	-	-	-	<b>3,266</b>
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-

14	218	Economic Inventory	17,076	-	-	-	-	-	-	312	-	312	16,765
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
19		<b>T O T A L ( I + II )</b>	<b>992,780</b>	<b>8,269</b>	-	-	-	<b>8,269</b>	-	<b>312</b>	-	<b>312</b>	<b>1,000,737</b>

### Comments

Net value sum of 1,324,267,742 in this statement does not reconcile with the value of Form 1: Financial statement-Assests,with the value of 103,194 Leke.

### 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 disyessals.

(Amount in ALL'000, Unless otherwise stated)

In ALL '000

N	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions 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	2,853	152	-	152	-	-	-	-	3,005
2	219	II. TANGIBLE	39,229	2,433	-	2,433	-	-	-	-	41,662

<b>TOTAL (I + II)</b>	<b>42,082</b>	<b>2,585</b>	<b>-</b>	<b>2,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,667</b>
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**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	Debit	Credit	Credit	Credit	Debit	Credit	Credit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>941,807</b>	<b>9,454</b>	<b>8,466</b>	<b>940,818</b>	<b>941,807</b>	<b>2,915</b>	<b>8,274</b>	<b>947,167</b>
2	1010	Status of base fund	941,807	6,540	191	935,458	941,807	-	-	941,807
3	1011	Additions base fund	-	-	8,274	8,274	-	-	8,274	8,274
4	1012	Decrease base fund	-	17	-	(17)	-	17	-	(17)
5	1013	Decrease from tangible assets consume	-	2,585	-	(2,585)	-	2,585	-	(2,585)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	312	-	(312)	-	312	-	(312)

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	31 July 2015
		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit	Credit		
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-		
9	109,	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	-	-	-	-	-	-	-	-		
10	105,107,11,12, 13,145,15,85	<b>INTERNAL FUND</b>	<b>4,426</b>	<b>4,426</b>	<b>4,783</b>	<b>4,783</b>	<b>4,426</b>	<b>4,426</b>	<b>4,299</b>	<b>4,299</b>		
11	105	Capital internal grants	-	-	-	-	-	-	-	-		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	-	-	-	-	-	-	-	-		
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	4,426	4,426	4,783	4,783	4,426	4,426	4,299	4,299		
19	106	<b>EXTERNAL FUND</b>	-	-	-	-	-	-	-	-		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
22		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>946,233</b>	<b>13,880</b>	<b>13,248</b>	<b>945,601</b>	<b>946,233</b>	<b>7,341</b>	<b>12,573</b>	<b>951,465</b>		



**Template 9: Statement of number of employees and personnel expenses**

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

(Amount in ALL '000, Unless otherwise stated)

<b>In ALL '000</b>
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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>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>54</b>	<b>6</b>	<b>4</b>	<b>56</b>	<b>11,586</b>	<b>-</b>	<b>-</b>	<b>4,740</b>	<b>-</b>	<b>355</b>
<i>1</i>	<b>Directors</b>	3	-	-	3	1,007	-	-	470	-	93
<i>2</i>	<b>High level education specialist</b>	9	2	1	10	3,263	-	-	1,029	-	164
<i>3</i>	<b>Technical Ordinary</b>	4	-	-	4	1,344	-	-	465	-	33
<i>4</i>	<b>officers</b>	9	-	-	9	1,909	-	-	596	-	50
<i>5</i>	<b>Employees Temyesrary</b>	16	4	3	17	1,662	-	-	1,510	-	16
<i>6</i>	<b>employees</b>	13	-	-	13	2,401	-	-	670	-	-

**Template 10: Summary Consolidated Statement of financial yessionion**

*Consolidated statements of financial yessionion represent the consolidated financial yessionion of the Municipality.*

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>1,021,116</b>	<b>1,027,329</b>	<b>1,010,654</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>85,100</b>	<b>84,773</b>	<b>73,470</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	13,655	13,215	13,763
13	Class 4	2. Receivables	66,644	66,947	55,084
29	Class 3	3. Current Inventory accounts	4,802	4,611	4,623
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>936,016</b>	<b>942,555</b>	<b>937,184</b>
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	-	-	-
47	21,24,28	3. Tangible assets	935,225	941,765	936,241
60	20	4. Intangible assets	790	790	943
<b>65</b>	<b>III</b>	<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>75,516</b>	<b>75,864</b>	<b>64,421</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>58,494</b>	<b>58,842</b>	<b>56,513</b>
71	Class	1. Accounts payable	58,494	58,842	56,513
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
90	17	1. Foreign loans	-	-	-
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>17,022</b>	<b>17,022</b>	<b>7,908</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>945,601</b>	<b>951,465</b>	<b>946,233</b>
97		<b>Presented: Consolidated budget</b>	940,818	947,167	941,807
98		<b>Carried forward results</b>	4,783	4,299	4,426



**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>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>71,035</b>	<b>70,551</b>	<b>159,703</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>9,256</b>	<b>9,256</b>	<b>27,664</b>
3	70	1. Tax revenues uyesn	4,416	4,416	11,422
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	4,840	4,840	16,242
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>56,780</b>	<b>56,780</b>	<b>124,114</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>			
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>4,498</b>	<b>4,498</b>	<b>7,748</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>501</b>	<b>17</b>	<b>176</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>66,252</b>	<b>66,252</b>	<b>155,277</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>65,299</b>	<b>65,299</b>	<b>146,703</b>
35	600 601	1. Salaries and employees contribution	17,722	17,722	35,969
38	602	2. Goods and Services	18,261	18,261	41,917
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	1,809	1,809	3,588
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	27,506	27,506	65,229
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>			
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	-	-	-
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>954</b>	<b>954</b>	<b>8,573</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>4,783</b>	<b>4,299</b>	<b>4,426</b>
59		From this: Functioning results	4,783	4,299	4,426
60		Functioning observed grants	0	0	-

# **STAR Project**

**Municipality Sarandë**  
**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
PPE	Property, Plant & Equipment
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"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Deputy Mayor	
<ul style="list-style-type: none"> <li>• In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an onorifik position</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Roles – Municipality Council	

Observations	Recommendations
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrator</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> <li>The ex-municipality is not considered an administrative unit and has not appointed an administrator.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and</li> </ul>	<ul style="list-style-type: none"> <li>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 standards for each</li> </ul>

Observations	Recommendations
horizontal functions.	of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> <li>Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation - horizontal functions</p> <p>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit</p>	<ul style="list-style-type: none"> <li>The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise.</li> <li>Public procurement should be centralized and be part of the main section of the structure</li> <li>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.</li> <li>The finance service, budget and procurement should also be centralized and carried on center.</li> <li>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</li> <li>The service of human resource management and revenue management should also be centralized and carried on the municipality.</li> </ul>
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>



Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> <li>• There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>• There is a lack of clear division within organizative administrations which perform multi functions, service provider and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> <li>• Absence of a specialized designanted structure for relations with the voters community and other institutions or entities, public or private, domestic or foreign</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Observations	Recommendations
<p>Personnel matters – The transfer of the staff</p> <ul style="list-style-type: none"> <li>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 Sarandë. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>
<p>Personnel matters – Termination of working relationship</p> <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</p>	<ul style="list-style-type: none"> <li>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"> <li><i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category</li> </ul> </li> </ul>

Observations	Recommendations
<p>termination of labor relations, it has financial consequences for the Municipality.</p>	<p>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.</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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

<b>Observations</b>	<b>Recommendations</b>
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## The structure and organization

### Organizational Model

Analysis of the organization and structure of ex-municipality Sarandë and existing LGU Ksamil 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	LGU Sarandë	LGU Ksamil
Municipality Council	✓	✓
Mayor	✓	✓
Deputy Mayor	✓	✓
Secretary of Municipality Council	✓	✓

Their respective responsibilities include:

- LGU Council: The adoption of the Statute 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; 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

**Table 2: Roles in the Municipality**

Role	
<b>New Municipality</b>	<b>Sarandë</b>
Municipality Council	✓
Mayor	✓
Deputy Mayor	✓
Secretary of Municipality Council	✓
<b>Administrative Unit</b>	<b>Ksamil</b>
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. They shall be appointed by the Municipality Mayor.

- Secretary of Municipality Council shall continue to exercise the same powers. He/she shall be appointed by the Municipality Council.
- 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 152

- 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 46.

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

Public Services	LGU Sarandë	LGU Ksamil	Merged
<b>Infrastructure and public services</b>			
Water Supply Company	Sh.a	7	7
Functioning of the sewerage system	Sh.a	1	1
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Sh.a	0	0
Construction of roads, pavements and public squares	0	0	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	6	0	6
Public lighting	4	0	4
The operation of urban public transport	0	0	0
Cemeteries administration and guarantee of funeral services	4	1	5
Decorations Service in town / village	1	1	2
Administration of parks, gardens and public spaces	19	1	20
Collection, disposal and recovery of waste	1	Private service	2
Urban planning	6	1	7
Land management	1	1	2
Shelter	1	0	1
<b>Social, cultural and sports Services</b>			
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	3	0	3
Organization of sporting, recreational and entertainment activities and management of relevant institutions	7	0	7
Social services of kinder gardens	22	0	22
Social services - orphanages, shelters	23	0	23
<b>Local economic development</b>			
Preparation of local economic development programs	7	0	7
Establishment and function of public markets and trade network	0	0	0
Small business development, and the development of promotional activities such as fairs and advertisements in public places	0	0	0



<b>Public Services</b>	<b>LGU Sarandë</b>	<b>LGU Ksamil</b>	<b>Merged</b>
Organization of services within the local economic development support and information structures and infrastructure necessary	0	0	0
Veterinary services	2	0	2
Conservation and development of forests and natural resources of local character	0	0	1
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations	10	2	12
Civil protection	1	0	1
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	3	1	4
<b>Medicine</b>			
Health care system and the protection of public health	0	0	0
<b>Social care</b>			
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	3	1	4
Social Care on domestic violence	1	0	1
Social care for the protection of children's Rights	1	0	1
<b>Environmental Protection</b>			
Environmental Protection	1	0	1
<b>Register Office</b>			
Register Office	4	1	5
<b>Business Registration</b>			
National Registration Center	3	0	3
<b>Total</b>	<b>134</b>	<b>18</b>	<b>152</b>

Horizontal Functions	LGU Sarandë	LGU Ksamil	Merged
Finance	12	2	14
Local taxes and Tariffs	11	2	13
Legal Issues	3	0	3
Procurement	3	0	3
Institutional Relations	1	0	1
Human Resources	9	1	10
Protocol	0	0	0
Archiving	0	0	0
Information Technology	0	0	0
Supporting services	0	0	0
Internal Audit	2	0	2
<b>Total</b>	<b>41</b>	<b>5</b>	<b>46</b>

### ***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:

#### (Sarandë)

- No exceptions

#### (Ksamil)

- No exceptions
- The merger process brings a new orientation dimension to the organizational model, 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, agreement of objectives between sectoral divisions and functions, planning and use of resources combined, decision-making, coordination and communication.

### ***Service Providing***

- In the below tables 5 and 6 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
  - Functioning of the sewerage system of drinking water
  - Functioning of the sewerage system
- The below services are licensed

- n/a

- Decisions about changes in service delivery cannot be achieved during a period of short - term 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?
<b>Infrastructure and public services</b>			
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
<b>Social, cultural and sports Services</b>			
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?
<b>Local economic development</b>			
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
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	Yes	No	No
<b>Medicine</b>			
Health care system and the protection of public health	Yes	No	No
<b>Social care</b>			
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
<b>Environmental Protection</b>			
Environmental Protection	Yes	No	No

**Table 6: Horizontal Functions – Application of development principles**

<b>Function</b>	<b>Does the fulfillment of work require physical presence?</b>	<b>Is there any reason (legal, strategic) to centralize the execution of function?</b>	<b>Is the work scalable by performing it in distance/ centralized processing?</b>
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 2;

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 the Mayor, the Cabinet of the President, 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 the Directorate General, Directorate, and sector, depending on the size of the New Municipality. The highest position in this block is the General-Secretary, the new role added to the proposed organizational structure.
- In the third block are 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 are included the one-stop service offices at Municipality and LGU. We explain that these offices will have a Municipality Responsible office, civil registry staff, NRC appropriate, and employees that covers relations with the public, which collects requests, complaints from the community and sends solutions. Also, LGU offices can be raised even at the neighborhood level, which will be raised when the population is more than 20,000 residents. While in LGU 's Service Offices One Stop Shop will be represented by the Administrator, and will be organized and will have the same role as in LGU and its agencies, if applicable

## **Financial due diligence**

## Summary of observations and recommendations

Observations	Recommendations
<p><b>Property, Plant and Equipment</b></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 333,404 thousand ALL. Overdue municipal obligations are reported at a value 79,229 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.

<p><b>Receivables</b></p>	
<p>During 2015, tax and non-tax revenues were 22% 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><b>Lack of unified accounting policies and practices</b></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</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.

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 Sarandë, 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 Sarandë and LGU Ksamil.

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

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

<b>Key performance indicators</b>	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	394,764
Tax and non-tax revenue	116,354
Total Expenses	399,846
Total Assets	2,973,987
Liabilities	330,297

**Table 1. Summary of consolidated statement of financial position.**

*Amounts in thousand ALL*

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	<b>2,973,987</b>	<b>2,678,378</b>
<b>I</b>	<b>Current Assets</b>	<b>433,305</b>	<b>278,222</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	55,773	55,773
Class 4	2. Receivables	326,780	171,697
Class 3	3. Current Inventory accounts	50,752	50,752
<b>II</b>	<b>Non-current Assets</b>	<b>2,540,682</b>	<b>2,400,156</b>
23	1. Investments	-	-
25,26	2. Finance assets	140,526	-
21,24,28	3. Tangible assets	2,372,720	2,372,720
20	4. Intangible assets	27,436	27,436
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	<b>333,404</b>	<b>136,091</b>
<b>I</b>	<b>Current liabilities</b>	<b>330,297</b>	<b>132,984</b>
Class 4	1. Accounts payable	330,297	132,984
<b>16</b>	2. Non-current liabilities	-	-
<b>II</b>	<b>Non liquid liabilities</b>	-	-
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	<b>3,107</b>	<b>3,107</b>
	<b>Net assets (A - B)</b>	<b>2,640,583</b>	<b>2,542,287</b>
	<b>Presented: Consolidated budget</b>	<b>2,591,434</b>	<b>2,466,471</b>
	<b>Carried forward results</b>	<b>49,149</b>	<b>75,816</b>

### Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 5,623,575 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 2% compared to December 31, 2014.

#### *Current assets*

- Current assets which have 15% of total assets increased by 14% during the fiscal period in 2015 compared with 2014. Among the items of current assets it is noticed an increase of 61% of accounts receivable which affects more on total the increase of current assets while cash has decreased by 56%.

#### *Accounts Receivable*

- Structure of total debtors of Municipality Sarande consists of 78,90% of debtors of LGU Sarande and 21,10% of debtors of LGU Ksamil.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of Municipality Sarande (85%) have suffered an increase by 13% in total where the impact on this growth has the addition of financial assets item during 2015, and the increase in tangible assets by 6% which make up 80% of total assets.



PPEs

- 89.34% of PPEs of Municipality Sarande occupy the PPEs of LGU Sarande and 10.66% of LGU Ksamil.

*Accounts Payable*

Accounts payable have increased by 38% for the period ended July 31, 2015 compared with the previous year 2014.

- 78.76% of accounts payable are composed of accounts payable of LGU Sarande and 21,24% of LGU Ksamil.

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
2	<b>TOTAL REVENUES</b>	<b>517,526</b>	<b>437,485</b>
	<b>I. REVENUES AND CONTRIBUTES</b>	<b>116,354</b>	<b>116,354</b>
70,750,7			
1	1. Tax revenues upon	73,790	73,790
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	42,564	42,564
71	<b>II. GENERAL ACTUAL GRANTS</b>	<b>394,764</b>	<b>314,722</b>
72	<b>III. FINANCIAL REVENUES</b>	-	-
	<b>IV. WORKS FOR INVESTMENTS</b>	5,927	5,927
78	<b>V. OTHER REVENUES</b>	482	482
	<b>TOTAL EXPENSES</b>	<b>555,888</b>	<b>509,111</b>
	<b>I. ACTUAL EXPENSES</b>	<b>352,379</b>	<b>352,379</b>
	1. Salaries and employees contribution	91,230	91,230
600 601	2. Goods and Services	93,633	93,633
602	3. Subsidies	-	-
603	4. Internal actual transfers	78,262	78,262
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	89,254	89,254
606	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-
68	<b>III. FINANCIAL EXPENSES</b>	-	-
66	<b>IV. OTHER EXPENSES</b>	<b>203,509</b>	<b>156,732</b>
67	<b>DETERMINED NET INCOME</b>	<b>(38,361)</b>	<b>(71,626)</b>
C	From this: Functioning results	49,149	15,885
	Functioning observed grants	(87,510)	(87,510)

## Overview of consolidated statement of financial performance

### *Sources of funds (revenues)*

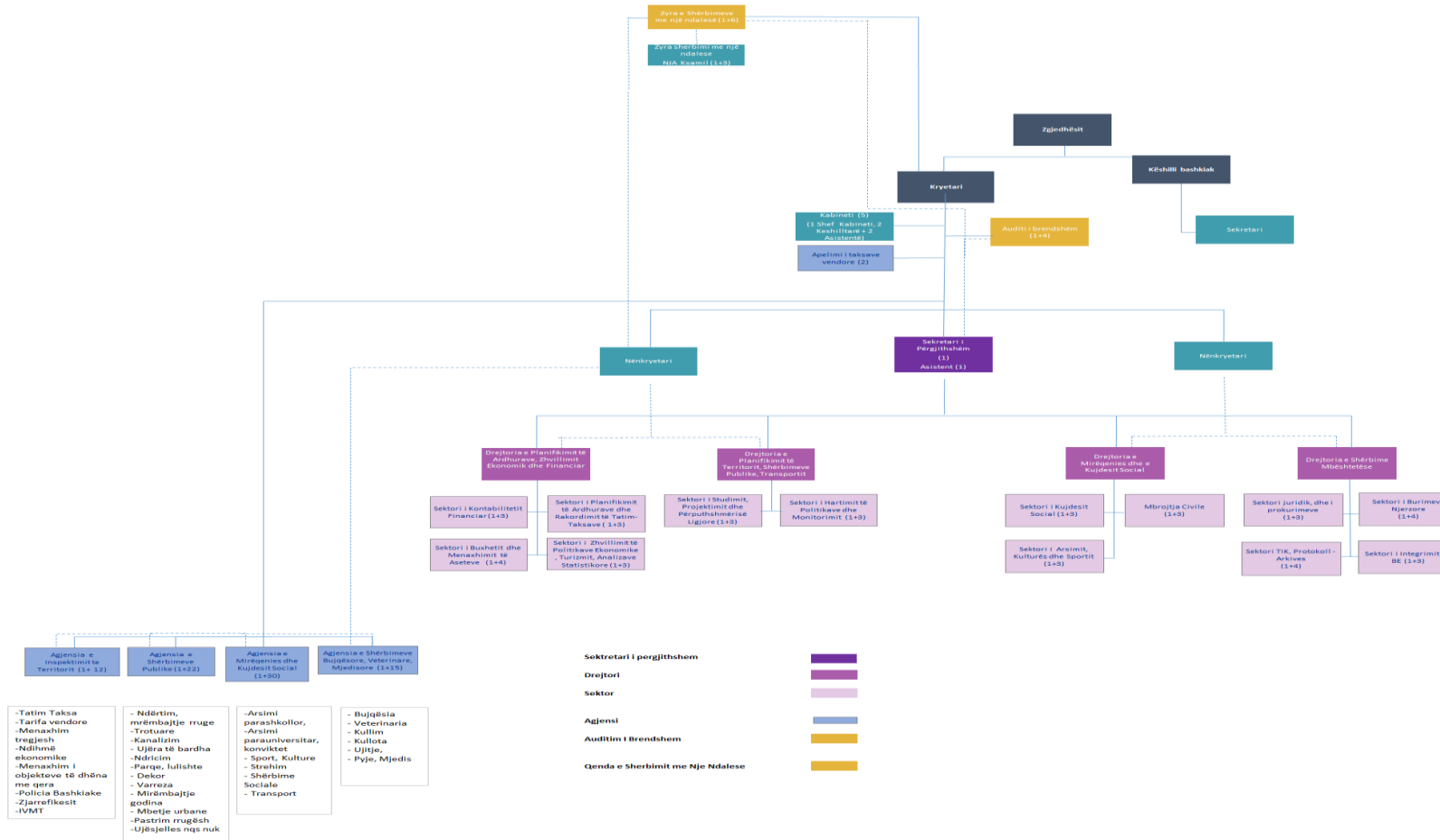
- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were 517,526 thousand. 22% of the total municipal income is composed of tax and non-tax revenues, 51% of income from grants, 76% income from grants and 2% from other incomes.
- The structure of total revenues is comprised of 91, 82% of the revenues generated from LGU Sarande and 8, 18% from LGU Ksamil.

### *Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the newly formed municipality in the consolidated statement of income and expenses were 555,888 thousand. 63 % of the total expenditure of the municipality is composed of current expenditures, the rest from other expenses.
- The structure of total expenses is comprised of 91,54% of expenses of LGU Sarande and 8,46% of LGU Ksamil.

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 përgjithshëm** (Purple box)
- Drejtori** (Dark purple box)
- Sektor** (Pink box)
- Agjensi** (Blue box)
- Auditi i Brendshëm** (Yellow box)
- Qenda e Shërbimit me Nje Ndalese** (Orange box)

## 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, 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 286 employees. More detailed: 59 persons has the status of the civil servants, 16 persons are working under employment contracts of one year, 211 persons working under the indefinitely employment contract.
- Personnel register is presented in Annex 2 –Personnel register.

## Observations and recommendations

Observations	Recommendations
<p>The transfer of the staff</p> <ul style="list-style-type: none"> <li>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 Lushnje. It is worth mentioning that the Municipality Divjakë, before the amalgamation process, is considered as one of the merged units.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>

Observations	Recommendations
<p>Termination of working relationship</p> <ul style="list-style-type: none"> <li>The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.</li> </ul>	<ul style="list-style-type: none"> <li>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"> <li><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.</li> <li><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.</li> <li><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.</li> </ul> </li> </ul>
<p>Improvement of organizational structure</p> <ul style="list-style-type: none"> <li>Organizational structures of local government units do not stipulate the position of General Secretary.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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

- In the Municipality Sarande, regarding the software in use is ascertained that are older versions of unlicensed devices consisting of hardware devices such as desktop PCs, printers and photocopiers.
- In the LGU Ksamili concerning software in use is ascertained that the old versions are not licensed. There are hardware devices that consist of equipment such as Desktop PCs, printers, etc.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Objective	Sarande	Ksamil
Installed Software	Microsoft Office 2010/Windows Professional2007/ AutoCAD 2010/	Microsoft Office 2007/ Xp Pro SP3
Contracts of licenses	No	n/a
Computer (desktop)	50	1
Printers	32	n/a
Servers	n/a	n/a
IT staff in total	n/a	n/a
Hardware and Software maintenance	N/a	N/a

## Observations and Recommendations

### IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Information Technology</li> </ul>	
<ul style="list-style-type: none"> <li>The LGU Lushnje 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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Data storage system</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Fier municipality or Private / Public Cloud.</li> </ul>
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> <li>Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract.</li> </ul>	<ul style="list-style-type: none"> <li>New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.)</li> <li>New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system.</li> <li>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)</li> </ul>



## 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

- Communications service in the Municipality Sarande consists in using the Internet and telephone service. In the Municipality Sarande, fixed telephony service is offered by a national service provider Altelecom. Almost all employees have access to this service. Internet service system is provided, via ADSL and analogue line. Ways of internal communications are electronic, verbal and written.
- LGU Ksamili does not receive internet and telephone service. Internal ways of communication are verbal and written.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Objectives	Sarandë	Ksamil
Telephony service	Yes	n/a
Telephony/service providers	Po	n/a
Internet service	Po	n/a
Assess coverage of the telephony service	Po	n/a
Internal communication lines	Elektronic/Verbal/Written/	Verbal/Written

**Observations and Recommendations**

Communication	
<b>Observations</b>	<b>Recommendations</b>
Communication and security in communication network	
<ul style="list-style-type: none"> <li>• It is noticed that only some employees use e-mail and phone service for the exchange of information.</li> <li>• With regard to internal communication, electronic means of communication, verbal and written; only a few employees have access to the internet, use of information technology for circulating memos minutes, issued regulations, orders the mayor, etc.</li> </ul> <p>Lack of electronic means of communication in LGU</p> <ul style="list-style-type: none"> <li>• In case of electronic communication tools are needed, private and unsecured e-mail addresses are used for exchanging information and data of LGUs. Internal channels of communication are verbal or written and circulated by one department to another department signature or communication.</li> </ul>	<ul style="list-style-type: none"> <li>• The new municipality must take into account that the installation of the telephone network and the internet it through all the offices as necessary.</li> <li>• New Municipality may consider initiating and implementing the infrastructure of common communication and access to the Internet in order to realize the dissemination of information, infrastructure ordinary mail, implementation further document distribution and storage systems, business systems and centralized storage infrastructure.</li> </ul>

## 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

- Description of Archive in this municipality is held by the Archive and Protocol specialist. The process of archiving, storage and service of documents is carried out in an environment currently assigned to archives.
- From the information collected, it is concluded that the documents are processed in accordance with the requirements for archiving and transfer of documents to the Local State Archive is performed in accordance with the legal terms. It is noticed that most of the technical requirements for archive environments are not met.
- Description of Archive in LGU Ksamil is held by the Archive Specialist who also performs other functions. The process of archiving, storage and service of documents is carried out in an environment currently assigned to archives
- Description of the Administrative Archive in this LGU is not held by any Archive specialist. The process of archiving, storage and service of documents are not currently performed.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Sarandë</b>	<b>Ksamil</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	Yes
Secured doors and windows with a metallic net and automatic door closure	Yes	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes, but with no distance from the wall
Presence of heaters or any other item that can cause fire present in the archive premise	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	Yes
Archive keys in two copies	Yes	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
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	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

Technical requirements for practices in the premises of archives and record-keeping methodology	Sarandë	Ksamil
<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, branch, 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>	<p>Yes</p>	<p>Yes</p>
<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>	<p>Yes</p>	<p>Yes</p>
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> <li>- Full name of the state entity - no state</li> <li>- Department or branch that operates</li> <li>- The level of classification (if the document is of this type)</li> <li>- The file contains an identification number, year</li> <li>- Full title of the file</li> <li>- The period that the document should save (protect)</li> <li>- Date of completion of conservation</li> <li>- The amount of documents that are stored in files</li> <li>- Inventory identification number on file <ul style="list-style-type: none"> <li>- - The period of use</li> </ul> </li> </ul>	<p>Yes</p>	<p>Yes</p>

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Sarandë</b>	<b>Ksamil</b>
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
The emblem of the Republic	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes
Number of documents attached	Yes	Yes
The content of the document	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes
Signature of the director of the institution	Yes	Yes
Date and number of protocol	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Sarandë</b>	<b>Ksamil</b>
Mode 5 - Table definitions of files for the year	Yes	Yes
Mod 6 - Elements of cover dossier	Yes	Yes
Mod 7 - Register of files	Yes	Yes
Mod 8 - Internal File register	Yes	Yes
Mod 9 - Decision of the Commission of Experts	Yes	Yes
Mod 10 - Compilation of the list of documents that set aside	Yes	Yes
Mod 11 - The period laid down for storage (protection)	Yes	Yes
Mod 12 - Destruction of documents containing any further value	Yes	Yes

## Observations and Recommendations

Archive

Observations	Recommendations
Fulfilment of technical requirements on archives	
<ul style="list-style-type: none"> <li>• Technical requirements on archives are not fully met.</li> <li>• Archive is not located in one environment but in several ones.</li> </ul>	<ul style="list-style-type: none"> <li>• In the context of organizational restructuring, the measures and actions needed in order to meet technical requirements specified in the Methodology of Archiving.</li> </ul>
The lack of records and compliance with requirements of Methodology of archiving	
<ul style="list-style-type: none"> <li>• Not all registers, stock lists, records or forms required by the methodology of archives is held by the ex-municipality and LGU archives</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of all records requested in order that the creation, documentation and transfer of documentation made in accordance with the requirements of the Methodology of Archiving.</li> </ul>
	<ul style="list-style-type: none"> <li>• Preformation of processing of technical and scientific inventory of all the documentation held in the premises of archives, including documents that are being worked on municipality and LGU should also be taken into consideration in order to facilitate the reorganization of archives of the new municipality.</li> </ul>
Centralization of archive	
<ul style="list-style-type: none"> <li>• 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..</li> </ul>	<ul style="list-style-type: none"> <li>• The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>



## 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

- The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- In all existing LGUs the Mayor adopts at the end of each year for special orders inventory of assets which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been created for the inventory of 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**

<b>ASSET MANAGEMENT</b>	<b>Sarandë</b>	<b>Ksamil</b>
Adopted rules and procedures on asset management	Yes	Yes
Authorizing Officer	Yes	No
Executing Officer	Yes	No
Adopted plan, objectives and control mechanisms related Risk	No	No
Asset Accounting Register	Yes	Yes
Leased Properties Register	Yes	Yes
Owned Companies Register	No	No
Annual Assets Inventory	No	No
Assets Inventory Committee	Yes	Yes
Assets Evaluation Committee	Yes	Yes
Assets Disposal Committee	Yes	Yes
Committee of disposal of assets	Yes	Yes

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"> <li>In the Municipality Sarande and LGU Ksamil has no data recorded for leased properties, for owned companies and concessions / contracts between enphyteosis. This prevents the disclosure of information on assets of the Municipality. Therefore unavailable for proper management of assets and in accordance with the legal framework in force.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Lack of Procedure and the assessment of assets</p> <ul style="list-style-type: none"> <li>Risk Management Plan, objectives and control mechanisms management assets are not implemented.</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management Plan, objectives and management control mechanisms implemented by the assets of the New Municipality.</li> </ul>

## 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.

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Sarandë	"Paving of Rr.Nr.5, Lot.2+3"	In process, for 2 years, 2015-2016	170080105	348000000
	"Reconstruction of road. Fermerëve, Metoq".	In process, for 2 years, 2015-2016	26000000	52000000
	"Reconstruction of school, village Gjashtë"	Implemented during 2015	38242451	38242451
	" Construction of the kindergarten in the urban area of the city	Finishing	0	38652422
	"Greening of the city of Sarandë"	Completed	19920000	19920000
Ksamil	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	
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-	
<b>2</b>	<b>A</b>	<b>Non-Current Assets</b>		<b>2,540,682</b>	<b>2,400,156</b>	<b>2,251,666</b>	
<b>3</b>		<b>I. Intangible Assets</b>		<b>27,436</b>	<b>27,436</b>	<b>23,326</b>	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	<b>F6, Sh1</b>	102,083	102,083	95,603	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	(74,647)	(74,647)	(72,277)	
8	230	Expenses for increase of current intangible assets		-	-	-	
<b>9</b>		<b>II. Tangible Assets</b>		<b>2,372,720</b>	<b>2,372,720</b>	<b>2,228,340</b>	
10	210	Land		115,338	115,338	115,338	
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	11,884	11,884	11,884	
12	212	Building and Constructions	<b>F6, Sh1</b>	646,117	646,117	575,522	
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	1,625,019	1,625,019	1,545,666	
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	55,829	55,829	55,695	
15	215	Transport vehicles	<b>F6, Sh1</b>	17,304	17,304	17,304	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	<b>F6, Sh1</b>	95,498	95,498	93,738	
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(194,270)	(194,270)	(186,807)	
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	-	-	-	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>140,526</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		140,526	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>433,305</b>	<b>278,222</b>	<b>379,052</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>50,752</b>	<b>50,752</b>	<b>50,483</b>
29	31	Materials	<b>Sh2</b>	7,862	7,862	8,671
30	32	Inventory Objects	<b>Sh2</b>	42,891	42,891	41,812
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 (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>326,780</b>	<b>171,697</b>	<b>202,854</b>
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	<b>Sh3</b>	-	-	-
42	431	Rights and taxes to deposit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		127,639	50,444	66,113
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	<b>Sh4</b>	199,141	121,253	136,741
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>55,773</b>	<b>55,773</b>	<b>125,714</b>

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	<b>Sh5</b>	55,773	55,773	125,714
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 (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	(59,931)	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>2,973,987</b>	<b>2,618,447</b>	<b>2,630,717</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
71	80,81	Active evidences		-	-	-



## Template 2: 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	
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>2,591,434</b>	<b>2,466,471</b>	<b>2,330,976</b>	
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>2,562,606</b>	<b>2,437,644</b>	<b>2,302,149</b>	
3	101	Base funds	<b>F8</b>	2,562,606	2,437,644	2,302,149	
4	105	Capital internal grants		-	-	-	
5	106	Capital foreigner grants		-	-	-	
6	107	Current assets in use		-	-	-	
7	109	Reserves from revaluation of current assets		-	-	-	
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		<b>28,828</b>	<b>28,828</b>	<b>28,828</b>	
9	111	Reserve funds		11,593	11,593	11,593	
10	115	Assignments from the year results for investments		-	-	-	
11	116	Revenues from selling of current assets		17,235	17,235	17,235	
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-	
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-	
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-	
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-	
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>330,297</b>	<b>132,984</b>	<b>238,534</b>	
<b>17</b>		<b>I. Long-term debts</b>		-	-	-	
18	16	Internal borrowing and similar		-	-	-	
19	17	Borrowing out of the country		-	-	-	
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>330,297</b>	<b>132,984</b>	<b>238,534</b>	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	<b>Sh6</b>	77,814	42,191	53,358	
23	42	Employees and related accounts		8,577	8,577	9,418	
24	431	Liabilities to government for taxes		1,154	1,154	402	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	432	Taxes collected from government for the local government		48	48	-
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditor balance)		196,034	35,875	128,689
28	435	Social Insurance		2,363	2,363	2,519
29	436	Health Insurance		319	319	373
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	6,274	5,420	1,849
36	467	Other creditors		37,715	37,038	41,926
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>3,107</b>	<b>3,107</b>	<b>8,052</b>
38	475	Incomes to register in the coming years		3,107	3,107	8,052
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>49,149</b>	<b>15,885</b>	<b>53,155</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>2,973,987</b>	<b>2,618,447</b>	<b>2,630,717</b>
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
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)

					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	
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>353,070</b>	<b>353,070</b>	<b>695,671</b>	
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>352,379</b>	<b>352,379</b>	<b>698,526</b>	
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>78,181</b>	78,181	<b>136,363</b>	
4	6001	Salaries		77,596	77,596	136,363	
5	6002	Temporary salaries		585	585	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>13,049</b>	<b>13,049</b>	<b>22,175</b>	
9	6010	Insurance contributions		11,050	11,050	20,144	
10	6011	Health insurance		1,998	1,998	2,031	
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>93,633</b>	<b>93,633</b>	<b>172,307</b>	
12	6020	Stationary		10,457	10,457	4,490	
13	6021	Special services		13,055	13,055	13,444	
14	6022	Services from third party		49,089	49,089	106,610	
15	6023	Transport expenses		1,722	1,722	6,427	
16	6024	Travel expense		8,049	8,049	2,342	
17	6025	Ordinary maintenance expenses		4,116	4,116	21,761	
18	6026	Rent expenses		501	501	1,702	
19	6027	Expenses for legal liability for compensation		1,204	1,204	2,301	
20	6028	Borrowing costs related to loans		528	528	-	
21	6029	Other operating expenses		4,913	4,913	13,229	
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-	
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		-	-	-
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>78,262</b>	<b>78,262</b>	<b>133,418</b>
29	6040	Current transfers to other government levels		696	696	133,418
30	6041	Current transfers to various government institutions		<b>54,258</b>	54,258	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		<b>23,307</b>	23,307	-
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	-
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		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>89,254</b>	<b>89,254</b>	<b>234,263</b>
39	6060	Transfers paid from ISS and HII		-	-	-
40	6061	Transfers paid from other institutions and Local government		89,254	89,254	234,263
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>691</b>	<b>691</b>	<b>(2,855)</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
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		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
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		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-
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		-	-	-
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		<b>46,777</b>	-	-
58	677	Losses from allowed errors from previous years		46,777	-	-
59	678	Other Extraordinary expenses		-	-	-
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>399,846</b>	<b>353,070</b>	<b>695,671</b>
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>156,042</b>	<b>156,042</b>	<b>111,738</b>
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		156,519	156,519	108,743
64	8420	Revenues deposited in the budget		-	-	141
65	8421	Deposit in the budget of unused revenues		-	-	-
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		(477)	(477)	2,855
68	8424	Transfers for identified debtors and similar items		-	-	-
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>555,888</b>	<b>509,111</b>	<b>807,410</b>
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>49,149</b>	<b>15,885</b>	<b>53,155</b>
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>605,037</b>	<b>524,996</b>	<b>860,565</b>

### Template 3-2: Statement of revenues

Income Statement is prepared on cash basis, as required from 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
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>517,044.04</b>	<b>437,003</b>	<b>860,565</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>73,790</b>	<b>73,790</b>	<b>244,987</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>13,782</b>	<b>13,782</b>	<b>35,672</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	13,782	13,782	35,672
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>21,060</b>	<b>21,060</b>	<b>41,647</b>
9	7020	On immovable property	17,905	17,905	40,041
10	7021	Sales of immovable property	2,219	2,219	-
11	7029	Other on property	935	935	1,606
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>38,948</b>	<b>38,948</b>	<b>167,668</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	12,094	12,094	-
16	7033	Tax upon goods usage and activity permission	8,982	8,982	12,581
17	7035	Local tax on goods usage and activity permission	17,873	17,873	155,088
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>

			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	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>42,564</b>	<b>42,564</b>	<b>70,706</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>1,746</b>	<b>1,746</b>	<b>4,989</b>
36	7100	From public non-financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1,746	1,746	4,989
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>40,602</b>	<b>40,602</b>	<b>63,823</b>
40	7110	Administrative tariffs and regulations	34,275	34,275	54,378
41	7111	Secondary revenues and payments of services	4,702	4,702	7,841
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	1,115	1,115	3
44	7114	Revenues from tickets	380	380	1,134
45	7115	Fines and late-fees, sequestration and compensation	129	129	467
46	7116	Revenues from ownership transfer, legalization of buildings without permits	-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non-tax revenues</b>	<b>216</b>	<b>216</b>	<b>1,894</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>394,764</b>	<b>314,722</b>	<b>489,502</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>394,764</b>	<b>314,722</b>	<b>489,502</b>
50	7200	From same Government level	151,130	151,130	242,010
51	7201	From other Government levels	160,974	160,974	212,903
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	-	-	-
56	7206	Expected financing from budget	82,660	2,619	34,247

			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	-	-	342
58	7209	Other internal grants	-	-	-
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>5,927</b>	<b>5,927</b>	<b>55,369</b>
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retaking for liquid assets	-	-	-
66	783	Forecasted retaking 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	5,927	5,927	55,369
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	-	-	-
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	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>517,044</b>	<b>437,003</b>	<b>860,565</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>482</b>	<b>482</b>	<b>1,058</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	482.42	482	1,058
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>517,526</b>	<b>437,485</b>	<b>861,623</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>517,526</b>	<b>437,485</b>	<b>861,623</b>



#### 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 Balance, 1	Transactions during the Year		Closing Balance, 31
			January 2015	Debit	Credit	July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	<b>17,235</b>	<b>157,927</b>	<b>157,927</b>	<b>17,235</b>
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	-	<b>520</b>	<b>520</b>	-
3	1050	From the same government level	-	520	520	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	888	888	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	888	888	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	<b>17,235</b>	<b>156,519</b>	<b>156,519</b>	<b>17,235</b>
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	156,519	156,519	-
17	116	Revenues from tangible assets sales	17,235	-	-	17,235
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-
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 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>						
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
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)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	-	<b>150,559</b>	<b>150,559</b>	-
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	-	-	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	-	<b>150,559</b>	<b>150,559</b>	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	69,012	69,012	-
38	2312	Building and Constructions	-	74,269	74,269	-
39	2313	Roads, networks, water facilities	-	6,668	6,668	-
40	2314	Technical installment, machinery, equipment, working tools	-	90	90	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	520	520	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
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 lending principal transaction	-	-	-	-

In ALL '000
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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>						
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-
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	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	<b>17,235</b>	<b>308,486</b>	<b>308,486</b>	<b>17,235</b>

**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>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>125,714</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>675,136</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>480,359</b>	-	-	-
4	Actual budget funds (Budget with changes)	480,359	-	-	-
5	Capital budget funds (Budget with changes)	-	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>194,777</b>	-	-	-
7	Tax revenues in "Cash"	72,801	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	43,552	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	77,580	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	843	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>452,445</b>	-	-
15	1. Payment from the budget for actual expenses	-	166,381	-	-
16	2. Payments from the budget for capital expenses	-	79,332	-	-
17	3. Payments from revenues for actual expenses	-	127,840	-	-
18	4. Payments from revenues from capital expenses	-	77,507	-	-
19	5. Payments from storage	-	1,385	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>292,632</b>	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	229,629	-	-
24	3. Internal movements and transfers	-	63,003	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>800,850</b>	<b>745,077</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>55,773</b>	-	-	-

**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.*

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<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>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>95,603</b>	<b>6,480</b>	-	-	-	<b>6,480</b>	-	-	-	-	<b>102,083</b>
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	95,603	6,480	-	-	-	6,480	-	-	-	-	102,083
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>2,415,147</b>	<b>150,955</b>	<b>888</b>	-	-	<b>151,843</b>	-	-	-	-	<b>2,566,990</b>
6	210 Land	115,338	-	-	-	-	-	-	-	-	-	115,338
7	211 Forests, Pasture, Plantation	11,884	-	-	-	-	-	-	-	-	-	11,884
8	212 Building and Constructions	575,522	70,595	-	-	-	70,595	-	-	-	-	646,117
9	213 Roads, networks, water facilities	1,545,666	79,353	-	-	-	79,353	-	-	-	-	1,625,019
10	214 Technical installment, machinery, equipment, working tools	55,695	90	44	-	-	134	-	-	-	-	55,829
11	215 Transport vehicles	17,304	-	-	-	-	-	-	-	-	-	17,304
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	93,738	916	844	-	-	1,760	-	-	-	-	95,498
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>T O T A L ( I + II )</b>	<b>2,510,750</b>	<b>157,435</b>	<b>888</b>	-	-	<b>158,323</b>	-	-	-	-	<b>2,669,073</b>

### 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>1</i>	Dep. Charge for the year <i>2</i>	Other Addit. <i>3</i>	Total <i>4</i>	Sales <i>5</i>	Write off <i>6</i>	Other Depr. <i>7</i>	Total <i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	72,277	2,370	-	2,370	-	-	-	-	74,647
2	219	II. TANGIBLE	186,807	7,463	-	7,463	-	-	-	-	194,270
		<b>TOTAL (I + II)</b>	<b>259,084</b>	<b>9,833</b>	<b>-</b>	<b>9,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>268,918</b>

## 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'00, 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	Debit	Credit	Credit	Credit	Debit	Credit	Credit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>2,302,148.71</b>	<b>38,661</b>	<b>299,119</b>	<b>2,562,606</b>	<b>2,302,149</b>	<b>23,311</b>	<b>158,806</b>	<b>2,437,644</b>
2	1010	Status of base fund	2,302,149	28,828	140,526	2,413,847	2,302,149	-	-	2,302,149
3	1011	Additions base fund	-	-	158,593	158,593	-	-	158,806	158,806
4	1012	Decrease base fund	-	-	-	-	-	529	-	(529)
		Decrease from tangible								
5	1013	assets consume	-	9,833	-	(9,833)	-	22,782	-	(22,782)
		Decrease from selling								
6	1014	tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	-	-	-	-	-	-	-
		Decrease from transferring								
8	1016	tangible assets	-	-	-	-	-	-	-	-
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN</b>								
	<b>105,107,11,12,</b>	<b>TANGIBLE ASSETS</b>								
	<b>13,145,15,85</b>	<b>REVALUATION</b>								
<b>10</b>		<b>INTERNAL FUND</b>	<b>81,983</b>	<b>132,487</b>	<b>128,481</b>	<b>77,977</b>	<b>81,983</b>	<b>132,487</b>	<b>95,217</b>	<b>44,712</b>
11	105	Capital internal grants	-	79,332	79,332	-	-	79,332	79,332	-
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	17,235	-	-	17,235	17,235	-	-	17,235
14	12	Carried result	17,199	5,607	-	11,593	17,199	5,607	-	11,593
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
		Participation of the								
		institution in investing for								
16	145	third parties	-	-	-	-	-	-	-	-
		Forecasted amounts for								
17	15	disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	47,548	47,548	49,149	49,149	47,548	47,548	15,885	15,885

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 <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>	
<i>a</i>	<i>b</i>										
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	-	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-	-
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>2,384,132</b>	<b>171,148</b>	<b>427,600</b>	<b>2,640,583</b>	<b>2,384,132</b>	<b>155,798</b>	<b>254,023</b>	<b>2,482,356</b>	



**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.*

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>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>275</b>	-	-	<b>275</b>	<b>78,181</b>	<b>25</b>	-	<b>21,810</b>	-	<b>3,059</b>
<i>1</i>	<b>Directors</b>	23	-	-	23	9,746	-	-	2,718	-	548
<i>2</i>	<b>High level education specialist</b>	102	-	-	102	36,838	-	-	10,277	-	2,050
<i>3</i>	<b>Technical</b>	26	-	-	26	5,834	-	-	1,627	-	136
<i>4</i>	<b>Ordinary officers</b>	23	-	-	23	7,885	-	-	2,199	-	116
<i>5</i>	<b>Employees</b>	98	-	-	98	17,315	25	-	4,830	-	84
<i>6</i>	<b>Temporary employees</b>	3	-	-	3	564	-	-	157	-	126

**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
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>2,973,987</b>	<b>2,678,378</b>	<b>2,630,717</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>433,305</b>	<b>278,222</b>	<b>379,052</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	55,773	55,773	125,714
13	Class 4	2. Receivables	326,780	171,697	202,854
29	Class 3	3. Current Inventory accounts	50,752	50,752	50,483
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>2,540,682</b>	<b>2,400,156</b>	<b>2,251,666</b>
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	140,526	-	-
47	21,24,28	3. Tangible assets	2,372,720	2,372,720	2,228,340
60	20	4. Intangible assets	27,436	27,436	23,326
<b>65</b>	<b>III</b>	<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>333,404</b>	<b>136,091</b>	<b>246,585</b>
	<b>16</b>	<b>2. Non-current liabilities</b>	<b>330,297</b>	<b>132,984</b>	<b>238,534</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>330,297</b>	<b>132,984</b>	<b>238,534</b>
71	Class	1. Accounts payable	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
90	17	1. Foreign loans	-	-	-
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>3,107</b>	<b>3,107</b>	<b>8,052</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>2,640,583</b>	<b>2,542,287</b>	<b>2,384,132</b>
97		<b>Presented: Consolidated budget</b>	2,591,434	2,466,471	2,330,976
98		<b>Carried forward results</b>	49,149	75,816	53,155

**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>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>517,526</b>	<b>437,485</b>	<b>861,623</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>116,354</b>	<b>116,354</b>	<b>315,694</b>
3	70	1. Tax revenues upon	73,790	73,790	244,987
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	42,564	42,564	70,706
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>394,764</b>	<b>314,722</b>	<b>489,502</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	-	-	-
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>5,927</b>	<b>5,927</b>	<b>55,369</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>482</b>	<b>482</b>	<b>1,058</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>555,888</b>	<b>509,111</b>	<b>807,410</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>352,379</b>	<b>352,379</b>	<b>698,526</b>
35	600 601	1. Salaries and employees contribution	91,230	91,230	158,538
38	602	2. Goods and Services	93,633	93,633	172,307
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	78,262	78,262	133,418
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	89,254	89,254	234,263
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-	-
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	-	-	-
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>203,509</b>	<b>156,732</b>	<b>108,884</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>(38,361)</b>	<b>(71,626)</b>	<b>54,214</b>
59		From this: Functioning results	49,149	15,885	53,155
60		Functioning observed grants	(87,510)	(87,510)	1,058

# **STAR Project**

**Municipality Selenice**  
**Consolidated Due Diligence report**

## Glossary

ACP	Agency of Consumer Protection
Agency	Agency of Itocktaking 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
NCTR	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 their merger process is comprised as follows:

Observations	Recommendations
Roles – Mayor	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles – Deputy Mayor	
<ul style="list-style-type: none"> <li>• In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an honorable position.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Roles– Municipality Council	



Observations	Recommendations
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrator</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> <li>The ex-municipality is not considered an administrative unit and has not appointed an administrator.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation –Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>

Observations	Recommendations
horizontal functions.	standards for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> <li>Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> <li>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise.</li> <li>Public procurement should be centralized and be part of the main section of the structure.</li> <li>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.</li> <li>The finance service, budget and procurement should also be centralized and carried on center.</li> <li>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.</li> <li>The service of human resource management and revenue management should also be centralized and carried on the municipality.</li> </ul>
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> <li>• There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>• There is a lack of clear division within organizative administrations which perform multi functions, service provider and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>The organization and structure –relation with voters community</p> <ul style="list-style-type: none"> <li>• Absence of a specialized designated structure for relations with the voters community and other institutions or public or private, domestic or foreign entities.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>

Observations	Recommendations
Personnel matters–The transfer of staff	
<ul style="list-style-type: none"> <li>• As a result of the amalgamation process, in accordance with Decision no. 510, dated 10.06.2015 of labor relations existing between the merged entity (LGU's) and their employees will be transferred to the Municipality of Tropoje. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that is merged.</li> <li>• An employee has a fixed-term employment contract (1 year term). However, the employee, according to the report, has begun the work relationship on 01.01.2006.</li> </ul>	<ul style="list-style-type: none"> <li>• The Mayor may approve the transitory structure of Tropoje Municipality including all employees to be transferred .</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> <li>• 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.</li> </ul>
Personnel matters–Termination of employment 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	<ul style="list-style-type: none"> <li>• 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:</li> </ul>

Observations	Recommendations
<p>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>	<p><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.</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"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.</li> </ul>
<p>Information Technology–Lack of hardware devices</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Communication–Lack of electronic means of communication</p>	<ul style="list-style-type: none"> <li>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</li> </ul>

Observations	Recommendations
<ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system.</li> </ul>	<p>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.</p>
<p>Communication–Lack of telephone service</p> <ul style="list-style-type: none"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

# The structure and organization

## Organizational Model

Analysis of the organization and structure of the Municipality Selenicë and 5 local government units of Sevaster, Brataj, Vllahinë, Kotë dhe Armenë is carried out 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

The roles performed in existing Municipality and LGU-s to be amalgamated are shown in table 1, below:

**Table 1: Roles in the municipality/local government units**

Role	Selenicë	Sevaster	Brataj	Vllahinë	Kotë	Armen
Council	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓
Deputy Mayor	n/a	n/a	n/a	n/a	n/a	n/a
Secretary of Council	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- Municipality Council of Selenice: 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: Assists the Mayor in the supervision of the operation of LGU.

Secretary of Municipality Council: storage of the council's official papers; delivery of notifications on the Council's meetings, publishing notifications and decisions approved by the Council; preparing public hearings .

After the merger, former municipality center and the 5 administrative units are transformed in 1 New Municipality with 5 LGUs as presented in table 2 below.

**Table 2: Roles in the Municipality**

<b>Roles</b>					
<b>New Municipality</b>	<b>Selenicë</b>				
Municipality Council	√				
Mayor	√				
Deputy Mayor	√				
Secretary of Municipality Council	√				
<b>LGUs</b>	<b>Sevaster</b>	<b>Brataj</b>	<b>Vllahinë</b>	<b>Kotë</b>	<b>Armen</b>
Administrator	√	√	√	√	√

- Municipality Council will continue to exercise the same powers. To help improve 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 shall continue to exercise the same powers. The Municipality Mayor will 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 divided 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 108 in Municipality and all administrative units.

- 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 55.

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

Public Services	Selenicë	Armen	Sevaster	Brataj	Kotë	Vllahinë	Merged:
<b>Infrastructure and public services</b>							
Water Supply Company	Shareholder company	10	0	2	7	10	29
Functioning of the sewerage system	0	0	0	0	0	5	5
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	0	0	0	0	0	5	5
Construction of roads, pavements and public squares	Contracted	Contracted	0	0	0	0	0
Rehabilitation and maintenance of local roads, sidewalks and public squares	6	0	2	0	0	5	13
Public lighting	1	0	0	0	0	0	1
The operation of urban public transport	0	0	0	0	0	0	
Cemeteries administration and guarantee of funeral services	Private entity	0	0	0	0	0	0
Decorations Service in town / village	Private entity	0	0	0	0	0	0
Administration of parks, gardens and public spaces	4	0	0	0	0	5	9
Collection, disposal and recovery of waste	4	1	2	2	0	4	13
Urban planning	0	0	0	1	2	2	5
Land management	0	0	0	1	1	0	2
Shelter	0	0	0	0	0	0	0
<b>Social,cultural and sports Services</b>							
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	2	0	0	0	0	0	2
Organization of sporting, recreational and entertainment activities and management of relevant institutions	0	0	0	0	0	0	0
Social services of kindergardens	0	0	0	0	0	0	0
Social services - orphanages, shelters	0	0	0	0	0	0	0
<b>Local economic development</b>							
Preparation of local economic development programs	0	0	0	0	0	0	0
Establishment and function of public markets and trade network	0	0	0	0	0	0	0
Small business development, and the development of promotional activities such as fairs and advertisements in public places	0	0	0	0	0	0	0

<b>Public Services</b>	<b>Selenicë</b>	<b>Armen</b>	<b>Sevaster</b>	<b>Brataj</b>	<b>Kotë</b>	<b>Vllahinë</b>	<b>Merged:</b>
Organization of services within the local economic development support and information structures and infrastructure necessary	0	0	0	0	0	0	0
Veterinary services	1	0	1	0	1	1	4
Conservation and development of forests and natural resources of local character	1	0	0	0	0	0	1
<b>The order and civil protection</b>							
Preservation of public order to prevent administrative violations	1	0	2	2	1	2	8
Civil protection	0	0	0	0	0	0	0
<b>Educational institutions</b>							
Maintenance of facilities in preliminary education	0	0	0	0	0	0	0
<b>Medicine</b>							
Health care system and the protection of public health	0	0	0	0	0	0	0
<b>Social care</b>							
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1	1	0	0	0	1	3
Social Care on domestic violence	0	0	0	0	0	0	0
Social care for the protection of children's Rights	0	0	0	0	0	0	0
<b>Environmental Protection</b>							
Environmental Protection	1	0	0	0	0	1	2
<b>Register Office</b>							
Register Office	1	1	1	1	1	1	6
<b>Business Registration</b>							
National Registration Center	0	0	0	0	0	0	0
<b>Total</b>	<b>23</b>	<b>13</b>	<b>8</b>	<b>9</b>	<b>13</b>	<b>42</b>	<b>108</b>

Table 4:Horizontal functions and the people carrying outh these functions

<b>Horizontal Functions</b>	<b>Selenicë</b>	<b>Armen</b>	<b>Sevaster</b>	<b>Brataj</b>	<b>Kotë</b>	<b>Vllahinë</b>	<b>Merged:</b>
Finance	3	4	2	2	3	3	17
Local taxes and Tariffs	2	0	1	2	2	2	9
Legal Issues	1	0	0	0	0	1	2
Procurement	0	0	0	0	0	0	0
Institutional Relations	0	0	0	0	0	0	0
Human Resources	0	0	0	0	0	0	0
Protocol	0.5	0	0	0	0.5	0.5	1.5
Archiving	0.5	0	0	0	0.5	0.5	1.5
Information Technology	0	0	0	0	0	0	0
Supporting services	4	2	5	6	3	4	24
Internal Audit	0	0	0	0	0	0	0
<b>Total</b>	<b>11</b>	<b>6</b>	<b>8</b>	<b>10</b>	<b>9</b>	<b>11</b>	<b>55</b>

## ***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,
- The analysis reveals that:
  - Selenicë

In this AU the function of Veterinary services is merged with Legal Office; the function of City planning office is merged with Land Management and Protection Sector.
  - Armen

There exist no exceptions
  - Sevaster

There exist no exceptions
  - Brataj

There exist no exceptions
  - Kotë

There exist no exceptions
  - Vllahinë

In this AU the function of Veterinary services is merged with Legal Office; the function of City planning office is merged with Land Management and Protection Sector.
- The merger process will provide an entire orientation dimension of the organizational model which is the separation according to geography. Consequently, the need to for a matrix organizational structure pops up.

The matrix organizational structure will require multi reporting lines, compliance of the objectives through division of sectors and functions, planning and use of combined resources, decisiontaking, coordination and communication .

## ***Service Delivery***

- Tables 3 and 4 provide in details delivery of public services and execution of Horizontal Functions.
- The majority of functions are provided through own resources.
- The below services are contracted:
  - Construction of local roads, sidewalks and public squares
  - Water Supply Company
- Licensed Services:
  - Not any
- 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 (developping principle 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?
<b>Infrastructure and public services</b>			
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
<b>Social,cultural and sports Services</b>			
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?
<b>Local economic development</b>			
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
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	Yes	No	No
<b>Medicine</b>			
Health care system and the protection of public health	Yes	No	No
<b>Social care</b>			
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
<b>Environmental Protection</b>			
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	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, cultural and sports Functions, 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 2;

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

- Consistency in 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 (form 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 reach the premises of economy and an effective service delivery, and reduce cost the structure proposed in Appendix 1 discusses four main blocks.
- The first Block is related to the Function of Mayor, his Cabinet, Deputy Mayors and support offices with reporting line for operational issues reporting directly to the Mayor such as: Internal Audit and Tax Appeal.
- The second block includes Civil servants, who compile and approve the policies of the New Municipality. The functions included in this block are at General Management level , Directory and Sector, depending on

the size of the New Municipality. The highest position in this block is the The Secretary General, a new role which is going to be added in the proposed Organizational Structure

- The third block includes the Agencies, responsible for the implementation of policies compiled by civil servants. According to the functions and roles they carry out they are divided in four types of Agencies: Agency of Territory Inspection 2) Agency of Public Service 3) Agency of Welfare and Social Care 4 )Agency of Agricultural, Veterinary and Environmental Service.
- The fourth block includes the One Stop Service offices at Municipality and LGU level. We clarify that these offices in Municipality will have an office supervisor, civil registry staff, ad-hoc NRC, and a public relation specialist who gathers the requests, complaints of the community and submits them to provide a solution in Municipality . Also, these offices may be located at neighbourhood level which are created in cases when the population exceeds 20,000 inhabitants. Whereas in LGU, the One stop Service Offices will be represented by the Administrator and will be organized and play the same role as the Municipality and its divisions, if applied.

## **Financial due diligence**

## Summary of observations and recommendations

Observations	Recommendations
<p><b>Property, Plant and Equipment</b></p>	
<p>During the control of the former unicity 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>

<b>Investments in shares/subsidiaries</b>	
<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>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at an amount of ALL 198,096 thousand. Overdue municipal obligations are reported at an amount of ALL 169,228 thousand.</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>

**Receivables**

During 2015, tax and non-tax revenues were 6% 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 Tropoje, 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 Selenicë, Local Government Unit of Armen, Local Government Unit of Vllahinë, Local Government Unit of Kotë, Local Government Unit of Sevaster and Local Government Unit of Brataj

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

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 ALL 000</i>	<i>For the period ended 31 July 2015</i>
Income from grants	165,579
Tax and non-tax revenue	14,326
Total Expenses	127,553
Total Assets	1,894,468
Liabilities	198,096

**Table 1. Summary of consolidated statement of financial position.**

*Amounts in thousand ALL*

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	<b>1,894,468</b>	<b>1,828,382</b>
<b>I</b>	<b>Current Assets</b>	<b>242,458</b>	<b>242,458</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	56,595	56,595
Class 4	2. Receivables	174,901	174,901
Class 3	3. Current Inventory accounts	10,962	10,962
<b>II</b>	<b>Non-current Assets</b>	<b>1,650,898</b>	<b>1,584,812</b>
23	1. Investments	38,605	38,605
25,26	2. Finance assets	66,086	-
21,24,28	3. Tangible assets	1,530,850	1,530,850
20	4. Intangible assets	15,356	15,356
<b>III</b>	<b>Other assets</b>	<b>1,112</b>	<b>1,112</b>
<b>B</b>	<b>Liabilities</b>	<b>198,096</b>	<b>198,096</b>
<b>I</b>	<b>Current liabilities</b>	<b>198,001</b>	<b>198,001</b>
Class 4	1. Accounts payable	198,001	198,001
<b>II</b>	<b>Non liquid liabilities</b>	<b>-</b>	<b>-</b>
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	<b>95</b>	<b>95</b>
	<b>Net assets (A - B)</b>	<b>1,696,372</b>	<b>1,630,286</b>
	<b>Presented: Consolidated budget</b>	1,662,533	1,596,446
	<b>Carried forward results</b>	33,840	33,840

### Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 1,894,468 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 13% of total assets increased by 53% 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 126% of receivables

#### *Accounts Receivable*

- Structure of total debtors of municipality Selenicë is consisted of 6.21% from debtors of Municipality Selenicë, 0.68% from debtors of AU Armem, 87.36% from debtors of AU Vllahinë, 3.93% from debtors of AU Kotë, 0% from debtors of AU Sevaster and 1.82% from debtors of AU Brataj.

- *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the municipality Selenice with 87%, have increased by 13% in total, where the biggest effect in this increase, was due to the increase of financial assets during 2015, and increase of tangible assets by 10% which occupy 81% of the total of assets.

*PPE*

- 23.13% % of PPE of municipality Selenice is occupied by PPE and Municipality Selenicë, 25.77% PPE by AU Armen, 19.68 % PPE by AU Vllahinë, 7.99% PPE by AU Kote, 10.70% PPE by AU Sevaster and 12.73% PPE by AU Brataj.

- *Accounts Payable*

Accounts payable have increased by 4% during the period ended July 31, 2015 compared to the previous year 2014.

- 7.35% of the total accounts payable is occupied by accounts payable of Municipality Selenicë, 2.96% by AU Armen, 78.32% by AU Vllahinë, 4.53% by AU Kotë, 2.66% by AU Sevaster dhe 4.19% by AU Brataj

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
<b>A</b>	<b>TOTAL REVENUES</b>	228,194	228,194
<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	14,326	14,326
70	1. Tax revenues upon	13,907	13,907
71	3. Non tax revenues	419	419
72	<b>II. GENERAL ACTUAL GRANTS</b>	165,579	165,579
<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	48,289	48,289
<b>77, 83</b>	<b>V. OTHER REVENUES</b>	-	-
<b>B</b>	<b>TOTAL EXPENSES</b>	194,354	194,354
<b>0</b>	<b>I. ACTUAL EXPENSES</b>	128,128	128,128
	1. Salaries and employees contribution	39,540	39,540
600 601	2. Goods and Services	17,550	17,550
602	4. Internal actual transfers	248	248
606	6. Budget transfers for families and individuals	70,790	70,790
<b>67</b>	<b>IV. OTHER EXPENSES</b>	66,226	66,226
<b>C</b>	<b>DETERMINED NET INCOME</b>	33,840	33,840
	From this: Functioning results	33,840	33,840
	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 financial statement of income were ALL 228,194 thousand. 6% of the total income of municipality is composed of tax and non-tax revenues, 73% of income is from grants and 21% from other incomes.

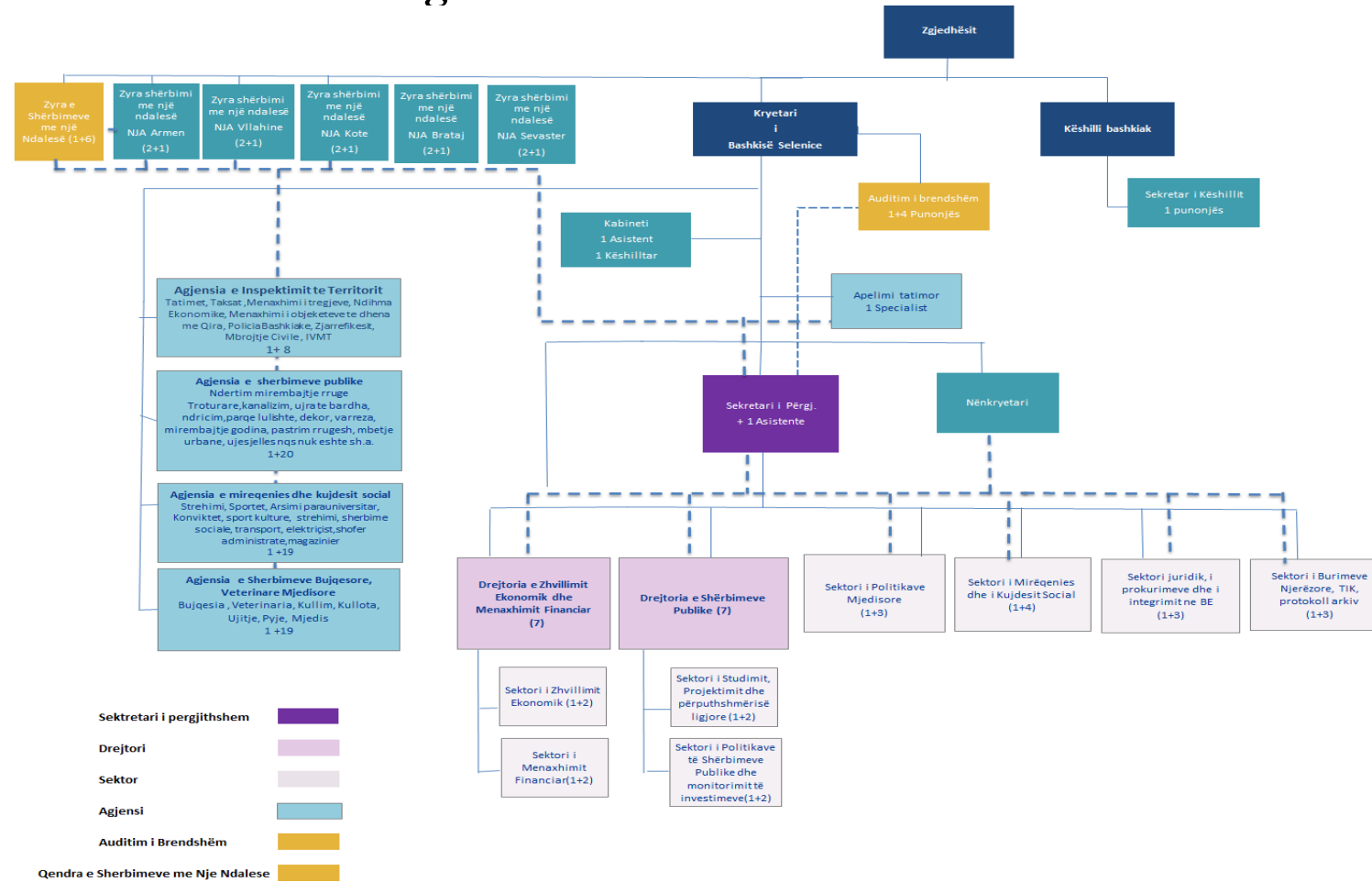
The structure of total revenues is comprised of 23.79% from revenues generated from Municipality Selenicë, 11.55% from LGU Armen, 13.22% from LGU Vllahinë, 13.39% from LGU Kotë, 19.95% from LGU Sevaster and 18.10% from LGU Brataj.

*Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated financial statement of income and expenses were ALL 194,354 thousand. 66% of the total municipal expenditure is composed of current expenditures, the remaining part belongs to other expenses.
- Structure of total expenditure is comprised of 21.13% from expenses of Municipality Selenicë, 15.35% from LGU Armen, 15.08% from LGU Vllahinë, 18.96% from LGU Kotë, 12.02% from LGU Sevaster and 17.44% from LGU Brataj.

More details on 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 përgjithshëm** [Purple box]
- Drejtori** [Pink box]
- Sektor** [Light pink box]
- Agjensi** [Light blue box]
- Auditim i brendshëm** [Yellow box]
- Qendra e Shërbimeve me Një Ndalese** [Orange box]

## 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 of the Municipality and LGUs excluding the Mayors and civil status employees is 133. For more details: 6 employees have the civil servant status, 71 employees have signed employment contracts, 56 employees work according to labour code.
- 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"> <li>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 Selenice. It is worth mentioning that the Municipality Selenice, before the amalgamation process, is considered as one of the merged units.</li> <li>One 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.</li> </ul>	<ul style="list-style-type: none"> <li>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 applicable provisions for the settlement of an employment contract with indefinite term.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>

Observations	Recommendations
Termination of employment relationship	
<ul style="list-style-type: none"> <li>The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.</li> </ul>	<ul style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li>- <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.</li> <li>- <i>Employees with employment contracts</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.</li> <li>- <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.</li> </ul> </li> </ul>
Improvement of organizational structure	
<ul style="list-style-type: none"> <li>Organizational structures of local government units do not stipulate the position of GeneralSecretary.</li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that a new organizational structure should have a highest reporting line of civil servants, the position of the GeneralSecretary. The GeneralSecretary 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.</li> </ul>



## 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

- In Selenice Municipality, the softwares in use are old and unlicensed version, hardware equipments include : desktop PCs, printers and photocopiers.
- In LGU-s of Sevaster, Brataj, Vllahinë, Kotë and Armen, the softwares in use are old and unlicensed versions. There exist no hardware equipments such as : desktop PCs, printers and photocopiers.
- Consolidated information about the IT environment is presented in Table 9 –IT environment, below

<b>Objective</b>	<b>QB Selenicë</b>	<b>NJA Sevaster</b>	<b>NJA Brataj</b>	<b>NJA Vllahinë</b>	<b>NJA Kotë</b>	<b>NJA Armen</b>
Installed Software	Microsoft Office 2010/ Windows Professional2007/ Autocad 2008/ 360 Total security/ Teamviwer Ver 2014	Microsoft Office 2010/Xp Pro SP3/ Kaspersky	Microsoft Office 2010/Xp Pro SP3/Autocad 2008/ Kaspersky	Microsoft Office 2010/Windows 2007/ Xp Pro SP3	Microsoft Office 2010/Xp Pro SP3/Autocad 2008/ Kaspersky	Microsoft Office 2010/Xp Pro SP3/Autocad 2008/ Kaspersky
Contracts of licences	Po	n/a	n/a	n/a	n/a	n/a
Hardware (in use)	Hardware (in use)					
Computer (desktop)	9	2	3	6	4	4
Printers	5	n/a	2	5	4	2
Servers	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
Hardware and Software maintenance	Not any	Not any	Not any	Not any	Not any	Not any

## Observations and Recommendations

### IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Information Technology</li> </ul>	
<ul style="list-style-type: none"> <li>The computers are not managed through 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.</li> </ul>	<ul style="list-style-type: none"> <li>New Municipality should consider implementing a centralized and standardized system that automates network management of user account data and security requirements, based on the cost / benefit principle.</li> </ul>
<p>Data storage system</p> <ul style="list-style-type: none"> <li>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 are subsequently taken outside the LGU premises.</li> </ul> <p>PC-s optimization and Management</p> <ul style="list-style-type: none"> <li>There is no IT staff for maintenance of hardwares and softwares and no contracted service for this purpose. .</li> </ul> <p>Hardwares and Softwares are old. There exist no licensed and protection softwares.</p>	<ul style="list-style-type: none"> <li>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.</li> <li>Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Kukes municipality or Private / Public Cloud.</li> <li>The new municipality should employ IT personnel</li> <li>The new municipality should legalize the use of licensed softwares in compliance with law and ensure data security.</li> </ul> <p>It is considered necessary the implementation of new trends for optimization of costs of photocopying/printing/scanning services. These services may be offered in a centralized manner.</p>

## 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 departameneteve and communication between different sectors;

### Summarized description of the information received

- Phone service is not provided in Selenice Municipality. Internet service is offered by national provider Albtelekom through cable,optical fiber system . Only 2 employes have access to internet service. The internal means of communication are electronic , verbal and written.
- Internet service in LGU Armen is provided by a local provider named Nisatel through an annual contract. Internet service is providet through optical fiber and only 1 employee has access to this service whereas fix line service does not exist. The internal means of communication are verbal and written.
- No Internet and phone service is provided in LGU-s of Sevaster, Brataj and Vllahinë,

Consolidated information about the communication systems is presented in Table 10 –Communication systems

Objective	Selenicë	Sevaster	Brataj	Vllahinë	Kotë	Armen
Telephone service	No	n/a	n/a	Jo	n/a	n/a
Telephone service provider	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	Yes	n/a	n/a	n/a	n/a	Yes
Assess coverage of the telephony service	n/a	n/a	n/a	n/a	n/a	n/a
Internal communication lines	Electronic/ Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written	Verbal/written

Table 10: Communication Systems

Comunication	
<b>Observations</b>	<b>Recommendations</b>
Lack of electronic means of communication	
<ul style="list-style-type: none"> <li>Although the three local government units have internet access, none of them has an internal electronic communication system.</li> </ul>	<ul style="list-style-type: none"> <li>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 no 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.</li> </ul>
<p>Lack of telephone service</p> <ul style="list-style-type: none"> <li>None of the above mentioned local government units has a fixed line service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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 2015 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 2015;

### Summarized description of the information received

- The description of Archive in Selenice Municipality is kept by the Archive and Protocol Specialist. The process of archiving, storage and elaboration of documents is currently held in a facility designated for archives.
- In LGU-s of Sevaster, Brataj, Vllahinë, Kotë and Armen the process of archiving, storage and elaboration of documents is currently held in a facility designated for archives.
- Based on the information received, the documents have been partially processed in compliance with the requirements on archiving and the transfer of documents to Local state Archive has not been carried out in compliance with the legal terms. The technical requirements on archive premises are partly fulfilled.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in table 11- Consolidated Checklist of technical requirements.

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>QB Selenicë</b>	<b>LGU Sevaster</b>	<b>LGU Brataj</b>	<b>LGU Vllahinë</b>	<b>LGU Kotë</b>	<b>LGU Armen</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	Yes	No	No	No	No	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but there is no distance from the wall	Yes, but there is no distance from the wall	Yes, but there is no distance from the wall	Yes, but there is no distance from the wall	Yes, but there is no distance from the wall	Yes, but there is no distance from the wall
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	Yes	Yes	Yes	Yes	Yes
Archive keys in two copies	Yes	Yes	Yes	Yes	Yes	Yes
One copy of the 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	Yes	No	Yes
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	No	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	Partially	Partially	No	No	Partially



Technical requirements for practices in the premises of archives and record-keeping methodology	QB Selenicë	LGU Sevaster	LGU Brataj	LGU Vllahinë	LGU Kotë	LGU Armen
<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, branche, 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>	Partially	Partially	Partially	Partially	No	Partially
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	No	Yes
<p>Cover file (Module 6), clearly marked and grammar:</p> <ul style="list-style-type: none"> <li>- Full name of the state entity - no state</li> <li>- Department or branch that operates</li> <li>- The level of classification (if the document is of this type)</li> <li>- The file contains an identification number, year</li> <li>- Full title of the file</li> <li>- The peREod that the document should save (protect)</li> <li>- Date of completion of conservation</li> <li>- The amount of documents that are stored in files</li> <li>- Inventory identification number on file</li> <li>- The period of use</li> </ul>	Partially	Partially	Partially	Partially	Partially	Partially

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>QB Selenicë</b>	<b>LGU Sevaster</b>	<b>LGU Brataj</b>	<b>LGU Vllahinë</b>	<b>LGU Kotë</b>	<b>LGU Armen</b>
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of histoREcal imYesrtance, 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 histoREcal imYesrtance, national and documentation retention peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).						
The emblem of the Republic	Yes	No	Yes	No	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes	Yes	No
The content of the document	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
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - CorresYesndence model	Yes	Yes	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of CorresYesndence	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	No	No	No	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No	No	No

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

## Observations and Recommendations

### Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure physical security of archive and retention from possible damages.</li> </ul>

## Appendix 6 –Assets Management System

### Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing 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
  - Minister of Finance Guideline 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 2015;
- Provision of observations and recommendations regarding the management of assets within the union based on information received by the end of the year 2015.

### Summarized description of the information received

- In the existing Municipality and LGU-s ,the Mayor is the authorizing officer of asset management, whereas the Head of Finance is enforcement officer. In absence of an internal regulation or procedure approved by the Mayor, the unit applies the Provisions of Guideline no. 3 dated 27.12.2001 “On asset management in public sector” amended. However, requirements provided by the above mentioned Guideline on management of assets and records of particular assets and evaluation of assets are partially fulfilled.
- In MC and LGU-s the mayor approves at the end of each year special orders for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees are established to evaluate the 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**

<b>ASSET MANAGEMENT</b>	<b>Municipality Selenicë</b>	<b>LGU Sevaster</b>	<b>LGU Brataj</b>	<b>LGU Vllahinë</b>	<b>LGU Kotë</b>	<b>LGU Armen</b>
Adopted rules and procedures on asset management	No	No	No	No	No	No
Authorizing Officer	No	No	No	No	No	No
Executing/Enforcement Officer	Yes	Yes	Yes	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	Yes	No	No	No
Owned Companies Register	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	Yes	No	Yes
Assets Inventory Committee	No	No	No	No	No	No
Assets Evaluation Committee	Yes	No	No	No	No	No
Assets Disposal Committee	Yes	No	No	No	No	No
Committee of disposal of assets	Yes	Yes	No	No	No	No

## Observations and recommendations

### Asset Management

Observations	Recommendations
<p>Asset management – lack of registers</p> <ul style="list-style-type: none"><li>• Not all administrative units have kept records of leased properties, owned companies or concessions or emphyteosis contracts with third parties.</li></ul>	<ul style="list-style-type: none"><li>• 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 would be provided to the New Municipality accurate information of assets of existing LGU and would consequently enable a proper management of assets in accordance with the legal framework in force.</li></ul>

## Appendix7 – Investment Projects

Based on the inventory of investment projects for Selenice municipality and its administrative units 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

	<b>Project Title</b>	<b>Current status of project implementation</b>	<b>Actual cost in ALL</b>	<b>Approved total estimated funding required for the investment in ALL</b>
Selenicë	Reconstruction of façade and greenness of premises around palaces in Boulevard 21 Shkurti Selenicë.	This project started on 22 June 2015 and is in progress. The deadline for termination of works is 21 June 2016	21,694,833	30,228,991
Armen	n/a	n/a	n/a	n/a
Sevaster	n/a	n/a	n/a	n/a
Brataj	n/a	n/a	n/a	n/a
Kotë	Construction KUZ „Drashovicë Village	The project has finished. The payment has not been fully made.	47,882,500	47,882,500
Vllahine	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	
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-	
<b>2</b>	<b>A</b>	<b>Non Current Assets</b>		<b>1,650,898</b>	<b>1,584,812</b>	<b>1,465,905</b>	
<b>3</b>		<b>I. Intangible Assets</b>		<b>15,356</b>	<b>15,356</b>	<b>16,979</b>	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	<b>F6, Sh1</b>	30,962	30,962	30,962	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	(15,605)	(15,605)	(13,983)	
8	230	Expenses for increase of current intangible assets		-	-	-	
<b>9</b>		<b>II. Tangible Assets</b>		<b>1,569,456</b>	<b>1,569,456</b>	<b>1,448,927</b>	
10	210	Land		1,321	1,321	1,321	
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	-	-	-	
12	212	Building and Constructions	<b>F6, Sh1</b>	276,327	276,327	256,689	
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	1,532,965	1,532,965	1,404,462	
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	11,854	11,854	11,854	
15	215	TransYesrt vehicles	<b>F6, Sh1</b>	11,378	11,378	11,378	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	<b>F6, Sh1</b>	36,398	36,398	36,376	
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(339,394)	(339,394)	(330,473)	
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	38,605	38,605	57,320	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>66,086</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		66,086	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>242,458</b>	<b>242,458</b>	<b>158,425</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>10,962</b>	<b>10,962</b>	<b>10,387</b>
29	31	Materials	Sh2	1,237	1,237	964
30	32	Inventory Objects	Sh2	9,724	9,724	9,423
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 (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>174,901</b>	<b>174,901</b>	<b>77,524</b>
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	1,822	1,822	1,843
42	431	Rights and taxes to deYessit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		20,824	20,824	57,095
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	152,255	152,255	18,586
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>56,595</b>	<b>56,595</b>	<b>70,514</b>

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		81	81	81
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	<b>Sh5</b>	56,420	56,420	70,434
59	531	Petty-cash		95	95	-
60	532	Other amounts		-	-	-
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		<b>1,112</b>	<b>1,112</b>	<b>12,054</b>
65	477	Assets conversion differences		-	-	10,775
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		1,112	1,112	1,279
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>1,894,468</b>	<b>1,828,382</b>	<b>1,636,384</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
71	80,81	Active evidences		-	-	-

## Template 2: 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
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>1,662,533</b>	<b>1,596,446</b>	<b>1,476,292</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>1,662,533</b>	<b>1,596,446</b>	<b>1,476,292</b>
3	101	Base funds	<b>F8</b>	1,623,927	1,557,841	1,418,972
4	105	Capital internal grants		38,605	38,605	57,320
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>198,001</b>	<b>198,001</b>	<b>112,962</b>
<b>17</b>		<b>I. Long-term debts</b>		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>198,001</b>	<b>198,001</b>	<b>112,962</b>
21	419	Clients (Creditors), partial prepayment		-	-	16,331
22	401-408	Suppliers and related accounts	<b>Sh6</b>	17,044	17,044	48,802
23	42	Employees and related accounts		3,260	3,260	6,591
24	431	Liabilities to government for taxes		136	136	120
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		3,179	3,179	3,179
27	4341	Te tjera operacione me shtetin(kreditor)		2,122	2,122	527
28	435	Social Insurance		345	345	1,206
29	436	Health Insurance		39	39	211
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	19,693	19,693	23,304
36	467	Other creditors		152,184	152,184	12,692
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>95</b>	<b>95</b>	<b>-</b>
38	475	Incomes to register in the coming years		-	-	-
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title ex Yessure		95	95	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>33,840</b>	<b>33,840</b>	<b>47,130</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>1,894,468</b>	<b>1,828,382</b>	<b>1,636,384</b>
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
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)

					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	
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>127,553</b>	<b>127,553</b>	<b>322,567</b>	
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>128,128</b>	<b>128,128</b>	<b>322,089</b>	
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>33,244</b>	33,244	<b>78,985</b>	
4	6001	Salaries		32,362	32,362	78,929	
5	6002	TemYesrary salaries		878	878	-	
6	6003	Bonuses		-	-	50	
7	6009	Other personal expenses		5	5	6	
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>6,296</b>	<b>6,296</b>	<b>11,968</b>	
9	6010	Insurance contributions		5,550	5,550	10,625	
10	6011	Health insurance		746	746	1,343	
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>17,550</b>	<b>17,550</b>	<b>63,670</b>	
12	6020	Stationary		2,563	2,563	2,047	
13	6021	Special services		-	-	310	
14	6022	Services from third party		4,903	4,903	15,311	
15	6023	TransYesrt expenses		1,790	1,790	4,508	
16	6024	Travel expense		725	725	805	
17	6025	Ordinary maintenance expenses		1,159	1,159	6,108	
18	6026	Rent expenses		-	-	270	
19	6027	Expenses for legal liability for compensation		737	737	1,028	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		5,672	5,672	33,283	
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	<b>2,680</b>	

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
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	2,680
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>248</b>	<b>248</b>	<b>1,001</b>
29	6040	Current transfers to other government levels		46	46	951
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		<b>202</b>	202	50
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	<b>150</b>
34	6051	Transfers for IOS		-	-	150
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>70,790</b>	<b>70,790</b>	<b>163,635</b>
39	6060	Transfers paid from ISS and HII		10,072	10,072	23,012
40	6061	Transfers paid from other institutions and Local government		60,718	60,718	140,622
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>(575)</b>	<b>(575)</b>	<b>478</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disYessed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
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		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-



				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
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>127,553</b>	<b>127,553</b>	<b>322,567</b>
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>66,801</b>	<b>66,801</b>	<b>146,193</b>
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		55,825	55,825	141,893
64	8420	Revenues deYessited in the budget		2,058	2,058	2,298
65	8421	DeYessit in the budget of unused revenues		8,343	8,343	1,873
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		575	575	129
68	8424	Transfers for identified debtors and similar items		-	-	-
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>194,354</b>	<b>194,354</b>	<b>468,759</b>
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>33,840</b>	<b>33,840</b>	<b>47,130</b>
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>228,194</b>	<b>228,194</b>	<b>515,889</b>

### 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
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>228,194</b>	<b>228,194</b>	<b>515,375</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>13,907</b>	<b>13,907</b>	<b>33,408</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>979</b>	<b>979</b>	<b>3,691</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	979	979	3,691
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>9,564</b>	<b>9,564</b>	<b>22,050</b>
9	7020	On immovable property	9,304	9,304	22,050
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	260	260	-
<b>12</b>	<b>703</b>	<b>c) Tax uYesn goods and services in the country</b>	<b>3,364</b>	<b>3,364</b>	<b>7,667</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax uYesn specific services	-	-	-
16	7033	Tax uYesn goods usage and activity permission	50	50	-
17	7035	Local tax on goods usage and activity permission	3,314	3,314	7,667
<b>18</b>	<b>704</b>	<b>d) Tax uYesn commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
19	7040	Duties on imYesrt goods	-	-	-
20	7041	Duties on exYesrt goods	-	-	-
21	7042	Custom tariff and Yesst service	-	-	-
22	7049	Other tax uYesn international commercial transYesrt	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>

			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
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	-	-	-
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	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>419</b>	<b>419</b>	<b>4,699</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>17</b>	<b>17</b>	<b>1,828</b>
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	17	17	1,828
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>402</b>	<b>402</b>	<b>2,872</b>
40	7110	Administrative tariffs and regulations	121	121	2,140
41	7111	Secondary revenues and payments of services	281	281	579
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	150
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	-	-	3
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non tax revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>165,579</b>	<b>165,579</b>	<b>444,847</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>165,579</b>	<b>165,579</b>	<b>444,847</b>
50	7200	From same Government level	133,047	133,047	316,289
51	7201	From other Government levels	13,950	13,950	13,671
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	36	36	-
55	7205	Additional finances created within the system	-	-	-

			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
56	7206	Expected financing from budget	18,347	18,347	54,354
57	7207	Third party sYesnsorship	199	199	-
58	7209	Other internal grants	-	-	60,533
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>48,289</b>	<b>48,289</b>	<b>32,421</b>
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	29,264	29,264	19,034
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	1,298	1,298	2,976
69	787	Withdraw from investments	17,728	17,728	10,410
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deYessits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	-	-	-
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	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>228,194</b>	<b>228,194</b>	<b>515,375</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	-	-	<b>514</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	-	-	514
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>228,194</b>	<b>228,194</b>	<b>515,889</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>228,194</b>	<b>228,194</b>	<b>515,889</b>

#### 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>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	<b>57,320</b>	<b>123,978</b>	<b>105,264</b>	<b>38,605</b>
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	<b>57,320</b>	<b>95,296</b>	<b>76,581</b>	<b>38,605</b>
3	1050	From the same government level	57,320	51,287	32,572	38,605
4	1051	From other Government levels	-	44,008	44,008	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	-	<b>28,683</b>	<b>28,683</b>	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	28,683	28,683	-
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-

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>						
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)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
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)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	<b>57,320</b>	<b>128,865</b>	<b>147,580</b>	<b>38,605</b>
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	-	-	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	<b>57,320</b>	<b>128,865</b>	<b>147,580</b>	<b>38,605</b>
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	57,320	11,083	29,798	38,605
39	2313	Roads, networks, water facilities	-	117,760	117,760	-
		Technical installment, machinery, equipment, working				
40	2314	tools	-	-	-	-
41	2315	TransYesrt vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	22	22	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-

In ALL '000
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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>
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-
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 Noint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	<b>114,640</b>	<b>252,843</b>	<b>252,843</b>	<b>77,211</b>

**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>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>70,434</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>311,467</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>274,109</b>	-	-	-
4	Actual budget funds (Budget with changes)	138,462	-	-	-
5	Capital budget funds (Budget with changes)	135,646	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>37,358</b>	-	-	-
7	Tax revenues in "Cash"	15,007	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	190	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	SYesnsorships, grants and other revenues "cash"	14,776	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	7,385	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>266,390</b>	-	-
15	1. Payment from the budget for actual expenses	-	97,407	-	-
16	2. Payments from the budget for capital expenses	-	96,698	-	-
17	3. Payments from revenues for actual expenses	-	32,568	-	-
18	4. Payments from revenues from capital expenses	-	32,751	-	-
19	5. Payments from storage	-	6,966	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>59,091</b>	-	-
22	1. DeYessit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	59,045	-	-
24	3. Internal movements and transfers	-	46	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>381,901</b>	<b>325,481</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>56,420</b>	-	-	-



**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	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
<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>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>30,962</b>	-	-	-	-	-	-	-	-	-	<b>30,962</b>
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	30,962	-	-	-	-	-	-	-	-	-	<b>30,962</b>
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>1,722,080</b>	<b>147,580</b>	-	<b>584</b>	-	<b>148,164</b>	-	-	-	-	<b>1,870,244</b>
6	210 Land	1,321	-	-	-	-	-	-	-	-	-	<b>1,321</b>
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	256,689	19,054	-	584	-	<b>19,639</b>	-	-	-	-	<b>276,327</b>
9	213 Roads, networks, water facilities	1,404,462	128,503	-	-	-	<b>128,503</b>	-	-	-	-	<b>1,532,965</b>
10	214 Technical installment, machinery, equipment, working tools	11,854	-	-	-	-	-	-	-	-	-	<b>11,854</b>
11	215 TransYesrt vehicles	11,378	-	-	-	-	-	-	-	-	-	<b>11,378</b>
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218	Economic Inventory	36,376	22	-	-	-	22	-	-	-	-	36,398
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>		<b>T O T A L ( I + II )</b>	<b>1,753,041</b>	<b>147,580</b>	<b>-</b>	<b>584</b>	<b>-</b>	<b>148,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,901,206</b>

**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>
		<b>I.</b>									
		<b>INTANGIBLE</b>									
1	209		13,983	1,622	-	1,622	-	-	-	-	15,605
		<b>II.</b>									
		<b>TANGIBLE</b>									
2	219		330,473	8,921	-	8,921	-	-	-	-	339,394
		<b>TOTAL (I + II)</b>	<b>344,456</b>	<b>10,543</b>	<b>-</b>	<b>10,543</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354,999</b>

**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	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	Debit	Credit	31 July 2015	1 Jan. 2015	Debit	Credit	31 July 2015		
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>1,418,972.16</b>	<b>10,543</b>	<b>215,498</b>	<b>1,623,927</b>	<b>1,418,972</b>	<b>10,543</b>	<b>149,412</b>	<b>1,557,841</b>		
2	1010	Status of base fund	1,418,972	-	48,690	1,467,663	1,418,972	-	-	1,418,972		
3	1011	Additions base fund	-	-	166,808	166,808	-	-	149,412	149,412		
4	1012	Decrease base fund	-	3,986	-	(3,986)	-	3,986	-	(3,986)		
5	1013	Decrease from tangible assets consume	-	6,557	-	(6,557)	-	6,557	-	(6,557)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	-	-	-	-	-	-	-		
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-		
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	-	-	-	-	-	-	-	-		
<b>10</b>	<b>105,107,11,12, 13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>104,450</b>	<b>76,899</b>	<b>44,894</b>	<b>72,445</b>	<b>104,450</b>	<b>76,899</b>	<b>44,894</b>	<b>72,445</b>		

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	1	2	3	31 July 2015	1 Jan. 2015	1	2	3	31 July 2015
<i>a</i>	<i>b</i>		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit		
			<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
11	105	Capital internal grants	57,320	29,769	11,054	38,605	57,320	29,769	11,054	38,605		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	36,624	36,624	-	-	36,624	36,624	-	-		
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	10,506	10,506	33,840	33,840	10,506	10,506	33,840	33,840		
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	-	-	-	-	-	-	-	-		
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>1,523,422</b>	<b>87,442</b>	<b>260,392</b>	<b>1,696,372</b>	<b>1,523,422</b>	<b>87,442</b>	<b>194,306</b>	<b>1,630,286</b>		

**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
		1	2	3	4	5	6	7	8	9	10
<b>a</b>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>152</b>	<b>3</b>	<b>2</b>	<b>153</b>	<b>33,239</b>	<b>-</b>	<b>-</b>	<b>6,263</b>	<b>-</b>	<b>479</b>
<b>1</b>	<b>Directors</b>	9	-	-	9	5,064	-	-	1,491	-	170
<b>2</b>	<b>High level education specialist</b>	36	-	2	34	10,978	-	-	2,174	-	243
<b>3</b>	<b>Technical Ordinary officers</b>	29	-	-	29	5,322	-	-	475	-	46
<b>4</b>	<b>Employees</b>	40	-	-	40	5,426	-	-	582	-	20
<b>5</b>	<b>Temporary employees</b>	38	3	-	41	6,448	-	-	1,541	-	-
<b>6</b>	<b>employees</b>	-	-	-	-	-	-	-	-	-	-

**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
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>1,894,468</b>	<b>1,828,382</b>	<b>1,636,384</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>242,458</b>	<b>242,458</b>	<b>158,425</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	56,595	56,595	70,514
13	Class 4	2. Receivables	174,901	174,901	77,524
29	Class 3	3. Current Inventory accounts	10,962	10,962	10,387
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>1,650,898</b>	<b>1,584,812</b>	<b>1,465,905</b>
40	23	1. Investments	38,605	38,605	57,320
44	25,26	2. Finance assets	66,086	-	-
47	21,24,28	3. Tangible assets	1,530,850	1,530,850	1,391,607
60	20	4. Intangible assets	15,356	15,356	16,979
<b>65</b>	<b>III</b>	<b>Other assets</b>	<b>1,112</b>	<b>1,112</b>	<b>12,054</b>
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>198,096</b>	<b>198,096</b>	<b>112,962</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>198,001</b>	<b>198,001</b>	<b>112,962</b>
71	Class	1. Accounts payable	198,001	198,001	112,962
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
90	17	1. Foreign loans	-	-	-
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>95</b>	<b>95</b>	<b>-</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>1,696,372</b>	<b>1,630,286</b>	<b>1,523,422</b>
97		<b>Presented: Consolidated budget</b>	1,662,533	1,596,446	1,476,292
98		<b>Carried forward results</b>	33,840	33,840	47,130

**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>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>228,194</b>	<b>228,194</b>	<b>515,889</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>14,326</b>	<b>14,326</b>	<b>38,107</b>
3	70	1. Tax revenues uYesn	13,907	13,907	33,408
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	419	419	4,699
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>165,579</b>	<b>165,579</b>	<b>444,847</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>48,289</b>	<b>48,289</b>	<b>32,421</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>-</b>	<b>-</b>	<b>514</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>194,354</b>	<b>194,354</b>	<b>468,759</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>128,128</b>	<b>128,128</b>	<b>322,089</b>
35	600 601	1. Salaries and employees contribution	39,540	39,540	90,953
38	602	2. Goods and Services	17,550	17,550	63,670
49	603	3. Subsidies	-	-	2,680
50	604	4. Internal actual transfers	248	248	1,001
51	605	5. External actual transfers	-	-	150
52	606	6. Budget transfers for families and individuals	70,790	70,790	163,635
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>66,226</b>	<b>66,226</b>	<b>146,670</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>33,840</b>	<b>33,840</b>	<b>47,130</b>
59		From this: Functioning results	33,840	33,840	47,130
60		Functioning observed grants	-	-	-





# **STAR Project**

**Municipality Vlorë**  
**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
<p>Roles – Mayor</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>Roles – Deputy Mayor</p> <ul style="list-style-type: none"> <li>• In most of ex - municipalities and ex- administrative units in question, the deputy mayor was conceived more as an honorific position.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p>Role – Municipality Council</p>	

Observations	Recommendations
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrator</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>It is noticed insufficient clearance about the administrator's role in relation to the services provided and hierarchical dependence of agencies expected to provide services to citizens.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Roles – Administrative Unit</p> <ul style="list-style-type: none"> <li>The ex-municipality is not considered an administrative unit and has not appointed an administrator.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Functions - order and civil protection</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Orientation – Mixed orientation of administrative structures</p> <ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and</li> </ul>	<ul style="list-style-type: none"> <li>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 standards</li> </ul>

<b>Observations</b>	<b>Recommendations</b>
horizontal functions.	for each of them.
<p>Organization - diverse label of organizational units</p> <ul style="list-style-type: none"> <li>Organizational unit in the actual structures are not named and organized in an orderly manner, there are offices, sectors, companies, brigades, etc.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider re-organization and name them in an orderly and hierarchal 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.</li> </ul>
<p>Orientation - horizontal functions</p> <ul style="list-style-type: none"> <li>Support functions are performed by many sub-units, whether in the municipality, or in the administrative unit.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality should consider the concentration of some of the horizontal functions / support in order to increase efficiency and accountability in their exercise.</li> <li>Public procurement should be centralized and be part of the main section of the structure.</li> <li>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 in 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.</li> <li>The finance service, budget and procurement should also be centralized and carried on center.</li> <li>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.</li> <li>The service of human resource management and revenue management should also be centralized and carried on the municipality.</li> </ul>
<p>The organization and structure - digital standard</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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; Directories 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.</li> </ul>



Observations	Recommendations
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> <li>There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>There is no clear division of functions within the organization's administration</li> </ul>	<ul style="list-style-type: none"> <li>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 Labor Code.</li> </ul>
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> <li>Absence of a specialized designated structure for relations with the voters' community and other institutions or entities, public or private, domestic or foreign.</li> </ul>	<ul style="list-style-type: none"> <li>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 is 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.</li> </ul>
<p>Personnel matters – The transfer of the staff</p>	

Observations	Recommendations
<ul style="list-style-type: none"> <li>• 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 Vlorë. It is worth mentioning that, also the ex-municipality, before the amalgamation process, it is considered as one of the units that are merged.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• In accordance with the provisions of the Labor 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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</li> <li>• 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.</li> </ul>
<p>Personnel matters – Termination of working relationship</p>	
<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"> <li>• 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"> <li><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</li> </ul> </li> </ul>

Observations	Recommendations
	<p>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 software</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary software for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Communication – Lack of electronic means of communication</p> <ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

<b>Observations</b>	<b>Recommendations</b>
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

# The structure and organization

## Organizational Model

Analysis of the organization and structure for the Municipality Vlorë and four existing LGUs of Novoselë, Orikum, Qendër Vlorë, and Shushicë 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 municipality/administrative units**

Roles	Vlorë	Novoselë	Qendër Vlore	Orikum	Shushicë
LGU Council	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓

## Roles

Performed roles are shown in table 1, below:

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 5 administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

<b>Role</b>				
<b>New Municipality</b>	<b>Vlorë</b>			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council	✓			
<b>Administrative Unit</b>	<b>Novoselë</b>	<b>Qender Vlore</b>	<b>Orikum</b>	
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 378,5.

- 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 263.

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

Public Services	Vlorë	Qender Vlore	Orikum	Novoselë	Shushicë		Merged
<b>Infrastructure and public services</b>							
Water Supply Company	Contracted	10	Contracted	Sh,a	10		Sh.a, Contracted,44
Functioning of the sewerage system	56	3	2	0.5	2		Sh.a,38,6
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	48	7	0	0.5	0		Sh.a,52
Construction of roads, pavements and public squares	0	0	0	n/a	0		50
Rehabilitation and maintenance of local roads, sidewalks and public squares	21	11	2	1	1		Contracted,44
Public lighting	11	0	1	n/a	0		11
The operation of urban public transport	½ sh.a- ½ licensed	0	0	n/a	0		5
Cemeteries administration and guarantee of funeral services	Contracted	0	0	1	1		40,6
Decorations Service in town / village	Contracted	2	0	n/a	0		7
Administration of parks, gardens and public spaces	Contracted	0	3	1	1		65
Collection, disposal and recovery of waste	Contracted	0	Contracted	19	1		Contracted,67
Urban planning	16	1	0	n/a	1		59
Land management	4	0	0	n/a	0		29
Shelter	1	0	0	n/a	0		3
<b>Social, cultural and sports Services</b>							
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	24	0	0	0	0		62
Organization of sporting, recreational and entertainment activities and management of relevant institutions	14	0	0	0	0		3
Social services of kindergartens	n/a	n/a	19	n/a	1	14	0
Social services - orphanages, shelters	n/a	n/a	20	n/a	n/a	17	0
<b>Local economic development</b>						<b>Vlorë</b>	<b>Qender Vlore</b>
Preparation of local economic development programs	4	1	9	3	2		
Establishment and function of public markets and trade network	n/a	n/a	3	n/a	n/a	contracted	10
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	3	n/a	n/a	n/a	3



<b>Public Services</b>	<b>Vlorë</b>	<b>Qender Vlore</b>	<b>Orikum</b>	<b>Novoselë</b>	<b>Shushicë</b>		<b>Merged</b>
Organization of services within the local economic development support and information structures and infrastructure necessary	0	0	0	0	0	9	0
Veterinary services	3	0	0	0	0	3	3
Conservation and development of forests and natural resources of local character	0	0	0	0	0	0	0
<b>The order and civil protection</b>	0	0	0	1	0	1	0
Preservation of public order to prevent administrative violations	6	0	0	5	0	12	6
Civil protection	0	0	0	1	0	2	0
<b>Educational institutions</b>							
Maintenance of facilities in preliminary education	20	0	0	1,5	0	22	20
<b>Medicine</b>	0	0	0	1,5	0	1	0
Health care system and the protection of public health							
<b>Social care</b>	0	0	0	0	0	0	0
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions							
Social Care on domestic violence	2	0	0	0,5	0	2	2
Social care for the protection of children's Rights							
<b>Environmental Protection</b>	8	0	0	1	0	9	8
Environmental Protection	1	0	0	0,5	0	1	1
<b>Register Office</b>							
Register Office	10	0	0	2	1	16	10
<b>Business Registration</b>							
National Registration Center	3	0	0	0	0	4	3
<b>Total</b>	<b>281</b>	<b>34</b>	<b>8</b>	<b>37,5</b>	<b>18</b>	<b>378,5</b>	<b>281</b>

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

<b>Horizontal Functions</b>	<b>Vlorë</b>	<b>Qender Vlore</b>	<b>Orikum</b>	<b>Novoselë</b>	<b>Shushicë</b>	<b>Merged</b>
Finance	32	3	4	2	2	43
Local taxes and Tariffs	30	2	5	1	2	40
Legal Issues	5	1	1	1	1	9
Procurement	1	0	0	0	0	1
Institutional Relations	5	3	0	0	1	9
Human Resources	1	1	1	1	1	5
Protocol	1,5	0	1	0	0	1
Archiving	1,5	5	0	0	1	6
Information Technology	1	2	1	0	1	5
Supporting services	76	24	19	0	18	137
Internal Audit	3	0	1	0	0	4
<b>Total</b>	<b>157</b>	<b>41</b>	<b>33</b>	<b>5</b>	<b>27</b>	<b>263</b>

### ***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:

### ***Service Providing***

- In the below tables 5 and 6 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:
    - Rehabilitation and maintenance of local roads, sidewalks and public squares
    - Collection, disposal and recovery of waste
    - Water Supply Company
    - Water Supply Company
    - Rehabilitation and maintenance of local roads, sidewalks and public squares
    - Collection, disposal and recovery of waste
    - Water Supply Company
    - 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?
<b>Infrastructure and public services</b>			
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
<b>Social, cultural and sports Services</b>			
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?
<b>Local economic development</b>			
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
<b>The order and civil protection</b>			
Preservation of public order to prevent administrative violations.	Yes	No	No
Civil protection	Yes	No	No
<b>Educational institutions</b>			
Maintenance of facilities in preliminary education	Yes	No	No
<b>Medicine</b>			
Health care system and the protection of public health	Yes	No	No
<b>Social care</b>			
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
<b>Environmental Protection</b>			
Environmental Protection	Yes	No	No

**Table 6: Horizontal Functions – Application of development principles**

<b>Function</b>	<b>Does the fulfillment of work require physical presence?</b>	<b>Is there any reason (legal, strategic) to centralize the execution of function?</b>	<b>Is the work scalable by performing it in distance/ centralized processing?</b>
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 2;

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);

(Vlorë):

- Director of Legal Department
- Director of Land Management and Protection
- Director of Finance and Tax Tariff
- Director of Public Services
- Director of the Directorate for Territorial Planning
- Director INUV
- Director of the Economic Aid

(Novoselë):

- Head of the Department of Finance
- Head of the Department of Revenue
- Head of the Department of Agriculture, Forests and Pastures
- Head of Territorial Planning Sector
- Head of Human Resources Sector
- Head of Sector INUV

(Vlora center)

- 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:



- Head of the Department of Finance
- Head of the Department of Taxation
- Head of the Department of Revenue
- Head of Territorial Planning Sector
- Head of the Department of Agriculture, Forests and Pastures
- Veterinary

(Orikum)

- Head of the Sector Finance and Taxation
- Head of HR Department
- Head of the Department of Agriculture, Forests and Pastures
- Head of Territorial Planning Sector

(Shushicë)

- Head of the Sector Finance and Taxation
- Head of HR Department
- Head of the Department of Agriculture , Forests and Pastures
- Head of Territorial Planning Sector

## **Financial due diligence**

## Summary of observations and recommendations

Observations	Recommendations
<p><b>Property, Plant and Equipment</b></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 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>

<b>Investments</b>	
<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>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 272,169 thousand ALL. Overdue municipal obligations are reported at a value 23,074 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><b>Receivables</b></p>	
<p>During 2015, tax and non-tax revenues were 31% 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><b>Lack of unified accounting policies and practices</b></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 Vlorë, 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 Vlorë, LGU Shushicë, LGU Novoselë, LGU Vlora Center and LGU Orikum.

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

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

<b>Key performance indicators</b>	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	462,016
Tax and non-tax revenue	264,489
Total Expenses	728,694
Total Assets	4,360,763
Liabilities	272,169

**Table 1. Summary of consolidated statement of financial position.**

*Amounts in thousand ALL*

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	4,360,763	3,594,475
<b>I</b>	<b>Current Assets</b>	361,282	357,267
	1. Petty - Cash, Banks, and Funds	99,256	99,256
Class 5	Availability		
Class 4	2. Receivables	235,101	231,086
Class 3	3. Current Inventory accounts	26,926	26,926
<b>II</b>	<b>Non-current Assets</b>	3,999,480	3,237,207
23	1. Investments	379,913	379,913
25,26	2. Finance assets	764,273	2,000
21,24,28	3. Tangible assets	2,777,991	2,777,991
20	4. Intangible assets	77,303	77,303
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	272,169	268,154
<b>I</b>	<b>Current liabilities</b>	80,261	76,246
Class 4	1. Accounts payable	80,261	76,246
16	2. Non-current liabilities	-	-
<b>II</b>	<b>Non liquid liabilities</b>	98,385	98,385
17	1. Foreign loans	98,385	98,385
<b>III</b>	<b>Other liabilities</b>	93,523	93,523
	<b>Net assets (A - B)</b>	4,088,593	3,326,320
	<b>Presented: Consolidated budget</b>	4,029,225	3,266,952
	<b>Carried forward results</b>	59,368	59,368

### Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 4,360,763 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 18% compared to December 31, 2014.

#### *Current assets*

- Current assets which have 8% of total assets are increased by 33% 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 40% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a decrease of 31% and the account of the state of inventories have slightly increased by 24%.

#### *Accounts Receivable*

- Structure of total debtors of municipality Vlorë consists of 79.93% of debtors of LGU Vlorë, 3.38% of debtors of LGU Shushicë, 4.92% of LGU Novoselë, 2.70% of debtors of LGU Vlora center and debtors 9.07% of LGU Orikum.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the municipality Vlorë 92%, 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 1% which compose 64% of total assets.



### *PPE*

- 40.17% of PPEs of Municipality Vlorë are composed by the PPEs of LGU Vlorë, 12.51% PPEs by LGU Shushicë, 15.56% by LGU Novoselë, 13.60% by LGU Vlora center and 18.17% by LGU Oriku.

### *Accounts Payable*

Accounts payable have decreased by 4% during the period ended July 31, 2015 compared with the previous year 2014.

- 53.45% of the total accounts payable is composed of accounts payable of LGU Vlorë, 12.09% by LGU Shushicë, 12.55% by LGU Novoselë, 9.74% by LGU Vlora center, 12.16% by LGU Oriku.

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

**Tabela 2: Summary of Consolidated Statement of Financial Performance**

*Amounts in thousand ALL*

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
2	<b>TOTAL REVENUES</b>	<b>2 766 362</b>	<b>2 766 362</b>
A	<b>I. REVENUES AND CONTRIBUTES</b>	<b>836 249</b>	<b>836 249</b>
70,750,71	1. Tax revenues upon	704 303	704 303
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	131 946	131 946
71	<b>II. GENERAL ACTUAL GRANTS</b>	<b>1 506 531</b>	<b>1 506 531</b>
72	<b>III. FINANCIAL REVENUES</b>	<b>1 600</b>	<b>1 600</b>
	<b>IV. WORKS FOR INVESTMENTS</b>	<b>375 124</b>	<b>375 124</b>
78	<b>V. OTHER REVENUES</b>	<b>46 858</b>	<b>46 858</b>
77, 83	<b>TOTAL EXPENSES</b>	<b>1 973 287</b>	<b>1 973 287</b>
B	<b>I. ACTUAL EXPENSES</b>	<b>1 084 475</b>	<b>1 084 475</b>
	1. Salaries and employees contribution	320 671	320 671
600 601	2. Goods and Services	205 282	205 282
602	3. Subsidies	-	-
603	4. Internal actual transfers	3 472	3 472
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	555 050	555 050
606	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-
68	<b>III. FINANCIAL EXPENSES</b>	-	-
66	<b>IV. OTHER EXPENSES</b>	<b>888 811</b>	<b>888 811</b>
67	<b>DETERMINED NET INCOME</b>	<b>793 075</b>	<b>793 075</b>
C	From this: Functioning results	794 004	794 004
	Functioning observed grants	(929)	(929)

**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 was 2,7663,62 thousand lek. 17% of the total municipality income during the period July 31, 2015 increased by 18% compared with December 31, 2014.

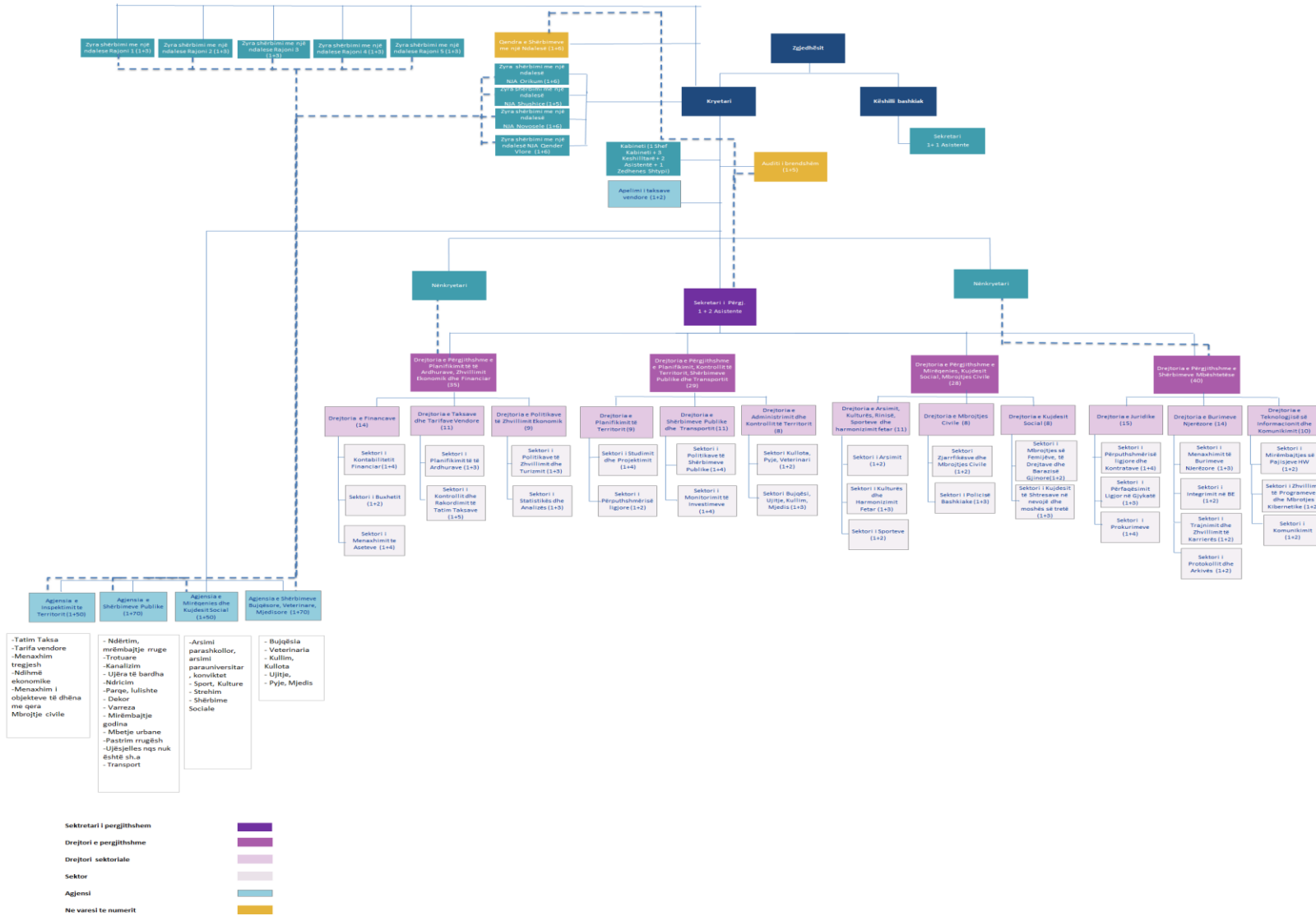
Structure of total revenues is comprised of 72.54% of the revenue generated by LGU Vlore, 3.35 % by LGU Shushicë, 6.70% by LGU Novoselë, 6.61% by Vlora Center and 10.79% by LGU Orikum.

*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 795,634 thousand Lek. 100% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 77.34% of the expenditures of LGU Vlorë, 3.52% PPE by LGU Shushicë, 5.75% by LGU Novoselë, 5.70% by LGU Center Vlorë, 7.68% by LGU Orikum.

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 1057 employees. More detailed: 105 persons working under employment contracts of one year, 849 persons working under labor contracts expired, (N/A) maternity leave. The latest under the Labour 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"> <li>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 Vlorë. It is worth mentioning that the Municipality Vlorë, before the amalgamation process, is considered as one of the merged units.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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</li> <li>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.</li> </ul>

Observations	Recommendations
Termination of working relationship	
<ul style="list-style-type: none"> <li>The reorganization may bring the necessity of termination of the employment relationship for some of the Municipality employees.</li> </ul>	<ul style="list-style-type: none"> <li>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"> <li><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.</li> <li><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.</li> <li><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</li> </ul> </li> </ul>
Improvement of organizational structure	
<ul style="list-style-type: none"> <li>Organizational structures of local government units do not stipulate the position of General Secretary.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## 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

- In the Municipality of Vlora, regarding the software in use is ascertained that are older versions of unlicensed devices consisting of hardware devices such as desktop PCs, printers and photocopiers.
- The Administrative Units Novosele, center Vlore, Orikum, and Shushice regarding the software in use is ascertained that the old versions are not licensed, no hardware equipment consisting of equipment such as desktop PCs, printers and photocopiers.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

**Table 9: IT environment**

Objective	LGU Vlorë	LGU Novoselë	LGU Orikum	LGU Qendër Vlorë	LGU Shushicë
Installed Software	Microsoft Office 2007-2013/Windows Professional2007 - 2013/ Autocad 2010/	XP Profesional SP3, Microsoft Office /Windows Professional, Autocad	Microsoft Office 2003 – 2007/Windows Xp Pro SP3/ Kaspersky Internet Security/ Autocad	XP Profesional SP3, Microsoft Office /Windows Professional, Autocad	Microsoft Office 2003 – 2007/ Xp Pro SP3
Contracts of licences	No	n/a	n/a	n/a	n/a
Hardware (in useage)	Hardware (using)				
Computer (desktop)	31	11	22 + 16 donacion për shkollat	10	5
Printers	42	6	5 administrations / 2 schools	2	3
Servers	n/a	n/a	n/a	n/a	n/a
IT staff in total	Yes	n/a	1	n/a	n/a
Hardware and Software maintenance	Yes	No	No	No	There is no



## Observations and Recommendations

### IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Information Technology</li> </ul>	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<p>Data storage system</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in Vlorë municipality or Private / Public Cloud.</li> </ul>
<p>Optimization and Management of PC-s</p> <ul style="list-style-type: none"> <li>Hardwares and softwares are old. There is lack of licence for software and software protection. Lack of qualified staff for maintenance of hardwares and softwares and service provider of maintenance services is performed by private local service provider without contract.</li> </ul>	<ul style="list-style-type: none"> <li>New municipality may consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.)</li> <li>New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system.</li> <li>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).</li> </ul>
<p>Informaion Policy Securities</p>	
<ul style="list-style-type: none"> <li>Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles.</li> </ul>	<ul style="list-style-type: none"> <li>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).</li> </ul>
<p>Lack of IT staff</p> <ul style="list-style-type: none"> <li>There is lack of IT staff for maintenance of Hardwares and Softwares.</li> </ul>	<ul style="list-style-type: none"> <li>LGU Vlorë should take into consideration employment or entering into a contract for maintenance of Hardware and Softwere network.</li> </ul>

# 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 departamenteve and communication between different sectors;

## Summarized description of the information received

- Communication Service in Vlora Municipality consists in the use of internet and telephone. In the Municipality of Vlora, fixed telephony service offered by a national service provider Nisatel. Not all employees have access to this service. Internet service is provided via the ADSL line and internet in general analogue. Në shërbimë employees have access. Ways of internal communications are electronic, verbal and written.
- Administrative Unit receives Novosel internet and telephone service provider Nisatel service. Internet service contracts and telephone service is active. Ongoing service and internet telephony is liquidated. Administrative Unit Vlora center receives internet and telephone service from the service provider Albtelecom. Internet service contracts and telephone service is active / month. Internet service and telephone in Orikum Administrative Unit offered by national provider Albtelecom. Internet service is provided through ADSL technology and 23 employees have access to this service, as providing fixed telephony services. Shushicë Administrative Unit receives no Internet service and telephone service. Internal ways of communication are verbal and written.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Lack of electronic means of communication	
<ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Lack of telephone service <ul style="list-style-type: none"> <li>Local government units under survey does not receive the fixed telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Observations and recommendations

**Table 10: Communication System**

Objectives	Vlorë	Shushice	Q. Vlorë Orikum Novoselë	Vlorë	Shushice
Telephony service	Yes	n/a	Yes	Yes	n/a
Telephony/service providers	Yes	n/a	Albtelecom	Yes	n/a
Internet service	Yes	n/a	Yes	Yes	n/a
Assess coverage of the telephony service	Yes	n/a	There is	Yes	n/a
Internal communication lines	Electronic/Verbal/written	Verbal/Written	Electronic/Verbal/written	Electronic/Verbal/written	Electronic/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

- Description of Archive in Vlora Municipality held by the Specialist Archives and Protocol . The process of archiving , storage and service of documents is carried out in an environment currently assigned to the archives.
- In NJA 's Novosel , center Vlora and Orikum, the process of archiving, storage and service of documents is carried out in an environment currently assigned to the archives . From the information collected, concluded that the documents are partially processed in accordance with the requirements for archiving and transfer of documents to the State Archives Government is not conducted in accordance with the terms ligjore. New technical requirements for facilities that archives are partially filled.
- Administrative Nesi Shushice no archive. Description of Archive in the Administrative Unit is not held by any specialist Archive. The process of archiving, storage and service of documents are not currently carried out.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Vlorë</b>	<b>Orikum</b>	<b>Qendër Vlorë</b>	<b>Novoselë</b>	<b>Shushicë</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	Yes	No	Yes	n/a
Secured doors and windows with a metallic net and automatic door closure	No	Dural outer door with two metal grill to lock closed	No	Yes	n/a
Cardboard folders for putting the documents, placed in metalik shells and painted against rust	No	Cardboard boxes for files, ordinary metal shelves, closet with wooden material	No	No	n/a
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	No	Yes, but there is no distance from the wall	Yes	Yes, but there is no distance from the wall	n/a
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	Yes, but there is no distance from the wall	No	n/a

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Vlorë</b>	<b>Orikum</b>	<b>Qendër Vlorë</b>	<b>Novoselë</b>	<b>Shushicë</b>
Records on physical control of the archive kept from the secretary of the archive	Yes	No	No	No	n/a
Archive keys in two copies	There is only one copy that holds the responsibility of the sector	Yes		No	n/a
One copy of the 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	Yes	No	n/a
Safes, cup-boards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes, are keeping secured	No	No	No	n/a
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	No	n/a
According to this scheme, all the documents that are found in the archive:  Firstly are classified (grouped) by year  Then, are classified based on structures (i.e directorates, departments, branches, etc.)  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.	Partly	Yes	Yes	No	n/a

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Vlorë</b>	<b>Orikum</b>	<b>Qendër Vlorë</b>	<b>Novoselë</b>	<b>Shushicë</b>
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	n/a
Cover file (Module 6), clearly marked and grammar: - 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 peREod 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		No		n/a
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 peREod. Also, the committee of experts should determine the peREod of preservation of these documents (by module 11).	No	No	Yes	Yes	
The emblem of the Republic	Yes	Yes	Yes	Yes	n/a
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	n/a
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes	n/a



<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Vlorë</b>	<b>Orikum</b>	<b>Qendër Vlorë</b>	<b>Novoselë</b>	<b>Shushicë</b>
Number of documents attached	Yes	Yes	Yes	No	n/a
The content of the document	Yes	Yes	Yes	No	n/a
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	n/a
Signature of the director of the institution	Yes	Yes	Yes	Yes	n/a
Date and number of protocol	Yes	Yes	Yes	Yes	n/a
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes	n/a
Mod 3 - Serial Number of Correspondence	Yes	No	Yes	Yes	n/a
Mod 4. -The Book Delivery	Yes	Yes	Yes	No	n/a
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	Yes	No	n/a
Mode 5 - Table definitions of files for the year	Yes	In process	Yes	No	n/a
Mod 6 - Elements of cover dossier	Yes	Yes	Yes	No	n/a
Mod 7 - Register of files	No	Yes	Yes	No	n/a
Mod 8 - Internal File register	Yes	In process	Yes	No, Partly	n/a
Mod 9 - Decision of the Commission of Experts	Being worked	In process	No	No	n/a
Mod 10 - Compilation of the list of documents that set aside	Being worked	No	No	No	n/a
Mod 11 - The period laid down for storage (protection)	Yes	In process	Yes	No	n/a

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Vlorë</b>	<b>Orikum</b>	<b>Qendër Vlorë</b>	<b>Novoselë</b>	<b>Shushicë</b>
Mod 12 - Destruction of documents containing any further value	Being worked	No	No	No	n/a

## Observations and Recommendations

### Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> <li>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..</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>

## Appendix 6 – Assets Management System

### Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analysing 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

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector", as amended given that the internal rules and procedures are not approved by the respective Presidents. However, certain requirements of Directivs cited above in connection with risk management assets, specific assets and records evaluation assets partially fulfilled.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the 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**

<b>ASSET MANAGEMENT</b>	<b>Vlorë</b>	<b>Orikum</b>	<b>Qendër Vlorë</b>	<b>Novoselë</b>	<b>Shushice</b>
Adopted rules and procedures on asset management	No	Yes	Yes	No	No
Authorizing Officer	Yes	Yes	Yes	Yes	No
Executing Officer	Yes	Yes	Yes	Yes	Yes
Adopted plan, objectives and control mechanisms related Risk	Yes	No	Yes	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	Yes	Yes	No	No
Owned Companies Register	Yes	No	Yes	No	No
Annual Assets Inventory	Yes	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	No
Assets Evaluation Committee	Yes	Yes	Yes	Yes	No
Assets Disposal Committee	Yes (being changed every year)	No	No	Yes	No
Committee of disposal of assets	Yes ( being changed every year)	Yes	Yes	Yes	No

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers	
<ul style="list-style-type: none"><li>• Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li></ul>	<ul style="list-style-type: none"><li>• 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.</li></ul>

## Apendix 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
Vlorë	Reconstruction of the school 9 - year " Renaissance " Vlore	12.06.2015.Kontrata started to date signed with the firm "Colombo" sh.p.k	34 170 181 leke	60 789 733 leke
Novoselë	n/a	n/a	n/a	n/a
Qendër Vlorë	n/a	n/a	n/a	n/a
Orikum	Greening of the road "Pashaliman - Orikum - Llogara"	Project implementation	Projekt në zbatim. Deri me tani shuma e aprovuar nga supervizioni për punimet e kryera është: 10.852.140 ALL	21.089.580 lekë
Orikum	Neighborhood Road Construction May 1 Orikum	Actual status implemented	The completed project without fully liquidated, the total amount approved by the supervisor is ALL 17,897,899;	17.897.899 lekë
Shushicë	Street Risili Beshisht	is implemented till Shushice	135153	105.000 (deri ne vitin 2013)

## **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	
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-	
<b>2</b>	<b>A</b>	<b>Non Current Assets</b>		<b>3,999,480</b>	<b>3,237,207</b>	<b>3,169,582</b>	
<b>3</b>		<b>I. Intangible Assets</b>		<b>77,303</b>	<b>77,303</b>	<b>80,498</b>	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	<b>F6, Sh1</b>	102,245	102,245	101,313	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	(24,943)	(24,943)	(20,815)	
8	230	Expenses for increase of current intangible assets		-	-	-	
<b>9</b>		<b>II. Tangible Assets</b>		<b>3,157,904</b>	<b>3,157,904</b>	<b>3,087,084</b>	
10	210	Land		-	-	-	
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	1	1	1	
12	212	Building and Constructions	<b>F6, Sh1</b>	657,031	657,031	610,815	
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	2,489,044	2,489,044	2,436,163	
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	145,936	145,936	151,033	
15	215	Transport vehicles	<b>F6, Sh1</b>	45,328	45,328	48,237	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	<b>F6, Sh1</b>	57,639	57,639	57,753	
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(616,988)	(616,988)	(563,748)	
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	379,913	379,913	346,830	
21	232	Expenses in process for capital transfers		-	-	-	
22	24	Damaged current tangible assets		-	-	-	
23	28	Assignments		-	-	-	

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>764,273</b>	<b>2,000</b>	<b>2,000</b>
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		764,273	2,000	2,000
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>361,282</b>	<b>357,267</b>	<b>539,848</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>26,926</b>	<b>26,926</b>	<b>35,642</b>
29	31	Materials	<b>Sh2</b>	5,047	5,047	11,203
30	32	Inventory Objects	<b>Sh2</b>	21,878	21,878	24,439
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		-	-	(54)
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	54
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>235,101</b>	<b>231,086</b>	<b>339,314</b>
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	<b>Sh3</b>	135	135	135
42	431	Rights and taxes to deposit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		136,677	132,662	239,810
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	<b>Sh4</b>	98,289	98,289	99,369
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>99,256</b>	<b>99,256</b>	<b>164,892</b>

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		333	333	432
57	512	Bank		-	-	-
58	520	Treasury funds	<b>Sh5</b>	96,387	96,387	156,564
59	531	Petty-cash		1,016	1,016	-
60	532	Other amounts		1,520	1,520	7,896
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>4,360,763</b>	<b>3,594,475</b>	<b>3,709,430</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>				
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
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>4,029,225</b>	<b>3,266,952</b>	<b>3,208,043</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>3,919,564</b>	<b>3,157,291</b>	<b>3,124,656</b>
3	101	Base funds	<b>F8</b>	3,649,312	2,887,039	2,861,213
4	105	Capital internal grants		270,252	270,252	263,443
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		<b>109,661</b>	<b>109,661</b>	<b>83,387</b>
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		109,661	109,661	83,387
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>178,646</b>	<b>174,631</b>	<b>286,687</b>
<b>17</b>		<b>I. Long-term debts</b>		<b>98,385</b>	<b>98,385</b>	<b>109,605</b>
18	16	Internal borrowing and similar		98,385	98,385	109,605
19	17	Borrowing out of the country		-	-	-
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>80,261</b>	<b>76,246</b>	<b>177,081</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	6,087	6,087	8,760
23	42	Employees and related accounts		8,641	8,641	13,774
24	431	Liabilities to government for taxes		3,050	3,050	3,186
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)		1,749	1,749	1,749
28	435	Social Insurance		3,177	3,177	5,123
29	436	Health Insurance		351	351	712
30	437	Other social organizations		-	-	-
31	44	Other public institutions		3,202	3,202	8,345
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	37,019	37,019	36,783
36	467	Other creditors		16,986	12,971	98,649
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>93,523</b>	<b>93,523</b>	<b>94,920</b>
38	475	Incomes to register in the coming years		77,601	77,601	77,601
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		15,923	15,923	17,319
41	487	Incomes received before title exposure		-	-	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>59,368</b>	<b>59,368</b>	<b>119,781</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>4,360,763</b>	<b>3,594,475</b>	<b>3,709,430</b>
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>				
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)

					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	
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>724,507</b>	<b>720,492</b>	<b>1,752,249</b>	
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>715,791</b>	<b>711,776</b>	<b>1,756,004</b>	
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>105,553</b>	105,553	<b>196,795</b>	
4	6001	Salaries		93,281	93,281	171,554	
5	6002	Temporary salaries		12,272	12,272	24,547	
6	6003	Bonuses		-	-	694	
7	6009	Other personal expenses		-	-	-	
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>18,042</b>	<b>18,042</b>	<b>32,988</b>	
9	6010	Insurance contributions		16,284	16,284	30,060	
10	6011	Health insurance		1,758	1,758	2,927	
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>163,766</b>	<b>163,766</b>	<b>435,499</b>	
12	6020	Stationary		729	729	27,659	
13	6021	Special services		1,432	1,432	4,482	
14	6022	Services from third party		95,415	95,415	252,098	
15	6023	Transport expenses		6,101	6,101	13,866	
16	6024	Travel expense		628	628	1,874	
17	6025	Ordinary maintenance expenses		6,237	6,237	9,038	
18	6026	Rent expenses		1,400	1,400	5,780	
19	6027	Expenses for legal liability for compensation		2,135	2,135	3,239	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		49,689	49,689	117,465	
<b>22</b>	<b>603</b>	<b>Subsidies</b>		<b>30,943</b>	<b>30,943</b>	<b>35,940</b>	

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
23	6030	Subsidies for price differences		5,778	5,778	6,950
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		25,165	25,165	28,990
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>125,834</b>	<b>125,834</b>	<b>272,867</b>
29	6040	Current transfers to other government levels		123,174	123,174	260,523
30	6041	Current transfers to various government institutions		2,660	2,660	11,823
31	6042	Current transfers for social and health insurance		-	-	521
32	6044	Current transfers for not for profit organizations		-	-	-
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>271,654</b>	<b>267,639</b>	<b>781,915</b>
39	6060	Transfers paid from ISS and HII		30,097	30,097	69,645
40	6061	Transfers paid from other institutions and Local government		241,557	237,542	712,270
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>8,716</b>	<b>8,716</b>	<b>(3,755)</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		<b>4,187</b>	<b>4,187</b>	<b>8,236</b>
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		<b>4,187</b>	<b>4,187</b>	<b>8,236</b>
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		4,187	4,187	8,236
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>

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
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>728,694</b>	<b>724,679</b>	<b>1,760,484</b>
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>66,940</b>	<b>66,940</b>	<b>242,961</b>
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		63,608	63,608	228,441
64	8420	Revenues deposited in the budget		3,332	3,332	5,605
65	8421	Deposit in the budget of unused revenues		-	-	4,316
66	8422	Transfers of revenues within the system		-	-	-
67	8423	Transfers for changes in situation		-	-	4,599
68	8424	Transfers for identified debtors and similar items		-	-	-
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>795,634</b>	<b>791,619</b>	<b>2,003,446</b>
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>59,368</b>	<b>59,368</b>	<b>119,781</b>
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>855,002</b>	<b>850,987</b>	<b>2,123,226</b>



### 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
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>846,286</b>	<b>842,271</b>	<b>2,122,382</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>195,445</b>	<b>195,445</b>	<b>544,857</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>55,107</b>	<b>55,107</b>	<b>147,877</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	724	724	-
6	7002	Small business tax	54,383	54,383	147,877
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>74,772</b>	<b>74,772</b>	<b>118,783</b>
9	7020	On immovable property	74,503	74,503	117,617
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	269	269	1,166
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>62,549</b>	<b>62,549</b>	<b>272,363</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	2,092
15	7032	Tax upon specific services	624	624	-
16	7033	Tax upon goods usage and activity permission	-	-	10
17	7035	Local tax on goods usage and activity permission	61,925	61,925	270,261
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>3,017</b>	<b>3,017</b>	<b>5,833</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>

			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
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	-	-	-
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	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>69,044</b>	<b>69,044</b>	<b>135,906</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>3,620</b>	<b>3,620</b>	<b>8,769</b>
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	3,620	3,620	8,769
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>65,424</b>	<b>65,424</b>	<b>126,964</b>
40	7110	Administrative tariffs and regulations	32,915	32,915	60,274
41	7111	Secondary revenues and payments of services	32,500	32,500	64,351
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	-	-	-
44	7114	Revenues from tickets	-	-	807
45	7115	Fines and late-fees, sequestration and compensation	9	9	1,532
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non tax revenues</b>	-	-	172
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>462,016</b>	<b>458,001</b>	<b>1,355,049</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>462,016</b>	<b>458,001</b>	<b>1,355,049</b>
50	7200	From same Government level	254,958	254,958	612,950
51	7201	From other Government levels	69,478	69,478	471,632
52	7202	From budget for special payments to Social Institute	675	675	-
		From budget to cover the deficit of Social Institute and	-	-	-
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	363

			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
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	136,677	132,662	239,810
57	7207	Third party sponsorship	228	228	29,982
58	7209	Other internal grants	-	-	312
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>119,781</b>	<b>119,781</b>	<b>86,570</b>
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	119,781	119,781	86,570
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	-	-	-
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	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>846,286</b>	<b>842,271</b>	<b>2,122,382</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>8,716</b>	<b>8,716</b>	<b>845</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	8,716	8,716	845
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>855,002</b>	<b>850,987</b>	<b>2,123,226</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>855,002</b>	<b>850,987</b>	<b>2,123,226</b>

#### 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>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	<b>456,435</b>	<b>106,544</b>	<b>128,406</b>	<b>478,298</b>
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	<b>263,443</b>	<b>69,211</b>	<b>76,019</b>	<b>270,252</b>
3	1050	From the same government level	263,443	30,413	37,221	270,252
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	38,798	38,798	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	<b>83,387</b>	<b>37,333</b>	<b>63,608</b>	<b>109,661</b>
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	83,387	37,333	63,608	109,661
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	<b>109,605</b>	-	<b>(11,221)</b>	<b>98,385</b>
20	160	Bonds and direct credit (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>
21	161	Other internal borrowing (entry)	109,605	-	(11,221)	98,385
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)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
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)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	<b>346,830</b>	<b>74,051</b>	<b>40,968</b>	<b>313,746</b>
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	-	-	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	<b>346,830</b>	<b>74,051</b>	<b>40,968</b>	<b>379,913</b>
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	78,461	18,222	-	96,684
39	2313	Roads, networks, water facilities	241,310	52,923	38,062	256,171
40	2314	Technical installment, machinery, equipment, working tools	27,058	2,905	2,905	27,058
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000
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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>
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-
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	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	<b>803,265</b>	<b>180,595</b>	<b>169,374</b>	<b>792,044</b>

**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>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>156,564</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>997,223</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>472,580</b>	-	-	-
4	Actual budget funds (Budget with changes)	452,321	-	-	-
5	Capital budget funds (Budget with changes)	20,259	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>524,643</b>	-	-	-
7	Tax revenues in "Cash"	253,362	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	13,963	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	252,571	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	4,747	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>888,955</b>	-	-
15	1. Payment from the budget for actual expenses	-	286,559	-	-
16	2. Payments from the budget for capital expenses	-	18,522	-	-
17	3. Payments from revenues for actual expenses	-	515,562	-	-
18	4. Payments from revenues from capital expenses	-	63,802	-	-
19	5. Payments from storage	-	4,510	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>168,444</b>	-	-
22	1. Deposit of revenues in the budget	-	3,332	-	-
23	2. Unused budget (actual and capital)	-	165,112	-	-
24	3. Internal movements and transfers	-	-	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>1,153,786</b>	<b>1,057,399</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>96,387</b>	-	-	-

**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	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	Balances
A	b	1	2	3	4	5	6	7	8	9	10	11
<b>1</b>	<b>I. INTAGIBLE</b>	<b>101,313</b>	<b>933</b>	-	-	-	<b>933</b>	-	-	-	-	<b>102,245</b>
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	101,313	933	-	-	-	<b>933</b>	-	-	-	-	<b>102,245</b>
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>3,304,002</b>	<b>40,035</b>	<b>38,798</b>	-	<b>26,778</b>	<b>105,611</b>	-	<b>12,412</b>	<b>2,222</b>	<b>14,634</b>	<b>3,394,979</b>
6	210	-	-	-	-	-	-	-	-	-	-	-
7	211	1	-	-	-	-	-	-	-	-	-	<b>1</b>
8	212	610,815	17,346	28,870	-	-	<b>46,216</b>	-	-	-	-	<b>657,031</b>
9	213	2,436,163	16,285	9,828	-	27,568	<b>53,681</b>	-	800	-	<b>800</b>	<b>2,489,044</b>
10	214	151,033	6,403	101	-	(790)	<b>5,714</b>	-	8,589	2,222	<b>10,811</b>	<b>145,936</b>
11	215	48,237	-	-	-	-	-	-	2,909	-	<b>2,909</b>	<b>45,328</b>
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	-	-	-	-	-	-	-	-	-	-	-



No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances									Balances	
A	b	<u>1</u>	<u>Purch.</u>	<u>Out</u>	<u>In</u>	<u>Mov.</u>	<u>Total</u>	<u>Sales</u>	<u>Write</u>	<u>Other</u>	<u>Total</u>	<u>11</u>
									Off	Decr.		
		57,753		-	-	-	-	-	114	-	114	57,639
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>TOTAL (I + II)</b>	<b>3,405,315</b>	<b>40,968</b>	<b>38,798</b>	<b>-</b>	<b>26,778</b>	<b>106,544</b>	<b>-</b>	<b>12,412</b>	<b>2,222</b>	<b>14,634</b>	<b>3,497,225</b>

### 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										
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>
	I. INTANGIBLE	20,815	4,128	-	4,128	-	-	-	-	24,943
1	209									
	II. TANGIBLE	563,748	62,886	-	62,886	-	9,245	401	9,646	616,988
2	219									
	<b>TOTAL (I + II)</b>	<b>584,563</b>	<b>67,013</b>	<b>-</b>	<b>67,013</b>	<b>-</b>	<b>9,245</b>	<b>401</b>	<b>9,646</b>	<b>641,930</b>

## 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	Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Movements	
<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>
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>2,861,213.01</b>	<b>80,718</b>	<b>868,817</b>	<b>3,649,312</b>	<b>2,861,213</b>	<b>80,718</b>	<b>106,544</b>	<b>2,887,039</b>
2	1010	Status of base fund	2,861,213	-	-	2,861,213	2,861,213	-	-	2,861,213
3	1011	Additions base fund	-	-	868,817	868,817	-	-	106,544	106,544
4	1012	Decrease base fund	-	8,716	-	(8,716)	-	8,716	-	(8,716)
5	1013	Decrease from tangible assets consume	-	29,650	-	(29,650)	-	29,650	-	(29,650)
6	1014	Decrease from selling tangible assets	-	36,361	-	(36,361)	-	36,361	-	(36,361)
7	1015	Decrease from	-	3,769	-	(3,769)	-	3,769	-	(3,769)
8	1016	Decrease from transferring tangible assets	-	2,222	-	(2,222)	-	2,222	-	(2,222)
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	-	-	-	-	-	-	-	-
<b>10</b>	<b>105,107,11,12, 13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>466,610</b>	<b>131,194</b>	<b>103,865</b>	<b>439,281</b>	<b>466,610</b>	<b>131,194</b>	<b>103,865</b>	<b>439,281</b>
11	105	Capital internal grants	263,443	11,414	18,222	270,252	263,443	11,414	18,222	270,252
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	83,387	-	26,275	109,661	83,387	-	26,275	109,661
14	12	Carried result	-	-	-	-	-	-	-	-

No.	Acc. No.	Description	Restated									
			Opening Balance 1 Jan. 2015	Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Movements			Closing Balances 31 July 2015
			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>		
<i>a</i>	<i>b</i>											
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	119,781	119,781	59,368	59,368	119,781	119,781	59,368	59,368	59,368	59,368
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	-	-	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-	-	-
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-	-	-
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>3,327,823</b>	<b>211,912</b>	<b>972,682</b>	<b>4,088,593</b>	<b>3,327,823</b>	<b>211,912</b>	<b>210,409</b>	<b>3,326,320</b>	<b>3,326,320</b>	<b>3,326,320</b>

**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
		1	2	3	4	5	6	7	8	9	10
<b>a</b>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>408</b>	<b>23</b>	<b>62</b>	<b>369</b>	<b>105,553</b>	<b>-</b>	<b>-</b>	<b>18,042</b>	<b>1,665</b>	<b>3,950</b>
<b>1</b>	<b>Directors High level education specialist</b>	28	-	-	28	13,688	-	-	1,979	321	855
<b>2</b>	<b>Technical Ordinary officers</b>	182	18	34	166	52,828	-	-	10,402	1,344	2,442
<b>3</b>	<b>Employees Temporary employees</b>	8	-	-	8	1,860	-	-	224	-	25
<b>4</b>	<b>Employees Temporary employees</b>	70	2	7	65	14,574	-	-	2,353	-	363
<b>5</b>	<b>Employees Temporary employees</b>	120	3	21	102	22,603	-	-	3,083	-	265
<b>6</b>	<b>Employees Temporary employees</b>	-	-	-	-	-	-	-	-	-	-

**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
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>4,360,763</b>	<b>3,594,475</b>	<b>3,709,430</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>361,282</b>	<b>357,267</b>	<b>539,848</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	99,256	99,256	164,892
13	Class 4	2. Receivables	235,101	231,086	339,314
29	Class 3	3. Current Inventory accounts	26,926	26,926	35,642
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>3,999,480</b>	<b>3,237,207</b>	<b>3,169,582</b>
40	23	1. Investments	379,913	379,913	346,830
44	25,26	2. Finance assets	764,273	2,000	2,000
47	21,24,28	3. Tangible assets	2,777,991	2,777,991	2,740,254
60	20	4. Intangible assets	77,303	77,303	80,498
<b>65</b>	<b>III</b>	<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>272,169</b>	<b>268,154</b>	<b>381,606</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>80,261</b>	<b>76,246</b>	<b>177,081</b>
71	Class	1. Accounts payable	80,261	76,246	177,081
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	<b>98,385</b>	<b>98,385</b>	<b>109,605</b>
90	17	1. Foreign loans	98,385	98,385	109,605
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>93,523</b>	<b>93,523</b>	<b>94,920</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>4,088,593</b>	<b>3,326,320</b>	<b>3,327,823</b>
97		<b>Presented: Consolidated budget</b>	4,029,225	3,266,952	3,208,043
98		<b>Carried forward results</b>	59,368	59,368	119,781

**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>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>855,002</b>	<b>850,987</b>	<b>2,123,226</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>264,489</b>	<b>264,489</b>	<b>680,763</b>
3	70	1. Tax revenues upon	195,445	195,445	544,857
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	69,044	69,044	135,906
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>462,016</b>	<b>458,001</b>	<b>1,355,049</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	-	-	-
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>119,781</b>	<b>119,781</b>	<b>86,570</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>8,716</b>	<b>8,716</b>	<b>845</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>795,634</b>	<b>791,619</b>	<b>2,003,446</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>715,791</b>	<b>711,776</b>	<b>1,756,004</b>
35	600 601	1. Salaries and employees contribution	123,595	123,595	229,782
38	602	2. Goods and Services	163,766	163,766	435,499
49	603	3. Subsidies	30,943	30,943	35,940
50	604	4. Internal actual transfers	125,834	125,834	272,867
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	271,654	267,639	781,915
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-	-
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	<b>4,187</b>	<b>4,187</b>	<b>8,236</b>
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>75,656</b>	<b>75,656</b>	<b>239,206</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>59,368</b>	<b>59,368</b>	<b>119,781</b>
59		From this: Functioning results	59,368	59,368	119,781
60		Functioning observed grants	-	-	-