

# **STAR Project**

## **Municipality Bulqizë 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 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 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>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,</li> </ul>

Observations	Recommendations
<ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and horizontal functions.</li> </ul>	<p>directory or general directory is carried out in case of fulfillment of numerical standards for each of them.</p>
<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 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
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 Bulqizë. 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.	<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:</li> </ul>

Observations	Recommendations
<p>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>	<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 for the Municipality Bulqizë and 7 (seven) existing LGUs of Fushë Bulqizë, Gjoricë, Martanesh, Ostren, Shupenzë, Trebisht, Zerqan is performed based on Rrethina, Postribe, Pult, Shalë, Shosh, Velipojë, and 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 Bulqizë	LGU Martanesh	LGU Zerqan	LGU Gjoricë	LGU Trebisht	LGU Ostren	LGU Shupenzë	LGU Fushë Bulqizë
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	n/a	n/a	✓	n/a	✓	✓	n/a
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

After the merger, 7 (seven) units are transformed in 1 (one) Municipality with 7 (seven) administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

Role							
<b>New Municipality</b>	<b>Bulqizë</b>						
Municipality Council	✓						
Mayor	✓						
Deputy Mayor	✓						
Secretary of Municipality Council	✓						
<b>Administrative Unit</b>	<b>Fushë Bulqizë</b>	<b>Gjoricë</b>	<b>Martanesh</b>	<b>Ostren</b>	<b>Shupenzë</b>	<b>Trebisht</b>	<b>Zerqan</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 149.

- 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 99.

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

Public Services	Bulqizë	Fushë-Bulqizë	Gjoricë	Martanesh	Ostren	Shupenzë	Trebisht	Zerqan	Merged
<b>Infrastructure and public services</b>									
Water Supply Company	n/a	1	n/a	3	n/a	2	n/a	n/a	6
Functioning of the sewerage system	10	n/a	n/a	n/a	n/a	1	n/a	n/a	11
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	9	n/a	1	1	n/a	1	n/a	1	13
Construction of roads, pavements and public squares	Contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	5	1	n/a	n/a	1	1	1	n/a	9
Public lighting	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	2	n/a	n/a	1	n/a	1	n/a	n/a	4
Decorations Service in town / village	1	n/a	n/a	1	n/a	1	n/a	n/a	3
Administration of parks, gardens and public spaces	8	n/a	n/a	n/a	n/a	2	n/a	n/a	10
Collection, disposal and recovery of waste	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7
Urban planning	3	n/a	n/a	1	n/a	1	n/a	n/a	5
Land management	1	n/a	n/a	2	1	1	n/a	1	6
Shelter	n/a	n/a	n/a	n/a	n/a	n/a	n/a	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	n/a	1	n/a	n/a	n/a	n/a	6
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social services of kindergardens	2	1	1	1	n/a	n/a	1	1	7
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Local economic development</b>									
Preparation of local economic development programs	1	n/a	2	1	n/a	n/a	n/a	2	6
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

<b>Public Services</b>	<b>Bulqizë</b>	<b>Fushë-Bulqizë</b>	<b>Gjoricë</b>	<b>Martanesh</b>	<b>Ostren</b>	<b>Shupenzë</b>	<b>Trebisht</b>	<b>Zerqan</b>	<b>Merged</b>
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Veterinary services	1	n/a	n/a	n/a	n/a	1	1	1	4
Conservation and development of forests and natural resources of local character	1	n/a	1	1	1	n/a	1	1	6
<b>The order and civil protection</b>									
Preservation of public order to prevent administrative violations	5	n/a	1	1	1	2	1	1	12
Civil protection									n/a
<b>Educational institutions</b>									
Maintenance of facilities in preliminary education	2	n/a	4	2	2	2	n/a	n/a	12
<b>Medicine</b>									
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Social care</b>									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	3	n/a	n/a	n/a	1	2	1	n/a	7
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
<b>Environmental Protection</b>									
Environmental Protection	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	1
<b>Register Office</b>									
Register Office	2	1	1	1	1	1	n/a	1	8
<b>Business Registration</b>									
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
<b>Total</b>	<b>74</b>	<b>4</b>	<b>11</b>	<b>17</b>	<b>9</b>	<b>19</b>	<b>6</b>	<b>9</b>	<b>149</b>



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

<b>Horizontal Functions</b>	<b>Bulqizë</b>	<b>Fushë-Bulqizë</b>	<b>Gjoricë</b>	<b>Martanesh</b>	<b>Ostren</b>	<b>Shupenzë</b>	<b>Trebisht</b>	<b>Zerqan</b>	<b>Merged</b>
Finance	3	1	2	4	3	2	3	2	20
Local taxes and Tariffs	3	n/a	1	3	1	1	n/a	2	11
Legal Issues	0.5	n/a	n/a	1	n/a	n/a	n/a	n/a	1.5
Procurement	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5
Institutional Relations	n/a	1	n/a	n/a	1	n/a	n/a	n/a	2
Human Resources	1	n/a	1	1	n/a	1	n/a	1	5
Protocol	1	n/a	0.5	0.5	0.5	n/a	n/a	0.5	3
Archiving	1	1	0.5	0.5	0.5	1	1	0.5	6
Information Technology	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Supporting services	3	4	6	13	4	10	3	5	48
Internal Audit	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
<b>Total</b>	<b>15</b>	<b>7</b>	<b>11</b>	<b>23</b>	<b>10</b>	<b>15</b>	<b>7</b>	<b>11</b>	<b>99</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 sectorial 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:
  - 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 transport	Yes	No	No
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
<b>Local economic development</b>			

**Table 5: Public Services –Application of development principles**

<b>Services</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>
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	Yes
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 sectorial responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;

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

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 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 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 the Municipality and LGUs currently own 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 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 79,851 thousand ALL. Overdue municipal obligations are reported at a value 32,584 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>

**Receivables**

During 2015, tax and non-tax revenues were 5% 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 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.

**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 Bulqizë, 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 Bulqizë, LGU Martanesh, LGU Fushë-Bulqizë, LGU Zerqan, LGU Shupenzë, LGU Gjoricë, LGU Ostren, and LGU Trebisht.

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

The restated statements reflect the adjustments that have been identified and presented in individual reports for each 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 ALL '000</i>	<i>For the period ended 31 July 2015</i>
Income from grants	453,934
Tax and non-tax revenue	26,749
Total Expenses	277,426
Total Assets	2,265,009
Liabilities	79,851

**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>2 323 561</b>	<b>2 265 009</b>
<b>I</b>	<b>Current Assets</b>	<b>153 854</b>	<b>153 854</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	64 966	64 966
Class 4	2. Receivables	66 882	66 882
Class 3	3. Current Inventory accounts	22 006	22 006
<b>II</b>	<b>Non-current Assets</b>	<b>2 169 708</b>	<b>2 111 156</b>
23	1. Investments	-	-
25,26	2. Finance assets	58 552	-
21,24,28	3. Tangible assets	2 066 928	2 066 928
20	4. Intangible assets	44 227	44 227
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	<b>79 851</b>	<b>79 851</b>
<b>I</b>	<b>Current liabilities</b>	<b>79 851</b>	<b>79 851</b>
Class 4	1. Accounts payable	79 851	79 851
16	2. Non-current liabilities	-	-
<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>2 243 710</b>	<b>2 185 158</b>
	<b>Presented: Consolidated budget</b>	2 191 713	2 133 161
	<b>Carried forward results</b>	51 997	51 997

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

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 2,323,56 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 14% compared to December 31, 2014.

#### *Current assets*

- Current assets, which have 7% of total assets, are increased by 5% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 36% of cash, which affects more in the total increase and the account of the state of inventories have slightly increased by 13% and 6%.

#### *Accounts Receivable*

- Structure of total debtors of Municipality Bulqizë consists of 75.94% of debtors of LGU Bulqizë, 1.14% of debtors of LGU Martanesh, 1.09% of debtors of LGU Fushë-Bulqizë, 8.71% of LGU Shupenzë and the other part belongs to the debtors of other LGUs.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the Municipality Bulqizë 93%, have increased by 15% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 12%, which compose 89% of total assets.

### *PPE*

- 27.56% of PPEs of Municipality Bulqizë are composed by the PPEs of LGU Bulqizë, 4.74% by LGU Martanesh, 10.6% by LGU Fushë - Bulqizë, 13.69% of LGU Zerqan, 15.2% of LGU Shupenzë, 12.28% by LGU Osten.

### *Accounts Payable*

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

- 68.17% of the total accounts payable is composed of accounts payable of LGU Bulqizë, 0.95% by LGU Martanesh, 2.19% by LGU Fushë - Bulqizë, 2.37% of LGU Zerqan, 12.42% of LGU Shupenzë, 6.59% by LGU Osten.

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

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

*Amounts in thousand ALL*

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
<b>2</b>	<b>TOTAL REVENUES</b>	<b>482 206</b>	<b>482 206</b>
<b>A</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>26 749</b>	<b>26 749</b>
<b>70,750,71</b>	1. Tax revenues upon	9 876	9 876
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	16 874	16 874
<b>71</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>453 934</b>	<b>453 934</b>
<b>72</b>	<b>III. FINANCIAL REVENUES</b>	-	-
<b>72</b>	<b>IV. WORKS FOR INVESTMENTS</b>	-	-
<b>78</b>	<b>V. OTHER REVENUES</b>	<b>1 523</b>	<b>1 523</b>
<b>77, 83</b>	<b>TOTAL EXPENSES</b>	<b>430 209</b>	<b>430 209</b>
<b>B</b>	<b>I. ACTUAL EXPENSES</b>	<b>276 072</b>	<b>276 072</b>
	1. Salaries and employees contribution	64 447	64 447
600 601	2. Goods and Services	44 154	44 154
602	3. Subsidies	-	-
603	4. Internal actual transfers	24 722	24 722
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	142 749	142 749
<b>606</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-
<b>68</b>	<b>III. FINANCIAL EXPENSES</b>	-	-
<b>66</b>	<b>IV. OTHER EXPENSES</b>	<b>154 137</b>	<b>154 137</b>
<b>67</b>	<b>DETERMINED NET INCOME</b>	<b>51 997</b>	<b>51 997</b>
<b>C</b>	From this: Functioning results	51 997	51 997
	Functioning observed grants	-	-

## Overview of consolidated statement of financial performance

### *Sources of funds (revenues)*

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were ALL 482,206 thousand. 5% of the total municipality incomes are composed of tax and non-tax revenues, 94% of income is from grants and 1% from other income.

Structure of total revenues is comprised of 57.86% of the revenue generated from LGU Bulqizë, 6.2 % by LGU Martanesh, 5.9% by LGU Fushë - Bulqizë, 6.57% by LGU Zerqan, 8.06% by LGU Shupenzë and the other part belongs to other LGUs.

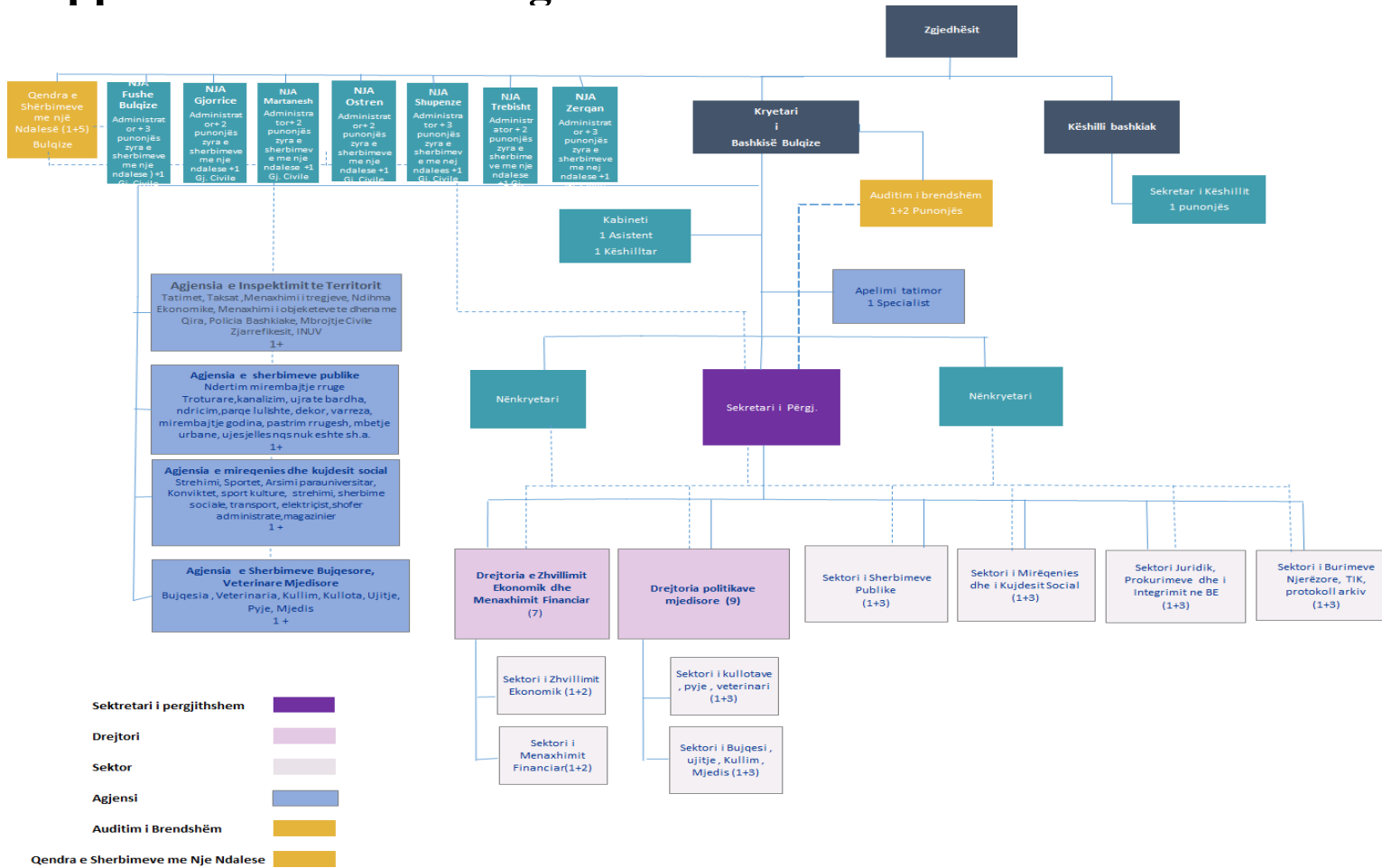
### *Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were ALL 430,209 thousand. 64% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 33.7% of the expenditures of LGU Bulqizë, 9.16% by LGU Martanesh, 10.10% by LGU Fushë - Bulqizë, 10.2% by LGU Zerqan, 12.74% by LGU Shupenzë and the other part belongs to other LGUs.

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 219 employees, of which only 6 (six) employees have the civil servants status. The rest of the employees have a permanent contract or an indefinitely contract. 1 (one) employee has a protected contract.
- 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 Bulqizë. It is worth mentioning that the Municipality Bulqizë, 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 parties entering into the contract do not determine the duration accurately, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply.</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

- The IT Specialist controls the programs installed on computers. Users are not allowed to install programs on their computer without IT specialist knowledge. The Municipality has damaged internal network, and transfer documents from one computer to another via “share” of folders or public folders.
- The Municipality has implemented the Accounting Alpha program, which is used by 3 persons, who have access with user names and passwords by default. This program is licensed by the IMB provider, which offers additional services such as maintenance and more.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.

**Table 9: IT environment**

Objective	Municipality Bulqizë	LGU Martanesh	LGU Zerqan	LGU Gjorricë	LGU Trebisht	LGU Ostren	LGU Shupenzë	LGU Fushë - Bulqizë
Installed Software	1. Microsoft Office 2007 2. Microsoft Windows 7 ultimate xp sp3 3. Autocad 4. Antivirus esed nod 32 5. Alpha Acc. Prog. 6. Finance 5 Acc. Program 7. Teamvier 2015	1. Microsoft Office 2007 2. Autocad	1. Microsoft Office 2007 2. Anti virus esed nod 32	1. Microsoft Office 2007	1. Microsoft Office 2007	1. Microsoft Office 2007	1. Microsoft Office 2007	1. Microsoft Office 2007
Contracts of licences	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware (in usage)								
Computer (desktop)	37	11	4	5	2	10	8	5
Printers	19	7	1	5	2	9	8	5
Servers	1	1	1	1	n/a	1	1	n/a
IT staff in total	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered

## Observations and Recommendations

IT environment

Observations	Recommendations
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>	<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>Computers are not managed under a centralized and standardized system that automates network management accounts data of employees and does not complete the safety requirements. So we do not have an implementation of safety rules and access management.</li> <li>The name of the default, user and password are used to access the Alpha Business Accounting System. The system is not suitable for the Municipality and LGU.</li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that the New Municipality needs to establish a common Active Directory, based on the user management, storage and sharing of electronic information.</li> <li>New Municipality can consider adapting the Alpha Business Accounting program with LGU financial needs. Also, the segregation of duties and the functions, based on job functions, should be considered for implementation.</li> </ul>
<p>Optimization and Management of PC-s and Informaion Policy Securities:</p> <ul style="list-style-type: none"> <li>There are no procedures regarding the storage and recovery of data in case of loss.</li> <li>The retention of records is stored in ‘ad-hoc’ basis, based on the evaluation of the information holders.</li> <li>The USB and drives are used as a substitute regarding the communication, which are then taken out of LGU premises by the information owner.</li> </ul>	<ul style="list-style-type: none"> <li>New Municipality can and should take into account the implementation of policies and procedures regarding the storage and recovery of data in case of loss.</li> </ul>
Inventory:	
<ul style="list-style-type: none"> <li>The Municipality and LGU does not maintain an accurate inventory regarding the devices in electronics, software and licenses, in use by its facilities and does not keep any shortage regarding the State Registration of technical conditions of these facilities.</li> </ul>	<ul style="list-style-type: none"> <li>The Municipality and LGU need in the future, to prepare an inventory containing special equipment and software, their condition and contain all available information regarding these equipments.</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 deal.
- 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 profits telephone and Internet service, provider by Albtelecom and the Albanian National Internet service, which is offered by the operator. The Municipality, LGU Martanesh and LGU Shupenzë, for its employees, provide email services with a limited size of 50 MB.
- Regarding the internal communication, the circulation of memos, it is used the verbal and written communication / regulations, orders of the Mayor.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Lack of communication:	
<ul style="list-style-type: none"> <li>• The lack of electronic communications inside the Municipality and LGU.</li> <li>• In cases where it is necessary the use of electronic means, the Municipality and LGU employee use private email address, which is unsafe regarding the exchange of information and datas.</li> <li>• Internal communication is oral or written and circulates from one department to another, in order to give an notification / information or a signature.</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>



## Observations and recommendations

**Table 10: Communication System**

Objectives	Municipality Bulqizë	LGU Martanesh	LGU Zerqan	LGU Gjorricë	LGU Trebisht	LGU Ostren	LGU Shupenzë	LGU Fushë - Bulqizë
Telephony service	n/a	2	n/a	n/a	n/a	n/a	1	n/a
Telephony/service providers	n/a	Albtelekom	n/a	n/a	n/a	n/a	Albtelekom	n/a
Internet service	Albtelekom	Albtelekom	n/a	n/a	n/a	n/a	Albtelekom	n/a
Assess coverage of the telephony service	n/a	11.2	n/a	n/a	n/a	n/a	11.2	n/a
Internal communication lines	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents

## 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 July 2015.

### Summarized description of the information received

- The function of the archive in LGU Bulqizë is performed by 1 archive specialist, in LGU Fushë - Bulqizë archive function is performed by LGU secretary, in Zejmen, by archive specialist, in Shupenzë is performed by Deputy Mayor and LGU lawyer, in Mbrostar is performed by archive specialist, and in other LGUs is performed by archive specialist.
- The Municipality Bulqizë and LGU Shupenzë, Martanesh, Zerqan, Gjoricë, the processing, storage and archival documents service is currently carried out in a certain room. While in LGU Fushë-Bulqizë, Ostren, Trebisht, the processing, storage and service of documents is carried out not in a designated room. The documents are placed in the respective offices where are compiled.
- From the information obtained during the field work, the majority of the technical requirements are partially met in LGU Bulqizë. Meanwhile, in 7 (seven) LGUs, the technical requirements are not met.
- The documents are partially processed according to the requirements of Archiving Methodology, almost in all LGUs, but what it is observed is the violating of the terms of their proceeding.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by any LGU.
- Regarding the registers, all LGUs are holding the Register of Correspondence. While Book Delivery is not kept by any LGU.
- 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 Bulqizë</b>	<b>LGU Martanesh</b>	<b>LGU Zerqan</b>	<b>LGU Gjorricë</b>	<b>LGU Trebisht</b>	<b>LGU Ostren</b>	<b>LGU Shupenzë</b>	<b>LGU Fushë-Bulqizë</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Extremely Damaged	Damaged	Damaged	Damaged	Damaged	No	Damaged	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Archive keys in two copies	No	No	No	No	No	No	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	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	No	Guard	Guard	Guard	No	No	Guard	Guard

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Bulqizë</b>	<b>LGU Martanesh</b>	<b>LGU Zerqan</b>	<b>LGU Gjorricë</b>	<b>LGU Trebisht</b>	<b>LGU Ostren</b>	<b>LGU Shupenzë</b>	<b>LGU Fushë-Bulqizë</b>
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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, branched, 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.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Bulqizë</b>	<b>LGU Martanesh</b>	<b>LGU Zerqan</b>	<b>LGU Gjorricë</b>	<b>LGU Trebisht</b>	<b>LGU Ostren</b>	<b>LGU Shupenzë</b>	<b>LGU Fushë-Bulqizë</b>
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 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	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents, publish. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Bulqizë</b>	<b>LGU Martanesh</b>	<b>LGU Zerqan</b>	<b>LGU Gjorricë</b>	<b>LGU Trebisht</b>	<b>LGU Ostren</b>	<b>LGU Shupenzë</b>	<b>LGU Fushë-Bulqizë</b>
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No	No	No	No	No

## Observations and Recommendations

### Archive

Observations	Recommendations
Fullfillment of technical requirements in the archive management:	
<ul style="list-style-type: none"> <li>Some of the technical requirements on archives, in the Municipality Bulqizë, secured doors and windows, automatic door locking, distance from the wall and shelves, are not met. In the Municipality and LGUs, the other technical requirements for archive environments are met in most of them.</li> <li>Municipality Bulqizë has not enough facilities for the collection of documentation from the 7 (seven) LGUs, which have joined the administrative-territorial reform. The current environment is all wet and there are not enough necessary materials.</li> </ul>	<ul style="list-style-type: none"> <li>As part of the merger, it is necessary to take measures in order to fulfill the standards, scientific and technical conditions provided in the Archiving Methodology and that there should be an archive environment.</li> <li>It is recommended to consider leaving the documentation in the archives of current Municipality and LGU, in case of inability to provide necessary facilities for those LGU, which provide safe archiving environments, as well as to ensure a dry environment in order to keep in good conditions these documents.</li> </ul>
Lack of compliance with with the Records and Archiving methodology:	
<ul style="list-style-type: none"> <li>Not all models, registers, lists, records or forms, required by methodology and specific archiving law, archives are kept by the Municipality and 7 (seven) LGUs. Also, no information regarding the last inventory and the documents located in the LGU Archives could be obtained.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain all records required by law, in order so: the creation, documentation and transfer of documentation to be made in accordance with the archiving methodology and the accordance with the proper requirements.</li> <li>Regarding the processing of technical and scientific inventory of the documents which are kept in the archive, including documents that are being held in the existing LGUs, should be taken into consideration the process of reorganization in the New Municipality, in order to be completed in the most effective way and within the deadlines.</li> </ul>
Reorganization of the Archives:	
<ul style="list-style-type: none"> <li>As a result of the merger, the volume of Municipal archives will grow from the documents received by the Municipality and the existing LGUs.</li> </ul>	<ul style="list-style-type: none"> <li>Taking into consideration the requirements of the Law on Archives, the General Directorate of Archives, should be notified before the effective date of the merger, in</li> </ul>



Archive

<b>Observations</b>	<b>Recommendations</b>
<p>Consequently, given the volume of documents, the reorganization of the New Municipality archive and its maintenance, could prove to be difficult.</p>	<p>order to determine the procedures for the transfer of documents, aimed at reorganizing the municipal archives effectively.</p> <ul style="list-style-type: none"><li>• Also, as a temporary action, the opportunity to leave the current LGU archive premises that will unite, should be taken into consideration, in case the archive merge can produce negative effects on public services.</li><li>• The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives.</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 the Municipality and all existing LGUs, the Municipality Mayor and LGU Mayor are the authorizing officers for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors have 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.
- From 7 (seven) LGUs, all of them keep an Accounting Record of assets.
- Also, Municipality and LGUs are holding no register for leased properties, and they are not holding the register for owned entities.
- 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.
- The special committees for the disposal of assets are created by the Municipality and LGUs.
- 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 Bulqizë</b>	<b>LGU Martanesh</b>	<b>LGU Zerqan</b>	<b>LGU Gjorricë</b>	<b>LGU Trebisht</b>	<b>LGU Ostren</b>	<b>LGU Shupenzë</b>	<b>LGU Fushë Bulqizë</b>
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No
Authorizing Officer	Myfit Duriçi	Gezim Kenga	Defrim Fiku	Vehbi Xheka	Fitm Balla	Razi Rama	Muis Llani	Fluturim Zeneli
Executing Officer	Skender Kaja	Adelina Haslika	Jonida Kamberi	Arlent Kazani	Kimet Ajazi	Shaban Kurti	Shkendie Osmani	Asllan Daxha
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	No	No	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers:	
<ul style="list-style-type: none"> <li>No special records are kept regarding the companies owned by the Municipality and LGUs and regarding the eased properties.</li> <li>The Assets Accounting Record are held only by the Municipality and all LGUs.</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 absence of Assets evaluation:	
<ul style="list-style-type: none"> <li>Assets evaluation is performed at the Municipality and all LGUs.</li> </ul>	<ul style="list-style-type: none"> <li>Conductign the assets evaluation, in accordance with procedures laid down by Instruction No. 30, dated 27.12.2011 " On the management of assets in the public sector ", is performed before the effective date of the merger, in accordance with the legal legislation in force.</li> </ul>
The lack of rules and procedures related with Asset Management:	
<ul style="list-style-type: none"> <li>Rules and procedures, regarding the asset management, is not implemented by the Municipality and existing LGUs.</li> <li>The internal risk management plan, the objectives and the control mechanisms regarding the asset management, are not approved.</li> </ul>	<ul style="list-style-type: none"> <li>The internal policies and procedures, internal risk management plan, the control objectives and management mechanisms of assets, is implemented by the New Municipality, in order to ensure efficient management of assets, and compliance with the legal requirements.</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>
LGU Bulqizë	Rehabilitation of Water Supply in D area	In process	ALL 23,305,296.00	ALL 29,105,690.00
LGU Bulqizë	Reconstruction of Middle General School	In process	ALL 29,691,514.00	ALL 33,071,422.00
LGU Bulqizë	Reconstruction of ‘Pedonale Street’ and the reconstruction of the ‘Unaza e Poshtme’	In process	ALL 72,535,411.00	ALL 101,550,698.00
LGU Bulqizë	Improvement and asphaltting Aliaj road, at Vajkal Neighborhood	In process	ALL 6,010,104.00	ALL 14,050,972.00
LGU Bulqizë	Improvement and asphaltting Allmete - Duric road, at Vajkal 2 Neighborhood	In process	ALL 3,729,916.00	ALL 14,666,666.00
LGU Bulqizë	Improvement and asphaltting ‘Bloku i Poshtem’ road, at Geologist Neighborhood	In process	ALL 24,106,462.00	ALL 27,924,093.00
LGU Zerqan	Improvement of Zerqan road, Phase I	In process	ALL 62207263.00	ALL 62,411,329.00
LGU Trebisht	Sewerage Building for Celebi - Mucin - Bala Villages	In process	ALL 14,699,074.00	ALL 23,014,072.00
LGU Gjoricë	Drinking water of several villages in LGU Gjoricë	In process	ALL 0.00	ALL 99,637,751.00
LGU Gjoricë	Research, design and reconstruction of roads in Gjoricë, Upper Gjoricë and Lower Gjoricë Villages	In process	ALL 1,967,040.00	ALL 3,278,400.00

## **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>2 169 708</b>	<b>2 111 156</b>	<b>1 886 701</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>44 227</b>	<b>44 227</b>	<b>43 731</b>
4	201	Amounts to be remitted and loan reimbursements		800	800	800
5	202	Studies and research	<b>F6, Sh1</b>	43 923	43 923	42 731
6	203	Concessions, license, other similar licenses		200	200	200
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	(696)	(696)	-
8	230	Expenses for increase of current intangible assets		-	-	-
<b>9</b>		<b>II. Tangible Assets</b>		<b>2 066 928</b>	<b>2 066 928</b>	<b>1 842 970</b>
10	210	Land		28 106	28 106	28 106
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	5 443	5 443	5 443
12	212	Building and Constructions	<b>F6, Sh1</b>	771 190	771 190	685 144
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	1 394 190	1 394 190	1 243 504
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	37 590	37 590	37 237
15	215	Transport vehicles	<b>F6, Sh1</b>	26 071	26 071	26 022
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	<b>F6, Sh1</b>	37 485	37 485	37 323
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(233 147)	(233 147)	(219 809)
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>58 552</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		58 552	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>153 854</b>	<b>153 854</b>	<b>146 718</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>22 006</b>	<b>22 006</b>	<b>23 360</b>
29	31	Materials	<b>Sh2</b>	8 043	8 043	9 695
30	32	Inventory Objects	<b>Sh2</b>	13 496	13 496	13 263
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		467	467	402
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>66 882</b>	<b>66 882</b>	<b>49 068</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		-	-	-
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)		42 234	42 234	24 433
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>	24 648	24 648	24 635
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>64 966</b>	<b>64 966</b>	<b>74 290</b>
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		-	-	-	
58	520	Treasury funds	<b>Sh5</b>	64 966	64 966	74 290	
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>2 323 561</b>	<b>2 265 009</b>	<b>2 033 419</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>2 191 713</b>	<b>2 133 161</b>	<b>1 910 061</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>2 181 677</b>	<b>2 123 125</b>	<b>1 900 024</b>
3	101	Base funds	<b>F8</b>	2 123 519	2 064 967	1 873 162
4	105	Capital internal grants		4 441	4 441	6 863
5	106	Capital foreigner grants		53 717	53 717	20 000
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>10 037</b>	<b>10 037</b>	<b>10 037</b>
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		7 229	7 229	7 229
11	116	Revenues from selling of current assets		2 807	2 807	2 807
<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>79 851</b>	<b>79 851</b>	<b>60 383</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>79 851</b>	<b>79 851</b>	<b>60 383</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	10 190	10 190	2 543
23	42	Employees and related accounts		7 106	7 106	6 138
24	431	Liabilities to government for taxes		277	277	226
25	432	Taxes collected from government for the local government		19	19	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		23 780	23 780	23 767

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		1 978	1 978	1 918
29	436	Health Insurance		270	270	238
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	12 969	12 969	11 315
36	467	Other creditors		23 263	23 263	14 238
<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>51 997</b>	<b>51 997</b>	<b>62 974</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>2 323 561</b>	<b>2 265 009</b>	<b>2 033 419</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>277 426</b>	<b>277 426</b>	<b>537 267</b>
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>276 072</b>	<b>276 072</b>	<b>536 659</b>
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>55 357</b>	55 357	<b>94 765</b>
4	6001	Salaries		54 357	54 357	92 363
5	6002	Temporary salaries		1 000	1 000	2 354
6	6003	Bonuses		-	-	48
7	6009	Other personal expenses		-	-	-
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>9 090</b>	<b>9 090</b>	<b>15 790</b>
9	6010	Insurance contributions		8 062	8 062	13 617
10	6011	Health insurance		1 029	1 029	2 174
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>44 154</b>	<b>44 154</b>	<b>78 977</b>
12	6020	Stationary		2 492	2 492	5 671
13	6021	Special services		1 787	1 787	2 882
14	6022	Services from third party		16 416	16 416	28 708
15	6023	Transport expenses		2 892	2 892	5 013
16	6024	Travel expense		2 845	2 845	5 865
17	6025	Ordinary maintenance expenses		5 002	5 002	16 424
18	6026	Rent expenses		283	283	782
19	6027	Expenses for legal liability for compensation		4 721	4 721	494
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		7 716	7 716	13 139
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-

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
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>24 722</b>	<b>24 722</b>	<b>37 169</b>
29	6040	Current transfers to other government levels		14 382	14 382	36 329
30	6041	Current transfers to various government institutions		<b>10 340</b>	10 340	840
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>142 749</b>	<b>142 749</b>	<b>309 959</b>
39	6060	Transfers paid from ISS and HII		1 685	1 685	145
40	6061	Transfers paid from other institutions and Local government		141 064	141 064	309 814
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>1 354</b>	<b>1 354</b>	<b>608</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		-	-	-

					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	
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>277 426</b>	<b>277 426</b>	<b>537 267</b>	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>152 783</b>	<b>152 783</b>	<b>71 427</b>	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		152 598	152 598	70 969	
64	8420	Revenues deposited in the budget		-	-	-	
65	8421	Deposit in the budget of unused revenues		-	-	-	
66	8422	Transfers of revenues within the system		-	-	-	
67	8423	Transfers for changes in situation		185	185	458	
68	8424	Transfers for identified debtors and similar items		-	-	-	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>430 209</b>	<b>430 209</b>	<b>608 694</b>	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>51 997</b>	<b>51 997</b>	<b>62 974</b>	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>482 206</b>	<b>482 206</b>	<b>671 668</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>480 666</b>	<b>480 666</b>	<b>670 605</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>9 876</b>	<b>9 876</b>	<b>14 934</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>5 177</b>	<b>5 177</b>	<b>7 088</b>
4	7000	Personal income tax	971	971	267
5	7001	Income tax	-	-	56
6	7002	Small business tax	4 206	4 206	6 766
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>1 012</b>	<b>1 012</b>	<b>1 649</b>
9	7020	On immovable property	628	628	694
10	7021	Sales of immovable property	-	-	955
11	7029	Other on property	384	384	-
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>3 687</b>	<b>3 687</b>	<b>6 197</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	23
16	7033	Tax upon goods usage and activity permission	1 987	1 987	3 136
17	7035	Local tax on goods usage and activity permission	1 700	1 700	3 037
<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>16 874</b>	<b>16 874</b>	<b>26 597</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>5 575</b>	<b>5 575</b>	<b>6 594</b>
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	5 575	5 575	6 594
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>11 298</b>	<b>11 298</b>	<b>20 004</b>
40	7110	Administrative tariffs and regulations	5 658	5 658	7 793
41	7111	Secondary revenues and payments of services	5 479	5 479	11 583
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	161	161	628
		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>453 934</b>	<b>453 934</b>	<b>629 072</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>400 217</b>	<b>400 217</b>	<b>629 072</b>
50	7200	From same Government level	187 964	187 964	433 887
51	7201	From other Government levels	130 823	130 823	3 215
52	7202	From budget for special payments to Social Institute	30 091	30 091	51 109
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	2 600	2 600	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	44 387	44 387	96 601



			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	-	-	4 466
58	7209	Other internal grants	4 352	4 352	39 795
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	<b>53 717</b>	<b>53 717</b>	<b>-</b>
60	7210	From foreigner Governments	53 717	53 717	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	<b>(17)</b>	<b>(17)</b>	<b>3</b>
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>-</b>	<b>-</b>	<b>-</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	-	-	-
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	<b>-</b>	<b>-</b>	<b>-</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>	<b>-</b>	<b>-</b>	<b>-</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>480 666</b>	<b>480 666</b>	<b>670 605</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>1 540</b>	<b>1 540</b>	<b>1 063</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	1 540	1 540	1 063
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>482 206</b>	<b>482 206</b>	<b>671 668</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>482 206</b>	<b>482 206</b>	<b>671 668</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>238 765</b>	<b>238 765</b>	-
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	-	<b>185 048</b>	<b>185 048</b>	-
3	1050	From the same government level	-	160 563	160 563	-
4	1051	From other Government levels	-	24 485	24 485	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	53 717	53 717	-
8	1060	From foreigner governments	-	53 717	53 717	-
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>	-	-	-	-
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>	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
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)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<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>238 765</b>	<b>238 765</b>	-
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	<b>1 192</b>	<b>1 192</b>	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	-	<b>237 573</b>	<b>237 573</b>	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	86 046	86 046	-
39	2313	Roads, networks, water facilities	-	150 686	150 686	-
40	2314	Technical installment, machinery, equipment, working tools	-	354	354	-
41	2315	Transport vehicles	-	49	49	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	439	439	-
<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 lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-

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>
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>477 530</b>	<b>477 530</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>74 290</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>598 756</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>566 249</b>	-	-	-
4	Actual budget funds (Budget with changes)	308 328	-	-	-
5	Capital budget funds (Budget with changes)	257 921	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>32 507</b>	-	-	-
7	Tax revenues in "Cash"	7 702	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	21 704	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	70	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	3 031	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>508 980</b>	-	-
15	1. Payment from the budget for actual expenses	-	255 151	-	-
16	2. Payments from the budget for capital expenses	-	236 842	-	-
17	3. Payments from revenues for actual expenses	-	14 905	-	-
18	4. Payments from revenues from capital expenses	-	698	-	-
19	5. Payments from storage	-	1 384	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>99 100</b>	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	93 206	-	-
24	3. Internal movements and transfers	-	5 894	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>673 045</b>	<b>608 080</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>64 966</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.	Transf.	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>43 731</b>	<b>1 192</b>	-	-	-	<b>1 192</b>	-	-	-	-	<b>44 923</b>
2	201 Amounts to be remitted and loan reimbursements	800	-	-	-	-	-	-	-	-	-	<b>800</b>
3	202 Studies and research	42 731	1 192	-	-	-	<b>1 192</b>	-	-	-	-	<b>43 923</b>
4	203 Concessions, license, other similar licenses	200	-	-	-	-	-	-	-	-	-	<b>200</b>
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>2 062 779</b>	<b>237 573</b>	-	-	-	<b>237 573</b>	-	-	<b>276</b>	<b>276</b>	<b>2 300 075</b>
6	210 Land	28 106	-	-	-	-	-	-	-	-	-	<b>28 106</b>
7	211 Forests, Pasture, Plantation	5 443	-	-	-	-	-	-	-	-	-	<b>5 443</b>
8	212 Building and Constructions	685 144	86 046	-	-	-	<b>86 046</b>	-	-	-	-	<b>771 190</b>
9	213 Roads, networks, water facilities	1 243 504	150 686	-	-	-	<b>150 686</b>	-	-	-	-	<b>1 394 190</b>
10	214 Technical installment, machinery, equipment, working tools	37 237	354	-	-	-	<b>354</b>	-	-	-	-	<b>37 590</b>
11	215 Transport vehicles	26 022	49	-	-	-	<b>49</b>	-	-	-	-	<b>26 071</b>
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	37 323	439	-	-	-	<b>439</b>	-	-	<b>276</b>	<b>276</b>	<b>37 485</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>TOTAL (I + II)</b>	<b>2 106 510</b>	<b>238 765</b>	-	-	-	<b>238 765</b>	-	-	<b>276</b>	<b>276</b>	<b>2 344 999</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	-	696	-	696	-	-	-	-	696
2	219	II. TANGIBLE	219 809	13 444	-	13 444	-	-	106	106	233 147
		<b>TOTAL (I + II)</b>	<b>219 809</b>	<b>14 140</b>	<b>-</b>	<b>14 140</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>106</b>	<b>233 843</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
<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>1 873 161,51</b>	<b>25 067</b>	<b>275 424</b>	<b>2 123 519</b>	<b>1 873 162</b>	<b>15 850</b>	<b>207 655</b>	<b>2 064 967</b>
2	1010	Status of base fund	1 873 162	9 217	-	1 863 944	1 873 162	-	-	1 873 162
3	1011	Additions base fund	-	-	275 424	275 424	-	-	207 655	207 655
4	1012	Decrease base fund	-	3 323	-	(3 323)	-	3 323	-	(3 323)
		Decrease from tangible								
5	1013	assets consume	-	12 250	-	(12 250)	-	12 250	-	(12 250)
		Decrease from selling								
6	1014	tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	276	-	(276)	-	276	-	(276)
		Decrease from transferring								
8	1016	tangible assets	-	-	-	-	-	-	-	-
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN</b>								
		<b>TANGIBLE ASSETS</b>								
		<b>REVALUATION</b>	-	-	-	-	-	-	-	-
<b>10</b>	<b>105,107,11,12, 13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>79 874</b>	<b>30 571</b>	<b>17 172</b>	<b>66 475</b>	<b>79 874</b>	<b>30 571</b>	<b>17 172</b>	<b>66 475</b>
11	105	Capital internal grants	6 863	2 421	-	4 441	6 863	2 421	-	4 441
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	10 037	-	-	10 037	10 037	-	-	10 037
14	12	Carried result	-	-	-	-	-	-	-	-
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	62 974	28 149	17 172	51 997	62 974	28 149	17 172	51 997



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	
<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>
19	106	<b>EXTERNAL FUND</b>	20 000	20 000	53 717	53 717	20 000	20 000	53 717	53 717
20	106	Capital foreigner grants	20 000	20 000	53 717	53 717	20 000	20 000	53 717	53 717
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
22		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>1 973 035</b>	<b>75 637</b>	<b>346 312</b>	<b>2 243 710</b>	<b>1 973 035</b>	<b>66 420</b>	<b>278 543</b>	<b>2 185 158</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>232</b>	<b>27</b>	<b>37</b>	<b>222</b>	<b>55 357</b>	-	-	<b>13 607</b>	-	<b>2 231</b>
<i>1</i>	<b>Directors High level education</b>	15	9	3	21	6 052	-	-	1 537	-	443
<i>2</i>	<b>specialist</b>	47	-	8	39	13 215	-	-	3 933	-	968
<i>3</i>	<b>Technical</b>	10	-	-	10	2 113	-	-	750	-	137
<i>4</i>	<b>Ordinary officers</b>	96	9	8	97	21 763	-	-	5 226	-	670
<i>5</i>	<b>Employees Temporary</b>	54	3	13	44	10 255	-	-	1 666	-	13
<i>6</i>	<b>employees</b>	10	6	5	11	1 959	-	-	495	-	-

**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>2 323 561</b>	<b>2 265 009</b>	<b>2 033 419</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>153 854</b>	<b>153 854</b>	<b>146 718</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	64 966	64 966	74 290
13	Class 4	2. Receivables	66 882	66 882	49 068
29	Class 3	3. Current Inventory accounts	22 006	22 006	23 360
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>2 169 708</b>	<b>2 111 156</b>	<b>1 886 701</b>
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	58 552	-	-
47	21,24,28	3. Tangible assets	2 066 928	2 066 928	1 842 970
60	20	4. Intangible assets	44 227	44 227	43 731
<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>79 851</b>	<b>79 851</b>	<b>60 383</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>79 851</b>	<b>79 851</b>	<b>60 383</b>
71	Class	1. Accounts payable	79 851	79 851	60 383
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>2 243 710</b>	<b>2 185 158</b>	<b>1 973 035</b>
97		<b>Presented: Consolidated budget</b>	2 191 713	2 133 161	1 910 061
98		<b>Carried forward results</b>	51 997	51 997	62 974

**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>482 206</b>	<b>482 206</b>	<b>671 668</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>26 749</b>	<b>26 749</b>	<b>41 531</b>
3	70	1. Tax revenues upon	9 876	9 876	14 934
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	16 874	16 874	26 597
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>453 934</b>	<b>453 934</b>	<b>629 072</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>1 523</b>	<b>1 523</b>	<b>1 065</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>430 209</b>	<b>430 209</b>	<b>608 694</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>276 072</b>	<b>276 072</b>	<b>536 659</b>
35	600 601	1. Salaries and employees contribution	64 447	64 447	110 555
38	602	2. Goods and Services	44 154	44 154	78 977
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	24 722	24 722	37 169
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	142 749	142 749	309 959
<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>154 137</b>	<b>154 137</b>	<b>72 035</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>51 997</b>	<b>51 997</b>	<b>62 974</b>
59		From this: Functioning results	51 997	51 997	62 974
60		Functioning observed grants	-	-	-

# **STAR Project**

**Municipality Burrel  
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 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 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>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,</li> </ul>

Observations	Recommendations
<ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and horizontal functions.</li> </ul>	<p>directory or general directory is carried out in case of fulfillment of numerical standards for each of them.</p>
<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 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
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 Mat. 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.	<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:</li> </ul>

Observations	Recommendations
<p>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>	<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 for the Municipality Burrel and 7 (seven) existing LGUs of Bazë, Derjan, Komsi, Lis, Macukull, Rukaj, Ukëz 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	Municipality Burrel	LGU Bazë	LGU Derjan	LGU Komsi	LGU Lis	LGU Macukull	LGU Rukaj	LGU Ulëz
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a
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, 7 (seven) units are transformed in 1 (one) Municipality with 7 (seven) administrative units, as presented in the table 2 below.



**Table 2: Roles in the Municipality**

<b>Roli</b>							
<b>New Municipality</b>	<b>Burrel</b>						
Municipality Council	✓						
Mayor	✓						
Deputy Mayor	✓						
Secretary of Municipality Council	✓						
<b>Administrative Unit</b>	<b>Bazë</b>	<b>Derjan</b>	<b>Komsi</b>	<b>Lis</b>	<b>Macukull</b>	<b>Rukaj</b>	<b>Ulëz</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 124.

- 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 65.

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

Public Services	Burrel	Bazë	Derjan	Komsi	Lis	Macukull	Rukaj	Ulëz	Merged
<b>Infrastructure and public services</b>									
Water Supply Company	Contracted	8	1	1	1	0.5	1	1	<b>13.5</b>
Functioning of the sewerage system	7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>
Construction of roads, pavements and public squares	Contracted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>
Rehabilitation and maintenance of local roads, sidewalks and public squares	8	2	n/a	n/a	1	1	1	1	<b>14</b>
Public lighting	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
The operation of urban public transport	Licensed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>
Cemeteries administration and guarantee of funeral services	2	n/a	n/a	n/a	1	1	n/a	n/a	<b>4</b>
Decorations Service in town / village	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>1</b>
Administration of parks, gardens and public spaces	3	n/a	n/a	n/a	n/a	n/a	n/a	1	<b>4</b>
Collection, disposal and recovery of waste	Contracted	n/a	n/a	n/a	1	1	n/a	1	<b>3</b>
Urban planning	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>
Land management	2	n/a	1	1	1	1	0.5	n/a	<b>6.5</b>
Shelter	1	n/a	n/a	n/a	n/a	n/a	n/a	1	<b>2</b>
<b>Social, cultural and sports Services</b>									
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>10</b>
Organization of sporting, recreational and entertainment activities and management of relevant institutions	10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>10</b>
Social services of kindergardens	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>
Social services - orphanages, shelters	4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>4</b>
<b>Local economic development</b>									
Preparation of local economic development programs	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
Establishment and function of public markets and trade network	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
Small business development, and the development of promotional activities such as fairs and advertisements in public places	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>

<b>Public Services</b>	<b>Burrel</b>	<b>Bazë</b>	<b>Derjan</b>	<b>Komsi</b>	<b>Lis</b>	<b>Macukull</b>	<b>Rukaj</b>	<b>Ulëz</b>	<b>Merged</b>
Organization of services within the local economic development support and information structures and infrastructure necessary	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
Veterinary services	1	1	n/a	1	1	1	n/a	n/a	5
Conservation and development of forests and natural resources of local character	1	n/a	1	1	1	0.5	0.5	1	6
<b>The order and civil protection</b>									
Preservation of public order to prevent administrative violations	6	1	1	1	1	1	n/a	1	12
Civil protection	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	1
<b>Educational institutions</b>									
Maintenance of facilities in preliminary education	2	n/a	n/a	n/a	1	n/a	1	n/a	4
<b>Medicine</b>									
Health care system and the protection of public health	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3
<b>Social care</b>									
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1	1	1	1	1	1	1	1	8
Social Care on domestic violence	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
<b>Environmental Protection</b>									
Environmental Protection	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
<b>Register Office</b>									
Register Office	2	1	1	1	1	n/a	1	1	8
<b>Business Registration</b>	<b>1</b>								<b>1</b>
National Registration Center		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>86</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>8.5</b>	<b>5</b>	<b>8</b>	<b>123.5</b>

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

<b>Horizontal Functions</b>	<b>Burrel</b>	<b>Bazë</b>	<b>Derjan</b>	<b>Komsi</b>	<b>Lis</b>	<b>Macukull</b>	<b>Rukaj</b>	<b>Ulëz</b>	<b>Merged</b>
Finance	4	2	1	2	2	1	2	1	15
Local taxes and Tariffs	3	n/a	1	2	1	0.5	n/a	1	8.5
Legal Issues	1	n/a	0.5	0.5	0.5	n/a	n/a	n/a	2.5
Procurement	1	n/a	0.5	0.5	0.5	n/a	n/a	n/a	2.5
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Human Resources	2	n/a	n/a	0.5	n/a	n/a	n/a	n/a	2.5
Protocol	1	0.5	0.5	n.a	0.5	0.5	n/a	n/a	3
Archiving	1	0.5	0.5	0.5	0.5	0.5	0.5	1	5
Information Technology	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Supporting services	13	2	2	1	n.a	3	0.5	2	23.5
Internal Audit	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
<b>Total</b>	<b>28</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>5.5</b>	<b>3</b>	<b>5</b>	<b>64.5</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 sectorial divisions and functions, planning and use of resources combined, decision-making, coordination and communication.
- 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).

### ***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;
  - Rehabilitation and maintenance of local roads, sidewalks and public squares;
  - Collection and disposal of waste.
- 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.
- 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
<b>Local economic development</b>			



**Table 5: Public Services –Application of development principles**

<b>Services</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>
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	Yes
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 sectorial responsibilities (functional) and administrative and reporting lines;
- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);
- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;

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

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 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 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 the Municipality and LGUs currently own 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 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 119,304 thousand ALL. Overdue municipal obligations are reported at a value 52,698 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>

**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 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.



**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 Burrel, 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 Burrel, LGU Bazë, LGU Derjan, LGU Rukaj, LGU Macukull, LGU Komsj, LGU Lis, and LGU Ulëz.

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

The restated statements reflect the adjustments that have been identified and presented in individual reports for each 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	386,718
Tax and non-tax revenue	27,272
Total Expenses	259,925
Total Assets	2,370,334
Liabilities	119,304

**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>2 370 334</b>	<b>2 177 919</b>
<b>I</b>	<b>Current Assets</b>	<b>259 571</b>	<b>259 571</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	116 512	116 512
Class 4	2. Receivables	97 185	97 185
Class 3	3. Current Inventory accounts	45 874	45 874
<b>II</b>	<b>Non-current Assets</b>	<b>2 110 763</b>	<b>1 918 348</b>
23	1. Investments	-	-
25,26	2. Finance assets	192 415	-
21,24,28	3. Tangible assets	1 905 333	1 905 333
20	4. Intangible assets	13 015	13 015
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	<b>119 304</b>	<b>119 304</b>
<b>I</b>	<b>Current liabilities</b>	<b>119 304</b>	<b>119 304</b>
Class 4	1. Accounts payable	119 304	119 304
16	2. Non-current liabilities	-	-
<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>2 251 030</b>	<b>2 058 615</b>
	<b>Presented: Consolidated budget</b>	2 156 636	1 964 221
	<b>Carried forward results</b>	94 393	94 393

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

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 2,370,334 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 10% compared to December 31, 2014.

#### *Current assets*

- Current assets, which have 11% of total assets, are decreased by 6% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an decrease of 3% of cash, which affects more in the total increase and the account of the state of inventories have slightly decreased by 8% and 5%.

#### *Accounts Receivables*

- Structure of total debtors of Municipality Burrel consists of 50.56% of debtors of LGU Burrel, 0.91% of debtors of LGU Bazë, 2.17% of debtors of LGU Derjan, 30.72% of LGU Rukaj and the other part belongs to the debtors of other LGUs.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the Municipality Burrel 89%, have increased by 12% 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 3%, which compose 80% of total assets.

### *PPE*

- 27.58% of PPEs of Municipality Burrel are composed by the PPEs of LGU Burrel, 15.84% by LGU Bazë, 9.17% by LGU Derjan, 11.2% of LGU Rukaj, 12.3% of LGU Macukull and the other part belongs to other LGUs.

### *Accounts Payables*

Accounts payable have decreased by 37% during the period ended July 31, 2015 compared with the previous year 2014.

- 46.67% of the total accounts payable is composed of accounts payable of LGU Burrel, 1.46% by LGU Bazë, 3.53% by LGU Derjan, 25.32% of LGU Rukaj, 5.65% of LGU Macukull and the other part belongs to other LGUs.

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>2</b>	<b>TOTAL REVENUES</b>	<b>414 335</b>	<b>414 335</b>
<b>A</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>27 272</b>	<b>27 272</b>
<b>70,750,71</b>	1. Tax revenues upon	18 563	18 563
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	8 709	8 709
<b>71</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>386 718</b>	<b>386 718</b>
<b>72</b>	<b>III. FINANCIAL REVENUES</b>	-	-
<b>72</b>	<b>IV. WORKS FOR INVESTMENTS</b>	-	-
<b>78</b>	<b>V. OTHER REVENUES</b>	<b>345</b>	<b>345</b>
<b>77, 83</b>	<b>TOTAL EXPENSES</b>	<b>319 942</b>	<b>319 942</b>
<b>B</b>	<b>I. ACTUAL EXPENSES</b>	<b>257 736</b>	<b>257 736</b>
	1. Salaries and employees contribution	61 329	61 329
600 601	2. Goods and Services	38 384	38 384
602	3. Subsidies	-	-
603	4. Internal actual transfers	16 078	16 078
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	141 945	141 945
<b>606</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-
<b>68</b>	<b>III. FINANCIAL EXPENSES</b>	-	-
<b>66</b>	<b>IV. OTHER EXPENSES</b>	<b>62 206</b>	<b>62 206</b>
<b>67</b>	<b>DETERMINED NET INCOME</b>	<b>94 393</b>	<b>94 393</b>
<b>C</b>	From this: Functioning results	94 393	94 393
	Functioning observed grants	-	-

## Overview of consolidated statement of financial performance

### *Sources of funds (revenues)*

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were ALL 414,335 thousand. 6% of the total municipality incomes are composed of tax and non-tax revenues, 93% of income is from grants and 1% from other income.

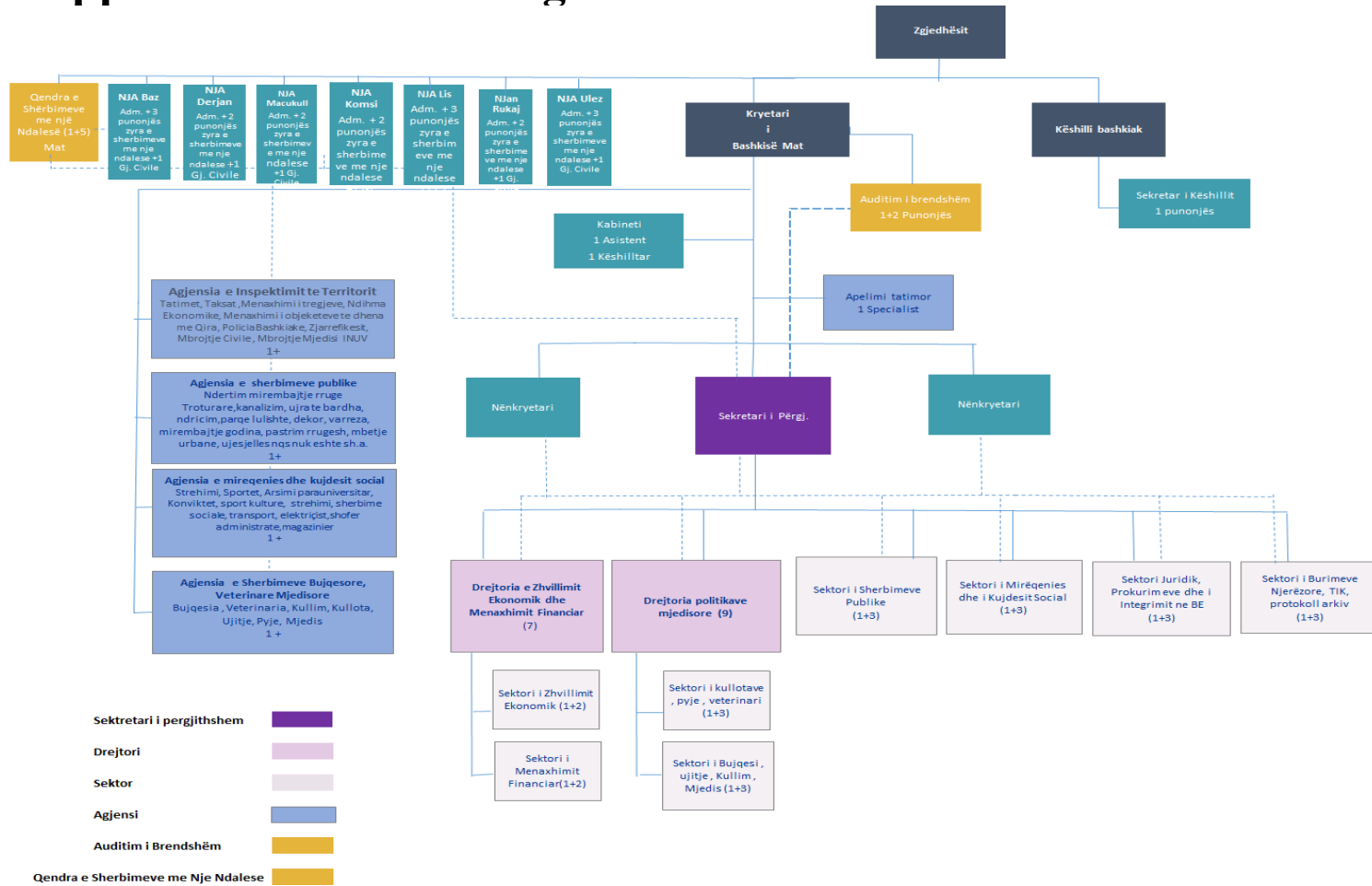
Structure of total revenues is comprised of 47.09% of the revenue generated from LGU Burrel, 8.57% by LGU Bazë, 3.34% by LGU Derjan, 8.70% of LGU Rukaj, 6.83% of LGU Macukull and the other part belongs to other LGUs.

### *Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were ALL 319,942 thousand. 81% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 48.26% of the expenditures of LGU Burrel, 10.13% by LGU Bazë, 3.37% by LGU Derjan, 7.47% of LGU Rukaj, 5.61% of LGU Macukull and the other part belongs to other LGUs.

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

# Appendix 1 –Possible organization structure



## Appendix 2 – Personnel matters

### Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

### Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 209 employees, of which only 24 employees have the civil servants status, 11 employees have a permanent contract or an indefinitely contract and 174 employees have a work-term employment contract.
- 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 Mat. It is worth mentioning that the Municipality Mat, 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 parties entering into the contract do not determine the duration accurately, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply.</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

- The IT Specialist controls the programs installed on computers. Users are not allowed to install programs on their computer without IT specialist knowledge. The Municipality has damaged internal network, and transfer documents from one computer to another via “share” of folders or public folders.
- The Municipality has implemented the Accounting Alpha program, which is used by some individuals, who have access with user names and passwords by default. This program is licensed by the IMB provider, which offers additional services such as maintenance and more.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.

**Table 9: IT environment**

Objective	Municipality Burrel	LGU Bazë	LGU Derjan	LGU Komsi	LGU Lis	LGU Macukull	LGU Rukaj	LGU Ulëz
Installed Software	1. Microsoft Office 2007 2. Microsoft Office 2003 3. Microsoft Windows 7 Ultimate, Professional, XP 4. 4. Autocad 5. Alpha Accounting Program	n/a	1. Microsoft Office 2007 2. Windows 7 Professional 3. Microsoft Windows XP	1. Microsoft Office 2007, 2003 2. Microsoft Windows 7 Professional 3. Microsoft Windows XP	1. Microsoft Office 2007 2. Microsoft Windows 7 Professional	n/a	1. Microsoft Office 2007 2. Microsoft Windows 7 Professional	1. Microsoft Office 2007, 2003 2. Microsoft Windows 7 Professional 3. Microsoft Windows XP
Contracts of licences	73	n/a	7	6	2	n/a	4	6
Hardware (in usege)	35	n/a	5	2	1	2	2	3
Computer (desktop)	35	n/a	5	2	1	2	2	3
Printers	10	1	5	1	1	2	1	3
Servers	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT staff in total	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered

## Observations and Recommendations

IT environment

Observations	Recommendations
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>	<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>Computers are not managed under a centralized and standardized system that automates network management accounts data of employees and does not complete the safety requirements. So we do not have an implementation of safety rules and access management.</li> <li>The name of the default, user and password are used to access the Alpha Business Accounting System. The system is not suitable for the Municipality and LGU.</li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that the New Municipality needs to establish a common Active Directory, based on the user management, storage and sharing of electronic information.</li> <li>New Municipality can consider adapting the Alpha Business Accounting program with LGU financial needs. Also, the segregation of duties and the functions, based on job functions, should be considered for implementation.</li> </ul>
<p>Optimization and Management of PC-s and Informaion Policy Securities:</p> <ul style="list-style-type: none"> <li>There are no procedures regarding the storage and recovery of data in case of loss.</li> <li>The retention of records is stored in ‘ad-hoc’ basis, based on the evaluation of the information holders.</li> <li>The USB and drives are used as a substitute regarding the communication, which are then taken out of LGU premises by the information owner.</li> </ul>	<ul style="list-style-type: none"> <li>New Municipality can and should take into account the implementation of policies and procedures regarding the storage and recovery of data in case of loss.</li> </ul>
Inventory:	
<ul style="list-style-type: none"> <li>The Municipality and LGU does not maintain an accurate inventory regarding the devices in electronics, software and licenses, in use by its facilities and does not keep any shortage regarding the State Registration of technical conditions of these facilities.</li> </ul>	<ul style="list-style-type: none"> <li>The Municipality and LGU need in the future, to prepare an inventory containing special equipment and software, their condition and contain all available information regarding these equipment’s.</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 deal.
- 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 profits telephone and Internet service, provider by Albtelcom. The Municipality, for its employees, provides email services with a limited size of 50 MB.
- Regarding the internal communication, the circulation of memos, it is used the verbal and written communication / regulations, orders of the Mayor.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Lack of communication:	
<ul style="list-style-type: none"> <li>• The lack of electronic communications inside the Municipality and LGU.</li> <li>• In cases where it is necessary the use of electronic means, the Municipality and LGU employee use private email address, which is unsafe regarding the exchange of information and datas.</li> <li>• Internal communication is oral or written and circulates from one department to another, in order to give an notification / information or a signature.</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>

## Observations and recommendations

**Table 10: Communication System**

Objectives	Municipality Burrel	LGU Bazë	LGU Derjan	LGU Komsj	LGU Lis	LGU Macukull	LGU Rukaj	LGU Ulëz
Telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Telephony/service providers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internet service	Yes	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Assess coverage of the telephony service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Internal communication lines	Verbal, written documents and WEB address	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents	Verbal and written documents

## 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 July 2015.

### Summarized description of the information received

- The function of the archive in LGU Burrel is performed by 1 archive specialist, in LGU Bazë archive function includes the cadaster function / position, in Derjan, by archive specialist, in Komsj is performed by archive specialist and at the same time as a specialist at HR, in Lis is performed by archive specialist, in LGU Macukull is performed by the store keeper, same as in LGU Rukaj.
- The Municipality Burrel and LGU Derjan, Komsj, Macukull, the processing, storage and archival documents service is currently carried out in a certain room. Meanwhile, in other LGUs, the processing, storage and service of documents is carried out not in a designated room. The documents are placed in the respective offices where are compiled.
- From the information obtained during the field work, the majority of the technical requirements are partially met only in Municipality Burrel. Meanwhile, in 7 (seven) LGUs, the technical requirements are not met.
- The documents are partially processed according to the requirements of Archiving Methodology, almost in all LGUs, but what it is observed is the violating of the terms of their proceeding.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by the Municipality and from the LGUs.
- Regarding the registers, all LGUs are holding the Register of Correspondence. While Book Delivery is not kept by the Municipality and 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>Municipality Burrel</b>	<b>LGU Bazë</b>	<b>LGU Derjan</b>	<b>LGU Komsj</b>	<b>LGU Lis</b>	<b>LGU Macukull</b>	<b>LGU Rukaj</b>	<b>LGU Ulëz</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	Yes	No	Yes	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Yes	No	Yes	No	Yes	No	No	Yes
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	No	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	Yes	No	Yes	No	Yes	No	Yes
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	Yes	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	Jo	Yes	No	No	No	No	No
Archive keys in two copies	Yes	Yes	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.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes



<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Municipality Burrel</b>	<b>LGU Bazë</b>	<b>LGU Derjan</b>	<b>LGU Komsj</b>	<b>LGU Lis</b>	<b>LGU Macukull</b>	<b>LGU Rukaj</b>	<b>LGU Ulëz</b>
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Municipality Burrel</b>	<b>LGU Bazë</b>	<b>LGU Derjan</b>	<b>LGU Komsj</b>	<b>LGU Lis</b>	<b>LGU Macukull</b>	<b>LGU Rukaj</b>	<b>LGU Ulëz</b>
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	No	No	Yes	Yes	Yes	Yes	No	Yes
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents, publish. 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	No	Yes	No	No	No	No	No
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Municipality Burrel</b>	<b>LGU Bazë</b>	<b>LGU Derjan</b>	<b>LGU Komsj</b>	<b>LGU Lis</b>	<b>LGU Macukull</b>	<b>LGU Rukaj</b>	<b>LGU Ulëz</b>
Title of the institution and structures belonging to the institution	Yes	Yes	Jo	Yes	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Jo	Yes	Yes	Jo	Yes	Yes
The content of the document	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	Yes	Jo	Yes	Yes	Yes	Yes
Mode 5 - Table definitions of files for the year	Yes	Yes	Yes	Jo	Yes	Yes	Yes	Yes
Mod 6 - Elements of cover dossier	Yes	Yes	Yes	Jo	Yes	Yes	Yes	Yes
Mod 7 - Register of files	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 8 - Internal File register	Yes	Yes	Yes	Jo	Jo	Jo	Yes	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Municipality Burrel</b>	<b>LGU Bazë</b>	<b>LGU Derjan</b>	<b>LGU Komsj</b>	<b>LGU Lis</b>	<b>LGU Macukull</b>	<b>LGU Rukaj</b>	<b>LGU Ulëz</b>
Mod 9 - Decision of the Commission of Experts	Yes	Yes	No	No	Yes	Yes	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 11 - The period laid down for storage (protection)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 12 - Destruction of documents containing any further value	Yes	No	No	Yes	No	No	No	No

## Observations and Recommendations

### Archive

Observations	Recommendations
Fullfillment of technical requirements in the archive management:	
<ul style="list-style-type: none"> <li>Some of the technical requirements on archives, in the Municipality Burrel, secured doors and windows, automatic door locking, distance from the wall and shelves, are not met. In the Municipality and LGUs, the other technical requirements for archive environments are met in most of them.</li> <li>Municipality Burrel has not enough facilities for the collection of documentation from the 7 (seven) LGUs, which have joined the administrative-territorial reform. The current environment is all wet and there are not enough necessary materials.</li> </ul>	<ul style="list-style-type: none"> <li>As part of the merger, it is necessary to take measures in order to fulfill the standards, scientific and technical conditions provided in the Archiving Methodology and that there should be an archive environment.</li> <li>It is recommended to consider leaving the documentation in the archives of current Municipality and LGU, in case of inability to provide necessary facilities for those LGU, which provide safe archiving environments, as well as to ensure a dry environment in order to keep in good conditions these documents.</li> </ul>
Lack of compliance with with the Records and Archiving methodology:	
<ul style="list-style-type: none"> <li>Not all models, registers, lists, records or forms, required by methodology and specific archiving law, archives are kept by the Municipality and 7 (seven) LGUs. Also, no information regarding the last inventory and the documents located in the LGU Archives could be obtained.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain all records required by law, in order so: the creation, documentation and transfer of documentation to be made in accordance with the archiving methodology and the accordance with the proper requirements.</li> <li>Regarding the processing of technical and scientific inventory of the documents which are kept in the archive, including documents that are being held in the existing LGUs, should be taken into consideration the process of reorganization in the New Municipality, in order to be completed in the most effective way and within the deadlines.</li> </ul>
Reorganization of the Archives:	
<ul style="list-style-type: none"> <li>As a result of the merger, the volume of Municipal archives will grow from the documents received by the Municipality and the existing LGUs.</li> </ul>	<ul style="list-style-type: none"> <li>As a temporary action, the opportunity to leave the current LGU archive premises that will unite, should be taken into consideration, in case the archive merge can</li> </ul>

Archive

<b>Observations</b>	<b>Recommendations</b>
Consequently, given the volume of documents, the reorganization of the New Municipality archive and its maintenance, could prove to be difficult.	produce negative effects on public services. <ul style="list-style-type: none"><li>• The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives.</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 the Municipality and all existing LGUs, the Municipality Mayor and LGU Mayor are the authorizing officers for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors have 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.
- From 7 (seven) LGUs, all of them keep an Accounting Record of assets.
- Also, Municipality and LGUs are holding no register for leased properties, and they are not holding the register for owned entities.
- 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.
- The special committees for the disposal of assets are created by the Municipality and LGUs.
- 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 Burrel</b>	<b>LGU Bazë</b>	<b>LGU Derjan</b>	<b>LGU Komsî</b>	<b>LGU Lis</b>	<b>LGU Macukull</b>	<b>LGU Rukaj</b>	<b>LGU Ulëz</b>
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No
Authorizing Officer	Adelina Farrici	Fatmir Kurti	Kujtim Kazdeda	Ymer Barci	Agim Selita	Skender Gjuci	Hamit Xhakroza	Adrijet Gjeci
Executing Officer	Valbona Bojni	Shqipe Lepuri	Hamide Curana	Drita Tusha	Bukurosh Ballabani	Shpresa Hysa	Nezir Osmani	Mhill Bruka
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No	No	No
Asset Accounting Register	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	No	No	No	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No
Annual Assets Inventory	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes



## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers:	
<ul style="list-style-type: none"> <li>No special records are kept regarding the companies owned by the Municipality and LGUs and regarding the eased properties.</li> <li>The Assets Accounting Record are held only by the Municipality and all LGUs, except LGU Bazē.</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 absence of Assets evaluation:	
<ul style="list-style-type: none"> <li>Assets evaluation is performed at the Municipality and all LGUs.</li> </ul>	<ul style="list-style-type: none"> <li>Conductign the assets evaluation, in accordance with procedures laid down by Instruction No. 30, dated 27.12.2011 " On the management of assets in the public sector ", is performed before the effective date of the merger, in accordance with the legal legislation in force.</li> </ul>
The lack of rules and procedures related with Asset Management:	
<ul style="list-style-type: none"> <li>Rules and procedures, regarding the asset management, is not implemented by the Municipality and existing LGUs.</li> <li>The internal risk management plan, the objectives and the control mechanisms regarding the asset management, are not approved.</li> </ul>	<ul style="list-style-type: none"> <li>The internal policies and procedures, internal risk management plan, the control objectives and management mechanisms of assets, is implemented by the New Municipality, in order to ensure efficient management of assets, and compliance with the legal requirements.</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>
LGU Burrel	Reconstruction of facades and replacement of street lighting, ‘Kokë Malci’ – Center - "Rexhep Pashë Mati", "Dukagjin Assembly" and sidewalks for the "Dukagjin Assembly"	In process	ALL 18,612,180	ALL 41,571,107
LGU Burrel	Reconstruction of the cemetery	In process	ALL 6,588,203	ALL 11,712,360
LGU Burrel	Contract for the “Horizontal road signs”	In process	ALL 0	ALL 832,82
LGU Derjan	Construction of water supply in Derjan Village	In process	ALL 3,649,267	ALL 19,997,050
LGU Derjan	Road accommodation Derjan - Samaj	In process	ALL 19,845,536	ALL 33,466,532
LGU Derjan	Reconstruction of 9-Year School “Dukagjin”	In process	ALL 2,070,314	ALL 13,269,194
LGU Derjan	Maintenance of internal roads	In process	ALL 0	ALL 159,000
LGU Komsj	Construction of the water supply, German village (network distribution of Muzhak Village)	In process	ALL 46,076,643	ALL 46,081,444
LGU Komsj	Guard (Municipal Offices)	In process	ALL 103,200	ALL 206,400

## **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>2 110 763</b>	<b>1 918 348</b>	<b>1 886 245</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>13 015</b>	<b>13 015</b>	<b>13 015</b>
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	F6, Sh1	13 015	13 015	13 015
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	F7, Sh1	-	-	-
8	230	Expenses for increase of current intangible assets		-	-	-
<b>9</b>		<b>II. Tangible Assets</b>		<b>1 905 333</b>	<b>1 905 333</b>	<b>1 873 230</b>
10	210	Land		26 248	26 248	26 248
11	211	Forests, Pasture, Plantation	F6, Sh1	12 304	12 304	12 304
12	212	Building and Constructions	F6, Sh1	794 188	794 188	756 669
13	213	Roads, networks, water facilities	F6, Sh1	1 426 336	1 426 336	1 340 304
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	7 735	7 735	3 935
15	215	Transport vehicles	F6, Sh1	26 770	26 770	26 770
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	F6, Sh1	117 678	117 678	108 051
19	219	Depreciation of tangible assets	F7, Sh1	(505 926)	(505 926)	(416 613)
20	231	Expenses in process for increase of current tangible assets	F4	-	-	15 564
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>192 415</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		192 415	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>259 571</b>	<b>259 571</b>	<b>274 962</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>45 874</b>	<b>45 874</b>	<b>48 063</b>
29	31	Materials	<b>Sh2</b>	916	916	1 700
30	32	Inventory Objects	<b>Sh2</b>	44 958	44 958	46 364
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>97 185</b>	<b>97 185</b>	<b>100 472</b>
39	409	Suppliers, prepayments or partial payment		6	6	6
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	<b>Sh3</b>	6 538	6 538	6 399
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)		35 333	35 333	43 884
46	435	Social Insurance		26 481	26 481	23 668
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>	28 827	28 827	26 516
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>116 512</b>	<b>116 512</b>	<b>126 426</b>
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		-	-	-
58	520	Treasury funds	Sh5	116 512	116 512	126 426
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>2 370 334</b>	<b>2 177 919</b>	<b>2 161 207</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>2 156 636</b>	<b>1 964 221</b>	<b>1 934 309</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>2 156 636</b>	<b>1 964 221</b>	<b>1 934 309</b>
3	101	Base funds	<b>F8</b>	2 155 390	1 962 975	1 931 746
4	105	Capital internal grants		1 247	1 247	2 563
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>119 304</b>	<b>119 304</b>	<b>118 314</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>119 304</b>	<b>119 304</b>	<b>118 314</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	48 723	48 723	9 324
23	42	Employees and related accounts		6 711	6 711	6 409
24	431	Liabilities to government for taxes		246	246	187
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		35 370	35 370	32 921

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		1 896	1 896	1 813
29	436	Health Insurance		264	264	244
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	22 119	22 119	17 841
36	467	Other creditors		3 975	3 975	49 575
<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>94 393</b>	<b>94 393</b>	<b>108 585</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>2 370 334</b>	<b>2 177 919</b>	<b>2 161 207</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>259 925</b>	<b>259 925</b>	<b>527 834</b>
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>257 736</b>	<b>257 736</b>	<b>528 773</b>
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>52 516</b>	52 516	<b>90 140</b>
4	6001	Salaries		51 709	51 709	88 815
5	6002	Temporary salaries		807	807	1 325
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>8 813</b>	<b>8 813</b>	<b>15 118</b>
9	6010	Insurance contributions		7 913	7 913	13 581
10	6011	Health insurance		900	900	1 537
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>38 384</b>	<b>38 384</b>	<b>88 243</b>
12	6020	Stationary		2 843	2 843	3 123
13	6021	Special services		3 179	3 179	5 455
14	6022	Services from third party		9 826	9 826	22 693
15	6023	Transport expenses		3 528	3 528	7 233
16	6024	Travel expense		1 511	1 511	3 687
17	6025	Ordinary maintenance expenses		5 397	5 397	12 371
18	6026	Rent expenses		-	-	62
19	6027	Expenses for legal liability for compensation		4 160	4 160	13 590
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		7 941	7 941	20 029
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-

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
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>16 078</b>	<b>16 078</b>	<b>14 042</b>
29	6040	Current transfers to other government levels		15 773	15 773	12 364
30	6041	Current transfers to various government institutions		<b>304</b>	304	1 679
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>141 945</b>	<b>141 945</b>	<b>321 230</b>
39	6060	Transfers paid from ISS and HII		165	165	135
40	6061	Transfers paid from other institutions and Local government		141 780	141 780	321 095
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>2 190</b>	<b>2 190</b>	<b>(939)</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		-	-	-

					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	
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>259 925</b>	<b>259 925</b>	<b>527 834</b>	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>60 017</b>	<b>60 017</b>	<b>33 407</b>	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		-	-	-	
64	8420	Revenues deposited in the budget		-	-	5 019	
65	8421	Deposit in the budget of unused revenues		58 172	58 172	12 974	
66	8422	Transfers of revenues within the system		-	-	15 011	
67	8423	Transfers for changes in situation		1 844	1 844	402	
68	8424	Transfers for identified debtors and similar items		-	-	-	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>319 942</b>	<b>319 942</b>	<b>561 241</b>	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>94 393</b>	<b>94 393</b>	<b>108 585</b>	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>414 335</b>	<b>414 335</b>	<b>669 826</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>413 990</b>	<b>413 990</b>	<b>661 214</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>18 563</b>	<b>18 563</b>	<b>31 876</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>3 071</b>	<b>3 071</b>	<b>8 040</b>
4	7000	Personal income tax	-	-	134
5	7001	Income tax	-	-	-
6	7002	Small business tax	3 071	3 071	7 906
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>4 680</b>	<b>4 680</b>	<b>8 696</b>
9	7020	On immovable property	4 607	4 607	8 673
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	74	74	22
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>10 812</b>	<b>10 812</b>	<b>15 141</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	67
16	7033	Tax upon goods usage and activity permission	53	53	255
17	7035	Local tax on goods usage and activity permission	10 759	10 759	14 818
<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>8 709</b>	<b>8 709</b>	<b>10 577</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>4 032</b>	<b>4 032</b>	<b>2 525</b>
36	7100	From public non financial enterprise	17	17	3
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	4 015	4 015	2 522
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>4 675</b>	<b>4 675</b>	<b>7 967</b>
40	7110	Administrative tariffs and regulations	329	329	1 060
41	7111	Secondary revenues and payments of services	3 337	3 337	5 540
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	1 008	1 008	1 298
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	1	1	70
		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>3</b>	<b>3</b>	<b>85</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>386 718</b>	<b>386 718</b>	<b>618 761</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>386 718</b>	<b>386 718</b>	<b>618 761</b>
50	7200	From same Government level	318 005	318 005	538 780
51	7201	From other Government levels	3 319	3 319	4 337
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and	-	-	-
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	63 477	63 477	65 165

			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	1 918	1 918	10 478
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>	-	-	-
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	-	-	-
<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>	-	-	<b>7 593</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	-	-	7 593
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>413 990</b>	<b>413 990</b>	<b>668 807</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>345</b>	<b>345</b>	<b>1 019</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	345	345	1 019
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>414 335</b>	<b>414 335</b>	<b>669 826</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>414 335</b>	<b>414 335</b>	<b>669 826</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>15 564</b>	<b>69 003</b>	<b>122 796</b>	<b>69 356</b>
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	<b>15 564</b>	<b>69 003</b>	<b>122 796</b>	<b>69 356</b>
3	1050	From the same government level	15 564	68 022	110 825	58 367
4	1051	From other Government levels	-	981	981	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	10 989	10 989
<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 third				
13	146	parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
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)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<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>15 564</b>	<b>111 806</b>	<b>127 370</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>15 564</b>	<b>111 806</b>	<b>127 370</b>	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	37 520	37 520	-
39	2313	Roads, networks, water facilities	15 564	70 469	86 032	-
40	2314	Technical installment, machinery, equipment, working tools	-	3 800	3 800	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	18	18	-
<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 lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-



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>
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>31 128</b>	<b>180 810</b>	<b>250 166</b>	<b>69 356</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>126 426</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>465 175</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>425 625</b>	-	-	-
4	Actual budget funds (Budget with changes)	288 886	-	-	-
5	Capital budget funds (Budget with changes)	136 739	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>39 550</b>	-	-	-
7	Tax revenues in "Cash"	18 842	-	-	-
8	Social and health insurance in "Cash"	80	-	-	-
9	Non tax revenues "Cash"	8 714	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	4 640	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	7 274	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>371 362</b>	-	-
15	1. Payment from the budget for actual expenses	-	236 485	-	-
16	2. Payments from the budget for capital expenses	-	111 788	-	-
17	3. Payments from revenues for actual expenses	-	21 884	-	-
18	4. Payments from revenues from capital expenses	-	18	-	-
19	5. Payments from storage	-	1 187	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>103 727</b>	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	95 642	-	-
24	3. Internal movements and transfers	-	8 085	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>591 601</b>	<b>475 089</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>116 512</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.	Transf. 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>13 015</b>	-	-	-	-	-	-	-	-	-	<b>13 015</b>
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	13 015	-	-	-	-	-	-	-	-	-	<b>13 015</b>
	Concessions, license, other similar											
4	203 licenses	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current											
4/1	230 intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>2 274 280</b>	<b>127 370</b>	<b>10 989</b>	-	-	<b>138 359</b>	-	<b>1 381</b>	-	<b>1 381</b>	<b>2 411 258</b>
6	210 Land	26 248	-	-	-	-	-	-	-	-	-	<b>26 248</b>
7	211 Forests, Pasture, Plantation	12 304	-	-	-	-	-	-	-	-	-	<b>12 304</b>
8	212 Building and Constructions	756 669	37 520	-	-	-	<b>37 520</b>	-	-	-	-	<b>794 188</b>
9	213 Roads, networks, water facilities	1 340 304	86 032	-	-	-	<b>86 032</b>	-	-	-	-	<b>1 426 336</b>
	Technical installment, machinery,											
10	214 equipment, working tools	3 935	3 800	-	-	-	<b>3 800</b>	-	-	-	-	<b>7 735</b>
11	215 Transport vehicles	26 770	-	-	-	-	-	-	-	-	-	<b>26 770</b>
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	108 051	18	10 989	-	-	<b>11 007</b>	-	1 381	-	<b>1 381</b>	<b>117 678</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>T O T A L ( I + II )</b>	<b>2 287 295</b>	<b>127 370</b>	<b>10 989</b>	-	-	<b>138 359</b>	-	<b>1 381</b>	-	<b>1 381</b>	<b>2 424 273</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	416 613	90 105	-	90 105	-	76	717	792	505 926
		<b>TOTAL (I + II)</b>	<b>416 613</b>	<b>90 105</b>	<b>-</b>	<b>90 105</b>	<b>-</b>	<b>76</b>	<b>717</b>	<b>792</b>	<b>505 926</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
<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>1 931 745</b>	<b>92 883</b>	<b>316 527</b>	<b>2 155 390</b>	<b>1 931 746</b>	<b>92 883</b>	<b>124 112</b>	<b>1 962 975</b>
2	1010	Status of base fund	1 931 746	-	-	1 931 746	1 931 746	-	-	1 931 746
3	1011	Additions base fund	-	-	315 545	315 545	-	-	124 112	124 112
4	1012	Decrease base fund	-	2 217	981	(1 235)	-	2 217	-	(2 217)
		Decrease from tangible								
5	1013	assets consume	-	89 313	-	(89 313)	-	89 313	-	(89 313)
		Decrease from selling								
6	1014	tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	1 354	-	(1 354)	-	1 354	-	(1 354)
		Decrease from transferring								
8	1016	tangible assets	-	-	-	-	-	-	-	-
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN</b>								
		<b>TANGIBLE ASSETS</b>								
		<b>REVALUATION</b>	-	-	-	-	-	-	-	-
<b>10</b>	<b>105,107,11,12, 13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>111 148</b>	<b>109 901</b>	<b>94 393</b>	<b>95 640</b>	<b>111 148</b>	<b>109 901</b>	<b>94 393</b>	<b>95 640</b>
11	105	Capital internal grants	2 563	44 682	67 639	25 519	2 563	1 316	-	1 247
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	-	-	-	-	-	-	-	-
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	108 585	65 219	26 755	70 121	108 585	108 585	94 393	94 393

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	
<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>
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>2 042 894</b>	<b>202 784</b>	<b>410 920</b>	<b>2 251 030</b>	<b>2 042 894</b>	<b>202 784</b>	<b>218 505</b>	<b>2 058 615</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>217</b>	<b>4</b>	<b>-</b>	<b>221</b>	<b>52 516</b>	<b>240</b>	<b>1 297</b>	<b>12 234</b>	<b>-</b>	<b>1 300</b>
<i>1</i>	<b>Directors</b>	32	1	-	33	13 000	44	312	3 113	-	540
	<b>High level education</b>										
<i>2</i>	<b>specialist</b>	50	3	-	53	14 642	85	310	3 604	-	506
<i>3</i>	<b>Technical</b>	66	-	-	66	13 152	21	361	3 029	-	236
<i>4</i>	<b>Ordinary officers</b>	10	-	-	10	2 259	90	100	363	-	9
<i>5</i>	<b>Employees</b>	56	-	-	56	9 331	-	215	2 088	-	9
	<b>Temporary</b>										
<i>6</i>	<b>employees</b>	3	-	-	3	132	-	-	37	-	-

**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>2 370 334</b>	<b>2 177 919</b>	<b>2 161 207</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>259 571</b>	<b>259 571</b>	<b>274 962</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	116 512	116 512	126 426
13	Class 4	2. Receivables	97 185	97 185	100 472
29	Class 3	3. Current Inventory accounts	45 874	45 874	48 063
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>2 110 763</b>	<b>1 918 348</b>	<b>1 886 245</b>
40	23	1. Investments	-	-	15 564
44	25,26	2. Finance assets	192 415	-	-
47	21,24,28	3. Tangible assets	1 905 333	1 905 333	1 857 666
60	20	4. Intangible assets	13 015	13 015	13 015
<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>119 304</b>	<b>119 304</b>	<b>118 314</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>119 304</b>	<b>119 304</b>	<b>118 314</b>
71	Class	1. Accounts payable	119 304	119 304	118 314
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>2 251 030</b>	<b>2 058 615</b>	<b>2 042 894</b>
97		<b>Presented: Consolidated budget</b>	2 156 636	1 964 221	1 934 309
98		<b>Carried forward results</b>	94 393	94 393	108 585



**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>414 335</b>	<b>414 335</b>	<b>669 826</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>27 272</b>	<b>27 272</b>	<b>42 453</b>
3	70	1. Tax revenues upon	18 563	18 563	31 876
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	8 709	8 709	10 577
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>386 718</b>	<b>386 718</b>	<b>618 761</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	-	-	-
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	-	-	-
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>345</b>	<b>345</b>	<b>8 612</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>319 942</b>	<b>319 942</b>	<b>561 241</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>257 736</b>	<b>257 736</b>	<b>528 773</b>
35	600 601	1. Salaries and employees contribution	61 329	61 329	105 258
38	602	2. Goods and Services	38 384	38 384	88 243
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	16 078	16 078	14 042
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	141 945	141 945	321 230
<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>62 206</b>	<b>62 206</b>	<b>32 468</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>94 393</b>	<b>94 393</b>	<b>108 585</b>
59		From this: Functioning results	94 393	94 393	108 585
60		Functioning observed grants	-	-	-

# **STAR Project**

**Municipality Dibër**  
**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>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,</li> </ul>

Observations	Recommendations
<ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and horizontal functions.</li> </ul>	<p>directory or general directory is carried out in case of fulfillment of numerical standards for each of them.</p>
<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 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
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 Dibër. 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.	<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>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>	<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 for the Municipality Peshkopi and 14 (fourteen) existing LGUs of Arras, Fushë-Çidhen, Kala e Dodes, Kastriot, Lurë, Luzni, Maqellarë, Melan, Muhur, Selishtë, Slllovë, Tomin, Zall-Dardhë, and Zall-Reç is performed based on the organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

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

Roles	Municipality Peshkopi	Arras	Fushë-Çidhën	Kala e Dodës	Kastriot	Lurë	Luzni	Maqellarë	Melan	Muhurr	Selishtë	Slllovë	Tomin	Zall-Dardhë	Zall-Reç
LGU Council	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	n/a	✓	n/a	n/a	n/a	n/a	✓	✓	n/a	✓	✓	n/a	n/a
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 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:

- 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, the Municipality and 14 (fourteen) units are transformed in 1 (one) New Municipality with 14 (fourteen) administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

Role														
<b>New Municipality</b>	<b>Peshkopi</b>													
Municipality Council	✓													
Mayor	✓													
Deputy Mayor	✓													
Secretary of Municipality Council	✓													
Administrative Unit	Arras	Fushë-Çidhën	Kala e Dodës	Kastriot	Lurë	Luzni	Maqellarë	Melan	Muhurr	Selishtë	Slovë	Tomin	Zall-Dardhë	Zall-Reç
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 336.

- 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 100.

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

Public Services	Peshkopi	Arras	Fushë-Çidhën	Kala e Dodës	Kastriot	Lurë	Luzni	Maqellarë	Melan	Muhurr	Selishtë	Sllovë	Tomin	Zall-Dardhë	Zall-Reç	Merged
<b>Infrastructure and public services</b>																
Water Supply Company	Contrac.	1	1	1	1	2	1	4	1	3	4	1	2	0.5	n/a	<b>Contrac. +45</b>
Functioning of the sewerage system	20	n/a	n/a	n/a	n/a	n/a	n/a	1	1	n/a	n/a	n/a	1	n/a	n/a	<b>23</b>
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	25	n/a	n/a	n/a	n/a	n/a	n/a	1	1	n/a	n/a	n/a	n/a	n/a	n/a	<b>27</b>
Construction of roads, pavements and public squares	Contrac.	n/a	n/a	n/a	n/a	Contrac.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>Contrac. +45</b>
Rehabilitation and maintenance of local roads, sidewalks and public squares	15	Contrac.	n/a	n/a	1	1	Contrac.	2	2	1	n/a	n/a	n/a	n/a	n/a	<b>Contrac. + 22</b>
Public lighting	5	n/a	n/a	n/a	n/a	n/a	n/a	Contrac.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>Contrac. +5</b>
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>N/A</b>
Cemeteries administration and guarantee of funeral services	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>
Decorations Service in town / village	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
Administration of parks, gardens and public spaces	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
Collection, disposal and recovery of waste	7	n/a	n/a	n/a	n/a	n/a	n/a	1	1	1	n/a	1	1	n/a	n/a	<b>12</b>
Urban planning	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
Land management	1	n/a	n/a	n/a	n/a	n/a	n/a	1	1	1	1	1	0.5	0.5	n/a	<b>7</b>
Shelter	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>
<b>Social, cultural and sports Services</b>																
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	29	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>29</b>
Organization of sporting, recreational and entertainment activities and management of relevant institutions	15	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>15</b>



Public Services	Peshkopi	Arras	Fushë-Çidhën	Kala e Dodës	Kastriot	Lurë	Luzni	Maqellarë	Melan	Muhurr	Selishtë	Silovë	Tomin	Zall-Dardhë	Zall-Reç	Merged
Social services of kindergardens	26	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>26</b>
Social services - orphanages, shelters	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>
<b>Local economic development</b>																
Preparation of local economic development programs	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>
Establishment and function of public markets and trade network	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>
Small business development, and the development of promotional activities such as fairs and advertisements in public places	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3</b>
Organization of services within the local economic development support and information structures and infrastructure necessary	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
Veterinary services	2	n/a	n/a	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	1	0.5	n/a	n/a	<b>4.5</b>
Conservation and development of forests and natural resources of local character	4	1	n/a	n/a	1	1	1	1	1	1	n/a	1	0.5	1	n/a	<b>13.5</b>
<b>The order and civil protection</b>																
Preservation of public order to prevent administrative violations	8	n/a	n/a	1	1	2	n/a	1	1	1	n/a	n/a	2	0.5	n/a	<b>17.5</b>
Civil protection	8	n/a	n/a	1	1	2	n/a	1	1	1	n/a	n/a	2	0.5	n/a	<b>17.5</b>
<b>Educational institutions</b>																
Maintenance of facilities in preliminary education	13	n/a	n/a	1	n/a	1	n/a	1	1	n/a	n/a	n/a	1	0.5	0.5	<b>19</b>
<b>Medicine</b>																
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>
<b>Social care</b>																
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	2	1	1	2	2	2	1	2	1	1	1	2	3	1	1	<b>23</b>
Social Care on domestic violence	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>2</b>
Social care for the protection of children's Rights	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>1</b>
<b>Environmental Protection</b>																

Public Services	Peshkopi	Arras	Fushë-Çidhën	Kala e Dodës	Kastriot	Lurë	Luzni	Maqellarë	Melan	Muhurr	Selishtë	Silovë	Tomin	Zall-Dardhë	Zall-Reç	Merged
Environmental Protection	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5	n/a	n/a	1.5
<b>Register Office</b>																
Register Office	2	1	1	1	1	1	1	1	1	1	1	1	1	1	n/a	15
<b>Business Registration</b>																
National Registration Center	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2
<b>Total</b>	<b>206</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>7</b>	<b>10</b>	<b>4</b>	<b>17</b>	<b>12</b>	<b>10</b>	<b>7</b>	<b>8</b>	<b>13</b>	<b>5</b>	<b>1.5</b>	<b>336</b>

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

<b>Horizontal Functions</b>	<b>Peshkopi</b>	<b>Arras</b>	<b>Fushë-Çidhën</b>	<b>Kala e Dodës</b>	<b>Kastriot</b>	<b>Lurë</b>	<b>Luzni</b>	<b>Maqellarë</b>	<b>Melan</b>	<b>Muhurr</b>	<b>Selishtë</b>	<b>Silovë</b>	<b>Tomin</b>	<b>Zall-Dardhë</b>	<b>Zall-Reç</b>	<b>Merged</b>
Finance	4	0.5	2	1	2	2	0.5	2	1	1	1	2	1	1	0.5	21.5
Local taxes and Tariffs	4	0.5	1	n/a	2	1	0.5	2	1	n/a	n/a	1	1	0.5	n/a	14.5
Legal Issues	2	n/a	n/a	n/a	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.5
Procurement	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Institutional Relations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	N/a
Human Resources	3	n/a	n/a	n/a	1	n/a	n/a	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.5
Protocol	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.5	0.5	n/a	n/a	n/a	n/a	n/a	1.5
Archiving	0.5	0.5	1	1	1	1	0.5	0.5	0.5	0.5	1	n/a	1	0.5	0.5	10
Information Technology	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1
Supporting services	18	1	1	1	3	1	1	2	2	1	2	3	2	1.5	1	40.5
Internal Audit	2	n/a	n/a	n/a	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.5
<b>Total</b>	<b>36</b>	<b>2.5</b>	<b>5</b>	<b>3</b>	<b>10</b>	<b>5</b>	<b>2.5</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>3.5</b>	<b>2</b>	<b>99.5</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 sectorial 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 and sanitation sewages, performed by Water Supply Peshkopi;
  - Construction local roads, sidewalks and public squares, with local character;
  - Maintenance of local roads;
  - Lighting the city.
- 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
<b>Local economic development</b>			

**Table 5: Public Services –Application of development principles**

<b>Services</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>
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

Note 1: Assuming that the New Municipality will not determine the LGU as a budget institution under its surveillance.



## **Organizational Structure**

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

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

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

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

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

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

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 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 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 the Municipality and LGUs currently own 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 154,367 thousand ALL. Overdue municipal obligations are reported at a value 69,859 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 5% 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 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 Peshkopi, 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 Peshkopi, LGU Tomin, LGU Melan, LGU Kastriot, LGU Lurë, LGU Maqellarë, LGU Muhur, LGU Luzni, LGU Selishtë, LGU Sllovë, LGU Kalaja e Dodes, LGU Zall-Rec, LGU Arras.

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

The restated statements reflect the adjustments that have been identified and presented in individual reports for each 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	796,401
Tax and non-tax revenue	53,647
Total Expenses	649,562
Total Assets	3,504,512
Liabilities	153,958



**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>3 504 512</b>	<b>3 504 512</b>
<b>I</b>	<b>Current Assets</b>	<b>281 821</b>	<b>281 821</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	137 576	137 576
Class 4	2. Receivables	118 487	118 487
Class 3	3. Current Inventory accounts	25 758	25 758
<b>II</b>	<b>Non-current Assets</b>	<b>3 222 691</b>	<b>3 222 691</b>
23	1. Investments	53 091	53 091
25,26	2. Finance assets	472	472
21,24,28	3. Tangible assets	3 128 880	3 128 880
20	4. Intangible assets	40 248	40 248
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	<b>154 367</b>	<b>154 367</b>
<b>I</b>	<b>Current liabilities</b>	<b>153 958</b>	<b>153 958</b>
Class 4	1. Accounts payable	153 958	153 958
16	2. Non-current liabilities	-	-
<b>II</b>	<b>Non liquid liabilities</b>	-	-
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	<b>410</b>	<b>410</b>
	<b>Net assets (A - B)</b>	<b>3 350 145</b>	<b>3 350 145</b>
	<b>Presented: Consolidated budget</b>	3 227 214	3 227 214
	<b>Carried forward results</b>	122 931	122 931

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

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 3,504,512 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 25% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 96% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a decrease of 3% and the account of the state of inventories have slightly increased by 11%.

#### *Accounts Receivables*

- Structure of total debtors of Municipality Peshkopi consists of 82.9% of debtors of LGU Peshkopi, 4.51% of debtors of LGU Tomin, 5.02% of debtors of LGU Melan, and the other part belongs to the debtors of other LGUs.

#### *Non-current accounts*

- Non-current assets, which occupy the largest share of assets of the Municipality Peshkopi 92%, have decreased by 2% in total.

### *PPE*

- 34.06% of PPEs of Municipality Peshkopi are composed by the PPEs of LGU Peshkopi, 8.39% by LGU Tomin, 6.97% by LGU Melan, 4.76% of LGU Kastriot, 2.03% of LGU Lurë, 19.53% by LGU Maqellarë, and the other part belongs to other LGUs.

### *Accounts Payables*

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

- 81.57% of the total accounts payable is composed of accounts payable of LGU Peshkopi, 5.04% by LGU Tomin, 3.95% by LGU Melan, 2.37% of LGU Kastriot, 0% of LGU Lurë, 1.48% by LGU Maqellarë, and the other part belongs to other LGUs.

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>2</b>	<b>TOTAL REVENUES</b>	<b>918 000</b>	<b>918 000</b>
	<b>I. REVENUES AND CONTRIBUTES</b>	<b>53 647</b>	<b>53 647</b>
<b>70,750,71</b>	1. Tax revenues upon	18 791	18 791
	2. Contributions and social and health insurance	-	-
70		-	-
75	3. Non tax revenues	34 856	34 856
71	<b>II. GENERAL ACTUAL GRANTS</b>	<b>796 401</b>	<b>796 401</b>
72	<b>III. FINANCIAL REVENUES</b>	<b>-</b>	<b>-</b>
	<b>IV. WORKS FOR INVESTMENTS</b>	<b>69 707</b>	<b>69 707</b>
78	<b>V. OTHER REVENUES</b>	<b>(1 755)</b>	<b>(1 755)</b>
<b>77, 83</b>	<b>TOTAL EXPENSES</b>	<b>795 070</b>	<b>795 070</b>
	<b>I. ACTUAL EXPENSES</b>	<b>652 154</b>	<b>652 154</b>
	1. Salaries and employees contribution	121 893	121 893
600 601	2. Goods and Services	85 161	85 161
602	3. Subsidies	-	-
603	4. Internal actual transfers	37 601	37 601
604	5. External actual transfers	-	-
	6. Budget transfers for families and individuals	407 500	407 500
605	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	<b>-</b>	<b>-</b>
606	<b>III. FINANCIAL EXPENSES</b>	<b>-</b>	<b>-</b>
<b>68</b>	<b>IV. OTHER EXPENSES</b>	<b>142 915</b>	<b>142 915</b>
<b>66</b>	<b>DETERMINED NET INCOME</b>	<b>122 931</b>	<b>122 931</b>
<b>67</b>	From this: Functioning results	122 931	122 931
<b>C</b>	Functioning observed grants	(0)	(0)

## Overview of consolidated statement of financial performance

### *Sources of funds (revenues)*

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were ALL 918,000 thousand. 6% of the total municipality incomes are composed of tax and non-tax revenues, 87% of income is from grants and 7% from other income.

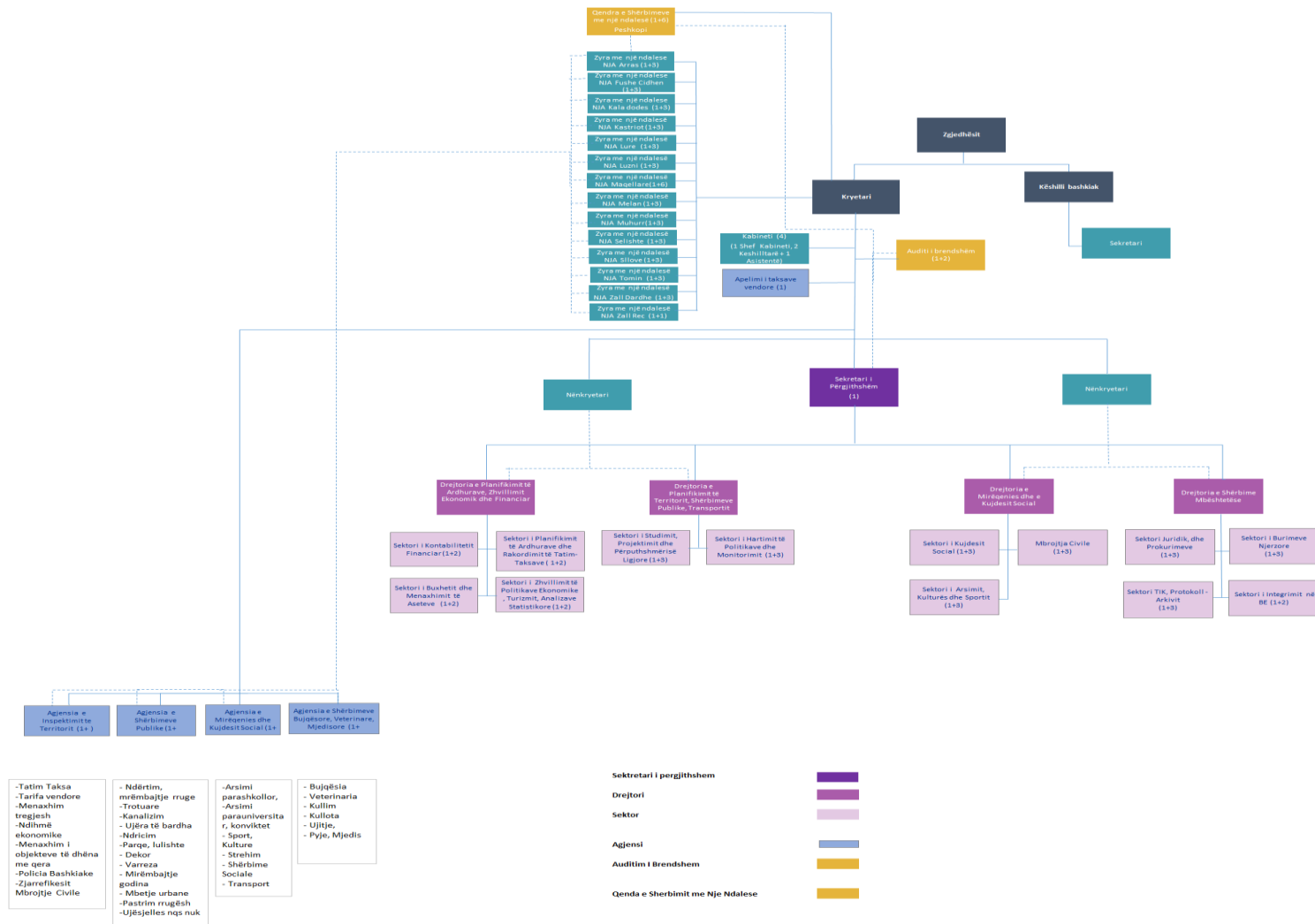
Structure of total revenues is comprised of 30.8% of the revenue generated from LGU Peshkopi, 8.46% by LGU Tomin, 3.45% by LGU Melan, 7.79% of LGU Kastriot, 13.3% of LGU Maqellarë, and the other part belongs to other LGUs.

### *Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were ALL 795,070 thousand. 82% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 26.53% of the expenditures of LGU Peshkopi, 7.56% by LGU Tomin, 4.07% by LGU Melan, 7.46% of LGU Kastriot, 11.76% of LGU Maqellarë, and the other part belongs to other LGUs.

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 429 employees, of which only 39 employees have the civil servants status, 316 employees have a long-term contract or an definitely contract and 74 employees have indefinitely 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 Peshkopi. It is worth mentioning that the Municipality Peshkopi, 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 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 parties entering into the contract do not determine the duration accurately, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply.</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

- The IT Specialist controls the programs installed on computers. Users are not allowed to install programs on their computer without IT specialist knowledge. The Municipality has “Lan” internal network, and the documents, folders and/or public folders can be transferred from one computer to another via ‘share’.
- Currently, in Municipality Dibër, there are two systems that are functioning with SQL database. The IT specialist, to the HDD server as well as to the external memory, does a regularly backup to the database in order to prevent data loss, in case of difficulties with the servers or installed programs. The servers are equipped with the respective password and are known only by the IT specialist, so that others individuals cannot access the data.
- The USB Memory, in Municipality Center, it is not allowed to be used, except in special cases, as they are the most easy/common way to transfer information outside of LGU premises. Meanwhile in all other LGU is the most widely used communication tool.
- Municipality Dibër has a server that is not physically currently maintained in optimal conditions.
- Municipality Dibër has no officially adopted the security policies with a regulation, even though, informally, the employees retain different criterias in order to secure and protection the information.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.



**Table 9: IT environment**

Objective	Peshkopi	Arras	Fushë-Çidhën	Kala e Dodës	Kastriot	Lurë	Luzni	Maqellarë	Melan	Muhurr	Selishtë	Sillovë	Tomin	Zall-Dardhë	Zall-Reç
Installed Software	Microsoft Office 2007 Microsoft Office 2003 Microsoft Windows 7 Ultimate Microsoft Windows XP Antivirus Avira free edition	Microsoft Office 2007 Microsoft Windows 7 Ultimate Microsoft Windows XP	Microsoft Office 2007 Windows 7	Microsoft Office 2007 Microsoft Windows 7 Ultimate Microsoft Windows XP	Microsoft Office 2007 Microsoft Windows 7 Profession. Microsoft Windows XP	Microsoft Office 2007 Microsoft Windows XP	Microsoft Office 2007 Microsoft Windows 7 Ultimate Microsoft Windows XP	Microsoft Office 2007 Microsoft Windows 7 Ultimate Microsoft Windows XP Antivirus Avira free edition	Microsoft Office 2007 Microsoft Windows XP	Microsoft Office 2007 Microsoft Office 2003 Microsoft Windows 7 Ultimate Microsoft Windows 7 Ultimate	Microsoft Office 2007 Microsoft Office 2003 Microsoft Windows XP	Microsoft Office 2007 Microsoft Office 2007 Windows 7 Microsoft Windows XP	Microsoft Office 2007 Microsoft Office 2003 Microsoft Windows 7 Ultimate Microsoft Windows XP	Microsoft Office 2007 Microsoft Office 2007 Microsoft Windows 7 Ultimate Microsoft Windows XP	Microsoft Office 2007 Microsoft Office 2007 Microsoft Windows 7 Ultimate
Contracts of licenses	2	1	n/a	1	1	1	1	1	1	1	1	1	2	1	1
Hardware (in usage)	22	2	1	2	3	1	3	7	5	2	2	2	7	5	1
Computer (desktop)	21	2	1	2	3	1	3	7	5	2	2	2	7	5	1
Printers	22	1	1	1	3	1	1	6	4	1	n/a	1	5	2	1
Servers	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IT staff in total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hardware and Software maintenance	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered	Contracted Service Offered

## Observations and Recommendations

IT environment

Observations	Recommendations
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>	<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>Computers are not managed under a centralized and standardized system that automates network management accounts data of employees and does not complete the safety requirements. So we do not have an implementation of safety rules and access management.</li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that the New Municipality needs to establish a common Active Directory, based on the user management, storage and sharing of electronic information.</li> <li>New Municipality can consider adapting the Alpha Business Accounting program with LGU financial needs. Also, the segregation of duties and the functions, based on job functions, should be considered for implementation.</li> </ul>
<p>Optimization and Management of PC-s and Informaion Policy Securities:</p> <ul style="list-style-type: none"> <li>There are no procedures regarding the storage and recovery of data in case of loss.</li> <li>The retention of records is stored in ‘ad-hoc’ basis, based on the evaluation of the information holders.</li> <li>The USB and drives are used as a substitute regarding the communication, which are then taken out of LGU premises by the information owner.</li> </ul>	<ul style="list-style-type: none"> <li>New Municipality can and should take into account the implementation of policies and procedures regarding the storage and recovery of data in case of loss.</li> </ul>
Inventory:	
<ul style="list-style-type: none"> <li>The Municipality and LGU does not maintain an accurate inventory regarding the devices in electronics, software and licenses, in use by its facilities and does not keep any shortage regarding the State Registration of technical conditions of these facilities.</li> </ul>	<ul style="list-style-type: none"> <li>The Municipality and LGU need in the future, to prepare an inventory containing special equipment and software, their condition and contain all available information regarding these equipment’s.</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 deal.
- 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 profits telephone and Internet service, provider by Albtelecom and the Albanian National Internet service, which is offered by a private operator (Alma sh.p.k). The Municipality, for its employees, provides email services with a limited size of 50 MB.
- Regarding the internal communication, the circulation of memos, it is used the verbal and written communication / regulations, orders of the Mayor.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Lack of communication:	
<ul style="list-style-type: none"> <li>• The lack of electronic communications inside the Municipality and LGU.</li> <li>• In cases where it is necessary the use of electronic means, the Municipality and LGU employee use private email address, which is unsafe regarding the exchange of information and datas.</li> <li>• Internal communication is oral or written and circulates from one department to another, in order to give an notification / information or a signature.</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, common email infrastructure, the implementation of the structure regarding the distribution of documentation and storage systems, business systems and centralized storage infrastructure.</li> </ul>

## Observations and recommendations

**Table 10: Communication System**

Objectives	Peshkopi	Arras	Fushë-Çidhën	Kala e Dodës	Kastriot	Lurë	Luzni	Maqellarë	Melan	Muhur	Selishtë	Silovë	Tomin	Zall-Dardhë	Zall-Reç
Telephony service	Available	n/a	n/a	n/a	n/a	n/a	n/a	Available	Available	n/a	n/a	n/a	Available	n/a	n/a
Telephony / service providers	Albtelecom	n/a	n/a	n/a	n/a	n/a	n/a	Alma 2001 SH.P.K	Albtelecom	n/a	n/a	n/a	Albtelecom	n/a	n/a
Internet service	Available	n/a	n/a	n/a	n/a	n/a	n/a	Available	Available	Available	n/a	n/a	Available	n/a	n/a
Assess coverage of the telephony service	Analog	n/a	n/a	n/a	n/a	n/a	n/a	Analog	Analog	n/a	n/a	n/a	Analog	n/a	n/a
Internal communication lines	Verbal, physical documents and WEB	Verbal and physical doc.	Verbal and physical doc.	Verbal and physical doc.	Verbal, physical documents and WEB	Verbal and physical doc.	Verbal and physical doc.	Verbal, physical documents and WEB	Verbal, physical documents and WEB	Verbal, physical doc. and WEB	Verbal and physical documents	Verbal and physical doc.	Verbal, physical doc. and WEB	Verbal and physical doc.	Verbal and physical doc.

## 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 July 2015.

### Summarized description of the information received

- The function of the archive in LGU Peshkopi is performed by 1 (one) archive specialists, in LGU Kastriot archive function is performed by LGU store keeper, LGU Selishta, Sillova and Zall-Rec do not have a archive specialist, and in other LGUs the archive function is performed by the archive specialist.
- The LGU Maqellare and Tomin, the processing, storage and archival documents service is currently carried out in a certain room. While in other LGUs, the processing, storage and service of documents is carried out not in a designated room. The documents are placed in the respective offices where are compiled.
- From the information obtained during the field work, the majority of the technical requirements are partially met in Municipality Peshkopi. Meanwhile, in 14 (fourteen) LGUs, the technical requirements are not met. LGU Zall-Rec appears to be the most problematic one, which does not complete almost all of the technical requirement.
- The documents are partially processed according to the requirements of Archiving Methodology, almost in all LGUs, but what it is observed is the violating of the terms of their proceeding.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by any LGU.
- Regarding the registers, all LGUs are holding the Register of Correspondence, except in LGU Fushë - Çidhen, Luzni, Selishtë, Zall-Dardhë and Zall-Reç, where no Register of Correspondence is being held. Meanwhile, the Delivery Book is not kept by LGU Fushë - Çidhen, Luzni, Maqellarë, Selishtë, Zall-Dardhë and Zall-Reç.
- 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 Peshkopi</b>	<b>LGU Arras</b>	<b>LGU Fushë-Çidhën</b>	<b>LGU Kala e Dodës</b>	<b>LGU Kastriot</b>	<b>LGU Lurë</b>	<b>LGU Luzni</b>	<b>LGU Maqellarë</b>	<b>LGU Melan</b>	<b>LGU Muhurr</b>	<b>LGU Selishtë</b>	<b>LGU Sillovë</b>	<b>LGU Tomin</b>	<b>LGU Zall-Dardhë</b>	<b>LGU Zall-Reç</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	Doors and windows with metal nets	No	No	No	No	No	No	Metal bars in window	No	No	No	No	Metal bars in window	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Yes	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes	No	No	No	No	No	No	Yes	No	No	No	No	No	No	No
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Archive keys in two copies	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Peshkopi</b>	<b>LGU Arras</b>	<b>LGU Fushë-Çidhën</b>	<b>LGU Kala e Dodës</b>	<b>LGU Kastriot</b>	<b>LGU Lurë</b>	<b>LGU Luzni</b>	<b>LGU Maqellarë</b>	<b>LGU Melan</b>	<b>LGU Muhurr</b>	<b>LGU Selishtë</b>	<b>LGU Sillovë</b>	<b>LGU Tomin</b>	<b>LGU Zall-Dardhë</b>	<b>LGU Zall-Reç</b>
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	No	No	No	No	Yes	No	No	No	No	No	No	No
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Vault / safe is missing. Guarded building	Guarded building	No	No	No	No	No	Yes	No	No	No	No	No	Yes	No
Documents structured as per organizational structure of the public institution (e.g. when the public institution has a hierarchy of organizational structure).	Yes	Yes	No	Yes	No	No	No	No	No	Yes	No	No	Yes	Yes	No
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, branched, etc.)	Yes	Yes	No	Yes	No	No	No	No	No	Yes	No	No	Yes	Yes	No

Technical requirements for practices in the premises of archives and record-keeping methodology	LGU Peshkopi	LGU Arras	LGU Fushë-Çidhën	LGU Kala e Dodës	LGU Kastriot	LGU Lurë	LGU Luzni	LGU Maqellarë	LGU Melan	LGU Muhurr	LGU Selishtë	LGU Sillovë	LGU Tomin	LGU Zall-Dardhë	LGU Zall-Reç
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.															
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes



<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Peshkopi</b>	<b>LGU Arras</b>	<b>LGU Fushë-Çidhën</b>	<b>LGU Kala e Dodës</b>	<b>LGU Kastriot</b>	<b>LGU Lurë</b>	<b>LGU Luzni</b>	<b>LGU Maqellarë</b>	<b>LGU Melan</b>	<b>LGU Muhurr</b>	<b>LGU Selishtë</b>	<b>LGU Sillovë</b>	<b>LGU Tomin</b>	<b>LGU Zall-Dardhë</b>	<b>LGU Zall-Reç</b>
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 period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	Yes	No	Not always	Yes	No	No	Yes	No	Yes	No	No	No	No	No
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents, publish.	Yes	No	Yes	No	No	No	No	Yes	No	No	No	No	No	Yes	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Peshkopi</b>	<b>LGU Arras</b>	<b>LGU Fushë-Çidhën</b>	<b>LGU Kala e Dodës</b>	<b>LGU Kastriot</b>	<b>LGU Lurë</b>	<b>LGU Luzni</b>	<b>LGU Maqellarë</b>	<b>LGU Melan</b>	<b>LGU Muhurr</b>	<b>LGU Selishtë</b>	<b>LGU Sillovë</b>	<b>LGU Tomin</b>	<b>LGU Zall-Dardhë</b>	<b>LGU Zall-Reç</b>
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).															
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	
Number of documents attached	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
The content of the document	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signature of the director of the	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Peshkopi</b>	<b>LGU Arras</b>	<b>LGU Fushë-Çidhën</b>	<b>LGU Kala e Dodës</b>	<b>LGU Kastriot</b>	<b>LGU Lurë</b>	<b>LGU Luzni</b>	<b>LGU Maqellarë</b>	<b>LGU Melan</b>	<b>LGU Muhurr</b>	<b>LGU Selishtë</b>	<b>LGU Sillovë</b>	<b>LGU Tomin</b>	<b>LGU Zall-Dardhë</b>	<b>LGU Zall-Reç</b>
institution															
Date and number of protocol	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	No	Yes	Yes	Yes	No	Po	Yes	Yes	No	Yes	Yes	No	No
Mod 3 - Serial Number of Correspondence	Yes	Yes	No	Yes	Yes	Yes	No	Po	Yes	Yes	No	Yes	Yes	No	No
Mod 4. -The Book Delivery	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes	No	No	Yes	No	No
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	No	No	Yes	No	No
Mode 5 - Table definitions of files for the year	Yes	Yes	No	No	Yes	No	No	Yes	Yes	No	No	No	Yes	Yes	No
Mod 6 - Elements of cover dossier	Yes	Yes	No	No	Yes	No	No	Yes	Yes	No	No	No	Yes	Yes	No
Mod 7 - Register of files	Yes	Yes	No	Yes	No	No	No	Yes	Yes	No	No	Yes	No	Yes	No
Mod 8 - Internal File register	Yes	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No	Yes	No
Mod 9 - Decision of the Commission of Experts	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	No	No	No	No	No
Mod 10 - Compilation of the list	Yes	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	No	No

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Peshkopi</b>	<b>LGU Arras</b>	<b>LGU Fushë-Çidhën</b>	<b>LGU Kala e Dodës</b>	<b>LGU Kastriot</b>	<b>LGU Lurë</b>	<b>LGU Luzni</b>	<b>LGU Maqellarë</b>	<b>LGU Melan</b>	<b>LGU Muhurr</b>	<b>LGU Selishtë</b>	<b>LGU Sillovë</b>	<b>LGU Tomin</b>	<b>LGU Zall-Dardhë</b>	<b>LGU Zall-Reç</b>
of documents that set aside															
Mod 11 - The period laid down for storage (protection)	Yes	Yes	No	Yes	Yes	No	No	No	Yes	Yes	No	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	No	No	No	Yes	No

## Observations and Recommendations

### Archive

Observations	Recommendations
Fullfillment of technical requirements in the archive management:	
<ul style="list-style-type: none"> <li>Some of the technical requirements on archives, in the Municipality Peshkopi, secured doors and windows, automatic door locking, distance from the wall and shelves, are not met. In the Municipality and LGUs, the other technical requirements for archive environments are met in most of them.</li> <li>Municipality Peshkopi has not enough facilities for the collection of documentation from the 14 (fourteen) LGUs, which have joined the administrative-territorial reform. The current environment is all wet and there are not enough necessary materials.</li> </ul>	<ul style="list-style-type: none"> <li>As part of the merger, it is necessary to take measures in order to fulfill the standards, scientific and technical conditions provided in the Archiving Methodology and that there should be an archive environment.</li> <li>It is recommended to consider leaving the documentation in the archives of current Municipality and LGU, in case of inability to provide necessary facilities for those LGU, which provide safe archiving environments, as well as to ensure a dry environment in order to keep in good conditions these documents.</li> </ul>
Lack of compliance with with the Records and Archiving methodology:	
<ul style="list-style-type: none"> <li>Not all models, registers, lists, records or forms, required by methodology and specific archiving law, archives are kept by the Municipality and 14 (fourteen) LGUs. Also, no information regarding the last inventory and the documents located in the LGU Archives could be obtained.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain all records required by law, in order so: the creation, documentation and transfer of documentation to be made in accordance with the archiving methodology and the accordance with the proper requirements.</li> <li>Regarding the processing of technical and scientific inventory of the documents which are kept in the archive, including documents that are being held in the existing LGUs, should be taken into consideration the process of reorganization in the New Municipality, in order to be completed in the most effective way and within the deadlines.</li> </ul>
Reorganization of the Archives:	
<ul style="list-style-type: none"> <li>As a result of the merger, the volume of Municipal archives will grow from the documents received by the Municipality and the existing LGUs.</li> </ul>	<ul style="list-style-type: none"> <li>As a temporary action, the opportunity to leave the current LGU archive premises that will unite, should be taken into consideration, in case the archive merge can</li> </ul>

Archive

<b>Observations</b>	<b>Recommendations</b>
Consequently, given the volume of documents, the reorganization of the New Municipality archive and its maintenance, could prove to be difficult.	produce negative effects on public services. <ul style="list-style-type: none"><li>• The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives.</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 at the end of July 2015.

### Summarized description of the information received

- In the Municipality and all existing LGUs, the Municipality Mayor and LGU Mayor are the authorizing officers for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors have 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.
- From 15 (fifteen) LGUs, all of them keep an Accounting Record of assets.
- From 15 (fifteen) LGUs, the register regarding the owned companies and the register for leased properties, in both cases, is kept only by LGU Peshkopi and Maqellarë.
- In all existing LGUs, except LGU Zall - Reç, 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.
- The special committees for the disposal of assets are not created in LGU Sllövë and Zall-Reç.
- 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>Peshkopi</b>	<b>Arras</b>	<b>Fushë-Çidhë</b>	<b>Kala e Dodës</b>	<b>Kastriot</b>	<b>Lurë</b>	<b>Luzni</b>	<b>Maqellarë</b>	<b>Melan</b>	<b>Muhurr</b>	<b>Selishtë</b>	<b>Sillovë</b>	<b>Tomin</b>	<b>Zall-Dardhë</b>	<b>Zall-Reç</b>
Adopted rules and procedures on asset management	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Illir Kroci	Sali Tershalla	Aranit Skepi	Bajaram Himallari	Hamza Leshi	Hakik Gjokola	Tahir Damzi	Bardhyl Agolli	Neki Mehmeti	Afrim Mikli	Xhemal Delishti	Fatos Mandri	Sadik Cena	Njazi Cani	Esat Shehu
Executing Officer	Çeljeta Zuna	Ilmi Loka	Nazmi Kukeli	Lirim Deda	Mensur Shehi	Femi Tollja	Shkelqim Lumi	Shqipe Xholi	Idajete Nesimi	Elez Lleshi	Agim Totraku	Dalip Karaj	Dëshire Kaba	Zabit Kaza	Dogjan Troci
Adopted plan, objectives and control mechanisms related Risk	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	No	No	No	No	No	Yes	No	No	No	No	No	No	No
Owned Companies Register	Yes	No	No	No	No	No	No	Yes	No	Yes	No	No	No	No	No
Annual Assets Inventory	Yes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Assets Disposal Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Committee of disposal of assets	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No



## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers:	
<ul style="list-style-type: none"> <li>No special records are kept regarding the companies owned by the Municipality and LGUs and regarding the eased properties.</li> <li>The Assets Accounting Record are held only by the Municipality and all LGUs.</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 absence of Assets evaluation:	
<ul style="list-style-type: none"> <li>Assets evaluation is not performed at the Municipality and LGU Sllövë and Zall-Reç.</li> </ul>	<ul style="list-style-type: none"> <li>Conductign the assets evaluation, in accordance with procedures laid down by Instruction No. 30, dated 27.12.2011 " On the management of assets in the public sector ", is performed before the effective date of the merger, in accordance with the legal legislation in force.</li> </ul>
The lack of rules and procedures related with Asset Management:	
<ul style="list-style-type: none"> <li>Rules and procedures, regarding the asset management, is not implemented by the Municipality and existing LGUs.</li> <li>The internal risk management plan, the objectives and the control mechanisms regarding the asset management, are not approved.</li> </ul>	<ul style="list-style-type: none"> <li>The internal policies and procedures, internal risk management plan, the control objectives and management mechanisms of assets, is implemented by the New Municipality, in order to ensure efficient management of assets, and compliance with the legal requirements.</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>
LGU Peshkopi	Building playgrounds in School Areas	In Completed	ALL 14,415,690.00	ALL 31,173,692.00
LGU Peshkopi	Reconstruction of roads and sidewalks	In process	ALL 5,713,062.00	ALL 15,157,018.00
LGU Peshkopi	Reconstruction of Kamen Roads	In Completed	ALL 11,399,620.00	ALL 2,5601,058.00
LGU Peshkopi	Reconstruction of City Park and roads	In process	ALL 47,990,039.00	ALL 76,128,922.00

# 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>3 222 691</b>	<b>3 222 691</b>	<b>3 304 243</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>41 372</b>	<b>41 372</b>	<b>33 208</b>
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	<b>F6, Sh1</b>	40 248	40 248	32 728
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		1 124	1 124	480
<b>9</b>		<b>II. Tangible Assets</b>		<b>3 180 847</b>	<b>3 180 847</b>	<b>3 271 035</b>
10	210	Land		28 394	28 394	28 394
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	1 268	1 268	1 268
12	212	Building and Constructions	<b>F6, Sh1</b>	1 340 930	1 340 930	1 310 845
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	2 210 478	2 210 478	2 132 153
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	129 954	129 954	137 388
15	215	Transport vehicles	<b>F6, Sh1</b>	49 903	49 903	49 903
16	216	Government reserve		1 436	1 436	1 436
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	<b>F6, Sh1</b>	85 473	85 473	83 518
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(765 003)	(765 003)	(620 562)
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	51 967	51 967	127 043
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		46 047	46 047	19 649

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>472</b>	<b>472</b>	<b>-</b>
25	25	Loan and sub-loans		472	472	-
26	26	Participation with own capital		-	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>281 821</b>	<b>281 821</b>	<b>225 928</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>25 758</b>	<b>25 758</b>	<b>23 166</b>
29	31	Materials	<b>Sh2</b>	8 534	7 449	6 579
30	32	Inventory Objects	<b>Sh2</b>	17 224	18 309	16 587
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>118 487</b>	<b>118 487</b>	<b>60 530</b>
39	409	Suppliers, prepayments or partial payment		1 894	1 894	3 382
40	411-418	Similar clients or accounts		221	221	17 022
41	423	Employees, prepayment, deficits and penalties	<b>Sh3</b>	-	-	1 658
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	565
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		84 475	84 475	28 269
46	435	Social Insurance		-	-	45
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	3 190
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	<b>Sh4</b>	31 897	31 897	6 398
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>137 576</b>	<b>137 576</b>	<b>142 232</b>
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		-	-	-		
58	520	Treasury funds	<b>Sh5</b>	137 166	137 166	140 768		
59	531	Petty-cash		-	-	-		
60	532	Other amounts		410	410	1 464		
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>3 504 512</b>	<b>3 504 512</b>	<b>3 530 171</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>3 227 214</b>	<b>3 227 214</b>	<b>3 291 539</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>3 216 731</b>	<b>3 216 731</b>	<b>3 281 056</b>
3	101	Base funds	<b>F8</b>	3 177 564	3 177 564	3 262 631
4	105	Capital internal grants		38 328	38 328	16 870
5	106	Capital foreigner grants		-	-	-
6	107	Current assets in use		839	839	1 556
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		<b>10 483</b>	<b>10 483</b>	<b>10 483</b>
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		10 483	10 483	10 483
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>153 958</b>	<b>153 958</b>	<b>111 938</b>
<b>17</b>		<b>I. Long-term debts</b>		<b>-</b>	<b>-</b>	<b>-</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>153 958</b>	<b>153 958</b>	<b>111 938</b>
21	419	Clients (Creditors), partial prepayment		-	-	36 237
22	401-408	Suppliers and related accounts	<b>Sh6</b>	69 577	69 577	12 974
23	42	Employees and related accounts		12 513	12 513	13 352
24	431	Liabilities to government for taxes		310	310	1 011
25	432	Taxes collected from government for the local government		21 080	21 080	30
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		31 897	31 897	25 256

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		3 560	3 560	3 160
29	436	Health Insurance		494	494	459
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	4
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	14 245	14 245	14 085
36	467	Other creditors		282	282	5 370
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>410</b>	<b>410</b>	<b>-</b>
38	475	Incomes to register in the coming years		410	410	-
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>122 931</b>	<b>122 931</b>	<b>126 693</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>3 504 512</b>	<b>3 504 512</b>	<b>3 530 171</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>649 562</b>	<b>649 562</b>	<b>1 127 553</b>
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>652 154</b>	<b>652 154</b>	<b>1 127 507</b>
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>105 334</b>	105 334	<b>151 835</b>
4	6001	Salaries		104 953	104 953	149 210
5	6002	Temporary salaries		381	381	1 359
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	1 267
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>16 558</b>	<b>16 558</b>	<b>25 671</b>
9	6010	Insurance contributions		16 250	16 250	23 344
10	6011	Health insurance		309	309	2 327
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>85 161</b>	<b>85 161</b>	<b>161 976</b>
12	6020	Stationary		54 945	54 945	30 516
13	6021	Special services		148	148	23 686
14	6022	Services from third party		3 628	3 628	30 553
15	6023	Transport expenses		3 748	3 748	16 079
16	6024	Travel expense		3 223	3 223	5 717
17	6025	Ordinary maintenance expenses		7 875	7 875	22 282
18	6026	Rent expenses		117	117	1 059
19	6027	Expenses for legal liability for compensation		295	295	370
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		11 183	11 183	31 713
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-

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
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>37 601</b>	<b>37 601</b>	<b>125 248</b>
29	6040	Current transfers to other government levels		28 852	28 852	14 910
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>8 748</b>	8 748	110 338
<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>407 500</b>	<b>407 500</b>	<b>662 776</b>
39	6060	Transfers paid from ISS and HII		207 946	207 946	313 913
40	6061	Transfers paid from other institutions and Local government		199 554	199 554	348 863
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>(2 592)</b>	<b>(2 592)</b>	<b>46</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		-	-	-

					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	
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>649 562</b>	<b>649 562</b>	<b>1 127 553</b>	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>145 507</b>	<b>145 507</b>	<b>56 466</b>	
62	828	Names of cancelled revenues		5 262	5 262	-	
63	831	Determination of revenues for investments		95 466	95 466	52 616	
64	8420	Revenues deposited in the budget		-	-	2 207	
65	8421	Deposit in the budget of unused revenues		42 944	42 944	1 565	
66	8422	Transfers of revenues within the system		-	-	10	
67	8423	Transfers for changes in situation		-	-	218	
68	8424	Transfers for identified debtors and similar items		1 836	1 836	(151)	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>795 070</b>	<b>795 070</b>	<b>1 184 018</b>	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>122 931</b>	<b>122 931</b>	<b>126 693</b>	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>918 000</b>	<b>918 000</b>	<b>1 310 711</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>919 756</b>	<b>919 756</b>	<b>1 254 438</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>18 791</b>	<b>18 791</b>	<b>49 477</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>5 908</b>	<b>5 908</b>	<b>17 882</b>
4	7000	Personal income tax	281	281	2 910
5	7001	Income tax	3 803	3 803	-
6	7002	Small business tax	1 825	1 825	14 973
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>3 419</b>	<b>3 419</b>	<b>10 142</b>
9	7020	On immovable property	2 974	2 974	5 736
10	7021	Sales of immovable property	406	406	3 834
11	7029	Other on property	39	39	572
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>9 463</b>	<b>9 463</b>	<b>21 453</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	1 871	1 871	883
17	7035	Local tax on goods usage and activity permission	7 593	7 593	20 570
<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>107</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	-	-	107
33	756	Budget contribution for Health Insurance	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>34 856</b>	<b>34 856</b>	<b>54 273</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>13 830</b>	<b>13 830</b>	<b>28 328</b>
36	7100	From public non financial enterprise	-	-	12 719
37	7101	From public financial enterprise	1 781	1 781	9 506
38	7109	Others from enterprise and ownership	12 050	12 050	6 103
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>18 805</b>	<b>18 805</b>	<b>10 374</b>
40	7110	Administrative tariffs and regulations	7 878	7 878	2 522
41	7111	Secondary revenues and payments of services	8 072	8 072	7 310
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	499	499	214
44	7114	Revenues from tickets	-	-	327
45	7115	Fines and late-fees, sequestration and compensation	210	210	-
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	2 146	2 146	-
<b>47</b>	<b>719</b>	<b>c) Other non tax revenues</b>	<b>2 221</b>	<b>2 221</b>	<b>15 571</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>796 401</b>	<b>796 401</b>	<b>1 078 394</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>796 401</b>	<b>796 401</b>	<b>1 078 394</b>
50	7200	From same Government level	233 735	233 735	669 124
51	7201	From other Government levels	450 559	450 559	353 063
52	7202	From budget for special payments to Social Institute	111 627	111 627	50 156
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	480	480	3 051

			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	-	-	3 000
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>69 707</b>	<b>69 707</b>	<b>72 187</b>
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	1 695
66	783	Forecasted retakings for fixed assets	6 205	6 205	-
67	784	Prepayment of expenses in the years to come	35 765	35 765	7 822
68	785	Use of funds of the year to come	27 736	27 736	62 670
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>	<b>837</b>	<b>837</b>	<b>56 445</b>
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	837	837	56 445
79	779	Other revenues	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>920 592</b>	<b>920 592</b>	<b>1 310 884</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>(2 592)</b>	<b>(2 592)</b>	<b>(172)</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	(2 592)	(2 592)	(172)
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>918 000</b>	<b>918 000</b>	<b>1 310 711</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>918 000</b>	<b>918 000</b>	<b>1 310 711</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>910 456</b>	<b>109 941</b>	<b>111 709</b>	<b>912 223</b>
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	<b>901 158</b>	<b>109 044</b>	<b>110 812</b>	<b>902 925</b>
3	1050	From the same government level	901 158	108 874	89 063	881 347
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	171	21 749	21 578
<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 third				
13	146	parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	<b>9 298</b>	<b>897</b>	<b>897</b>	<b>9 298</b>
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	9 298	897	897	9 298
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)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<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>127 523</b>	<b>83 670</b>	<b>159 226</b>	<b>51 967</b>
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	<b>480</b>	<b>12 984</b>	<b>13 464</b>	<b>-</b>
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	<b>127 043</b>	<b>70 686</b>	<b>145 762</b>	<b>51 967</b>
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	75 076	-	75 076	-
38	2312	Building and Constructions	51 967	22 371	22 371	51 967
39	2313	Roads, networks, water facilities	-	45 926	45 926	-
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	71	71	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	2 318	2 318	-
<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 lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-



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>
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>1 037 979</b>	<b>193 611</b>	<b>270 934</b>	<b>964 190</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>140 768</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>902 792</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>844 784</b>	-	-	-
4	Actual budget funds (Budget with changes)	714 457	-	-	-
5	Capital budget funds (Budget with changes)	130 327	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>58 009</b>	-	-	-
7	Tax revenues in "Cash"	50 012	-	-	-
8	Social and health insurance in "Cash"	33	-	-	-
9	Non tax revenues "Cash"	1 077	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	1 565	-	-	-
12	Loans and different lending	568	-	-	-
13	Entry from storage "Cash"	4 753	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	<b>-</b>	<b>743 742</b>	<b>-</b>	<b>-</b>
15	1. Payment from the budget for actual expenses	-	607 907	-	-
16	2. Payments from the budget for capital expenses	-	90 990	-	-
17	3. Payments from revenues for actual expenses	-	34 155	-	-
18	4. Payments from revenues from capital expenses	-	5 041	-	-
19	5. Payments from storage	-	4 499	-	-
20	6. Other payments	-	1 150	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	<b>-</b>	<b>162 653</b>	<b>-</b>	<b>-</b>
22	1. Deposit of revenues in the budget	-	70 216	-	-
23	2. Unused budget (actual and capital)	-	83 857	-	-
24	3. Internal movements and transfers	-	8 580	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>1 043 561</b>	<b>906 395</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>137 166</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.*

**In ALL '000.**

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Transf.	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>33 208</b>	<b>8 644</b>	-	-	-	<b>8 644</b>	<b>480</b>	-	-	<b>480</b>	<b>41 372</b>
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	32 728	7 520	-	-	-	<b>7 520</b>	-	-	-	-	<b>40 248</b>
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	480	1 124	-	-	-	<b>1 124</b>	480	-	-	480	<b>1 124</b>
<b>5</b>	<b>II. TANGIBLE</b>	<b>3 764 553</b>	<b>75 506</b>	<b>171</b>	<b>21 578</b>	<b>42 492</b>	<b>139 747</b>	<b>1 767</b>	<b>1 045</b>	<b>7 605</b>	<b>10 417</b>	<b>3 893 883</b>
6	210 Land	28 394	-	-	-	-	-	-	-	-	-	<b>28 394</b>
7	211 Forests, Pasture, Plantation	1 268	-	-	-	-	-	-	-	-	-	<b>1 268</b>
8	212 Building and Constructions	1 310 845	22 371	-	-	7 714	<b>30 085</b>	-	-	-	-	<b>1 340 930</b>
9	213 Roads, networks, water facilities	2 132 153	45 926	-	-	32 399	<b>78 325</b>	-	-	-	-	<b>2 210 478</b>
10	214 Technical installment, machinery, equipment, working tools	137 388	-	-	-	1 049	<b>1 049</b>	1 767	920	5 795	<b>8 482</b>	<b>129 954</b>
11	215 Transport vehicles	49 903	71	-	-	-	<b>71</b>	-	-	71	<b>71</b>	<b>49 903</b>
12	216 Government reserve	1 436	-	-	-	-	-	-	-	-	-	<b>1 436</b>
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	83 518	2 318	171	-	1 330	<b>3 818</b>	-	125	1 739	<b>1 863</b>	<b>85 473</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	19 649	4 820	-	21 578	-	<b>26 398</b>	-	-	-	-	<b>46 047</b>
<b>19</b>	<b>T O T A L ( I + II )</b>	<b>3 797 761</b>	<b>84 150</b>	<b>171</b>	<b>21 578</b>	<b>42 492</b>	<b>148 391</b>	<b>2 247</b>	<b>1 045</b>	<b>7 605</b>	<b>10 897</b>	<b>3 935 255</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 Accomulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accomulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	620 562	144 442	-	144 442	-	-	-	-	144 441,55
		<b>TOTAL (I + II)</b>	<b>620 562</b>	<b>144 442</b>	-	<b>144 442</b>	-	-	-	-	<b>144 442</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	
<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>3 262 630,75</b>	<b>170 897</b>	<b>85 830</b>	<b>3 177 564</b>	<b>3 262 631</b>	<b>172 265</b>	<b>87 198</b>	<b>3 177 564</b>
2	1010	Status of base fund	3 262 631	111 766	15 773	3 166 638	3 262 631	111 766	15 773	3 166 638
3	1011	Additions base fund	-	151	68 378	68 227	-	151	68 378	68 227
4	1012	Decrease base fund	-	2 906	1 193	(1 713)	-	8 377	2 561	(5 816)
5	1013	Decrease from tangible assets consume	-	24 870	-	(24 870)	-	20 767	-	(20 767)
6	1014	Decrease from selling tangible assets	-	5 268	359	(4 909)	-	5 268	359	(4 909)
7	1015	Decrease from	-	-	-	-	-	-	-	-
8	1016	Decrease from transferring tangible assets	-	25 936	127	(25 809)	-	25 936	127	(25 809)
<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>155 602</b>	<b>87 498</b>	<b>104 057</b>	<b>172 161</b>	<b>155 602</b>	<b>96 099</b>	<b>113 077</b>	<b>172 580</b>
11	105	Capital internal grants	16 870	120	21 578	38 328	16 870	120	21 578	38 328
12	107	Current assets in use	1 556	717	-	839	1 556	717	-	839
13	11	Other own funds	10 483	-	-	10 483	10 483	-	-	10 483
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	-	-	-	-	-	-	-	-

			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	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>		
18	85	Result	126 693	86 661	82 479	122 511	126 693	95 262	91 499			122 931
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	-	8 601	9 021	420	-	-	-	-	-	-
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>3 418 232</b>	<b>266 996</b>	<b>198 908</b>	<b>3 350 145</b>	<b>3 418 232</b>	<b>268 363</b>	<b>200 276</b>			<b>3 350 145</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>471</b>	<b>2</b>	<b>2</b>	<b>471</b>	<b>105 334</b>	<b>-</b>	<b>216</b>	<b>19 475</b>	<b>-</b>	<b>2 539</b>
<i>1</i>	<b>Directors High level education</b>	39	-	-	39	12 696	-	42	1 777	-	808
<i>2</i>	<b>specialist</b>	87	-	1	86	33 922	-	-	7 758	-	1 090
<i>3</i>	<b>Technical</b>	61	-	-	61	14 970	-	-	3 068	-	336
<i>4</i>	<b>Ordinary officers</b>	151	2	1	152	29 292	-	159	4 775	-	251
<i>5</i>	<b>Employees Temporary</b>	116	-	-	116	13 273	-	15	2 008	-	-
<i>6</i>	<b>employees</b>	17	-	-	17	1 181	-	-	90	-	54

**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>3 504 512</b>	<b>3 504 512</b>	<b>3 530 171</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>281 821</b>	<b>281 821</b>	<b>225 928</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	137 576	137 576	142 232
13	Class 4	2. Receivables	118 487	118 487	60 530
29	Class 3	3. Current Inventory accounts	25 758	25 758	23 166
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>3 222 691</b>	<b>3 222 691</b>	<b>3 304 243</b>
40	23	1. Investments	53 091	53 091	127 523
44	25,26	2. Finance assets	472	472	-
47	21,24,28	3. Tangible assets	3 128 880	3 128 880	3 143 991
60	20	4. Intangible assets	40 248	40 248	32 728
<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>154 367</b>	<b>154 367</b>	<b>111 938</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>153 958</b>	<b>153 958</b>	<b>111 938</b>
71	Class	1. Accounts payable	153 958	153 958	111 938
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>410</b>	<b>410</b>	<b>-</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>3 350 145</b>	<b>3 350 145</b>	<b>3 418 232</b>
97		<b>Presented: Consolidated budget</b>	3 227 214	3 227 214	3 291 539
98		<b>Carried forward results</b>	122 931	122 931	126 693



**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>918 000</b>	<b>918 000</b>	<b>1 310 711</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>53 647</b>	<b>53 647</b>	<b>103 858</b>
3	70	1. Tax revenues upon	18 791	18 791	49 477
11	75	2. Contributions and social and health insurance	-	-	107
19	71	3. Non tax revenues	34 856	34 856	54 273
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>796 401</b>	<b>796 401</b>	<b>1 078 394</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>69 707</b>	<b>69 707</b>	<b>72 187</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>(1 755)</b>	<b>(1 755)</b>	<b>56 273</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>795 070</b>	<b>795 070</b>	<b>1 184 018</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>652 154</b>	<b>652 154</b>	<b>1 127 507</b>
35	600 601	1. Salaries and employees contribution	121 893	121 893	177 506
38	602	2. Goods and Services	85 161	85 161	161 976
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	37 601	37 601	125 248
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	407 500	407 500	662 776
<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>142 915</b>	<b>142 915</b>	<b>56 511</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>122 931</b>	<b>122 931</b>	<b>126 693</b>
59		From this: Functioning results	122 931	122 931	126 693
60		Functioning observed grants	(0)	(0)	-

# **STAR Project**

## **Municipality Klos 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 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 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 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>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,</li> </ul>

Observations	Recommendations
<ul style="list-style-type: none"> <li>Organizational units have a mixed orientation and exercise sectoral and horizontal functions.</li> </ul>	<p>directory or general directory is carried out in case of fulfillment of numerical standards for each of them.</p>
<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 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
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 Klos. 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.	<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>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>	<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 for the Municipality Klos and 3 (three) existing LGUs of Gurrë, Suç and Xibër is performed based on the organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

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

Roles	Municipality Klos	LGU Gurrë	LGU Suç	LGU Xibër
LGU Council	✓	✓	✓	✓
Mayor	✓	✓	✓	✓
Deputy Mayor	✓	n/a	n/a	n/a
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 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:

- 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, the Municipality and 3 (three) units are transformed in 1 (one) New Municipality with 3 (three) administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

<b>Roli</b>			
<b>New Municipality</b>	<b>Klos</b>		
Municipality Council	✓		
Mayor	✓		
Deputy Mayor	✓		
Secretary of Municipality Council	✓		
<b>Administrative Unit</b>	<b>Gurrë</b>	<b>Suc</b>	<b>Xiber</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 81.

- 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 36.

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

Public Services	Klos	Gurrë	Suç	Xibër	Merged
<b>Infrastructure and public services</b>					
Water Supply Company	19	1	n/a	n/a	20
Functioning of the sewerage system	5	n/a	n/a	n/a	5
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	3	n/a	n/a	n/a	3
Construction of roads, pavements and public squares	Contracted	n/a	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	7	1	n/a	n/a	8
Public lighting	1	n/a	n/a	n/a	1
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	n/a	n/a	n/a	n/a	n/a
Decorations Service in town / village	1	n/a	n/a	n/a	1
Administration of parks, gardens and public spaces	1	n/a	n/a	n/a	1
Collection, disposal and recovery of waste	n/a	n/a	n/a	n/a	n/a
Urban planning	2	n/a	n/a	n/a	2
Land management	2	2	1	1	6
Shelter	n/a	n/a	n/a	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	n/a	n/a	n/a	n/a	n/a
Organization of sporting, recreational and entertainment activities and management of relevant institutions	n/a	n/a	n/a	n/a	n/a
Social services of kindergardens	n/a	1	n/a	n/a	1
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a
<b>Local economic development</b>					
Preparation of local economic development programs	1	2	2	2	7
Establishment and function of public markets and trade network	n/a	n/a	n/a	n/a	n/a
Small business development, and the development of promotional activities such as fairs and advertisements in public places	n/a	2	n/a	n/a	2



Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	n/a
Veterinary services	1	2	1	1	5
Conservation and development of forests and natural resources of local character	1	1	1	n/a	3
<b>The order and civil protection</b>					
Preservation of public order to prevent administrative violations	2	1	1	1	5
Civil protection	n/a	n/a	n/a	n/a	n/a
<b>Educational institutions</b>					
Maintenance of facilities in preliminary education	n/a	n/a	n/a	n/a	n/a
<b>Medicine</b>					
Health care system and the protection of public health	n/a	n/a	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	2	n/a	1	2	5
Social Care on domestic violence	n/a	n/a	n/a	n/a	n/a
Social care for the protection of children's Rights	n/a	n/a	n/a	n/a	n/a
<b>Environmental Protection</b>					
Environmental Protection	1	n/a	n/a	n/a	1
<b>Register Office</b>					
Register Office	2	1	1	1	5
<b>Business Registration</b>					
National Registration Center	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>51</b>	<b>14</b>	<b>8</b>	<b>8</b>	<b>81</b>

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

<b>Horizontal Functions</b>	<b>Klos</b>	<b>Gurrë</b>	<b>Suç</b>	<b>Xibër</b>	<b>Merged</b>
Finance	3	2	2	2	9
Local taxes and Tariffs	2	2	n/a	1	5
Legal Issues	0.5	n/a	n/a	n/a	0.5
Procurement	0.5	n/a	n/a	n/a	0.5
Institutional Relations	n/a	n/a	n/a	n/a	n/a
Human Resources	1	1	n/a	n/a	2
Protocol	n/a	1	0.5	0.5	2
Archiving	1	1	0.5	0.5	3
Information Technology	n/a	n/a	n/a	n/a	n/a
Supporting services	4	3	3	4	14
Internal Audit	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>12</b>	<b>10</b>	<b>6</b>	<b>8</b>	<b>36</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 sectorial 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:
  - Construction local roads, sidewalks and public squares, with local character;
- 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
<b>Local economic development</b>			

**Table 5: Public Services –Application of development principles**

<b>Services</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>
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

Note 1: Assuming that the New Municipality will not determine the LGU as a budget institution under its surveillance.

## **Organizational Structure**

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

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

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

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

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

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

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 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 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 the Municipality and LGUs currently own 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 114,152 thousand ALL. Overdue municipal obligations are reported at a value 82,861 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>

**Receivables**

During 2015, tax and non-tax revenues were 3% 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 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.

**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 Klos, 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 Klos, LGU Xibër, LGU Suc and LGU Gurrë.

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

The restated statements reflect the adjustments that have been identified and presented in individual reports for each 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 ALL '000</i>	<i>For the period ended 31 July 2015</i>
Income from grants	266,273
Tax and non-tax revenue	8,944
Total Expenses	141,009
Total Assets	1,590,266
Liabilities	114,152

**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>1 590 266</b>	<b>1 590 266</b>
<b>I</b>	<b>Current Assets</b>	<b>201 081</b>	<b>201 081</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	75 319	75 319
Class 4	2. Receivables	103 405	103 405
Class 3	3. Current Inventory accounts	22 357	22 357
<b>II</b>	<b>Non-current Assets</b>	<b>1 389 185</b>	<b>1 389 185</b>
23	1. Investments	-	-
25,26	2. Finance assets	-	-
21,24,28	3. Tangible assets	1 374 644	1 374 644
20	4. Intangible assets	14 541	14 541
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	<b>114 152</b>	<b>114 152</b>
<b>I</b>	<b>Current liabilities</b>	<b>114 152</b>	<b>114 152</b>
Class 4	1. Accounts payable	114 152	114 152
16	2. Non-current liabilities	-	-
<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>1 476 113</b>	<b>1 476 113</b>
	<b>Presented: Consolidated budget</b>	1 411 542	1 411 542
	<b>Carried forward results</b>	64 572	64 572

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

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 1,590,266 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 5% compared to December 31, 2014.

#### *Current assets*

- Current assets, which have 13% of total assets, are increased by 21% 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 10% of cash, which affects more in the total increase of current and the account of the state of inventories have slightly increased by 48% and 3%.

#### *Accounts Receivable*

- Structure of total debtors of Municipality Klos consists of 88.87% of debtors of LGU Klos, 10.37% of debtors of LGU Gurrë and the other part belongs to the debtors of other LGUs.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the Municipality Klos 87%, have increased by 3% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 4%, which compose 86% of total assets.

*PPE*

- 53.77% of PPEs of Municipality Klos are composed by the PPEs of LGU Klos, 9.77% by LGU Xibër, 16.47% by LGU Suc, 19.98% of LGU Gurrë.

*Accounts Payables*

Accounts payable have decreased by 3% during the period ended July 31, 2015 compared with the previous year 2014.

- 84.5% of the total accounts payable are composed of accounts payable of LGU Klos, 3.51% by LGU Xibër, 1.6% by LGU Suc and 10.39% of LGU Gurrë.

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>2</b>	<b>TOTAL REVENUES</b>	<b>275 506</b>	<b>275 506</b>
<b>A</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>8 944</b>	<b>8 944</b>
<b>70,750,71</b>	1. Tax revenues upon	2 202	2 202
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	6 742	6 742
<b>71</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>266 273</b>	<b>266 273</b>
<b>72</b>	<b>III. FINANCIAL REVENUES</b>	-	-
<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	-	-
<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>289</b>	<b>289</b>
	<b>TOTAL EXPENSES</b>	<b>210 934</b>	<b>210 934</b>
<b>B</b>	<b>I. ACTUAL EXPENSES</b>	<b>141 719</b>	<b>141 719</b>
	1. Salaries and employees contribution	31 118	31 118
600 601	2. Goods and Services	9 526	9 526
602	3. Subsidies	-	-
603	4. Internal actual transfers	1 951	1 951
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	99 123	99 123
<b>606</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-
<b>68</b>	<b>III. FINANCIAL EXPENSES</b>	-	-
<b>66</b>	<b>IV. OTHER EXPENSES</b>	<b>69 215</b>	<b>69 215</b>
<b>67</b>	<b>DETERMINED NET INCOME</b>	<b>64 572</b>	<b>64 572</b>
<b>C</b>	From this: Functioning results	64 572	64 572
	Functioning observed grants	-	-

**Overview of consolidated statement of financial performance**

*Sources of funds (revenues)*

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were ALL 275,506 thousand. 3% of the total municipality incomes are composed of tax and non-tax revenues, 97% of income is from grants.

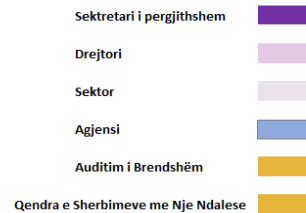
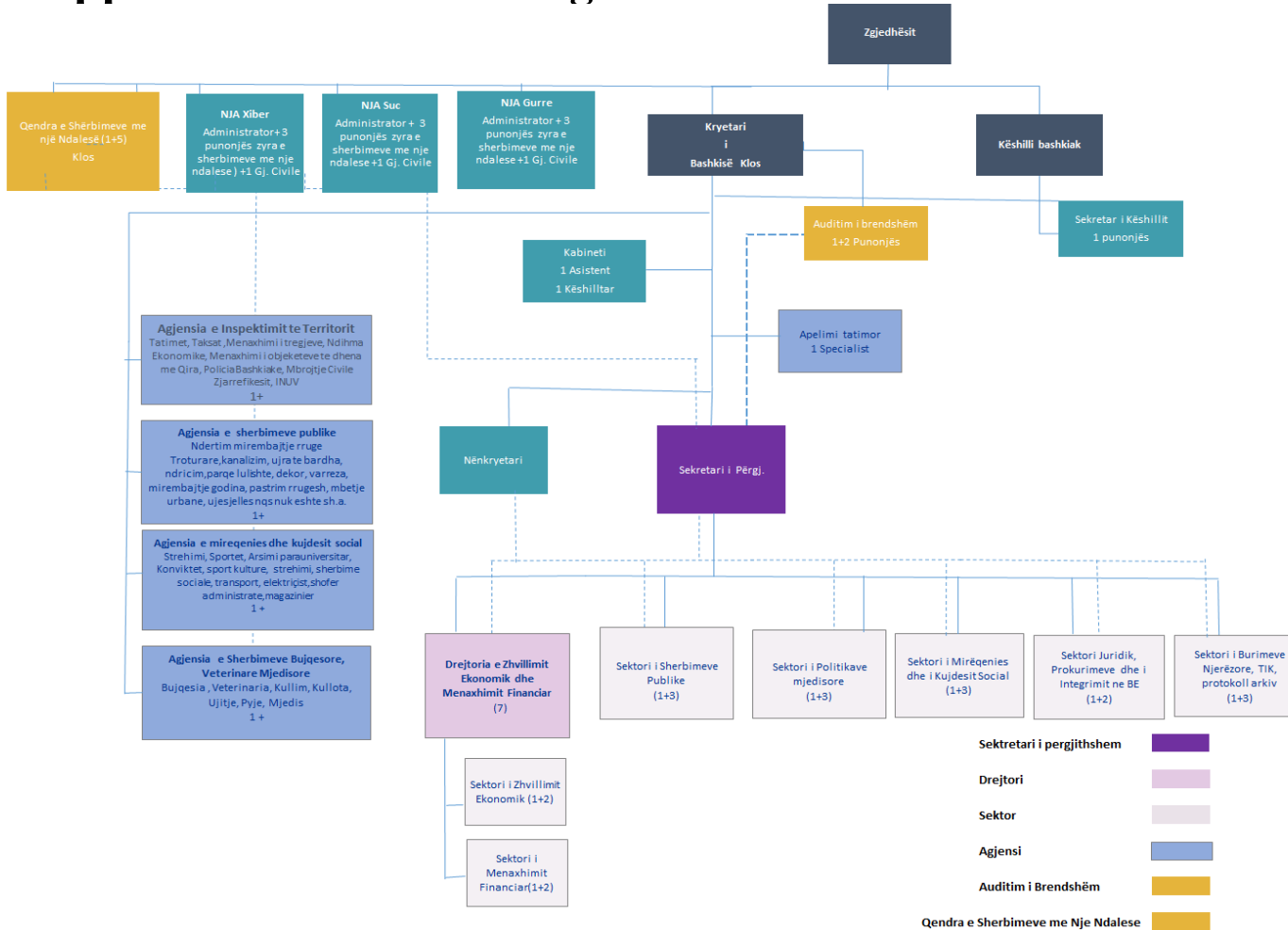
Structure of total revenues is comprised of 56.51% of the revenue generated from LGU Klos, 20.05% by LGU Xibër, 9.81% by LGU Suc and 13.62% of LGU Gurrë.

*Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were ALL 210,934 thousand. 67% of the total municipal expenditure is composed of current expenditures.
- Structure of the total expenditure is comprised by 54.45% of the expenditures of LGU Klos, 13.76% by LGU Xibër, 12.57% by LGU Suc and 19.22 % of LGU Gurrë.

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

# Appendix 1 – Possible organization structure



## Appendix 2 – Personnel matters

### Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

### Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 108 employees, of which only 22 employees have the civil servants status, 63 employees have a 1 (one) term contract and 23 employees have indefinitely 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 Klos. It is worth mentioning that the Municipality Klos, 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 parties entering into the contract do not determine the duration accurately, it is treated as a contract of indefinite period. Also, fixed-term contracts expire at the end of the prescribed period, without prior solution. However, after its expiration, the contract is silently extended beyond this limit and it is considered as a contract of indefinite duration. In this case it is recommended to check how the provisions for termination of the indefinite contract would apply.</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 July 2015.

### Summarized description of received information

- The IT Specialist controls the programs installed on computers. Users are not allowed to install programs on their computer without IT specialist knowledge.
- The Municipality has “Lan” internal network, and the documents, folders and/or public folders can be transferred from one computer to another via ‘share’.
- The Municipality has implemented the Alpha Accounting program, which is used by 1 (one) employee, who has access by having a user names and passwords. This program is licensed by the IMB provider, which offers additional services such as maintenance, etc.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.

**Table 9: IT environment**

<b>Objective</b>	<b>Municipality Klos</b>	<b>LGU Gurrë</b>	<b>LGU Suç</b>	<b>LGU Xibër</b>
Installed Software	1. Microsoft Office 2007 2. Microsoft Windows 7 Ultimate / Starter	Microsoft Office 2007	Microsoft Office 2007	1. Microsoft Office 2007 2. Microsoft Windows 7 Ultimate/Starter
Contracts of licenses	n/a	n/a	n/a	n/a
Hardware (in usege)	46	4	4	2
Computer (desktop)	36	4	4	2
Printers	23	n/a	1	2
Servers	n/a	n/a	n/a	n/a
IT staff in total	n/a	n/a	n/a	n/a
Hardware and Software maintenance	Local service providers	Local service providers	Local service providers	Local service providers

## Observations and Recommendations

IT environment

Observations	Recommendations
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>	<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>Computers are not managed under a centralized and standardized system that automates network management accounts data of employees and does not complete the safety requirements. So we do not have an implementation of safety rules and access management.</li> <li>The name of the default, user and password are used to access the Alpha Business Accounting System. The system is not suitable for the Municipality and LGU.</li> </ul>	<ul style="list-style-type: none"> <li>It is recommended that the New Municipality needs to establish a common Active Directory, based on the user management, storage and sharing of electronic information.</li> <li>New Municipality can consider adapting the Alpha Business Accounting program with LGU financial needs. Also, the segregation of duties and the functions, based on job functions, should be considered for implementation.</li> </ul>
<p>Optimization and Management of PC-s and Informaion Policy Securities:</p> <ul style="list-style-type: none"> <li>There are no procedures regarding the storage and recovery of data in case of loss.</li> <li>The retention of records is stored in ‘ad-hoc’ basis, based on the evaluation of the information holders.</li> <li>The USB and drives are used as a substitute regarding the communication, which are then taken out of LGU premises by the information owner.</li> </ul>	<ul style="list-style-type: none"> <li>New Municipality can and should take into account the implementation of policies and procedures regarding the storage and recovery of data in case of loss.</li> </ul>
Inventory:	
<ul style="list-style-type: none"> <li>The Municipality and LGU does not maintain an accurate inventory regarding the devices in electronics, software and licenses, in use by its facilities and does not keep any shortage regarding the State Registration of technical conditions of these facilities.</li> </ul>	<ul style="list-style-type: none"> <li>The Municipality and LGU need in the future, to prepare an inventory containing special equipment and software, their condition and contain all available information regarding these equipment’s.</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 deal.
- 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

- The Municipality and other LGUs do not have access to telephone and Internet service by Albtelecom or by Albanian National Internet service, but they have only access through a private operator (Orlando Balla). The Municipality, for its employees, provides email services with a limited size of 50 MB.
- Regarding the internal communication, the circulation of memos, it is used the verbal and written communication / regulations, orders of the Mayor.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication	
Observations	Recommendations
Lack of communication:	
<ul style="list-style-type: none"> <li>• The lack of electronic communications inside the Municipality and LGU.</li> <li>• In cases where it is necessary the use of electronic means, the Municipality and LGU employee use private email address, which is unsafe regarding the exchange of information and datas.</li> <li>• Internal communication is oral or written and circulates from one department to another, in order to give an notification / information or a signature.</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, common email infrastructure, the implementation of the structure regarding the distribution of documentation and storage systems, business systems and centralized storage infrastructure.</li> </ul>

## Observations and recommendations

**Table 10: Communication System**

<b>Objectives</b>	<b>Municipality Klos</b>	<b>LGU Gurrë</b>	<b>LGU Suç</b>	<b>LGU Xibër</b>
Telephony service	n/a	n/a	n/a	n/a
Telephony / service providers	n/a	n/a	n/a	n/a
Internet service	Orlando Bala	n/a	n/a	n/a
Assess coverage of the telephony service	n/a	n/a	n/a	n/a
Internal communication lines	Verbal and physical documents	Verbal and physical documents	Verbal and physical documents	Verbal and physical documents

## 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 July 2015.

### Summarized description of the information received

- The function of the archive in LGU Klos is performed by 1 (one) archive specialists, in LGU Gurrë the archive function is performed by archive specialist, LGU Xibër the archive function is performed by the record keeper, which in the same time is also an archive specialist and in LGU Suc there is no the archive function or an archive specialist.
- In Municipality Klos, the processing, storage and archival documents service is currently carried out in a certain room. While in other LGUs, the processing, storage and service of documents is carried out not in a designated room. The documents are placed in the respective offices where are compiled.
- From the information obtained during the field work, the majority of the technical requirements are partially met in Municipality Klos. Meanwhile, in 3 (three) other LGUs, the technical requirements are not met. LGU Suc appears to be the most problematic one, which does not complete almost all of the technical requirement.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by the Municipality and LGUs.
- Regarding the registers, all LGUs are holding the Register of Correspondence, except in LGU Suc, LGU Xibër and LGU Gurrë. Meanwhile, the Delivery Book is not kept by LGU Suc, LGU Xibër and LGU Gurrë.
- 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>Municipality Klos</b>	<b>LGU Gurrë</b>	<b>LGU Suç</b>	<b>LGU Xibër</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	No	No	No	No
Secured doors and windows with a metallic net and automatic door closure	No	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	No	Yes	Yes	No
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but there is no distance from the wall	Are destroyed	Are destroyed	Are destroyed
Presence of heaters or any other item that can cause fire present in the archive premise	No	No	No	No
Records on physical control of the archive kept from the secretary of the archive	No	Yes	Yes	Yes
Archive keys in two copies	Yes	No	No	No
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	Yes	Yes	Yes	Yes
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	The buildin is preserved from a guard	Yes	The buildin is preserved from a guard	The buildin is preserved from a guard
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

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Municipality Klos</b>	<b>LGU Gurrë</b>	<b>LGU Suç</b>	<b>LGU Xibër</b>
<p>According to this scheme, all the documents that are found in the archive:</p> <p>Firstly are classified (grouped) by year. Then, are classified based on structures (i.e. directorates, departments, branches, etc.)</p> <p>Note: When the organization has a two-tier structure (example: directorate and branches), documents are grouped under this approach with 2 levels, and then create folders. Creation of folders should consider documents containing information, which refers to more than one department.</p>	Yes	Yes	Yes	Yes
Files containing information to be stored up to 10 years have no need for internal restructuring, but the number of pages contained in documents written in their cap.	Yes	No	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>	The list is compiled by the archiving processing rates	Yes	The list is compiled by the archiving processing rates	Yes

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Municipality Klos</b>	<b>LGU Gurrë</b>	<b>LGU Suç</b>	<b>LGU Xibër</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 the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents, publish. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	Yes	Yes	The list is compiled by the archiving processing rates
The emblem of the Republic	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes
Title of the institution and structures belonging to the institution	Yes	Yes	Yes	Yes
Number of documents attached	Yes	Yes	Yes	Yes
The content of the document	Yes	Yes	Yes	Yes
Name, surname and signature of the person who signed the document and stamp	Yes	Yes	Yes	Yes
Signature of the director of the institution	Yes	Yes	Yes	Yes
Date and number of protocol	Yes	Yes	Yes	Yes
Mod 1 - Correspondence model	Yes	Yes	Yes	Yes
Mod 3 - Serial Number of Correspondence	Yes	No	No	No
Mod 4. -The Book Delivery	Yes	No	No	No

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Municipality Klos</b>	<b>LGU Gurrë</b>	<b>LGU Suç</b>	<b>LGU Xibër</b>
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	No	No	No
Mode 5 - Table definitions of files for the year	Yes	No	No	No
Mod 6 - Elements of cover dossier	Yes	No	No	No
Mod 7 - Register of files	Yes	No	No	No
Mod 8 - Internal File register	Yes	No	No	No
Mod 9 - Decision of the Commission of Experts	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No

## Observations and Recommendations

### Archive

Observations	Recommendations
Fullfillment of technical requirements in the archive management:	
<ul style="list-style-type: none"> <li>Some of the technical requirements on archives, in the Municipality Klos, secured doors and windows, automatic door locking, distance from the wall and shelves, are not met. In the Municipality and LGUs, the other technical requirements for archive environments are met in most of them.</li> <li>Municipality Klos has not enough facilities for the collection of documentation from the 3 (three) LGUs, which have joined the administrative-territorial reform. The current environment is all wet and there are not enough necessary materials.</li> </ul>	<ul style="list-style-type: none"> <li>As part of the merger, it is necessary to take measures in order to fulfill the standards, scientific and technical conditions provided in the Archiving Methodology and that there should be an archive environment.</li> <li>It is recommended to consider leaving the documentation in the archives of current Municipality and LGU, in case of inability to provide necessary facilities for those LGU, which provide safe archiving environments, as well as to ensure a dry environment in order to keep in good conditions these documents.</li> </ul>
Lack of compliance with with the Records and Archiving methodology:	
<ul style="list-style-type: none"> <li>Not all models, registers, lists, records or forms, required by methodology and specific archiving law, archives are kept by the Municipality and 3 (three) LGUs. Also, no information regarding the last inventory and the documents located in the LGU Archives could be obtained.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain all records required by law, in order so: the creation, documentation and transfer of documentation to be made in accordance with the archiving methodology and the accordance with the proper requirements.</li> <li>Regarding the processing of technical and scientific inventory of the documents which are kept in the archive, including documents that are being held in the existing LGUs, should be taken into consideration the process of reorganization in the New Municipality, in order to be completed in the most effective way and within the deadlines.</li> </ul>
Reorganization of the Archives:	
<ul style="list-style-type: none"> <li>As a result of the merger, the volume of Municipal archives will grow from the documents received by the Municipality and the existing LGUs.</li> </ul>	<ul style="list-style-type: none"> <li>As a temporary action, the opportunity to leave the current LGU archive premises that will unite, should be taken into consideration, in case the archive merge can</li> </ul>



Archive

<b>Observations</b>	<b>Recommendations</b>
Consequently, given the volume of documents, the reorganization of the New Municipality archive and its maintenance, could prove to be difficult.	produce negative effects on public services. <ul style="list-style-type: none"><li>• The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives.</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 at the end of July 2015.

### Summarized description of the information received

- In the Municipality and all existing LGUs, the Municipality Mayor and LGU Mayor are the authorizing officers for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors have 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.
- The Municipality and 3 (three) LGUs keep an Accounting Record of assets.
- The Municipality and 3 (three) LGUs do not keep a register regarding the owned companies. Meanwhile, the register for leased properties is kept only by the Municipality Kłos.
- In the Municipality and 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.
- The special committees for the disposal of assets are created in all LGUs.
- 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 Klos</b>	<b>LGU Gurrë</b>	<b>LGU Suç</b>	<b>LGU Xibër</b>
Adopted rules and procedures on asset management	Yes	No	No	No
Authorizing Officer	Basir Çupa	Mustafa Celami	Lutfi Cara	Lutfi Çeka
Executing Officer	Fitnete Krosi	Mustafa Hajdini	Arjan Kaziu	Petrit Laçi
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No
Asset Accounting Register	Yes, hard copy	Yes	Yes	Yes
Leased Properties Register	Yes	No	No	No
Owned Companies Register	No company	No	No	No
Annual Assets Inventory	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes

## Observations and Recommendations

### Asset Management

Observations	Recommendations
Asset management – lack of registers:	
<ul style="list-style-type: none"> <li>No special records are kept regarding the companies owned by the Municipality and LGUs and regarding the eased properties.</li> <li>The Assets Accounting Record are held by the Municipality and all LGUs.</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 absence of Assets evaluation:	
<ul style="list-style-type: none"> <li>Assets evaluation is performed by the Municipality and all LGUs.</li> </ul>	<ul style="list-style-type: none"> <li>Conductign the assets evaluation, in accordance with procedures laid down by Instruction No. 30, dated 27.12.2011 " On the management of assets in the public sector ", is performed before the effective date of the merger, in accordance with the legal legislation in force.</li> </ul>
The lack of rules and procedures related with Asset Management:	
<ul style="list-style-type: none"> <li>Rules and procedures, regarding the asset management, is not implemented by the Municipality and existing LGUs.</li> <li>The internal risk management plan, the objectives and the control mechanisms regarding the asset management, are not approved.</li> </ul>	<ul style="list-style-type: none"> <li>The internal policies and procedures, internal risk management plan, the control objectives and management mechanisms of assets, is implemented by the New Municipality, in order to ensure efficient management of assets, and compliance with the legal requirements.</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.

### Investments Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Klos	Road asphaltting, Dars street	In process	ALL 3,1356,380.00	ALL 64,991,822.00
LGU Klos	Improvement and asphaltting the internal roads in Klos City	In process	ALL 23,932,202.00	ALL 49,834,489.00
LGU Klos	City cleaning service, Klos	In process	ALL 0.00	ALL 15,880,213.00
LGU Klos	Road service, 2015	In process	ALL 3,249,312.00	ALL 3,249,312.00
LGU Klos	Bridge construction of ‘Pazari i Vjetër’	In process	ALL 2,988,128.00	ALL 2,988,128.00
LGU Klos	Rural road construction, 2015	In process	ALL 3,605,640.00	ALL 9,482,368.00
LGU Gurrë	Reconstruction of the 9-Year School ‘Little Gurrë’	In process	ALL 13,709,949.00	ALL 14,709,949.00
LGU Gurrë	Construction of the water supply and sewerage network, Shulbater	In process	ALL 6,379,560.00	ALL 13,901,200 .00
LGU Xibër	Work surveillance, ‘Shkolla e Bashkuar’ Xibër	In process	ALL 344,396.00	ALL 720,000.00
LGU Xibër	Reconstruction of the Xibër – Hanë – Ketë road	In process	ALL 964,764.00	ALL 5,101,848.00

## **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>1 389 185</b>	<b>1 389 185</b>	<b>1 349 015</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>14 541</b>	<b>14 541</b>	<b>20 935</b>
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	<b>F6, Sh1</b>	23 013	23 013	21 153
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	(8 473)	(8 473)	(218)
8	230	Expenses for increase of current intangible assets		-	-	-
<b>9</b>		<b>II. Tangible Assets</b>		<b>1 374 644</b>	<b>1 374 644</b>	<b>1 328 081</b>
10	210	Land		1 000	1 000	1 000
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	-	-	-
12	212	Building and Constructions	<b>F6, Sh1</b>	486 409	486 409	479 990
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	1 072 692	1 072 692	1 021 235
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	6 451	6 451	7 465
15	215	Transport vehicles	<b>F6, Sh1</b>	10 275	10 275	10 275
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	<b>F6, Sh1</b>	43 674	43 674	42 181
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(245 857)	(245 857)	(234 066)
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		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
24	25	<b>III. Financial Assets</b>		-	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		-	-	-
27	<b>B</b>	<b>CURRENT ASSETS</b>		<b>201 081</b>	<b>201 081</b>	<b>166 483</b>
28	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>22 357</b>	<b>22 357</b>	<b>21 647</b>
29	31	Materials	<b>Sh2</b>	2 424	2 424	2 333
30	32	Inventory Objects	<b>Sh2</b>	19 933	19 933	19 314
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>103 405</b>	<b>103 405</b>	<b>93 803</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		-	-	-
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)		88 785	88 785	81 543
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>	14 619	14 619	12 260
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	<b>51</b>	<b>III. Financial accounts</b>		<b>75 319</b>	<b>75 319</b>	<b>51 033</b>
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		-	-	-
58	520	Treasury funds	Sh5	75 319	75 319	51 033
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>1 590 266</b>	<b>1 590 266</b>	<b>1 515 498</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>1 411 542</b>	<b>1 411 542</b>	<b>1 370 662</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>1 411 542</b>	<b>1 411 542</b>	<b>1 370 662</b>
3	101	Base funds	<b>F8</b>	1 365 449	1 365 449	1 357 965
4	105	Capital internal grants		281	281	10 981
5	106	Capital foreigner grants		45 811	45 811	1 716
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>114 152</b>	<b>114 152</b>	<b>111 889</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>114 152</b>	<b>114 152</b>	<b>111 889</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	79 899	79 899	63 728
23	42	Employees and related accounts		4 215	4 215	3 072
24	431	Liabilities to government for taxes		279	279	85
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		14 619	14 619	12 260

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		937	937	833
29	436	Health Insurance		130	130	195
30	437	Other social organizations		362	362	96
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	10 747	10 747	18 086
36	467	Other creditors		2 962	2 962	13 535
<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>64 572</b>	<b>64 572</b>	<b>32 947</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>1 590 266</b>	<b>1 590 266</b>	<b>1 515 498</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>141 009</b>	<b>141 009</b>	<b>296 848</b>
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>141 719</b>	<b>141 719</b>	<b>294 889</b>
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>26 740</b>	26 740	<b>42 668</b>
4	6001	Salaries		25 741	25 741	40 979
5	6002	Temporary salaries		999	999	1 646
6	6003	Bonuses		-	-	44
7	6009	Other personal expenses		-	-	-
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>4 378</b>	<b>4 378</b>	<b>7 190</b>
9	6010	Insurance contributions		3 936	3 936	6 510
10	6011	Health insurance		442	442	680
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>9 526</b>	<b>9 526</b>	<b>38 473</b>
12	6020	Stationary		1 117	1 117	1 693
13	6021	Special services		384	384	2 591
14	6022	Services from third party		2 234	2 234	9 833
15	6023	Transport expenses		19	19	-
16	6024	Travel expense		706	706	1 295
17	6025	Ordinary maintenance expenses		1 325	1 325	11 792
18	6026	Rent expenses		48	48	53
19	6027	Expenses for legal liability for compensation		502	502	4 211
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		3 192	3 192	7 005
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-

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
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>1 951</b>	<b>1 951</b>	<b>1 091</b>
29	6040	Current transfers to other government levels		1 951	1 951	876
30	6041	Current transfers to various government institutions		<b>0</b>	<b>0</b>	215
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>99 123</b>	<b>99 123</b>	<b>205 466</b>
39	6060	Transfers paid from ISS and HII		1 850	1 850	130
40	6061	Transfers paid from other institutions and Local government		97 273	97 273	205 336
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>(710)</b>	<b>(710)</b>	<b>1 958</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		-	-	-

					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	
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>141 009</b>	<b>141 009</b>	<b>296 848</b>	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>69 926</b>	<b>69 926</b>	<b>16 757</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		68 927	68 927	16 728	
66	8422	Transfers of revenues within the system		-	-	29	
67	8423	Transfers for changes in situation		999	999	-	
68	8424	Transfers for identified debtors and similar items		-	-	-	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>210 934</b>	<b>210 934</b>	<b>313 605</b>	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>64 572</b>	<b>64 572</b>	<b>32 947</b>	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>275 506</b>	<b>275 506</b>	<b>346 552</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>275 217</b>	<b>275 217</b>	<b>343 102</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>2 202</b>	<b>2 202</b>	<b>4 376</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>698</b>	<b>698</b>	<b>2 543</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	698	698	2 543
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>440</b>	<b>440</b>	<b>1 161</b>
9	7020	On immovable property	440	440	1 083
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	-	-	78
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>1 064</b>	<b>1 064</b>	<b>673</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	73	73	420
17	7035	Local tax on goods usage and activity permission	991	991	252
<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>6 742</b>	<b>6 742</b>	<b>6 275</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>1 646</b>	<b>1 646</b>	<b>695</b>
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	1 646	1 646	695
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>2 856</b>	<b>2 856</b>	<b>5 580</b>
40	7110	Administrative tariffs and regulations	1 742	1 742	2 639
41	7111	Secondary revenues and payments of services	100	100	91
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	1 003	1 003	2 795
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	12	12	55
		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>2 240</b>	<b>2 240</b>	<b>-</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>266 273</b>	<b>266 273</b>	<b>332 451</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>266 273</b>	<b>266 273</b>	<b>332 451</b>
50	7200	From same Government level	176 714	176 714	246 604
51	7201	From other Government levels	774	774	1 822
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	88 785	88 785	81 543



			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	-	-	2 482
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>	-	-	-
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	-	-	-
<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>275 217</b>	<b>275 217</b>	<b>343 102</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>289</b>	<b>289</b>	<b>3 450</b>
82	829	Canceled or under written expense order	-	-	1 491
83	841	Status change transfer	289	289	1 958
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>275 506</b>	<b>275 506</b>	<b>346 552</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>275 506</b>	<b>275 506</b>	<b>346 552</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>64 145</b>	<b>64 145</b>	-
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	-	<b>18 335</b>	<b>18 335</b>	-
3	1050	From the same government level	-	16 704	16 704	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	1 631	1 631	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	45 811	45 811	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	45 811	45 811	-
<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>	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
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)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<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>16 704</b>	<b>16 704</b>	-
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	<b>1 579</b>	<b>1 579</b>	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	-	<b>15 124</b>	<b>15 124</b>	-
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	6 419	6 419	-
39	2313	Roads, networks, water facilities	-	8 227	8 227	-
40	2314	Technical installment, machinery, equipment, working tools	-	336	336	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	143	143	-
<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 lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-

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>
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>80 849</b>	<b>80 849</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>51 033</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>259 127</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>249 241</b>	-	-	-
4	Actual budget funds (Budget with changes)	227 697	-	-	-
5	Capital budget funds (Budget with changes)	21 544	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>9 886</b>	-	-	-
7	Tax revenues in "Cash"	2 345	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	7 255	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	117	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	168	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	<b>-</b>	<b>165 914</b>	<b>-</b>	<b>-</b>
15	1. Payment from the budget for actual expenses	-	140 813	-	-
16	2. Payments from the budget for capital expenses	-	12 519	-	-
17	3. Payments from revenues for actual expenses	-	907	-	-
18	4. Payments from revenues from capital expenses	-	3 669	-	-
19	5. Payments from storage	-	8 006	-	-
20	6. Other payments	-	0	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	<b>-</b>	<b>68 927</b>	<b>-</b>	<b>-</b>
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	68 927	-	-
24	3. Internal movements and transfers	-	-	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>310 160</b>	<b>234 841</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>75 319</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.*

**In ALL '000.**

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>21 153</b>	<b>1 579</b>	<b>281</b>	-	-	<b>1 861</b>	-	-	-	-	<b>23 013</b>
2	201	-	-	-	-	-	-	-	-	-	-	-
3	202	21 153	1 579	281	-	-	<b>1 861</b>	-	-	-	-	<b>23 013</b>
4	203	-	-	-	-	-	-	-	-	-	-	-
4/1	230	-	-	-	-	-	-	-	-	-	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>1 562 146</b>	<b>15 124</b>	<b>45 811</b>	<b>1 350</b>	-	<b>62 285</b>	-	-	<b>3 930</b>	<b>3 930</b>	<b>1 620 501</b>
6	210	1 000	-	-	-	-	-	-	-	-	-	<b>1 000</b>
7	211	-	-	-	-	-	-	-	-	-	-	-
8	212	479 990	6 419	-	-	-	<b>6 419</b>	-	-	-	-	<b>486 409</b>
9	213	1 021 235	8 227	45 470	-	-	<b>53 697</b>	-	-	2 240	<b>2 240</b>	<b>1 072 692</b>
10	214	7 465	336	-	-	-	<b>336</b>	-	-	1 350	<b>1 350</b>	<b>6 451</b>
11	215	10 275	-	-	-	-	-	-	-	-	-	<b>10 275</b>
12	216	-	-	-	-	-	-	-	-	-	-	-
13	217	-	-	-	-	-	-	-	-	-	-	-
14	218	42 181	143	341	1 350	-	<b>1 833</b>	-	-	341	<b>341</b>	<b>43 674</b>
17	24	-	-	-	-	-	-	-	-	-	-	-
18	28	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>TOTAL (I+II)</b>	<b>1 583 299</b>	<b>16 704</b>	<b>46 092</b>	<b>1 350</b>	-	<b>64 145</b>	-	-	<b>3 930</b>	<b>3 930</b>	<b>1 643 514</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	218	8 254	-	8 254	-	-	-	-	8 473
2	219	II. TANGIBLE	234 066	11 792	-	11 792	-	-	-	-	245 857
		<b>TOTAL (I + II)</b>	<b>234 284</b>	<b>20 046</b>	<b>-</b>	<b>20 046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254 330</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 <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>1 357 964,54</b>	<b>24 265</b>	<b>31 750</b>	<b>1 365 449</b>	<b>1 357 965</b>	<b>24 265</b>	<b>31 750</b>	<b>1 365 449</b>		
2	1010	Status of base fund	1 357 965	-	-	1 357 965	1 357 965	-	-	1 357 965		
3	1011	Additions base fund	-	-	13 228	13 228	-	-	31 750	31 750		
4	1012	Decrease base fund	-	289	18 522	18 233	-	289	-	(289)		
5	1013	Decrease from tangible assets consume	-	20 046	-	(20 046)	-	20 046	-	(20 046)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	341	-	(341)	-	-	-	-		
8	1016	Decrease from transferring tangible assets	-	3 590	-	(3 590)	-	3 930	-	(3 930)		
<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>43 928</b>	<b>43 928</b>	<b>64 853</b>	<b>64 853</b>	<b>43 928</b>	<b>43 928</b>	<b>64 853</b>	<b>64 853</b>		
11	105	Capital internal grants	10 981	10 981	281	281	10 981	10 981	281	281		
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	-	-	-	-	-	-	-	-		



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	
<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>
18	85	Result	32 947	32 947	64 572	64 572	32 947	32 947	64 572	64 572
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	1 716	1 716	45 811	45 811	1 716	1 716	45 811	45 811
20	106	Capital foreigner grants	1 716	1 716	45 811	45 811	1 716	1 716	45 811	45 811
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>1 403 609</b>	<b>69 909</b>	<b>142 414</b>	<b>1 476 113</b>	<b>1 403 609</b>	<b>69 909</b>	<b>142 414</b>	<b>1 476 113</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>122</b>	<b>1</b>	<b>1</b>	<b>122</b>	<b>26 740</b>	<b>17</b>	<b>-</b>	<b>7 326</b>	<b>-</b>	<b>735</b>
<i>1</i>	<b>Directors High level education</b>	13	-	-	13	3 586	17	-	931	-	297
<i>2</i>	<b>specialist</b>	23	1	1	23	6 363	-	-	1 892	-	419
<i>3</i>	<b>Technical</b>	28	-	-	28	6 621	-	-	1 668	-	19
<i>4</i>	<b>Ordinary officers</b>	7	-	-	7	2 287	-	-	638	-	-
<i>5</i>	<b>Employees Temporary</b>	43	-	-	43	7 280	-	-	2 029	-	-
<i>6</i>	<b>employees</b>	8	-	-	8	603	-	-	168	-	-

**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>1 590 266</b>	<b>1 590 266</b>	<b>1 515 498</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>201 081</b>	<b>201 081</b>	<b>166 483</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	75 319	75 319	51 033
13	Class 4	2. Receivables	103 405	103 405	93 803
29	Class 3	3. Current Inventory accounts	22 357	22 357	21 647
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>1 389 185</b>	<b>1 389 185</b>	<b>1 349 015</b>
40	23	1. Investments	-	-	-
44	25,26	2. Finance assets	-	-	-
47	21,24,28	3. Tangible assets	1 374 644	1 374 644	1 328 081
60	20	4. Intangible assets	14 541	14 541	20 935
<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>114 152</b>	<b>114 152</b>	<b>111 889</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>114 152</b>	<b>114 152</b>	<b>111 889</b>
71	Class	1. Accounts payable	114 152	114 152	111 889
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>1 476 113</b>	<b>1 476 113</b>	<b>1 403 609</b>
97		<b>Presented: Consolidated budget</b>	1 411 542	1 411 542	1 370 662
98		<b>Carried forward results</b>	64 572	64 572	32 947

**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>275 506</b>	<b>275 506</b>	<b>346 552</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>8 944</b>	<b>8 944</b>	<b>10 651</b>
3	70	1. Tax revenues upon	2 202	2 202	4 376
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	6 742	6 742	6 275
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>266 273</b>	<b>266 273</b>	<b>332 451</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	-	-	-
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	-	-	-
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>289</b>	<b>289</b>	<b>3 450</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>210 934</b>	<b>210 934</b>	<b>313 605</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>141 719</b>	<b>141 719</b>	<b>294 889</b>
35	600 601	1. Salaries and employees contribution	31 118	31 118	49 859
38	602	2. Goods and Services	9 526	9 526	38 473
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	1 951	1 951	1 091
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	99 123	99 123	205 466
<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>69 215</b>	<b>69 215</b>	<b>18 715</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>64 572</b>	<b>64 572</b>	<b>32 947</b>
59		From this: Functioning results	64 572	64 572	32 947
60		Functioning observed grants	-	-	-