

STAR Project

Municipality Kurbin
Consolidated Due Diligence report

Glossary

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

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

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Operational due diligence

Summary of observations and recommendations

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

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

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

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

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

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

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

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

The structure and organization

Organizational Model

Analysis of the organization and structure for the Municipality and three existing LGUs of Laç, Mamurras, Milot and Fushë-Kuqe 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	QB Laç	NJA Mamurras	NJA Milot	NJA Fushe-Kuqe
LGU Council	√	√	√	√
Mayor	√	√	√	√
Deputy Mayor	√	√		
Secretary of the LGU Council	√	√	√	√

Roles

Performed roles are shown in table 1, below:

Their respective responsibilities include:

- **LGU Council:** The adoption of the Statute of the LGU and internal rules of operation of the local council; approval of the organizational structure and administration of the LGU budget and its institutions, the number of their personnel, the criteria for qualifications, salaries and criteria for their reward.
- **Mayor:** The mayor is responsible for carrying out all functions of the Municipality, except those powers that are attributed to the Council. The Mayor shall exercise all the rights and ensures the fulfillment of all obligations of local government based on his status as a legal entity.

- **Deputy Mayor:** Assist the Mayor in the supervision of the operation of LGU.
- **Secretary of the LGU Council:** Storage of the official documents of the council; sending notifications for the Council meetings; Publication of notices and decisions taken by the Council; Preparation of public hearings with LGU's Council.

After the merger, 4 units are transformed in 3 Municipality with 9 administrative units, as presented in the table 2 below.

Table 2: Roles in the Municipality

Role				
New Municipality	Kurbin			
Municipality Council	✓			
Mayor	✓			
Deputy Mayor	✓			
Secretary of Municipality Council	✓			
Administrative Unit	Mamurras	Milot	Fushe - Kuqe	Mamurras
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 202.

- 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 51.

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

Public Services	Laç	Mamurras	Milot	Fushë-Kuqe	Merged
Infrastructure and public services					
Water Supply Company	Contracted (sh.a)	Contracted (sh.a)	3	Contracted (sh.a)	3
Functioning of the sewerage system	40	10	6	Contracted (sh.a)	56
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	n/a	n/a	n/a	n/a	n/a
Construction of roads, pavements and public squares	Licensed	Licensed	Licensed	Licensed	
Rehabilitation and maintenance of local roads, sidewalks and public squares	Licensed	4	4	5	13
Public lighting	3	2	1	n/a	6
The operation of urban public transport	n/a	n/a	n/a	n/a	n/a
Cemeteries administration and guarantee of funeral services	Contracted	Contracted	n/a	n/a	
Decorations Service in town / village	5	Contracted	2	n/a	7
Administration of parks, gardens and public spaces	Contracted	Contracted (1)	5	n/a	6
Collection, disposal and recovery of waste	Licensed	Licensed	Licensed	Licensed	
Urban planning	7	5	1	n/a	13
Land management	2	2	1	0.5	5.5
Shelter	1	n/a	n/a	n/a	1
Social, cultural and sports Services					
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	11	n/a	1	n/a	12
Organization of sporting, recreational and entertainment activities and management of relevant institutions	11	2	2	n/a	15
Social services of kindergartens	10	n/a	n/a	n/a	10
Social services - orphanages, shelters	n/a	n/a	n/a	n/a	n/a
Local economic development					
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a

Public Services	Laç	Mamurras	Milot	Fushë-Kuqe	Merged
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	n/a	n/a	n/a	n/a
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	4	3	n/a	7
Veterinary services	1	n/a	1	n/a	2
Conservation and development of forests and natural resources of local character	1	1	2	0.5	4.5
The order and civil protection					
Preservation of public order to prevent administrative violations	3.5	3	2	1	9.5
Civil protection	3.5	n/a	n/a	n/a	3.5
Educational institutions					
Maintenance of facilities in preliminary education	1	1	1	1	4
Medicine					
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a
Social care					
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	4	3	1	1	9
Social Care on domestic violence	0.5	1	0.5	n/a	2
Social care for the protection of children's Rights	0.5	1	0.5	n/a	2
Environmental Protection					
Environmental Protection	2	n/a	n/a	n/a	2
Register Office					
Register Office	3	2	1	1	7
Business Registration					
National Registration Center	2	n/a	n/a	n/a	2
Total	112	42	38	10	202

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

Horizontal Functions	Mamurras	Milot	Fushe - Kuqe	Merged
Finance	6	3	2	16
Local taxes and Tariffs	3	3	2	15
Legal Issues	0.5	1.33	1	3.49
Procurement	0.5	n/a	n/a	1.16
Institutional Relations	n/a	n/a	n/a	n/a
Human Resources	n/a	0.33	n/a	1.33
Protocol	0.33	0.33	0.5	1.66
Archiving	0.33	0.5	0.5	1.83
Information Technology	n/a	n/a	n/a	n/a
Supporting services	3.33	0.5	1	9.83
Internal Audit	n/a	n/a	n/a	0.66
Total	13.99	8.99	7	50.96

Orientation

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

Service Providing

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

Table 5: Public Services –Application of development principles

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

Table 5: Public Services –Application of development principles

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

Table 6: Horizontal Functions – Application of development principles

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

Organizational Structure

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

- A matrix organizational structure that combines elements of the division by sector, geography and functional orientation;
 - Administrative structures of public services by Administrative Units have a primary reporting line to the relevant administrative structures of the Municipality;
 - At the same time they should also have a second line of reporting to administrators;
 - Due to the complexity and larger scale there can be two / three deputy mayors of the following divisions of responsibilities:
 - Infrastructure and Public Services;
 - Social Functions, cultural and sportive, local economic development, and maintaining order;
 - Finance, Local Taxes and other horizontal functions;
 - Internal audit function reports directly to the Mayor;
 - A possible illustration of the future organizational structure, is presented in Annex 2;
- In forming its organizational structure, the municipality may consider the following factors:
- Consistent with the strategic direction: to support the priorities of the vision and strategy of the Municipality;
- Form follows function: the organizational structure should ensure the provision of quality public services;
 - Responsibility: there must be responsibility and clear and well-defined decision-making authorities;
 - Extent of control – scope of control should be as wide as possible, without sacrificing efficiency. However, there is a limit to the number of positions that a person can effectively be responsible. The scope of control should ensure proper monitoring of performance and access to the staff opinion (a person generally must manage no more than 10 employees);
 - Specialization: activities for which a single individual is responsible should be similar. Similar functions should be grouped appropriately around key competencies and reporting lines;
 - Surveillance layers: the number of authority levels should be kept at the minimum (from top to bottom);
 - Decision-making: organizational formation should facilitate timely and effective decision-making in support of daily work;
 - Communication: Communication is effective and efficient in the reporting lines and outsourcing services;
 - Coordination approach - Applicable especially for new administrators who will be responsible for running the regional units within the various departments of public and horizontal services. Clear rules and procedures must be developed to distinguish between sectoral responsibilities (functional) and administrative and reporting lines;

- Divisions - organizational formation of the Municipality should reflect the special status and interdependent regional administrative units (separate actions in separate locations);

- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;
- A non-exhaustive list of positions, whose ways of reporting is likely to change is shown below:

Financial due diligence

Summary of observations and recommendations

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

Investments	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
Liabilities	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 96,100 thousand ALL. Overdue municipal obligations are reported at a value 66,145 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

<p>Receivables</p>	
<p>During 2015, tax and non-tax revenues were 11% of total revenues, due to the low rate of revenue collection</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p>Lack of unified accounting policies and practices</p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and ex- Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p> <p>We recommend the government should include in the current legislation more rules for the application of uniform accounting policies and for maintaining an effective general ledger. Accounting records kept manually or electronically must follow a process of archiving in accordance with archiving policies. Using a uniform software solution for</p>

Lack of unified accounting policies and practices - continued

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

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

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

Consolidated financial statements

Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Kurbin, 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 Laç, LGU Mamurras, LGU Milot, and LGU Fushëkuqe.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators

Key performance indicators	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 july 2015</i>
Income from grants	380,438
Tax and non-tax revenue	45,196
Total Expenses	385,488
Total Assets	2,398,393
Liabilities	96,100

Table 1. Summary of consolidated statement of financial position.

Amounts in thousand ALL

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
A	Assets	2,398,393	2,387,666
I	Current Assets	260,333	260,333
	1. Petty - Cash, Banks, and Funds	57,718	57,718
Class 5	Availability		
Class 4	2. Receivables	115,871	115,871
Class 3	3. Current Inventory accounts	86,745	86,745
II	Non-current Assets	2,138,059	2,127,332
23	1. Investments	37,769	37,769
25,26	2. Finance assets	10,727	-
21,24,28	3. Tangible assets	2,051,100	2,051,100
20	4. Intangible assets	38,463	38,463
III	Other assets	-	-
B	Liabilities	96,100	96,100
I	Current liabilities	96,100	96,100
Class 4	1. Accounts payable	96,100	96,100
16	2. Non-current liabilities	-	-
II	Non liquid liabilities	-	-
17	1. Foreign loans	-	-
III	Other liabilities	-	-
	Net assets (A - B)	2,302,293	2,291,566
	Presented: Consolidated budget	2,262,043	2,251,316
	Carried forward results	40,250	40,250

Overview of the consolidated statement of the financial position

- On July 31, 2015 total assets and liabilities of the new municipality were 2,398,393 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 11% of total assets are increased by 20% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 37% of cash, which affects more in the total increase of current assets meanwhile the receivable's accounts suffered a decrease of 20% and the account of the state of inventories have slightly increased by 3%.

Accounts Receivable

- Structure of total debtors of municipality Kurbin consists of 43.81% of debtors of LGU Laç, 7.4% of debtors of LGU Mamurras, 31.12% of LGU Faqekuqe and 17.67% of debtors of LGU Milot.

Non-current accounts

- Non-current assets which occupy the largest share of assets of the municipality Kurbin 89%, have increased by 2% 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

- 30.27% of PPEs of Municipality Kurbin are composed by the PPEs of LGU Laç, 40.01% PPEs by LGU Mamurras, 14.88% by LGU Fushekuqe, 14.84% by LGU Milot.

Accounts Payable

Accounts payable have decreased by 23% during the period ended July 31, 2015 compared with the previous year 2014.

- 43.81% of the total accounts payable are composed of accounts payable of LGU Laç, 7.4% by LGU Mamurras, 31.12% by LGU Fushe-Kuqe and 17.67% by LGU Milot.

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

Table 2: Summary of Consolidated Statement of Financial Performance

Amounts in thousand ALL

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
2	TOTAL REVENUES	425,738	425,738
	I. REVENUES AND CONTRIBUTES	45,196	45,196
A		33,681	33,681
70,750,71	1. Tax revenues upon		
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	11,515	11,515
71	II. GENERAL ACTUAL GRANTS	380,438	380,438
72	III. FINANCIAL REVENUES	-	-
	IV. WORKS FOR INVESTMENTS	-	-
78	V. OTHER REVENUES	103	103
77, 83			
	TOTAL EXPENSES	385,488	385,488
B	I. ACTUAL EXPENSES	382,524	382,524
	1. Salaries and employees contribution	64,048	64,048
600 601	2. Goods and Services	52,174	52,174
602	3. Subsidies	-	-
603	4. Internal actual transfers	19,549	19,549
604	5. External actual transfers	-	-
605	6. Budget transfers for families and individuals	246,753	246,753
	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-
606			
68	III. FINANCIAL EXPENSES	-	-
66	IV. OTHER EXPENSES	2,963	2,963
67	DETERMINED NET INCOME	40,250	40,250
C	From this: Functioning results	40,250	40,250
	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 425,738 thousand lek. 11% of the total municipality income is composed of tax and non-tax revenues, 73% of income are from grants and 89% from other income.

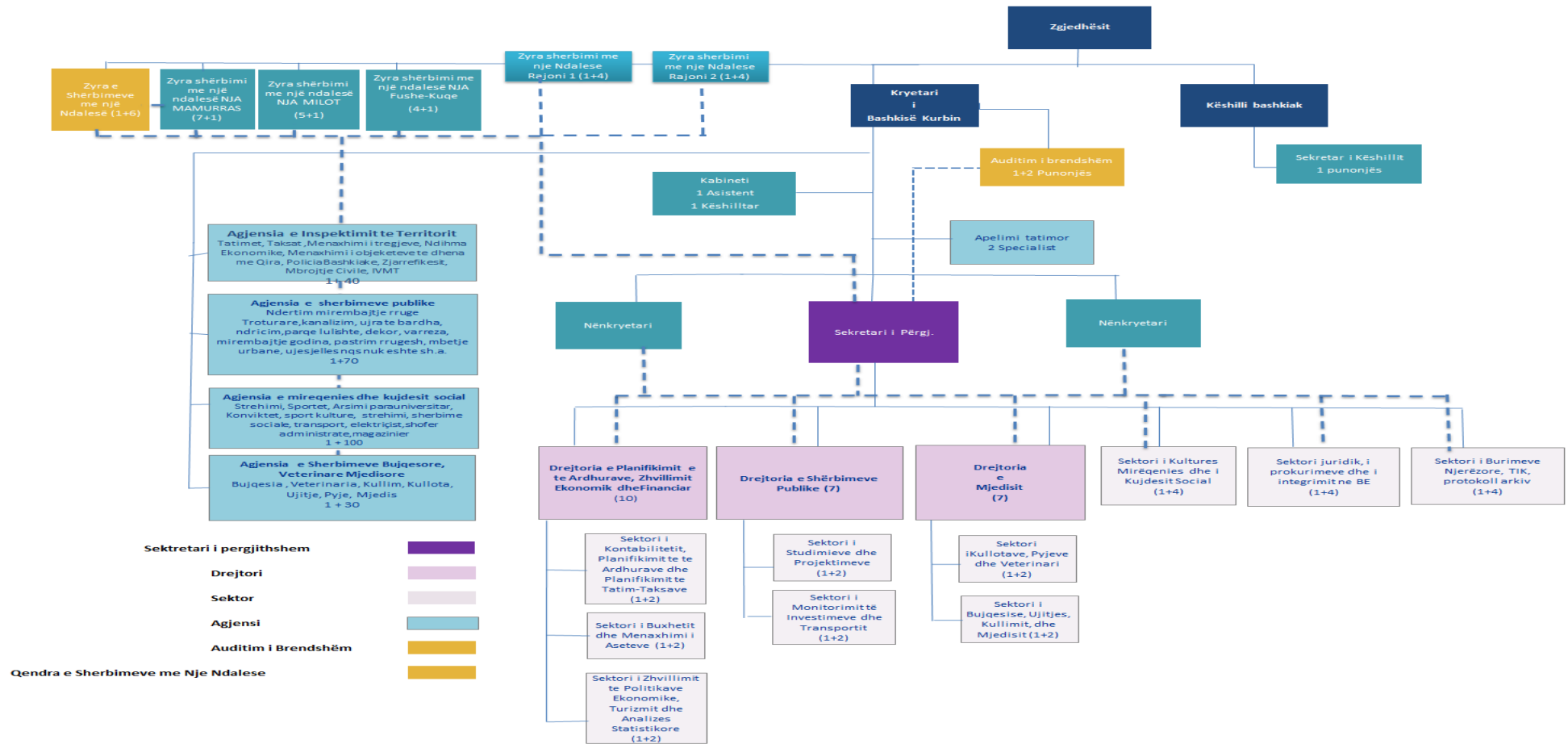
Structure of total revenues is comprised of 48.34% of the revenue generated from LGU Laç, 27.54% PPE by LGU Mamurras, 15.68% by LGU Milot and 8.44% by LGU Faqe-kuqe.

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 385,488 thousand Lek. 99% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 55.89% of the expenditures of LGU Laç, 25.82% PPE by LGU Pojan, 7.52% by LGU Faqe-kuqe, 15.77% by LGU Milot.

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

Appendix 1 –Possible organization structure



Appendix 2 – Personnel matters

Objectives of the analysis

The analysis of the personnel matters has the following objectives:

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

Summarized description of the information received

- According to the information received, until the date of constitution of the municipality, the total number of personnel, excluding Mayors and employees of the Register Office, is 1057 employees. More detailed: 105 persons working under employment contracts of one year, 849 persons working under labor contracts expired, (N/A) maternity leave. The latest under the Labor Code are considered a protected class.
- Personnel register is presented in Annex 2 – Personnel register.

Observations and recommendations

Personnel matters

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

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

Appendix 3 –Information Technology

Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

Summarized description of received information

- LGU Lac, in its structure there is an Information Specialist of Technology.
- LGU and 3 LGU - have implemented Microsoft Office package without licensing contract. While LGU is also implemented Designer and AutoCAD, these programs which are licensed and accessible from the office of Urban.
- USB memory allowed to be used as one of the most commonly used means of communication between offices four LGUs, the most common way of extracting information out of LGU's premises.
- Equipment maintained by contracted local operators who provide hardware maintenance States and necessary adjustments in case of defects.
- LGU Lac has a virtual server and an electronic mail that is not maintained in optimum condition has not even full any information about this.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

Table 9: IT environment

Objective	LGU Kurbin	LGU Cakran	LGU Frrakull	LGU Levan
Installed Software	1. Microsoft Office 2. Qgis Designer 2.10.1 3. Autocad 13 4. Antivirus	1. Microsoft Office 2. Antivirus	1. Microsoft Office 2. Antivirus	1. Microsoft Office
Contracts of licenses	1. Autocad	no license	no license	no license
Hardware (in usage)				
Computer (desktop)	28	11	9	8
Printers	16 + 4 Multifunctional devices	8 + 2 Multifunctional devices	5+1 Multifunctional devices	7 + 1 Multifunctional devices
Servers	0	0	0	0
IT staff in total	0	0	0	0
Hardware and Software maintenance	the service is ofered contracted	the service is ofered contracted	the service is ofered contracted	the service is ofered contracted

Observations and Recommendations

IT environment

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

Appendix 4 – Communication

Objectives of the analysis

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

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

Summarized description of the information received

- LGU receives telephone and internet service by a national service provider Albanian Albtelecom the internet service is only in LGU Lac which is provided by nation operator Albtelecom and LGU Milot and is offered by a local operator.
- Concerning internal communication, circulation of memos minute used means of communication as verbal and written regulations, orders of the mayor etc.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Observations and recommendations

Table 10: Communication System

Objectives	Laç	Mamurras	Milot	Fushë – Kuqe
Telephony service	Telephone	n/a	n/a	n/a
Telephony/service providers	National provider	n/a	n/a	n/a
Internet service	National provider	n/a	National provider	n/a
Assess coverage of the telephony service	Albtelekom	n/a	Local coverage	n/a
Internal communication lines	Verbal/ physical documents	Verbal / physical documents	Verbal/ physical documents	Verbal/ 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 the year (year under review);

Summarized description of the information received

- Archive function in Lac LGU performed by a specialist protocol / archive; Mamurras in LGU - in function protocol / archive done by the Secretariat of the President; in Milot LGU archive function performed by the LGU's storekeeper; Red Polje performed in the archive function performed by the Secretariat of the mayor.
- At LGU processing, storage and archival documents service is currently carried out in a certain room.
- From the information obtained during the field work, the majority of the technical requirements are met only in LGU-Lac. Problematic in meeting technical conditions appear LGU shall Mamurras, although it should be noted that the environment where the archive is located Mamurras is very appropriate. It presents technical default conditions and LGU LGU Milot and Fushe - Red.
- Partially processed documents required by Archiving Methodology almost LGU and three LGU - but she is observed violating the terms of their processing.
- Transfer of documents with 10 -year storage period, the Vendor State Archives is not conducted in accordance with legal deadlines by LGU and no LGU.
- Regarding registers, register Correspondence and Delivery book, held by all LGU 's. LGU LGU Milot Lac and also keep the Registry Entry Archives documents. LGU Lac and field - Red LGU hold and Use Registry documents.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

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

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

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

Technical requirements for practices in the premises of archives and record-keeping methodology	Laç	Mamurras	Milot	Fushë-Kuqe
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	No	Yes	No
Mod 3 - Serial Number of Correspondence	Yes	Yes	Yes	Yes
Mod 4. -The Book Delivery	Yes	Yes	Yes	Yes
Mod 4/1. -The Book of shipments of documents from archives in sectors secretariat and vice versa	Yes	Yes	No	No
Mode 5 - Table definitions of files for the year	Yes	Yes	Yes	No
Mod 6 - Elements of cover dossier	Yes	Yes	Yes	No
Mod 7 - Register of files	Yes	Yes	Yes	No
Mod 8 - Internal File register	No	No	Yes	No
Mod 9 - Decision of the Commission of Experts	Yes	Yes	Yes	No
Mod 10 - Compilation of the list of documents that set aside	Yes	Yes	Yes	No
Mod 11 - The period laid down for storage (protection)	No	Yes	Yes	No
Mod 12 - Destruction of documents containing any further value	Yes	No	No	No

Observations and Recommendations

Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.. 	<ul style="list-style-type: none"> The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives..
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours. 	<ul style="list-style-type: none"> The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives..

Appendix 6 – Assets Management System

Objectives of the analysis

Analysis of asset management has the following main objectives:

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

Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- From 10 LGUs, only 3 of them keep Accounting Record of assets Kurbini, Frakull, Libofshë, Mbrostar, Dërmënas, Portëz,.
- Also the register for leased properties is not held in any LGUs while the register for rented properties is hold by LGU Lac and LGU Milot.
- 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 in LGUs Lac, Mamurras and Milot.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

Table 12: List of consolidated control applications for Assets Management

ASSET MANAGEMENT	Laç	Mamurras	Milot	Fushë - Kuqe
Adopted rules and procedures on asset management	No	No	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor
Executing Officer	Finance Directory	Finance Directory	Finance Directory	Finance Directory
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No
Asset Accounting Register	Yes	Yes	Yes	Yes
Leased Properties Register	Yes	No	Yes	No
Owned Companies Register	No	No	No	No
Annual Assets Inventory	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	No
Assets Disposal Committee	Yes	Yes	Yes	No
Committee of disposal of assets	Yes	Yes	Yes	No

Observations and Recommendations

Asset Management

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

Appendix 7 – Investment Projects

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

Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Laç	Reconstruction of Kindergarten. 1 Municipality Lac (2 floors)	Currently the project is being implemented	40,440,165	50,758,793
LGU Laç	Improvement - Paving the way Sanxhak - Highways	Currently the project is being implemented	93,877,482	99,781,263
LGU Laç	Interior lighting of squares and neighborhoods of the city, the second phase	Currently the project is being implemented	1,467,600	1,872,973
LGU Mamurras	Rehabilitation of roads and parks between buildings Zef Hoti, the first phase; Entrepreneurs: Bami sh.p.k	In process	10,059,876.00	20,062,155

Appendix 8 – Legal Issues

Public Service Arrangements

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

Legal Proceedings

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

Third party contracts

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

Appendix 9 – Consolidated Financial Statements Template

Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	12	Brought forward results		-	-	-	
2	A	Non-Current Assets		2,138,059	2,127,332	2,091,251	
3		I. Intangible Assets		38,463	38,463	38,379	
4	201	Amounts to be remitted and loan reimbursements		-	-	-	
5	202	Studies and research	F6, Sh1	38,887	38,887	38,493	
6	203	Concessions, license, other similar licenses		-	-	-	
7	209	Amortization of current intangible assets (-)	F7, Sh1	(424)	(424)	(114)	
8	230	Expenses for increase of current intangible assets		-	-	-	
9		II. Tangible Assets		2,088,869	2,088,869	2,052,872	
10	210	Land		8,652	8,652	8,652	
11	211	Forests, Pasture, Plantation	F6, Sh1	9,115	9,115	9,115	
12	212	Building and Constructions	F6, Sh1	1,339,606	1,339,606	1,313,233	
13	213	Roads, networks, water facilities	F6, Sh1	1,025,966	1,025,966	968,879	
14	214	Technical installment, machinery, equipment, working tools	F6, Sh1	34,355	34,355	34,355	
15	215	Transport vehicles	F6, Sh1	18,792	18,792	16,824	
16	216	Government reserve		-	-	-	
17	217	Working and production animals		-	-	-	
18	218	Economic Inventory	F6, Sh1	75,249	75,249	74,247	
19	219	Depreciation of tangible assets	F7, Sh1	(460,636)	(460,636)	(444,730)	
20	231	Expenses in process for increase of current tangible assets	F4	37,769	37,769	72,297	
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	III. Financial Assets		10,727	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		10,727	-	-
27	B	CURRENT ASSETS		260,333	260,333	326,697
28	Class 3	I. Inventory Status		86,745	86,745	89,226
29	31	Materials	Sh2	111	111	2,696
30	32	Inventory Objects	Sh2	86,634	86,634	86,531
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
38	Class 4	II. Request for receivables		115,871	115,871	145,643
39	409	Suppliers, prepayments or partial payment		-	-	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	28,272	28,272	28,406
42	431	Rights and taxes to deposit to government		-	-	-
		Taxes collected from central government for the Local				
43	432	Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		80,593	80,593	110,437
46	435	Social Insurance		-	-	-
47	436	Health Insurance		-	-	-
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	Sh4	7,005	7,005	6,801
53	49	Forecasted amounts for depreciation (-)		-	-	-
54	51	III. Financial accounts		57,718	57,718	91,827

In ALL '000

No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	50	Securities		-	-	-
56	511	Amounts to receive		-	-	-
57	512	Bank		5	5	14
58	520	Treasury funds	Sh5	55,752	55,752	89,772
59	531	Petty-cash		0	0	-
60	532	Other amounts		1,961	1,961	2,042
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
64	C	Other Assets		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	85	EXERCISE RESULTS (saldo debitore)		-	-	-
69	X	ASSETS TOTAL		2,398,393	2,387,666	2,417,948
70	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
71	80,81	Active evidences		-	-	-

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

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

(Amount in ALL '000, unless otherwise stated)

					In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	A	OWN FUNDS		2,262,043	2,251,316	2,214,490	
2	10	I. Own funds		2,228,384	2,217,657	2,168,641	
3	101	Base funds	F8	2,224,274	2,213,547	2,142,193	
4	105	Capital internal grants		4,110	4,110	26,449	
5	106	Capital foreigner grants		-	-	-	
6	107	Current assets in use		-	-	-	
7	109	Reserves from revaluation of current assets		-	-	-	
8	11	II. Other own funds		33,659	33,659	45,849	
9	111	Reserve funds		-	-	-	
10	115	Assignments from the year results for investments		33,659	33,659	45,849	
11	116	Revenues from selling of current assets		-	-	-	
12	12	III. Carried result		-	-	-	
13	13	IV. Exceptional subsidiaries (-)		-	-	-	
14	14	V. Participation of the institution in investing for third parties		-	-	-	
15	15	VI. Forecasted amounts for disasters and expenses		-	-	-	
16	B	LIABILITIES		96,100	96,100	125,440	
17		I. Long-term debts		-	-	-	
18	16	Internal borrowing and similar		-	-	-	
19	17	Borrowing out of the country		-	-	-	
20	Class 4	II. Short term liabilities		96,100	96,100	125,440	
21	419	Clients (Creditors), partial prepayment		-	-	-	
22	401-408	Suppliers and related accounts	Sh6	19,673	19,673	48,894	
23	42	Employees and related accounts		10,697	10,697	6,509	
24	431	Liabilities to government for taxes		375	375	209	
25	432	Taxes collected from government for the local government		-	-	-	

In ALL '000

No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
26	433	Government natural disaster		-	-	-
27	4341	Other operations with government (creditors)		-	-	-
28	435	Social Insurance		1,960	1,960	1,414
29	436	Health Insurance		1,414	1,414	647
30	437	Other social organizations		3	3	49
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	15,506	15,506	14,922
36	467	Other creditors		46,471	46,471	52,797
37	C	OTHER ACCOUNTS		-	-	-
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		-	-	-
42	85	Result (credit amount)		40,250	40,250	78,018
43	X	TOTAL LIABILITY		2,398,393	2,387,666	2,417,948
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

Template 3-1: Statement of expenses

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
1	Class 6	A. Expenses for exploitation/usage		385,213	385,213	709,956	
2	60	I. Current expenses		382,524	382,524	709,888	
3	600	Salaries, bonuses		54,400	54,400	85,496	
4	6001	Salaries		54,400	54,400	85,496	
5	6002	Temporary salaries		-	-	-	
6	6003	Bonuses		-	-	-	
7	6009	Other personal expenses		-	-	-	
8	601	Health and social insurance contributions		9,648	9,648	14,392	
9	6010	Insurance contributions		9,194	9,194	13,555	
10	6011	Health insurance		454	454	838	
11	602	Other goods and services		52,174	52,174	105,245	
12	6020	Stationary		2,462	2,462	7,070	
13	6021	Special services		1,588	1,588	1,914	
14	6022	Services from third party		29,054	29,054	52,942	
15	6023	Transport expenses		2,889	2,889	11,924	
16	6024	Travel expense		250	250	1,097	
17	6025	Ordinary maintenance expenses		3,301	3,301	8,411	
18	6026	Rent expenses		459	459	769	
19	6027	Expenses for legal liability for compensation		1,458	1,458	3,187	
20	6028	Borrowing costs related to loans		-	-	2,178	
21	6029	Other operating expenses		10,712	10,712	15,754	
22	603	Subsidies		-	-	-	

In ALL '000

No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
28	604	Current internal transfers		19,549	19,549	10,423
29	6040	Current transfers to other government levels		4,838	4,838	31
30	6041	Current transfers to various government institutions		-	-	60
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		14,711	14,711	10,332
33	605	Current transfers with outsiders		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
38	606	Transfers family budges and other individuals		246,753	246,753	494,332
39	6060	Transfers paid from ISS and HII		157	157	95
40	6061	Transfers paid from other institutions and Local government		246,596	246,596	494,237
41	63	II. Change in inventory balances	F1	2,689	2,689	68
42	68	III. Depreciation rates and expected balances		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
47	65, 66	B. Finance expenses		-	-	-
48	65	I. Internal finance expenses		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
53	66	II. External finance expenses		-	-	-

In ALL '000						
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-
56	662	Interest on other foreign loans		-	-	-
57	67	C. Extraordinary Expenses		-	-	-
58	677	Losses from allowed errors from previous years		-	-	-
59	678	Other Extraordinary expenses		-	-	-
60	Class 6	TOTAL EXPENSES		385,213	385,213	709,956
61		D. RESULT CORRECTIONS ACTIVITES		275	275	7,093
62	828	Names of cancelled revenues		-	-	-
63	831	Determination of revenues for investments		2,860	2,860	2,860
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		(2,585)	(2,585)	4,233
68	8424	Transfers for identified debtors and similar items		-	-	-
69	Class 6 & 8	TOTAL FROM OPERATIONS		385,488	385,488	717,048
70	85	RESULTS FROM FUNCTIONING		40,250	40,250	78,018
71	X	TOTAL		425,738	425,738	795,066

Template 3-2: Statement of revenues

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

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
1	Class 7	A. REVENUES	425,635	425,635	790,765
2	70	I. TAX INCOMES	33,681	33,681	45,973
3	700	a) On revenues, profit, and equity revenue	8,017	8,017	18,142
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	785
6	7002	Small business tax	5,605	5,605	10,608
7	7009	Other tax	2,412	2,412	6,749
8	702	b) Property tax	11,080	11,080	14,497
9	7020	On immovable property	5,421	5,421	5,939
10	7021	Sales of immovable property	5,002	5,002	8,559
11	7029	Other on property	657	657	-
12	703	c) Tax upon goods and services in the country	14,585	14,585	13,333
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	1,210	1,210	-
16	7033	Tax upon goods usage and activity permission	1,977	1,977	64
17	7035	Local tax on goods usage and activity permission	11,398	11,398	13,269
18	704	d) Tax upon commercial and international transactions	-	-	-
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
23	705	e) Road tax	-	-	-
24	708	f) Other national tax	-	-	-
25	709	g) Penalty interest	-	-	-

			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
26	75	II. SOCIAL AND HEALTH INSURANCE	-	-	-
27	750	From employee's	-	-	-
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
34	71	III. NON TAX REVENUES	11,515	11,515	7,687
35	710	a) From enterprise and ownership	6,095	6,095	1,708
36	7100	From public non financial enterprise	-	-	260
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	6,095	6,095	1,448
			-	-	-
39	711	b) Administrative service and secondary revenues	4,903	4,903	5,964
40	7110	Administrative tariffs and regulations	985	985	595
41	7111	Secondary revenues and payments of services	699	699	1,579
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	3,194	3,194	3,777
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	25	25	12
47	719	c) Othe non tax revenues	517	517	16
48	72	IV. ACTUAL GRANTS (a+b)	380,438	380,438	737,105
49	720	a) Internal actual grant	380,438	380,438	737,105
50	7200	From same Government level	313,241	313,241	660,747
51	7201	From other Government levels	-	-	8,699
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	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	67,192	67,192	64,588
57	7207	Third party sponsorship	5	5	14
58	7209	Other internal grants	-	-	3,057
59	721	b) External actual grants	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
62	73	V. CHANGES IN PRODCUTS BALANCE	-	-	-
63	78	VI. WORK INVESTMENTS AND RETAKINGS	-	-	-
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	-	-	-
69	787	Withdraw from investments	-	-	-
70	76	B. FINANCIAL INCOMES	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
75	77	C. EXTRAORDINARY REVENUES	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
80	Class 7	TOTAL INCOMES	425,635	425,635	790,765
81	83	D. RESULT CORRECTIONS ACTIVITES	103	103	4,301
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	103	103	4,301
84	Class 7 & 8	TOTAL FROM OPERATIONS	425,738	425,738	795,066
85	85	RESULTS FROM FUNCTIONING	-	-	-
86	X	TOTAL	425,738	425,738	795,066

Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Description	Opening Balance, 1	Transactions during the Year		Closing Balance, 31
			January 2015	Debit	Credit	July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
1	I	SOURCE OF FUNDS	-	22,286	22,286	-
2	105	Internal capital grants	-	10,096	10,096	-
3	1050	From the same government level	-	9,493	9,493	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	603	603	-
7	106	Foreigner Capital grants	-	12,190	12,190	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	12,190	12,190	-
11	14	Capital grants for investments to third parties	-	-	-	-
		Internal grants, participation capital in investments for				
12	145	third parties	-	-	-	-
		Foreigner grants, participation capital in investments for				
13	146	third parties	-	-	-	-
14	11	Other own funds	-	-	-	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	-	-	-
17	116	Revenues from tangible assets sales	-	-	-	-
18	12	Carried result	-	-	-	-
19	16	Internal borrowing and similar	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
26	17	Borrowing from foreigner Governments	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
33	II	EXPENSES FOR INVESTMENTS	72,297	71,146	105,674	37,769
34	230	Expenses for increase of Intangible Assets	-	394	394	-
35	231	Expenses for increase of Tangible Assets	72,297	70,752	105,280	37,769
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	40,785	852	26,373	15,263
39	2313	Roads, networks, water facilities	31,513	67,533	76,540	22,506
40	2314	Technical installment, machinery, equipment, working tools	-	-	-	-
41	2315	Transport vehicles	-	1,968	1,968	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	399	399	-
45	232	Capital transfers	-	-	-	-
46	25	Lending	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening Balance, 1 January 2015	Transactions during the Year		Closing Balance, 31 July 2015
			<i>c</i>	<i>Debit</i> <i>d</i>	<i>Credit</i> <i>e</i>	<i>f</i>
<i>a</i>						
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending principal transaction	-	-	-	-
51	26	Participation with own equity	-	-	-	-
52	265	Outing for own equity in nonprofit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
56		Total (I + II)	72,297	93,431	127,960	37,769

Template 5: Statement of cash flows

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

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
1	I. OPENING BALANCE	89,772	-	14	-
2	II. RECEIVABLES "CASH"	439,253	-	12,836	-
3	1. Funds from budget	357,162	-	-	-
4	Actual budget funds (Budget with changes)	314,609	-	-	-
5	Capital budget funds (Budget with changes)	42,553	-	-	-
6	2. Incomes and revenues during the year in "Cash"	82,091	-	12,836	-
7	Tax revenues in "Cash"	11,618	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	10,204	-	-	-
10	Interact incomes "Cash"	22,875	-	-	-
11	Sponsorships, grants and other revenues "cash"	35,341	-	12,836	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	2,053	-	-	-
14	III. PAYMENTS OF THE YEAR "CASH"	-	431,903	-	12,845
15	1. Payment from the budget for actual expenses	-	274,904	-	-
16	2. Payments from the budget for capital expenses	-	13,455	-	-
17	3. Payments from revenues for actual expenses	-	91,096	-	-
18	4. Payments from revenues from capital expenses	-	50,369	-	-
19	5. Payments from storage	-	2,079	-	-
20	6. Other payments	-	-	-	12,845
21	IV. TRANSFERS	-	41,370	-	-
22	1. Deposit of revenues in the budget	-	-	-	-
23	2. Unused budget (actual and capital)	-	41,370	-	-

24	3. Internal movements and transfers	-	-	-	-
25	V. MOVEMENTS TOTAL (I UP TO IV)	529,025	473,273	12,850	12,845
26	VI. CLOSING BALANCE	55,752	-	5	-

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>
1	I. INTAGIBLE	38,493	394	-	-	-	394	-	-	-	-	38,887
2	201 Amounts to be remitted and loan reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	38,493	394	-	-	-	394	-	-	-	-	38,887
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	-	-	-	-	-	-	-	-	-	-	-
5	II. TANGIBLE	2,425,305	105,280	-	603	-	105,883	-	-	19,453	19,453	2,511,736
6	210 Land	8,652	-	-	-	-	-	-	-	-	-	8,652
7	211 Forests, Pasture, Plantation	9,115	-	-	-	-	-	-	-	-	-	9,115
8	212 Building and Constructions	1,313,233	26,373	-	-	-	26,373	-	-	-	-	1,339,606
9	213 Roads, networks, water facilities	968,879	76,540	-	-	-	76,540	-	-	19,453	19,453	1,025,966
10	214 Technical installment, machinery, equipment, working tools	34,355	-	-	-	-	-	-	-	-	-	34,355
11	215 Transport vehicles	16,824	1,968	-	-	-	1,968	-	-	-	-	18,792
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-

			-	-	-	-	-	-	-	-	-	-	
13	217	Working and production animals	-	-	-	-	-	-	-	-	-	-	
14	218	Economic Inventory	74,247	399	-	603	-	1,002	-	-	-	75,249	
17	24	Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	
18	28	Assignments	-	-	-	-	-	-	-	-	-	-	
19	TOTAL (I + II)		2,463,798	105,674	-	603	-	106,277	-	-	19,453	19,453	2,550,622

Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.		Total
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	114	310	-	310	-	-	-	-	424

2	219	II. TANGIBLE	444,730	15,905	-	15,905	-	-	-	-	460,636
		TOTAL (I + II)	444,844	16,215	-	16,215	-	-	-	-	461,059

Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements	
			Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>
1	101	BASE FUND	2,142,192.83	27,243	109,324	2,224,274	2,142,193	27,243	98,596	2,213,547
2	1010	Status of base fund	2,142,193	-	21,783	2,163,975	2,142,193	-	11,055	2,153,248
3	1011	Additions base fund	-	-	87,541	87,541	-	-	87,541	87,541
4	1012	Decrease base fund	-	20,043	-	(20,043)	-	20,043	-	(20,043)
		Decrease from tangible	-	7,200	-	(7,200)	-	7,200	-	(7,200)
5	1013	assets consume								
		Decrease from selling	-	-	-	-	-	-	-	-
6	1014	tangible assets								
7	1015	Decrease from	-	-	-	-	-	-	-	-
		Decrease from transferring	-	-	-	-	-	-	-	-
8	1016	tangible assets								

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>
		DIFFERENCE IN TANGIBLE ASSETS REVALUATION	-	-	-	-	-	-	-	-
9	109,		150,315	432,338	360,043	78,019	150,315	398,307	326,011	78,019
10	105,107,11,12, 13,145,15,85	INTERNAL FUND								
11	105	Capital internal grants	26,449	83,280	60,941	4,110	26,449	83,280	60,941	4,110
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	45,849	12,190	-	33,659	45,849	12,190	-	33,659
14	12	Carried result	-	-	-	-	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
		Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
16	145	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
17	15	Result	78,018	336,869	299,101	40,250	78,018	302,837	265,070	40,250
18	85									
19	106	EXTERNAL FUND	-	-	-	-	-	-	-	-
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-
		Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-
21	146									
22		CONSOLIDATED FUND (1 up to 4)	2,292,508	459,581	469,366	2,302,293	2,292,508	425,550	424,608	2,291,566

Template 9: Statement of number of employees and personnel expenses

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	Total number of employees (1+2+3+4+5+6)	219	-	2	217	54,400	-	-	9,660	-	1,953
<i>1</i>	Directors	20	-	-	20	9,700	-	-	1,790	-	784
	High level education specialist	62	-	-	62	22,705	-	-	4,126	-	471
<i>2</i>	Technical	29	-	2	27	6,092	-	-	965	-	151
<i>3</i>	Ordinary officers	54	-	-	54	8,704	-	-	1,546	-	345
<i>4</i>	Employees	54	-	-	54	7,199	-	-	1,233	-	201
<i>5</i>	Temporary employees	-	-	-	-	-	-	-	-	-	-
<i>6</i>	employees										

Template 10: Summary Consolidated Statement of financial position

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
1	A	Assets	2,398,393	2,387,666	2,417,948
2	I	Current Assets	260,333	260,333	326,697
		1. Petty- Cash, Banks, and Funds	57,718	57,718	91,827
3	Class 5	Availability			
13	Class 4	2. Receivables	115,871	115,871	145,643
29	Class 3	3. Current Inventory accounts	86,745	86,745	89,226
39	II	Non-current Assets	2,138,059	2,127,332	2,091,251
40	23	1. Investments	37,769	37,769	72,297
44	25,26	2. Finance assets	10,727	-	-
47	21,24,28	3. Tangible assets	2,051,100	2,051,100	1,980,575
60	20	4. Intangible assets	38,463	38,463	38,379
65	III	Other assets	-	-	-
69	B	Liabilities	96,100	96,100	125,440
70	I	Current liabilities	96,100	96,100	125,440
71	Class	1. Accounts payable	96,100	96,100	125,440
88	16	2. Non-current liabilities	-	-	-
89	II	Non liquid liabilities	-	-	-
90	17	1. Foreign loans	-	-	-
91	III	Other liabilities	-	-	-
96		Net assets (A - B)	2,302,293	2,291,566	2,292,508
97		Presented: Consolidated budget	2,262,043	2,251,316	2,214,490
98		Carried forward results	40,250	40,250	78,018

Template 11: Consolidated statement of comprehensive income and operating expenses

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
1	A	TOTAL REVENUES	380,438	425,738	795,066
2	70,750,71	I. REVENUES AND CONTRIBUTES	45,196	45,196	53,660
3	70	1. Tax revenues upon	33,681	33,681	45,973
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	11,515	11,515	7,687
23	72	II. GENERAL ACTUAL GRANTS	380,438	380,438	737,105
26		III. FINANCIAL REVENUES	-	-	-
31	78	IV. WORKS FOR INVESTMENTS	-	-	-
32	77, 83	V. OTHER REVENUES	103	103	4,301
33	B	TOTAL EXPENSES	385,488	385,488	717,048
34		I. ACTUAL EXPENSES	382,524	382,524	709,888
35	600 601	1. Salaries and employees contribution	64,048	64,048	99,888
38	602	2. Goods and Services	52,174	52,174	105,245
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	19,549	19,549	10,423
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	246,753	246,753	494,332
53	68	II. AMORTIZATION QUOTES AND FORECASTED AMOUNT	-	-	-
54	66	III. FINANCIAL EXPENSES	-	-	-
57	67	IV. OTHER EXPENSES	2,963	2,963	7,161
58	C	DETERMINED NET INCOME	40,250	40,250	78,018
59		From this: Functioning results	40,250	40,250	78,018
60		Functioning observed grants	-	-	-