

# **STAR Project**

**Municipality Durrës**  
**Consolidated Due Diligence report**

## Glossary

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

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

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## **Operational due diligence**

## Summary of observations and recommendations

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

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

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

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

Observations	Recommendations
	<p>2-3 sectors or at least by 10-15 employees and the general directories should consist of at least 2-3 directors per each. This standard can be applied regardless of the typology of employees serving in these structures.</p>
<p>The organization and structure - Policy-making in the provision of services and horizontal functions.</p> <ul style="list-style-type: none"> <li>There is a lack of clear division within the administrative units which perform multi functions, service delivery, policy-making and horizontal functions.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider adopting an organizational structure that has a clear separation between the functions of policy-making and monitoring the quality of services, horizontal functions and service delivery. For this purpose, it is suggested that the main top management of the organizational units should be responsible for the design and monitoring of policies and horizontal functions / support to these policies. The majority of the policy-makers should be composed of civil servants under the existing laws in force.</li> </ul>
<p>The organization and structure - Delivery of services to the community</p> <ul style="list-style-type: none"> <li>There is no clear division of functions within the organization's administration.</li> </ul>	<ul style="list-style-type: none"> <li>In terms of services offered to the public it is suggested that these should be organized and provided by institutions that might be designated as enterprise or agency and would be positive if kept homogeneity of their name in the whole territory of the Republic of Albania in order to avoid confusion about their status or powers. It is suggested that these should be named "Agency" by adding the respective field of action. All employees of these agencies will be time administrative staff as well as their activities are simply services offer on the basis of the objectives and policies of the organizational units of the main block. Their activity will also be under the control and monitor of these organizational units are the main block. At the technical level these agencies are run by directors or general managers depending on the fulfillment of digital standard. How long they are typically service agency, it is assumed that their working relationship, regardless of the name of internal organization units, to be based in the Labor Code.</li> </ul>
<p>The organization and structure – relation with voters community</p> <ul style="list-style-type: none"> <li>Absence of a specialized designated structure for relations with the voters' community and other institutions or entities, public or private, domestic or foreign.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider creating an organizational unit responsible for relations with the voters' community and eventually with other institutions. This unit can be arranged as a sector or the directory depending on the fulfillment of numeric standard. This unit has also suggested having archive and protocoling 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.</li> </ul>

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

Observations	Recommendations
<p>relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination of labor relations, it has financial consequences for the Municipality.</p>	<p><i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor’s cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and software</p> <ul style="list-style-type: none"> <li>Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary software for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.</li> </ul>
<p>Communication – Lack of electronic means of communication</p>	<ul style="list-style-type: none"> <li>The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share</li> </ul>

Observations	Recommendations
<ul style="list-style-type: none"> <li>Despite that the administrative units have internet access; none of them has an internal electronic communication system.</li> </ul>	<p>information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.</p>
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.</li> </ul>

# The structure and organization

## Organizational Model

Analysis of the organization and structure for the Municipality Durrës and 6 (six) existing LGUs of Sukthit, Ishmit, Katundit të RI, Rrashbullit and Manzës is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.

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

- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

### *Roles*

Performed roles are shown in table 1, below:

<b>Roles</b>	<b>Municipality Durrës</b>	<b>LGU Sukth</b>	<b>LGU Ishëm</b>	<b>LGU Katundi Ri</b>	<b>LGU Levan</b>	<b>LGU Rrashbull</b>	<b>LGU Manëz</b>
LGU Council	✓	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓	✓	✓
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

- LGU Council Durrës: 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, 6 (six) units are transformed in 1 (one) Municipality with 5 (five) administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

<b>Role</b>					
<b>New Municipality</b>	<b>Durrës</b>				
Municipality Council	✓				
Mayor	✓				
Deputy Mayor	✓				
Secretary of Municipality Council	✓				
<b>Administrative Unit</b>	<b>Sukth</b>	<b>Ishëm</b>	<b>Katundi Ri</b>	<b>Rrashbull</b>	<b>Manëz</b>
Administrator	✓	✓	✓	✓	✓

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

- It has the right to delegate its powers in connection with the conclusion and review of administrative offenses, to other employees of the administrative unit;

### ***Functions***

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

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

The total number of people performing public services is 571.

- 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 264.

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

Public Services	Municipality Durrës	LGU Sukth	LGU Ishëm	LGU Katundí Ri	LGU Levan	LGU Rrashbull	LGU Manëz	Merged
<b>Infrastructure and public services</b>								
Water Supply Company	Affiliated	n/a	n/a	Contracted	6	n/a	6	Affiliated
Functioning of the sewerage system	Affiliated	Affiliated	n/a	Contracted	Contracted	n/a	N/A	Affiliated
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Affiliated	n/a	4	Contracted	Contracted	n/a	4	Affiliated
Construction of roads, pavements and public squares	Contracted	6	Contracted	n/a	Contracted	n/a	6	Contracted
Rehabilitation and maintenance of local roads, sidewalks and public squares	Affiliated	Affiliated	4	n/a	Contracted	n/a	4	Affiliated
Public lighting	Affiliated	1	Contracted	n/a	n/a	n/a	1	Affiliated
The operation of urban public transport	n/a	1	Contracted	n/a	n/a	n/a	1	n/a
Cemeteries administration and guarantee of funeral services	Affiliated	30	4	Contracted	Contracted	Contracted	34	Affiliated
Decorations Service in town / village	3	1	4	n/a	n/a	n/a	8	3
Administration of parks, gardens and public spaces	Affiliated	1	4	n/a	10	n/a	15	Affiliated
Collection, disposal and recovery of waste	230	Contracted	Contracted	n/a	30	n/a	260	230
Urban planning	23	n/a	Contracted	n/a	5	n/a	28	23
Land management	n/a	2	2	n/a	3	n/a	7	n/a
Shelter	1	n/a	n/a	n/a	n/a		1	1
<b>Social, cultural and sports Services</b>								
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	6	n/a	n/a	n/a	n/a	n/a	6	6
Organization of sporting, recreational and entertainment activities and management of relevant institutions	Affiliated	30	n/a	n/a	n/a	n/a	30	Affiliated
Social services of kindergartens	Affiliated	n/a	n/a	n/a	n/a	n/a	n/a	Affiliated
Social services - orphanages, shelters	Affiliated	n/a	n/a	n/a	n/a	n/a	n/a	Affiliated
<b>Local economic development</b>								
Preparation of local economic development programs	8	n/a	2	n/a	n/a	2	12	8
Establishment and function of public markets and trade network	9	n/a	n/a	n/a	n/a	n/a	9	9
Small business development, and the development of promotional activities such as fairs and advertisements in public places	8	5	n/a	n/a	n/a	n/a	13	8

<b>Public Services</b>	<b>Municipality Durrës</b>	<b>LGU Sukth</b>	<b>LGU Ishëm</b>	<b>LGU Katundi Ri</b>	<b>LGU Levan</b>	<b>LGU Rrashbull</b>	<b>LGU Manëz</b>	<b>Merged</b>
Organization of services within the local economic development support and information structures and infrastructure necessary	7	6	4	n/a	n/a	n/a	17	7
Veterinary services	5	1	1	n/a	1	1	9	5
Conservation and development of forests and natural resources of local character	n/a	2	2	1	1	2	8	n/a
<b>The order and civil protection</b>								
Preservation of public order to prevent administrative violations	20	3	2	n/a	n/a	2	27	20
Civil protection	n/a	n/a		2	1	n/a	3	n/a
<b>Educational institutions</b>								
Maintenance of facilities in preliminary education	Affiliated	Affiliated	2	n/a	1	5	8	Affiliated
<b>Medicine</b>								
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a		n/a	n/a
<b>Social care</b>								
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	9	1	1	1	1	1	14	9
Social Care on domestic violence	1	1	n/a	n/a	1	n/a	3	1
Social care for the protection of children's Rights	1	1	n/a	1	1	n/a	4	1
<b>Environmental Protection</b>								
Environmental Protection	2	1	2	1	n/a	n/a	6	2
<b>Register Office</b>								
Register Office	16	2	1	2	2	1	23	16
<b>Business Registration</b>								
National Registration Center	4	n/a	n/a	n/a	n/a	n/a	4	4

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

<b>Horizontal Functions</b>	<b>Municipality Durrës</b>	<b>LGU Sukth</b>	<b>LGU Ishëm</b>	<b>LGU Katundi Ri</b>	<b>LGU Rrashbull</b>	<b>LGU Manëz</b>	<b>Merged</b>
Finance	17	5	3	3	5	3	36
Local taxes and Tariffs	40	5	3	4	11	1	64
Legal Issues	6	2	1	1	2	1	13
Procurement	5	1	1	n/a	1	n/a	8
Institutional Relations	2	1	3	n/a	n/a	n/a	6
Human Resources	4	1	3	1	5	1	15
Protocol	1	1	1	n/a	1	1	5
Archiving	1	1	1	1	1	n/a	5
Information Technology	3	0	4	n/a	n/a	n/a	7
Supporting services	11	30	20	3	21	16	101
Internal Audit	4	0	n/a	n/a	n/a	n/a	4

### ***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.
- Analyses are showing no exceptions. The situation is more or less similar in all LGUs. A person often covering more than one position.

### ***Service Providing***

- In the above tables, 3 and 4 are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources. More available information is presented in table 3.
- 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.
- Transfers, needed to improve the situation of service provision, should be complete very carefully as to not affect the quality of service and making sure to use the experience to date.
- Individuals with important function should be treated with caution in order to keep the responsibility in the transfer process and support all steps in the relevant legislation, in order to ensure the compliance with the necessary law and bylaws.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
  - Does the fulfillment of work require physical presence?
  - Is there any reason (legal, strategic) to centralize the execution of function?
  - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2).
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
  - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality);
  - Legal Issues;
  - Procurement;
  - Institutional Relations;
  - Human Resources;
  - Archive;
  - Internal Audit.
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

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

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

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

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

**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)	Yes	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, we have developed an organizational structure for the future potential Mayor in order to create the structure of the New Municipality 2016. 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;

## **Financial due diligence**

## Summary of observations and recommendations

Observations	Recommendations
<p><b>Property, Plant and Equipment</b></p> <p>During the control of the Municipality and LGUs it was noticed that a significant number of fixed assets are not recorded in the respective balance sheets.</p> <p>Fixed assets, which the Municipality and LGUs currently own, are kept at historical cost. Depreciation is accumulated in based on categories of assets. Many other assets are kept 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 Municipality or LGUs. It will also identify assets which could be damaged or do not exist. Also it is necessary a close cooperation with the Real Estate Office.</p> <p>All assets owned by Municipality or LGU should be revalued and to each asset, including those assets that are held off balance, must be assigned a value.</p> <p>Such revaluation can be carried out taking into account the source of reference prices and widely accepted methodology regarding the evaluation of these assets. Results of the evaluation report must then be reflected in the financial statements as well as in a full register of assets. All the subsequent changes during the lifetime of each asset must be recorded in the assets register.</p>

<b>Investments</b>	
<p>Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a), should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 968,919 thousand ALL. Overdue municipal obligations are reported at a value 372,182 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

<p><b>Receivables</b></p>	
<p>During 2015, tax and non-tax revenues were 30% of total revenues, due to the low rate of revenue collection.</p> <p>During LGUs control it was noticed that some of the LGUs do not have a complete list and accurate receivables of taxes from individuals and businesses.</p>	<p>It is recommended that the municipality impose strict procedures for analysis and regular monitoring of actual financial performance against budget. Following the analysis will lead to increased levels of tax collections for the municipality and capacity for expenses.</p> <p>A complete and accurate list of receivables from individuals and business taxes should be established. These lists will make possible that the municipality can facilitate the tracing in detail of receivables and improve their collection rates. Also, they will allow a fair treatment of taxpayers and provide a documented basis for actions against those who do not pay.</p>
<p><b>Lack of unified accounting policies and practices</b></p>	
<p>It is noticed that the presentation of financial reporting has been relatively standard, this due to the uniformity of clear and descriptive financial formats used by Municipality and LGUs. All LGUs and Municipality has reported in accordance with the list of accounts prescribed by the Ministry of Finance. Accounts lists are well integrated with financial reporting formats prescribed by the Ministry of Finance. However, the accounting policies for the preparation of financial statements and the bookkeeping of LGUs and Municipality are limited.</p>	<p>Ununiformed application of accounting policies and accounting practices and procedures from different LGUs could affect the completeness and accuracy of accounting data used in consolidation. Consequently, LGUs are exposed to the risk of data loss, which may adversely affect their daily activities and lead to financial losses.</p>

**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.

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

# Consolidated financial statements

## Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Durrës, 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 financial statements have been prepared by summing line by line the restated financial statements of Municipality Durrës, LGU Sukth, LGU Ishëm, LGU Katund I Ri, LGU Rashbull, and LGU Manëz.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators:

Key performance indicators	
<i>Amounts in ALL '000</i>	<i>For the period ended on 31 July 2015</i>
Income from grants	1,506,531
Tax and non-tax revenue	836,249
Total Expenses	1,973,287
Total Assets	12,199,760
Liabilities	968,919

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

*Amounts in thousand ALL*

		In ALL '000	
Account Number	Description	2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	<b>1 199 760</b>	<b>11 890 364</b>
<b>I</b>	<b>Current Assets</b>	<b>1 757 706</b>	<b>1 757 566</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	946 094	946 094
Class 4	2. Receivables	735 203	735 203
Class 3	3. Current Inventory accounts	76 409	76 269
<b>II</b>	<b>Non-current Assets</b>	<b>10 442 055</b>	<b>10 132 798</b>
23	1. Investments	1 242 646	1 242 646
25,26	2. Finance assets	309 257	-
21,24,28	3. Tangible assets	8 826 558	8 826 558
20	4. Intangible assets	63 594	63 594
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	<b>1 235 986</b>	<b>1 235 986</b>
<b>I</b>	<b>Current liabilities</b>	<b>592 026</b>	<b>592 026</b>
Class 4	1. Accounts payable	592 026	592 026
16	2. Non-current liabilities	-	-
<b>II</b>	<b>Non liquid liabilities</b>	<b>376 893</b>	<b>376 893</b>
17	1. Foreign loans	376 893	376 893
<b>III</b>	<b>Other liabilities</b>	<b>267 067</b>	<b>267 067</b>
	<b>Net assets (A - B)</b>	<b>10 963 775</b>	<b>10 654 378</b>
	<b>Presented: Consolidated budget</b>	10 190 374	9 880 977
	<b>Carried forward results</b>	773 401	773 401

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

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 12,199,760 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 7% compared to December 31, 2014.

#### *Current assets*

- Current assets, which account for 14% of total assets increased by 68% 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 by 97% in cash whereas inventories have increased by 66%.

#### *Accounts Receivables*

- Structure of total debtors of Municipality Durrës consists of 29.60% of debtors of LGU Durrës, 16.48% of debtors of LGU Sukth, 18.03% of LGU Ishëm, 12.56% of debtors of LGU Katund I Ri, 21.04% of debtors LGU Rashbull, from 2.30% of LGU Manëz.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the Municipality of Durrës, 86%, have increased by 8% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase in tangible assets by 2% which compose 72% of total assets.

### *PPE*

- 64.39% of PPEs of Municipality Durrës are composed by the PPEs of LGU Durrës, 7.05% PPEs by LGU Sukth, 3.86% by LGU Ishëm, 5.69% by LGU Katund I Ri, 14.23% by LGU Rashbull, from 4.78% by LGU Manëz.

### *Accounts Payable*

Accounts payable have decreased by 2% during the period ended July 31, 2015 compared with the previous year 2014.

- 29.45% of the total accounts payable are composed of accounts payable of LGU Durrës, 21.50% by LGU Sukth, 14.90% by LGU Ishëm, 20.75% by LGU Katund I Ri, 9.95% by LGU Rashbull, from 3.45% by LGU Manëz.

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 thousands ALL*

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

## Overview of consolidated statement of financial performance

### *Sources of funds (revenues)*

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance was ALL 2,766,362 thousand. 30% of the total municipality incomes are composed of tax and non-tax revenues, 54% of income is from grants and 16% from other income.

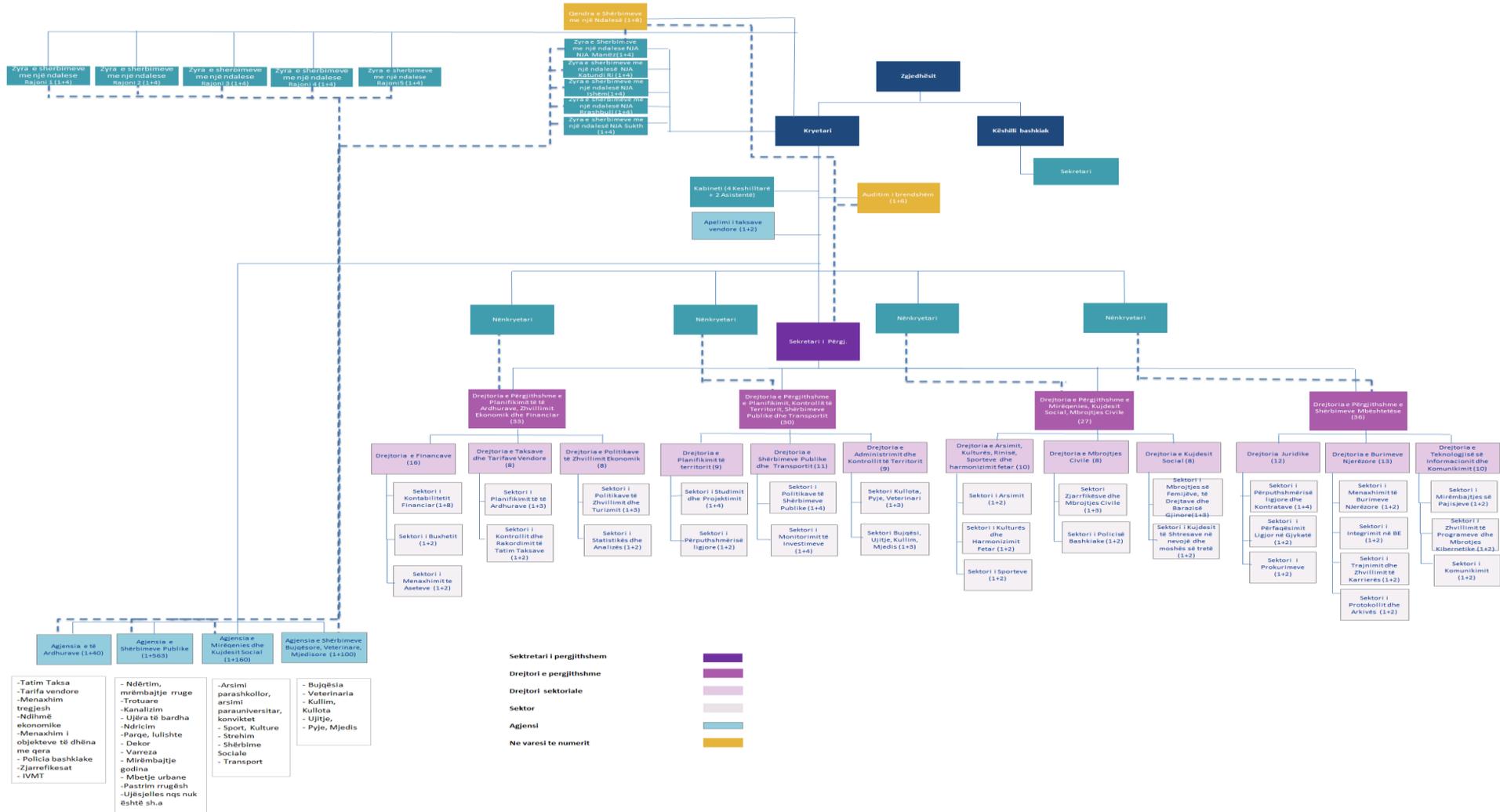
Structure of total revenues is comprised of 78.34% of the revenue generated from LGU Durrës, 5.76% by LGU Sukth, 2.38% by LGU Ishëm, 3.38% by LGU Katund I Ri, 7.66% by LGU Rashbull, from 2.47% of LGU Manëz.

### *Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were ALL 1,973,287 thousand. 55% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 68.31% of the expenditures of LGU Durrës, 11.98% by LGU Sukth, 3.74% by LGU Ishëm, 4.32% by LGU Katund I Ri, 8.38% by LGU Rashbull, from 3.27% of LGU Manëz.

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 August 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:
  - Labor 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 and 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 432 employees.
- Personnel register is presented in Annex 2 – Personnel register.

## Observations and recommendations

### Personnel matters

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

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

## Appendix 3 –Information Technology

### Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

### Summarized description of received information

- The IT Specialist controls the programs installed on computers. Users are not allowed to install programs on their computer without IT specialist knowledge. The Municipality has “Lan” internal network, and the documents, folders and/or public folders can be transferred from one computer to another via ‘share’.
- The municipality has implemented the Oracle eBusiness Suite program 11i (10.5.2.0).
- The servers are equipped with the respective password and are known only by the IT specialist, so that others individuals cannot access the data.
- The USB Memory, in Municipality Center, it is not allowed to be used, except in special cases, as they are the most easy/common way to transfer information outside of LGU premises. Meanwhile in all other LGU is the most widely used communication tool.
- Municipality Durrës has a server that is not physically currently maintained in optimal conditions, while the other LGU do not have servers.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.

**Table 9: IT environment***LGU Sukth*

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
USB	SOROTEC	n/a	No	No	n/a	2	
Router	n/a						
Telephone	n/a						
Generator	n/a						
Monitors	DELL	n/a	No	No	n/a	3	
Monitors	ASUS	n/a	No	No	n/a	2	
Monitors	FUJITSU	n/a	No	No	n/a	1	
Monitors	ACER	n/a	No	No	n/a	3	
Monitors	HP	n/a	No	No	n/a	2	
Desktop Computers	DELL	n/a	No	No	n/a	5	
Desktop Computers	AGIS	n/a	No	No	n/a	2	
Desktop Computers	FUJITSU,ACER, HP	n/a	No	No	n/a	3	
Laptop	n/a						
Laptop	n/a						
Copier Machine	CANON IR2016	n/a	No	No	n/a	1	
Copier Machine	TOSHIBA ESTUDIO 181	n/a	No	No	n/a	1	
Printer	Samsung ml1640	n/a	No	No	n/a	1	
Printer	Printer hp1018	n/a	No	No	n/a	3	
Printer	Oki b411dn	n/a	No	No	n/a	1	
Printer	HP A3 Office jet 7000	n/a	No	No	n/a	1	
Printer	Lexmark T652N	n/a	No	No	n/a	1	
Network Equipment - Switch	TENDA 8 PORT	n/a	No	No	n/a	1	

*LGU Rashbull*

<b>Hardware Equipment</b>	<b>Model</b>	<b>Year</b>	<b>Maintenance Contract</b>	<b>Supported by the internal IT staff</b>	<b>Authorized Resellers</b>	<b>Number of pieces</b>	<b>Observation</b>
UPS	UPS 650VA	n/a	No	No	n/a	15	
Router	n/a						
Telephone	Different phones	n/a	No	No	n/a	5	
Generator	n/a						
Monitors	YASHI, ACER	n/a	No	No	n/a	28	
Desktop Computers	Yashi, Acer, Dell, etc	n/a	No	No	n/a	28	
Laptop	TOSHIBA	n/a	No	No	n/a	1	
Copier Machine	n/a						
Printer, scanner, photocopy	Canon, SHARP	n/a	No	No	n/a	12	
Scanner	n/a	n/a	No	No	n/a		
Printer	HP, CANON INK	n/a	No	No	n/a	3	
Printer	Samsung, Canon Laserjet	n/a	No	No	n/a	13	
Network Equipment - Switch	Switch 16 port	n/a	No	No	n/a	2	
Stabilizer	Stabilizer	n/a	No	No	n/a	2	

LGU Manëz

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
UPS	-						
Router	-						
Telephone	-						
Generator	-						
Monitors	YASHI, BELINEA	n/a	No	No	n/a	2	
Monitors	N/a	n/a	No	No	n/a	11	
Desktop Computers	N/a	n/a	No	No	n/a	12	
Desktop Computers	Siemens	n/a	No	No	n/a	1	
Laptop	-						
Laptop	-						
Copier Machine	Canon IR1018	n/a	No	No	n/a	1	
Printer, scanner, photocopy	Canon	n/a	No	No	n/a	1	
Scanners	Mustek A3	n/a	No	No	n/a	1	
Video projector	-						
Modem	-						
Printer	HP INK 1280	n/a	No	No	n/a	1	
Printer	Samsung ML2010	n/a	No	No	n/a	1	
Printer	CANON L11121 E	n/a	No	No	n/a	1	
Printer	N/A	n/a	No	No	n/a	4	
Printer	Lexmark T652	n/a	No	No	n/a	1	
Camera	-						

LGU Katundi i Ri

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
UPS	n/a	n/a	n/a	n/a	n/a	n/a	
Router	n/a	n/a	n/a	n/a	n/a	n/a	
Telephone	n/a	n/a	n/a	n/a	n/a	n/a	
Generator	n/a	n/a	n/a	n/a	n/a	n/a	
Monitors	HP	n/a	No	No	n/a	5	
Monitors	Samsung, DELL, Fujitsu, Acer	n/a	No	No	n/a	6	
Desktop Computers	HP	n/a	No	No	n/a	3	
Desktop Computers	ACER	n/a	No	No	n/a	3	
Desktop Computers	n/a	n/a	No	No	n/a	1	
Desktop Computers	DELL, IBM, FUJITSU	n/a	No	No	n/a	3	
Laptop	n/a	n/a					
Laptop	n/a	n/a					
Copier Machine	TOSHIBA 2860, Toshiba E-studio 137	n/a	No	No	n/a	2	Need for repair
Printer, scanner, photocopy	HP INKJET 2420, HP 1050 Desk	n/a	No	No	n/a	2	
Scanner	n/a	n/a					
Video projector	n/a	n/a					
Modem	n/a	n/a					
Printer	Samsung ML2160	n/a	No	No	n/a	1	
Printer	HP LASER P1005	n/a	No	No	n/a	1	
Printer	Samsung ML1665	n/a	No	No	n/a	2	
Printer	Lexmark P652N	n/a	No	No	n/a	1	
Printer	OKI B411DN	n/a	No	No	n/a	1	

LGU Ishëm

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
UPS	Sm600Avr	n/a	No	No	n/a	4	
Router	n/a	n/a	n/a	n/a	n/a	n/a	
Telephone	n/a	n/a	n/a	n/a	n/a	n/a	
Generator	n/a	n/a	n/a	n/a	n/a	n/a	
Monitors	Acer, Yashi, Fujitsu, Aoc, HP, Benq, Nec	n/a	No	No	n/a	11	
Desktop Computers	Acer Ibm Fujitsu Hp Comtrade	n/a	No	No	n/a	11	
Laptop	n/a	n/a	n/a	n/a		n/a	
Laptop	n/a	n/a	n/a	n/a		n/a	
Copier Machine	CANON Imager runner 2520	n/a	No	No	n/a	1	
Printer, scanner, photocopy	Samsung Scx4623F	n/a	No	No	n/a	1	
Printer, scanner, photocopy	HP OFFICEJET	n/a	No	No	n/a	1	
Scanner	n/a	n/a	n/a	n/a		n/a	
Video projector	n/a	n/a	n/a	n/a		n/a	
Modem	Wi-Fi tp link	n/a	No	No	n/a	1	
Printer	Samsung M2070	n/a	No	No	n/a	3	
Printer	Samsung Clx 3305	n/a	No	No	n/a	4	

Municipality Durrës

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
UPS	Sorotec, Inform, Trust	n/a	No	Yes	Yes	16	
Router	Cisco Small Business RVS4000 4-Port Gigabit Security Router with VPN	n/a	No	Yes	Yes	5	
Telephone	n/a	n/a	No	No	Yes	36	
Generator	Generator 45 KVA PERIN	n/a	n/a	n/a	n/a	1	
Monitors	Acer	n/a	No	No	Yes	44	
Monitors	Yashi	n/a	No	No	Yes	5	
Monitors	AOC	n/a	No	No	Yes	9	
Monitors	DELL, HP, LG	n/a	No	No	Yes	54	
Desktop Computers	Acer Veriton X275	2010	No	Yes	Yes	52	
Desktop Computers	Acer Veriton M, X Series	2013	No	Yes	Yes	14	
Desktop Computers	n/a	Before 2009	No	Yes	Yes	46	
Laptop	DELL 5521	n/a	No	Yes	Yes	1	
Laptop	Sony Vaio	n/a	No	Yes	Yes	1	
Laptop	HP NB series	n/a	No	Yes	Yes	2	
Copier Machine	Canon IR1133	n/a	No	Yes	Yes	7	
Copier Machine	Canon A3	n/a	No	Yes	Yes	3	
Copier Machine	Canon IR2520	n/a	No	Yes	Yes	1	
Copier Machine	Canon IR2018	n/a	No	Yes	Yes	2	
Printer, scanner, photocopy	Samsung M2070	n/a	No	Yes	Yes	10	
Printer, scanner, photocopy	HP Laser M1536	n/a	No	Yes	Yes	1	

*Municipality Durrës (Continued)*

<b>Hardware Equipment</b>	<b>Model</b>	<b>Year</b>	<b>Maintenance Contract</b>	<b>Supported by the internal IT staff</b>	<b>Authorized Resellers</b>	<b>Number of pieces</b>	<b>Observation</b>
Scanner	n/a	n/a	No	Yes	Yes	2	
Scanner	HP, Canon	n/a	No	Yes	Yes	3	
Video projector	Sanyo	n/a	No	Yes	Yes	1	
Video projector	Sanyo PLC-XF47 Projector	n/a	No	Yes	Yes	1	
Modem	-	n/a	n/a	n/a	n/a	n/a	
Printer	OKI B401DN	n/a	No	Yes	Yes	8	
Printer	Lexmark T652N	n/a	No	Yes	Yes	6	
Printer	Brother HP6165	n/a	No	Yes	Yes	3	
Printer	Brother HL2030	n/a	No	Yes	Yes	2	
Printer	Samsung M2022	n/a	No	Yes	Yes	6	
Printer	Epson M2000	n/a	No	Yes	Yes	10	
Printer	HP 3050, 1536, 1280, 7000	n/a	No	Yes	Yes	5	

## Observations and Recommendations

IT environment

Observations	Recommendations
<ul style="list-style-type: none"> <li>Data storage system:</li> </ul> <p>Lack of procedures for storage and recovery of data in case of loss. There USB drives are used as a substitute means of communication which are subsequently taken outside the LGU premises.</p>	<ul style="list-style-type: none"> <li>New municipality should consider initiating and implementing policies and procedures for storage and recovery of data in case of loss, taking into account the current status of the technology infrastructure.</li> <li>Data can be stored on the platform of cooperation (DMS, erms, etc.) that can be implemented and stored safely in the central datacenter in municipality or Private / Public Cloud.</li> </ul>
<ul style="list-style-type: none"> <li>Optimization and Management of PC-s:</li> </ul> <p>Hardware and software are old. There is lack of license for software and software protection. Lack of qualified staff for maintenance of hardware and software and service provider of maintenance services is performed by private local service provider without contract.</p> <p>Name, the user and the password, is used to access the Business Accounting system Alpha. The system is not suitable for the LGU.</p>	<ul style="list-style-type: none"> <li>New municipality should consider standardization of operating systems and business applications to make it easier and manageable maintenance (update, security policy, update, etc.)</li> <li>New Municipality should take into account the needs for licensing of Microsoft software in use as legal needs and for security system.</li> <li>It is deemed necessary the implementation of new trends to optimize the costs for services Copy / Print / Scan. These services can be provided in a centralized manner based on (Printing as a Service).</li> </ul>
<ul style="list-style-type: none"> <li>Information Policy Securities:</li> </ul> <p>Lack of policies and procedures for providing information. Employees do not have knowledge of basic information security principles.</p> <p>The retention of the stored records is contained in ‘Ad’, based on the evaluation from the information holders.</p> <p>The owner of the information uses USB and drives as a substitute in order to communicate, which is then taken out of LGU premises.</p>	<ul style="list-style-type: none"> <li>New Municipality should consider initiating and implementing policies and procedures on information security for user access management and provision of computer hardware (desktop configuration passwords, laptop).</li> </ul>
<ul style="list-style-type: none"> <li>Inventory:</li> </ul> <p>LGU does not maintain an accurate inventory of devices in electronics, software and licenses.</p>	<ul style="list-style-type: none"> <li>LGU Durrës should take into consideration employment or entering into a contract for maintenance of Hardware and Software network.</li> </ul>

## **Appendix 4 – Communication**

### **Objectives of the analysis**

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

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

### **Summarized description of the information received**

- LGU receives telephone and Internet service by a national service provider Albanian Tele-Co or local private provider (Star Com Internet Media Communication,) in Municipality Durrës.
- Regarding the internal communication, verbal and written communication / regulations are often used, based on the Mayors orders etc.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

Communication

<b>Observations</b>	<b>Recommendations</b>
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Internal Communication

<ul style="list-style-type: none"><li>• Lack of electronic communications.</li><li>• In cases where it is necessary the use the electronic devices, the LGUs employees can use the private email address for the exchange of information and data.</li><li>• Internal communication routes are oral or written and are circulated from one department to another, with a notification or a signature.</li></ul>	<ul style="list-style-type: none"><li>• The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.</li></ul>
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## Observations and recommendations

**Table 10: Communication System**

Objectives	Durrës	Sukth	Ishëm	Katundi Ri	Rashbull	Manëz	Blinisht	Dajc	Ungrej	Kolsh
Telephony service	n/a	Fixed phone	n/a	Fixed phone						
Telephony/service providers	n/a	National provider	n/a	National provider						
Internet service	National provider (I.A.I)	National provider	n/a	Local provider (IBC)	Local provider	Local provider	n/a	n/a	n/a	National provider
Assess coverage of the telephony service	n/a	Albtelekom	n/a	Local provider	Local provider	Local provider	n/a	n/a	n/a	Albtelekom
Internal communication lines	Verbal / physical documents and electronic addresses	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

- The archive function in Municipality Durrës is performed by an archive specialist, while the archive staff may be required to cover other duties as the protocol may requires.
- In LGU Durrës, and other LGUs, the preservation of documents is currently carried out in a certain room.
- From the information obtained during the fieldwork, it is showed that some of the technical requirements are not met. There is also confusion about the management and transfer of the archive due to the amalgamation process, or insufficient space.
- The documents are partially processed according to the requirements by the Archiving Methodology; almost to 6 (six) LGUs, what it is observed is the violating of the respective terms and their processing.
- The transfer of the documents with 10-year storage period, at the State Archives, is not conducted in accordance with the legal deadlines by LGU.
- Regarding the registers, all LGU contain a Correspondence Register.
- The consolidated information regarding the practice of archiving and compliance with the Archive Methodology is presented in the table 11 - Consolidated Checklist of technical requirements.

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

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

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Durrës</b>	<b>Sukth</b>	<b>Ishëm</b>	<b>Katundi Ri</b>	<b>Rashbull</b>	<b>Manëz</b>	<b>Blinisht</b>	<b>Dajç</b>	<b>Ungrej</b>	<b>Kolsh</b>
Cover file (Module 6), clearly marked and grammar: - Full name of the state entity - no state - Department or branch that operates - The level of classification (if the document is of this type) - The file contains an identification number, year - Full title of the file - The period that the document should save (protect) - Date of completion of conservation - The amount of documents that are stored in files - Inventory identification number on file - The period of use	Yes	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes
Based on a) "the list of models of documents on storage" and b) "the list of models on documents of historical importance, national", which the General Directorate, the State Commission and non-state experts, to be built a concrete list of their documents, publish. This list should reflect those documents that are of historical importance, national and documentation retention period. Also, the committee of experts should determine the period of preservation of these documents (by module 11).	Yes	No	Yes	Yes	No	No	No	No	No	Yes
The emblem of the Republic	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
At the head of the document should be written "Republic of Albania"	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>Durrës</b>	<b>Sukth</b>	<b>Ishëm</b>	<b>Katundi Ri</b>	<b>Rashbull</b>	<b>Manëz</b>	<b>Blinisht</b>	<b>Dajc</b>	<b>Ungrej</b>	<b>Kolsh</b>
Mod 9 - Decision of the Commission of Experts	No	No	No	No	No	No	No	No	No	No
Mod 10 - Compilation of the list of documents that set aside	No	No	No	No	No	No	No	No	No	No
Mod 11 - The period laid down for storage (protection)	No	No	No	Yes	No	No	Yes	No	Yes	No
Mod 12 - Destruction of documents containing any further value	No	No	No	No	No	No	No	No	No	No

## Observations and Recommendations

### Archive

Observations	Recommendations
Centralization of archive	
<ul style="list-style-type: none"> <li>The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.</li> <li>LGU Durrës has not enough facilities in order to collect all the documentation from other LGU, of which have joined the administrative-territorial reform.</li> </ul>	<ul style="list-style-type: none"> <li>As part of the merger, it is necessary to measure / fulfill the standards and scientific / technical conditions provided in the Archiving Methodology and that there should be an archive environment.</li> <li>It is recommended to consider leaving the documentation in the archives in case if it is impossible to provide the necessary facilities, which provide a safe environments for the archiving</li> </ul>
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> <li>In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours.</li> </ul>	<ul style="list-style-type: none"> <li>To maintain all records required by the law, in order so the creation, documentation and the transfer of the documentation should be made in accordance with the methodology of archiving requirements.</li> <li>Performing the technical and scientific inventory of the documents kept in the archive, including documents that are being held in the existing LGU, it should be taken into consideration so that the process of reorganization will be completed in an effective way and within deadlines.</li> <li>The adoption and disclosure of relevant institutions (General Directorate of Archives, or Council of Ministers) should be taken in consideration by the responsible archive units within the LGUs. It is necessary to standardize the documents used particularly well-administration and documentation of current that can be damaged or even lost during the transfer of the archive.</li> </ul>
Reorganization of the Archives:	

Archive

<b>Observations</b>	<b>Recommendations</b>
<ul style="list-style-type: none"><li>• As a result of the merger, the volume of Municipal archives will grow from the documents received by the Municipality and the existing LGUs.</li><li>• Consequently, given the volume of documents, the reorganization of the New Municipality archive and its maintenance, could prove to be difficult.</li></ul>	<ul style="list-style-type: none"><li>• Taking into consideration the requirements of the Law on Archives, the General Directorate of Archives, should be notified before the effective date of the merger, in order to determine the procedures for the transfer of documents, aimed at reorganizing the municipal archives effectively.</li><li>• Also, as a temporary action, the opportunity to leave the current LGU archive premises that will unite, should be taken into consideration, in case the archive merge can produce negative effects on public services.</li><li>• The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives.</li></ul>

## Appendix 6 – Assets Management System

### Objectives of the analysis

Analysis of asset management has the following main objectives:

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

### Summarized description of the information received

- In all existing LGUs, The LGU Mayor is the authorizing officer for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors has not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- In all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets.
- There are no special committees for the disposal of assets.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

**Table 12: List of consolidated control applications for Assets Management**

<b>ASSET MANAGEMENT</b>	<b>Durrës</b>	<b>Sukth</b>	<b>Ishëm</b>	<b>Katundi Ri</b>	<b>Rashbull</b>	<b>Manëz</b>	<b>Blinisht</b>	<b>Dajç</b>	<b>Ungrej</b>	<b>Kolsh</b>
Adopted rules and procedures on asset management	No	No	No	No	No	No	No	No	No	No
Authorizing Officer	Municipality Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor
Executing Officer	Head of the Accounting, Budget and Assets	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	No
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	No	No	No	No	No	No	No	No
Asset Accounting Register	Yes, written	Yes, written	No	Yes	Yes	Yes	No	No	No	No
Leased Properties Register	Yes	No	Yes, written	No, there are no leased properties	Yes	No	Yes	No	No	No
Owned Companies Register	No	No	No	No	No	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	No	No	No	Yes	Yes	Yes	No	Yes	Yes
Committee of disposal of assets	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

## Observations and Recommendations

### Asset Management

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

## Appendix 7 – Investment Projects

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

### Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Durrës	Expanding “Drini” river bridge, lighting and decoration	In process	ALL 42,221,972	ALL 90,134,636
LGU Durrës	Building “Beslidhja” kindergarten	In process	ALL 27,499,161	ALL 85,219,092
LGU Durrës	Reconstruction of the Children's Cultural Center	The contract was signed with the service provider, but the work still has not begun.	ALL 0	ALL 6,436,086
LGU Durrës	Improvement, asphaltting 11.2 / HA, Phase 2	In process	ALL 37,448,436	ALL 40,770,726
LGU Durrës	Improvement, asphaltting 11.2 / HA, Phase 3	In process	ALL 18,333,607	ALL 22,843,459
LGU Durrës	Asphaltting “Mother Teresa” Road, Phase 1	In process	ALL 9,051,697	ALL 10,912,118
LGU Durrës	“Gurra” neighborhood works, improvement and adjustments	In process	ALL 6,793,824	ALL 7,525,186
LGU Durrës	“Gurra A.” neighborhood works, improvement and adjustments	In process	55% of the project is complete	ALL 7,963,165
LGU Durrës	“Gurra B.” neighborhood works, improvement and adjustments	In process	55% of the project is complete	ALL 11,076,212
LGU Durrës	Cathedral	In process	65% complete	ALL 10,774,334
LGU Durrës	Improvement, asphaltting 11.2 / HA	In process	55% complete	ALL 12,194,550
LGU Durrës	“Shtraus” road reconstruction	In process	5% complete	ALL 45,529,596

LGU Durrës	Improvement, asphaltting 11.2 / HA, Phase 4	In process	5% complete	ALL 40,687,565
LGU Durrës	Road reconstruction and asphaltting, behind the Stadium	In process	20% complete	ALL 11,999,753
LGU Durrës	Improvement of the neighborhood and the streets, SMT	In process	5% complete	ALL 13,905,755
LGU Durrës	“Drini” boulevard reconstruction	In process	5% complete	ALL 114,187,309
LGU Durrës	Road accommodation of the cemetery district "N.Tereza"	In process	ALL 21,677,263 (100%)	ALL 21,677,263
LGU Durrës	Water supply construction	In process	27% complete	ALL 1,785,865,492
LGU Durrës	Building Professional School “Colin Rybak”	In process	10% complete	ALL 142,606,125
LGU Shënkoll	Asphaltting of the road "ANTON CETA", Shenkoll Village	Started, but not finished	ALL 3,563,664	Not liquidated (no amount was been received regarding the work)
LGU Blinisht	Construction of water supply, Troshan Village	The contract was signed with the service provider, but the work still has not begun.	ALL 0	ALL 99,537,008

## **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 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 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 municipality / administrative unit.

# Appendix 9 – Consolidated Financial Statements Template

## Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-
<b>2</b>	<b>A</b>	<b>Non-Current Assets</b>		<b>10 442 055</b>	<b>10 132 798</b>	<b>9 694 153</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>64 883</b>	<b>64 883</b>	<b>58 004</b>
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	<b>F6, Sh1</b>	213 036	213 036	200 376
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	(149 442)	(149 442)	(142 718)
8	230	Expenses for increase of current intangible assets		1 289	1 289	347
<b>9</b>		<b>II. Tangible Assets</b>		<b>10 067 915</b>	<b>10 067 915</b>	<b>9 636 149</b>
10	210	Land		52 074	52 074	52 074
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	-	-	-
12	212	Building and Constructions	<b>F6, Sh1</b>	2 503 638	2 503 638	2 404 969
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	6 445 156	6 445 156	6 275 509
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	254 657	254 657	282 305
15	215	Transport vehicles	<b>F6, Sh1</b>	126 173	126 173	124 827
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	<b>F6, Sh1</b>	393 603	393 603	382 245
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(948 743)	(948 743)	(881 677)
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	1 241 357	1 241 357	995 898
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>309 257</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		309 257	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>1 757 706</b>	<b>1 757 566</b>	<b>1 048 093</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>76 409</b>	<b>76 269</b>	<b>123 686</b>
29	31	Materials	<b>Sh2</b>	13 301	13 301	22 846
30	32	Inventory Objects	<b>Sh2</b>	63 108	62 968	100 840
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>735 203</b>	<b>735 203</b>	<b>443 645</b>
39	409	Suppliers, prepayments or partial payment		328 539	328 539	79 964
40	411-418	Similar clients or accounts		23 823	23 823	23 372
41	423	Employees, prepayment, deficits and penalties	<b>Sh3</b>	2 270	2 270	4 120
42	431	Rights and taxes to deposit to government		45	45	141
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		47 353	47 353	46 680
46	435	Social Insurance		235	235	770
47	436	Health Insurance		33	33	107
48	437	Other social organizations		-	-	-
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	<b>Sh4</b>	332 905	332 905	288 493
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>946 094</b>	<b>946 094</b>	<b>480 762</b>
55	50	Securities		-	-	-

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		30	30	30
57	512	Bank		28 573	28 573	824
58	520	Treasury funds	Sh5	901 172	901 172	463 383
59	531	Petty-cash		738	738	913
60	532	Other amounts		15 580	15 580	15 613
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>12 199 760</b>	<b>11 890 364</b>	<b>10 742 246</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
71	80,81	Active evidences		-	-	-

## Template 2: Balance Sheet - Statement of fund and liabilities

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

(Amount in ALL '000, unless otherwise stated)

			In ALL '000			
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>10 190 374</b>	<b>9 880 977</b>	<b>9 550 855</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>9 461 374</b>	<b>9 151 978</b>	<b>9 090 168</b>
3	101	Base funds	<b>F8</b>	9 267 981	8 958 584	8 793 107
4	105	Capital internal grants		173 583	173 583	277 328
5	106	Capital foreigner grants		19 810	19 810	19 732
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		<b>-</b>	<b>-</b>	<b>-</b>
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		<b>188 866</b>	<b>188 866</b>	<b>189 173</b>
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		<b>540 133</b>	<b>540 133</b>	<b>271 514</b>
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>968 919</b>	<b>968 919</b>	<b>597 318</b>
<b>17</b>		<b>I. Long-term debts</b>		<b>376 893</b>	<b>376 893</b>	<b>280 280</b>
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		376 893	376 893	280 280
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>592 026</b>	<b>592 026</b>	<b>317 038</b>
21	419	Clients (Creditors), partial prepayment		237 757	237 757	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	117 820	117 820	91 989
23	42	Employees and related accounts		25 784	25 784	34 209
24	431	Liabilities to government for taxes		1 516	1 516	1 989
25	432	Taxes collected from government for the local government		35	35	33
26	433	Government natural disaster		-	-	-
27	4341	Other operational with government (creditor)		79 335	79 335	81 174

In ALL '000
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No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		6 692	6 692	8 746
29	436	Health Insurance		911	911	1 182
30	437	Other social organizations		204	204	135
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		647	647	420
35	466	Creditors for assets under guard	Sh5	104 720	104 720	74 145
36	467	Other creditors		16 605	16 605	23 016
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>267 067</b>	<b>267 067</b>	<b>225 419</b>
38	475	Incomes to register in the coming years		266 270	266 270	224 622
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		772	772	772
41	487	Incomes received before title exposure		24	24	24
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>773 401</b>	<b>773 401</b>	<b>368 654</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>12 199 760</b>	<b>11 890 364</b>	<b>10 742 246</b>
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
45	80,81	Passive evidences		-	-	-

### Template 3-1: Statement of expenses

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

(Amount in ALL '000, Unless otherwise stated)

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>1 131 892</b>	<b>1 131 892</b>	<b>2 086 467</b>	
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>1 084 475</b>	<b>1 084 475</b>	<b>2 080 756</b>	
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>275 089</b>	275 089	<b>467 372</b>	
4	6001	Salaries		274 142	274 142	465 241	
5	6002	Temporary salaries		648	648	2 131	
6	6003	Bonuses		298	298	-	
7	6009	Other personal expenses		-	-	-	
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>45 583</b>	<b>45 583</b>	<b>77 459</b>	
9	6010	Insurance contributions		43 250	43 250	70 025	
10	6011	Health insurance		2 332	2 332	7 434	
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>205 282</b>	<b>205 282</b>	<b>396 881</b>	
12	6020	Stationary		16 635	16 635	24 281	
13	6021	Special services		41 834	41 834	79 721	
14	6022	Services from third party		57 481	57 481	114 404	
15	6023	Transport expenses		29 716	29 716	67 774	
16	6024	Travel expense		416	416	795	
17	6025	Ordinary maintenance expenses		15 899	15 899	19 983	
18	6026	Rent expenses		1 988	1 988	10 154	
19	6027	Expenses for legal liability for compensation		11 839	11 839	4 781	
20	6028	Borrowing costs related to loans		-	-	-	
21	6029	Other operating expenses		29 474	29 474	74 990	
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-	
23	6030	Subsidies for price differences		-	-	-	
24	6031	Subsidies to promote employment		-	-	-	

In ALL '000
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No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>3 472</b>	<b>3 472</b>	<b>16 772</b>
29	6040	Current transfers to other government levels		2 000	2 000	10 460
30	6041	Current transfers to various government institutions		<b>545</b>	545	912
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		<b>928</b>	928	5 400
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non-not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>555 050</b>	<b>555 050</b>	<b>1 122 272</b>
39	6060	Transfers paid from ISS and HII		49 686	49 686	101 061
40	6061	Transfers paid from other institutions and Local government		505 364	505 364	1 021 211
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>47 417</b>	<b>47 417</b>	<b>5 607</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	<b>103</b>
43	681	Amortization rates on exploitation		-	-	103
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	<b>75</b>
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	<b>75</b>
54	660	Interest on loans from Foreign Governments		-	-	75
55	661	Interest on financing from international organizations		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
56	662	Interest on other foreign loans		-	-	-	
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>1 131 892</b>	<b>1 131 892</b>	<b>2 086 542</b>	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>841 394</b>	<b>841 394</b>	<b>912 965</b>	
62	828	Names of cancelled revenues		-	-	-	
63	831	Determination of revenues for investments		669 817	669 817	473 999	
64	8420	Revenues deposited in the budget		1 508	1 508	2 303	
65	8421	Deposit in the budget of unused revenues		18 644	18 644	-	
66	8422	Transfers of revenues within the system		146 012	146 012	429 744	
67	8423	Transfers for changes in situation		5 413	5 413	6 919	
68	8424	Transfers for identified debtors and similar items		-	-	-	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>1 973 287</b>	<b>1 973 287</b>	<b>2 999 506</b>	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>794 004</b>	<b>794 004</b>	<b>389 112</b>	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>2 767 291</b>	<b>2 767 291</b>	<b>3 388 618</b>	

### Template 3-2: Statement of revenues

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

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>2 717 904</b>	<b>2 717 904</b>	<b>3 385 025</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>704 303</b>	<b>704 303</b>	<b>863 630</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>73 690</b>	<b>73 690</b>	<b>178 982</b>
4	7000	Personal income tax	5 399	5 399	9 637
5	7001	Income tax	1 538	1 538	1 489
6	7002	Small business tax	66 752	66 752	141 458
7	7009	Other tax	-	-	26 398
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>121 762</b>	<b>121 762</b>	<b>432 795</b>
9	7020	On immovable property	67 592	67 592	277 675
10	7021	Sales of immovable property	187	187	-
11	7029	Other on property	53 982	53 982	155 120
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>508 749</b>	<b>508 749</b>	<b>250 862</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	5 462	5 462	9 748
17	7035	Local tax on goods usage and activity permission	503 287	503 287	241 114
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>102</b>	<b>102</b>	<b>991</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>
27	750	From employee's	-	-	-

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employed	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>131 946</b>	<b>131 946</b>	<b>253 155</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>2 638</b>	<b>2 638</b>	<b>17 053</b>
36	7100	From public non-financial enterprise	-	-	5 656
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	2 638	2 638	11 397
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>127 324</b>	<b>127 324</b>	<b>236 103</b>
40	7110	Administrative tariffs and regulations	26 325	26 325	165 931
41	7111	Secondary revenues and payments of services	37 733	37 733	35 246
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	80	80	1 392
44	7114	Revenues from tickets	175	175	15 455
45	7115	Fines and late-fees, sequestration and compensation	18 098	18 098	13 517
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	44 912	44 912	4 561
<b>47</b>	<b>719</b>	<b>c) Other non-tax revenues</b>	<b>1 985</b>	<b>1 985</b>	<b>-</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>1 506 531</b>	<b>1 506 531</b>	<b>2 092 745</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>1 506 531</b>	<b>1 506 531</b>	<b>2 092 745</b>
50	7200	From same Government level	1 428 887	1 428 887	1 956 256
51	7201	From other Government levels	30 066	30 066	82 507
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	42 669	42 669	46 287

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party sponsorship	980	980	2 013
58	7209	Other internal grants	3 929	3 929	5 683
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODUCTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>375 124</b>	<b>375 124</b>	<b>175 494</b>
64	781	Works, investments in economy	-	-	-
65	782	Forecasted reversals for liquid assets	-	-	-
66	783	Forecasted reversals for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	39 529	-	-
69	787	Withdraw from investments	335 595	375 124	175 494
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	<b>1 600</b>	<b>1 600</b>	<b>0</b>
71	760	From internal borrowing interests	1 600	1 600	0
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	<b>168</b>	<b>168</b>	<b>120</b>
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	168	168	120
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>2 719 671</b>	<b>2 719 671</b>	<b>3 385 145</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>46 690</b>	<b>46 690</b>	<b>3 969</b>
82	829	Canceled or under written expense order	-	-	66
83	841	Status change transfer	46 690	46 690	3 903
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>2 766 362</b>	<b>2 766 362</b>	<b>3 389 114</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>2 766 362</b>	<b>2 766 362</b>	<b>3 389 114</b>

#### Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, Unless otherwise stated)

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	<b>532 302</b>	<b>699 014</b>	<b>879 993</b>	<b>713 280</b>
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	<b>102 713</b>	<b>87 887</b>	<b>32 605</b>	<b>47 431</b>
3	1050	From the same government level	102 713	61 942	18 276	59 047
4	1051	From other Government levels	-	14 139	14 139	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	11 806	191	(11 615)
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	<b>271 514</b>	<b>425 204</b>	<b>693 823</b>	<b>540 133</b>
		Internal grants, participation capital in investments for third				
12	145	parties	271 514	425 204	693 823	540 133
		Foreigner grants, participation capital in investments for third				
13	146	parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	<b>158 075</b>	<b>185 923</b>	<b>153 564</b>	<b>125 716</b>
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	158 075	185 923	153 564	125 716
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	<b>535 222</b>	<b>1 179 474</b>	<b>1 000 980</b>	<b>713 717</b>
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	-	<b>15 179</b>	<b>15 179</b>	-
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	<b>535 222</b>	<b>1 164 295</b>	<b>985 801</b>	<b>713 717</b>
36	2310	Land	1 467	-	-	1 467
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	55 504	43 503	99 007	-
39	2313	Roads, networks, water facilities	478 251	1 095 893	861 895	712 250
40	2314	Technical installment, machinery, equipment, working tools	-	5 168	5 168	-
41	2315	Transport vehicles	-	1 346	1 346	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	18 385	18 385	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lending's principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-

In ALL '000
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No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
52	265	Outing for own equity in 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	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	<b>1 067 524</b>	<b>1 878 488</b>	<b>1 880 972</b>	<b>1 426 997</b>

**Template 5: Statement of cash flows**

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

*(Amount in ALL '000, Unless otherwise stated)*

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>463 383</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>2 809 150</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>1 865 923</b>	-	-	-
4	Actual budget funds (Budget with changes)	1 722 548	-	-	-
5	Capital budget funds (Budget with changes)	143 375	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>943 227</b>	-	-	-
7	Tax revenues in "Cash"	743 899	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	162 146	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	980	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	36 202	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>1 974 126</b>	-	-
15	1. Payment from the budget for actual expenses	-	795 978	-	-
16	2. Payments from the budget for capital expenses	-	190 922	-	-
17	3. Payments from revenues for actual expenses	-	254 244	-	-
18	4. Payments from revenues from capital expenses	-	695 903	-	-
19	5. Payments from storage	-	32 549	-	-
20	6. Other payments	-	4 529	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>398 721</b>	-	-
22	1. Deposit of revenues in the budget	-	542	-	-
23	2. Unused budget (actual and capital)	-	249 798	-	-
24	3. Internal movements and transfers	-	148 381	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>3 272 533</b>	<b>2 372 847</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>899 685</b>	-	-	-

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

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

**In ALL '000.**

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances	Purch.	Transf.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>200 376</b>	<b>13 602</b>	-	-	-	<b>13 602</b>	-	-	-	-	<b>213 978</b>
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	200 376	12 660	-	-	-	<b>12 660</b>	-	-	-	-	<b>213 036</b>
	Concessions, license, other similar											
4	203 licenses	-	-	-	-	-	-	-	-	-	-	-
	Expenses for increase of current											
4/1	230 intangible assets	-	942	-	-	-	<b>942</b>	-	-	-	-	<b>942</b>
<b>5</b>	<b>II. TANGIBLE</b>	<b>9 514 118</b>	<b>294 091</b>	-	<b>11 806</b>	-	<b>305 897</b>	<b>6 417</b>	<b>12 853</b>	<b>28 056</b>	<b>47 326</b>	<b>9 772 689</b>
6	210 Land	52 074	-	-	-	-	-	-	-	-	-	<b>52 074</b>
7	211 Forests, Pasture, Plantation	-	-	-	-	-	-	-	-	-	-	-
8	212 Building and Constructions	2 402 357	99 007	-	-	-	<b>99 007</b>	-	337	-	<b>337</b>	<b>2 501 027</b>
9	213 Roads, networks, water facilities	6 275 509	169 647	-	-	-	<b>169 647</b>	-	-	-	-	<b>6 445 156</b>
	Technical installment, machinery,											
10	214 equipment, working tools	282 305	5 705	-	-	-	<b>5 705</b>	-	5 753	27 600	<b>33 353</b>	<b>254 657</b>
11	215 Transport vehicles	121 232	1 346	-	5 760	-	<b>7 106</b>	2 166	-	-	<b>2 166</b>	<b>126 173</b>
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	380 641	18 386	-	6 046	-	<b>24 432</b>	4 252	6 763	456	<b>11 471</b>	<b>393 603</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>T O T A L ( I + II )</b>	<b>9 714 494</b>	<b>307 693</b>	-	<b>11 806</b>	-	<b>319 499</b>	<b>6 417</b>	<b>12 853</b>	<b>28 056</b>	<b>47 326</b>	<b>9 986 667</b>

**Template 7: Statement of Fixed Assets' depreciation**

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

(Amount in ALL'000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
<i>a</i>	<i>b</i>		<i>1</i>	Dep. Charge for the year <i>2</i>	Other Addit. <i>3</i>	Total <i>4</i>	Sales <i>5</i>	Write off <i>6</i>	Other Depr. <i>7</i>	Total <i>8</i>	<i>9</i>
1	<b>209</b>	<b>I. INTAGIBLE</b>	142 718	6 723	-	6 723	-	-	-	-	149 442
2	<b>219</b>	<b>II. TANGIBLE</b>	923 672	80 206	-	80 206	-	14 820	-	14 820	989 057
		<b>TOTAL (I + II)</b>	<b>1 066 390</b>	<b>86 929</b>	<b>-</b>	<b>86 929</b>	<b>-</b>	<b>14 820</b>	<b>-</b>	<b>14 820</b>	<b>1 138 499</b>

## Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated									
			Opening Balance 1 Jan. 2015	Movements			Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Movements			Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>		
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>8 792 748,90</b>	<b>132 847</b>	<b>608 079</b>	<b>9 267 981</b>	<b>8 792 749</b>	<b>131 196</b>	<b>296 751</b>	<b>8 958 304</b>		
2	1010	Status of base fund	8 792 749	7 249	-	8 785 500	8 792 749	280	4 241	8 796 710		
3	1011	Additions base fund	-	-	608 079	608 079	-	-	292 401	292 401		
4	1012	Decrease base fund	-	37 560	-	(37 560)	-	11 698	108	(11 590)		
5	1013	Decrease from tangible assets consume	-	86 929	-	(86 929)	-	86 711	-	(86 711)		
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-		
7	1015	Decrease from	-	1 108	-	(1 108)	-	4 450	-	(4 450)		
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	28 056	-	(28 056)		
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	-	-	-	-	-	-	-	-		
<b>10</b>	<b>105,107,11,12, 13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>938 100</b>	<b>1 065 637</b>	<b>1 803 521</b>	<b>1 675 984</b>	<b>938 100</b>	<b>2 322 844</b>	<b>2 890 936</b>	<b>1 506 192</b>		
11	105	Capital internal grants	277 328	276 142	172 398	173 583	277 328	281 477	177 733	173 583		
12	107	Current assets in use	-	-	-	-	-	-	-	-		
13	11	Other own funds	-	-	-	-	-	-	-	-		
14	12	Carried result	-	-	-	-	-	-	-	-		
15	13	Exceptional subsidiaries	-	-	188 866	188 866	-	-	-	-		
16	145	Participation of the institution in investing for third parties	271 514	425 204	693 823	540 133	271 514	425 204	693 823	540 133		
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-		
18	85	Result	389 257	364 290	748 434	773 401	389 257	1 616 162	2 019 380	792 475		

No.	Acc. No.	Description	Restated									
			Opening Balance	Movements			Closing Balances	Opening Balance	Movements			Closing Balances
			1 Jan. 2015				31 July 2015	1 Jan. 2015				31 July 2015
		Credit	Debit	Credit	Credit	Credit	Debit	Credit	Credit			
<i>A</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=1+3-2</i>		
19	106	<b>EXTERNAL FUND</b>	19 810	-	-	19 810	19 810	-	-	19 810		
20	106	Capital foreigner grants	19 810	-	-	19 810	19 810	-	-	19 810		
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-		
22		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>9 750 658</b>	<b>1 198 484</b>	<b>2 411 600</b>	<b>10 963 775</b>	<b>9 750 658</b>	<b>2 454 040</b>	<b>3 187 687</b>	<b>10 484 306</b>		

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

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

(Amount in ALL '000, Unless otherwise stated)

<b>In ALL '000</b>
--------------------

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>896</b>	<b>28</b>	<b>32</b>	<b>892</b>	<b>271 996</b>	<b>4 248</b>	<b>30</b>	<b>58 772</b>	<b>2 669</b>	<b>16 569</b>
<i>1</i>	<b>Directors High level education</b>	72	1	1	72	37 923	453	-	8 247	81	3 481
<i>2</i>	<b>specialist</b>	294	7	6	295	118 127	347	-	15 549	843	4 698
<i>3</i>	<b>Technical</b>	114	-	1	113	28 856	1 939	-	17 256	-	5 354
<i>4</i>	<b>Ordinary officers</b>	67	-	-	67	15 174	149	-	3 465	67	276
<i>5</i>	<b>Employees Temporary</b>	342	5	9	338	70 579	1 360	30	13 941	1 678	2 760
<i>6</i>	<b>employees</b>	7	15	15	7	1 338	-	-	314	-	-

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

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>12 199 760</b>	<b>11 890 364</b>	<b>10 742 246</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>1 757 706</b>	<b>1 757 566</b>	<b>1 048 093</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	946 094	946 094	480 762
13	Class 4	2. Receivables	735 203	735 203	443 645
29	Class 3	3. Current Inventory accounts	76 409	76 269	123 686
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>10 442 055</b>	<b>10 132 798</b>	<b>9 694 153</b>
40	23	1. Investments	1 242 646	1 242 646	996 245
44	25,26	2. Finance assets	309 257	-	-
47	21,24,28	3. Tangible assets	8 826 558	8 826 558	8 640 250
60	20	4. Intangible assets	63 594	63 594	57 657
<b>65</b>	<b>III</b>	<b>Other assets</b>	-	-	-
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>1 235 986</b>	<b>1 235 986</b>	<b>822 737</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>592 026</b>	<b>592 026</b>	<b>317 038</b>
71	Class	1. Accounts payable	592 026	592 026	317 038
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	<b>376 893</b>	<b>376 893</b>	<b>280 280</b>
90	17	1. Foreign loans	376 893	376 893	280 280
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>267 067</b>	<b>267 067</b>	<b>225 419</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>10 963 775</b>	<b>10 654 378</b>	<b>9 919 509</b>
97		<b>Presented: Consolidated budget</b>	10 190 374	9 880 977	9 550 855
98		<b>Carried forward results</b>	773 401	773 401	368 654

**Template 11: Consolidated statement of comprehensive income and operating expenses**

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>2 766 362</b>	<b>2 766 362</b>	<b>3 389 114</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>836 249</b>	<b>836 249</b>	<b>1 116 785</b>
3	70	1. Tax revenues upon	704 303	704 303	863 630
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	131 946	131 946	253 155
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>1 506 531</b>	<b>1 506 531</b>	<b>2 092 745</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	<b>1 600</b>	<b>1 600</b>	<b>0</b>
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>375 124</b>	<b>375 124</b>	<b>175 494</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>46 858</b>	<b>46 858</b>	<b>4 089</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>1 973 287</b>	<b>1 973 287</b>	<b>2 999 506</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>1 084 475</b>	<b>1 084 475</b>	<b>2 080 756</b>
35	600 601	1. Salaries and employees contribution	320 671	320 671	544 831
38	602	2. Goods and Services	205 282	205 282	396 881
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	3 472	3 472	16 772
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	555 050	555 050	1 122 272
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	<b>-</b>	<b>-</b>	<b>103</b>
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>75</b>
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>888 811</b>	<b>888 811</b>	<b>918 572</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>793 075</b>	<b>793 075</b>	<b>389 607</b>
59		From this: Functioning results	794 004	794 004	389 112
60		Functioning observed grants	(929)	(929)	496

# **STAR Project**

## **Municipality Krujë Consolidated Due Diligence report**

## Glossary

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

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

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## **Operational due diligence**

## Summary of observations and recommendations

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

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

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

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

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

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

Observations	Recommendations
<p>Problems may arise if the labor relations with employees, who leave, do not terminate in accordance with the status that they have. In the event that the relevant provisions do not apply for the termination of labor relations, it has financial consequences for the Municipality.</p>	<p><i>Political functionaries.</i> Political functionaries of a Municipality are the deputy mayors, administrators and the employees of the mayor's cabinet. This category does not benefit from any special protection by law and therefore no special procedures are implemented for the termination of the employment relations.</p> <p><i>Employees with working contract.</i> Termination of employment for this category is performed by applying Articles 143 and following of the Labor Code. Especially by considering the compliance with procedures and terms of the termination of employment contract. It should be kept in mind that the employment relationship lasts and the employee should be charged with duties until the end of the notice period, which is different depending on seniority.</p> <p><i>Civil Servants.</i> Exemption from civil service is performed only in cases provided by law for civil service. In case of transfer of civil servants should be aware that a civil servant may be exempted from service if unjustifiably refuses the transfer.</p>
<p>Information Technology – Lack of security rules and softwares</p> <ul style="list-style-type: none"> <li>Computers are not managed through a centralized and standardized system that automates the network management of user account data and security requirements. Therefore, the implementation of safety rules and access management is not implemented.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider adopting clear regulations on information security and implement the necessary softwares for managing and storing information.</li> </ul>
<p>Information Technology – Lack of hardware devices</p> <ul style="list-style-type: none"> <li>The level of availability of hardware equipment is at the minimum level. Not all employees have access to a personal computer and the existing devices are from a wide variety of brands and models. There is lack of servers and back-up mechanisms for information.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider unifying the types of hardware devices that are currently being used. This would also help in ensuring their maintenance by specialized companies.</li> </ul>
<p>Communication – Lack of electronic means of communication</p>	<ul style="list-style-type: none"> <li>The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share</li> </ul>

Observations	Recommendations
<ul style="list-style-type: none"> <li>Despite that the administrative units have internet access, none of them has an internal electronic communication system.</li> </ul>	<p>information. Alternatively, since there is not lack of access to the internet there can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information that can be charged or circulate on these platforms.</p>
<p>Communication – Lack of telephone service</p> <ul style="list-style-type: none"> <li>Administrative units do not have telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider entering into a contract with a fixed telephony operator, national or local one. This opportunity will also allow that with a minimum investment another internal phone system could be built that can help to improve information flow and eventually reduce communication costs.</li> </ul>
<p>Archive - Centralization of archive</p> <ul style="list-style-type: none"> <li>The archive volume of the new municipality is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
<p>Archive - Lack of technical requirements in the management of the archive</p> <ul style="list-style-type: none"> <li>In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours.</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking necessary measures to guarantee the physical safety and security of preserving the archive from possible damages.</li> </ul>
<p>Asset Management – lack of registers</p> <ul style="list-style-type: none"> <li>Not all administrative units have kept records of leased properties, owned companies or concessions or enphyteosis contracts with third parties.</li> </ul>	<ul style="list-style-type: none"> <li>Such records must be kept in accordance with the requirements of Instruction No. 30, dated 27.12.2011, "On the management of assets in the public sector". In this way it will ensure the provision of accurate information, the New Municipality, on the assets of the existing LGU, and to enable proper management of assets and in accordance with the legal framework in force.</li> </ul>

# The structure and organization

## Organizational Model

Analysis of the organization and structure for the Municipality Krujë and 5 (five) existing LGUs of Fushë-Krujë, Bubq, Nikël, Thumanë and Cudhi is performed based on the organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

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

Roles	Municipality Krujë	LGU Fushë - Krujë	LGU Bubq	LGU Nikël	LGU Thumanë	LGU Cudhi
LGU Council	✓	✓	✓	✓	✓	✓
Mayor	✓	✓	✓	✓	✓	✓
Deputy Mayor	✓	✓	✓	✓	✓	n/a
Secretary of the LGU Council	✓	✓	✓	✓	✓	✓

Their respective responsibilities include:

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

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

## Roles

Performed roles are shown in table 1, below:

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

After the merger, the Municipality and 5 (five) units are transformed in 1 (one) New Municipality with 5 (five) administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

Role					
<b>New Municipality</b>	<b>Krujë</b>				
Municipality Council	✓				
Mayor	✓				
Deputy Mayor	✓				
Secretary of Municipality Council	✓				
<b>Administrative Unit</b>	<b>LGU Fushë - Krujë</b>	<b>LGU Bubq</b>	<b>LGU Nikël</b>	<b>LGU Thumanë</b>	<b>LGU Cudhi</b>
Administrator	✓	✓	✓	✓	✓

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

### ***Functions***

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

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

The total number of people performing public services is 278.

- 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 372.

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

Public Services	Municipality Krujë	LGU Fushë - Krujë	LGU Bubq	LGU Nikël	LGU Thumanë	LGU Cudhi	Merged
<b>Infrastructure and public services</b>							
Water Supply Company	Contracted	Contracted	11	n/a	n/a	1	11
Functioning of the sewerage system	Contracted	4	n/a	n/a	Subordinates Enterprises	n/a	4
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	3	n/a	n/a	n/a	4	7
Construction of roads, pavements and public squares	10	Contracted	Contracted	n/a	6	n/a	16
Rehabilitation and maintenance of local roads, sidewalks and public squares	10	Contracted	Contracted	n/a	Subordinates Enterprises	n/a	10
Public lighting	2	2	n/a	n/a	1	n/a	5
The operation of urban public transport	Contracted	n/a	n/a	n/a	1	n/a	1
Cemeteries administration and guarantee of funeral services	5	1	1	9	30	n/a	46
Decorations Service in town / village	5	n/a	n/a	n/a	1	n/a	6
Administration of parks, gardens and public spaces	kontraktuar	2	n/a	n/a	1	n/a	3
Collection, disposal and recovery of waste	Contracted	Contracted	Contracted	LGU	Contracted	n/a	n/a
Urban planning	4	6	1	2	n/a	n/a	13
Land management	3	2	2	1	2	3	13
Shelter	2	n/a	n/a	n/a	n/a	n/a	2
<b>Social, cultural and sports Services</b>							
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	4	n/a	n/a	n/a	n/a	n/a	4
Organization of sporting, recreational and entertainment activities and management of relevant institutions	3	1	n/a	n/a	30	n/a	34
Social services of kindergartens	9	n/a	n/a	n/a	n/a	n/a	9
Social services - orphanages, shelters	n/a	3	n/a	n/a	n/a	n/a	3
<b>Local economic development</b>							
Preparation of local economic development programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Establishment and function of public markets and trade	1	n/a	n/a	LGU	n/a	n/a	1

network							
Small business development, and the development of promotional activities such as fairs and advertisements in public places	5	n/a	n/a	n/a	5	n/a	10
Organization of services within the local economic development support and information structures and infrastructure necessary	n/a	n/a	n/a	n/a	6	1	7
Veterinary services	1	2	1	1	1	n/a	6
Conservation and development of forests and natural resources of local character	2	1	2	1	2	3	11
<b>The order and civil protection</b>							
Preservation of public order to prevent administrative violations	4	4	1	1	3	1	14
Civil protection	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Educational institutions</b>			n/a				
Maintenance of facilities in preliminary education	10	1	n/a	1	Subordinates Enterprises	n/a	12
<b>Medicine</b>							
Health care system and the protection of public health	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Social care</b>							
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	4	1	1	n/a	1	2	9
Social Care on domestic violence	2	1	n/a	n/a	1	n/a	4
Social care for the protection of children's Rights	1	1	n/a	1	1	n/a	4
<b>Environmental Protection</b>							
Environmental Protection	n/a	n/a	n/a	n/a	1	n/a	1
<b>Register Office</b>							
Register Office	2	2	1	1	2	1	9
<b>Business Registration</b>							
National Registration Center	2	n/a	n/a	n/a	n/a	1	3

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

<b>Horizontal Functions</b>	<b>Municipality Krujë</b>	<b>LGU Fushë - Krujë</b>	<b>LGU Bubq</b>	<b>LGU Nikël</b>	<b>LGU Thumanë</b>	<b>LGU Cudhi</b>	<b>Merged</b>
Finance	6	5	4	3	4	0.5	22.5
Local taxes and Tariffs	5	5	4	6	4	0.5	24.5
Legal Issues	1	1	1.3	1	1.3	0	5.6
Procurement	3	2	0	3	0	0	8
Institutional Relations	0	0	0	0	0	0	0
Human Resources	18	2	0	1	0	0	21
Protocol	0	0.5	1.2	1	1.2	0	3.9
Archiving	0	0.5	0	1	0	0	1.5
Information Technology	0	0	0	0	0	0	0
Supporting services	17	8	5	12	5	9	56
Internal Audit	0	0	0	0	0	0	0
<b>Total</b>	<b>50</b>	<b>24</b>	<b>15.5</b>	<b>28</b>	<b>15.5</b>	<b>10</b>	<b>143</b>

## ***Orientation***

- Two types of guidance used in the current organizational model are:
  - Breakdown by sector for the Public Services, and
  - Functional orientation to horizontal functions
- The guidance shows no exceptions. The situation is more or less similar in all LGUs. A person often covers more than one position. During the transition period in LGU, where the former Head of Administrators is changing (i.e. no longer the same person), many employees have also left the work position (most of them resigned), which brought glitch in the delivery of services and daily confusion regarding the functioning of the institution.
- It was found a lack of information from the employees in general, who have not used most of the information given to them by laws, bylaws, guidelines, and more over. Instead of directing people who can assist, these employees have remained in their passive position, claiming answer like: “don’t know”, “it wasn’t explained to us”, “not sure”, “expecting for guidance” etc.

## ***Service Providing***

- In the below tables 3 and 4 there are the detailed ways of providing public services and execution of Horizontal Functions.
- Majority of the functions are provided with its own resources.
- 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.
- Transfers, which are necessary to improve the service situation, should be complete very carefully as to not affect the quality of service and also to make sure to use the experience to date.
- Individuals with important functions should be treated with caution, in order to be able to keep the transfer process and support all steps in the relevant legislation and to ensure the compliance with the respective law and bylaws.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
  - Does the fulfillment of work require physical presence?
  - Is there any reason (legal, strategic) to centralize the execution of function?
  - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2).
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
  - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality);
  - Legal Issues;
  - Procurement;
  - Institutional Relations;
  - Human Resources;

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

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

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

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

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

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

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

## **Organizational Structure**

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

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

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

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

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

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

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

- The first unit is connected with the Mayors functions, the Mayors Cabinet, and with the supportive offices with functional reporting, by having a direct connection with the Mayor, through the Internal Audit and Tax Appeal.
- The second unit includes Civil servants who draft and approve policies of the New New Municipality. The functions included in this block are the General Directorate, Directorate, and sectors, depending on the size of the New Municipality. The highest position in this block is the Secretary-General; the new role is added to the proposed organizational structure.
- In the third unit, agencies are responsible for implementing the policies drawn up by civil servants. According to the functions and roles they perform, they are divided into four types of agencies:
  1. Territorial Inspection Agency
  2. Public Service Agency
  3. Welfare Agency and Social Care
  4. Agricultural Services Agency, Veterinary and Environmental.
- In the fourth unit, of there are included the Service Offices. We explain that these offices in the Municipality, will have a

Responsible Office, Civil Registry staff, NRC if required, and employees that covers relations with the public, which collects requests, complaints from the community and sends to the Municipality the solutions. Also, in the Municipality, these offices can be raised even at the neighborhood level, which occur when the population is more than 20,000 residents. While in LGU's Service Offices will be represented by the Administrator, will be organized and will play the same role as amended in the Municipality.

## **Financial due diligence**

## Summary of observations and recommendations

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

<b>Investments</b>	
<p>Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 451,866 thousand ALL. Overdue municipal obligations are reported at a value 301,589 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

**Receivables**

During 2015, tax and non-tax revenues were 18% of total revenues, due to the low rate of revenue collection.

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

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

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

**Lack of unified accounting policies and practices**

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

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

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

**Lack of unified accounting policies and practices - continued**

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

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

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

# Consolidated financial statements

## Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Krujë, 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 Krujë, LGU Fushë - Krujë, LGU Bubq, LGU Nikël, LGU Thumanë, LGU Cudhi.

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

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

These consolidated financial statements do not include any consolidation adjustment.

Key performance indicators:

<b>Key performance indicators</b>	
<i>Amounts in ALL '000</i>	<i>For the period ended 31 July 2015</i>
Income from grants	522,436
Tax and non-tax revenue	126,574
Total Expenses	630,851
Total Assets	4,483,028
Liabilities	451,866

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

*Amounts in thousand ALL*

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
<b>A</b>	<b>Assets</b>	<b>4 483 028</b>	<b>4 241 850</b>
<b>I</b>	<b>Current Assets</b>	<b>589 066</b>	<b>568 904</b>
	1. Petty - Cash, Banks, and Funds		
Class 5	Availability	93 269	69 329
Class 4	2. Receivables	421 914	425 692
Class 3	3. Current Inventory accounts	73 882	73 882
<b>II</b>	<b>Non-current Assets</b>	<b>3 893 963</b>	<b>3 672 946</b>
23	1. Investments	386 527	384 138
25,26	2. Finance assets	218 628	-
21,24,28	3. Tangible assets	3 252 124	3 252 124
20	4. Intangible assets	36 684	36 684
<b>III</b>	<b>Other assets</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>Liabilities</b>	<b>451 866</b>	<b>457 853</b>
<b>I</b>	<b>Current liabilities</b>	<b>451 866</b>	<b>455 644</b>
Class 4	1. Accounts payable	451 866	455 644
16	2. Non-current liabilities	-	-
<b>II</b>	<b>Non liquid liabilities</b>	<b>-</b>	<b>-</b>
17	1. Foreign loans	-	-
<b>III</b>	<b>Other liabilities</b>	<b>-</b>	<b>2 210</b>
	<b>Net assets (A - B)</b>	<b>4 031 163</b>	<b>3 783 996</b>
	<b>Presented: Consolidated budget</b>	<b>3 966 915</b>	<b>3 719 749</b>
	<b>Carried forward results</b>	<b>64 247</b>	<b>64 247</b>

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

- On July 31, 2015 total assets and liabilities of the new municipality were ALL 4,483,023 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 15% compared to December 31, 2014.

#### *Current assets*

- Current assets, which have 13% of total assets, are increased by 11% 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 39% of cash, which the most current assets are found in Municipality Krujë.

#### *Accounts Receivables*

- Structure of total debtors of Municipality Krujë consists of 88.87% of debtors of LGU Krujë, 45.54% By LGU Fushë-Krujë, 10.00% by LGU Bubq, 2.84% by LGU Nikël, 5.35% by LGU Thumanë and the other part, 0.07%, belongs to LGU Cudhi.

#### *Non-current accounts*

- Non-current assets which occupy the largest share of assets of the Municipality Krujë 87%, have increased by 15% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 4%, which compose 73% of total assets.

### *PPE*

- 31.29% of PPEs of Municipality Krujë are composed by the PPEs of LGU Krujë, 40.15% by LGU Fushe-Krujë, 6.02% by LGU Bubq, 9.69% by LGU Nikël, 10.54% by LGU Thumanë, 2.31% by LGU Cudhi.

### *Accounts Payables*

Accounts payable have decreased by 40% during the period ended July 31, 2015 compared with the previous year 2014.

- 35.59% of the total accounts payable are composed of accounts payable of LGU Krujë, 46.24% by LGU Fushë-Krujë, 9.38% by LGU Bubq, 3.33% by LGU Nikël, 5.37% by LGU Thumanë and 0.09% by LGU Cudhi.

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

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

*Amounts in thousand ALL*

Account Number	Description	In ALL '000	
		2015 Period Restated	2015 Period
<b>2</b>	<b>TOTAL REVENUES</b>	<b>695 099</b>	<b>695 099</b>
<b>A</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>126 574</b>	<b>126 574</b>
<b>70,750,71</b>	1. Tax revenues upon	90 084	90 084
70	2. Contributions and social and health insurance	-	-
75	3. Non tax revenues	36 490	36 490
<b>71</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>522 436</b>	<b>522 436</b>
<b>72</b>	<b>III. FINANCIAL REVENUES</b>	<b>-</b>	<b>-</b>
<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>46 089</b>	<b>46 089</b>
<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>-</b>	<b>-</b>
	<b>TOTAL EXPENSES</b>	<b>630 851</b>	<b>630 851</b>
<b>B</b>	<b>I. ACTUAL EXPENSES</b>	<b>378 108</b>	<b>378 108</b>
600 601	1. Salaries and employees contribution	106 354	106 354
602	2. Goods and Services	72 263	72 263
603	3. Subsidies	-	-
604	4. Internal actual transfers	15 140	15 140
605	5. External actual transfers	-	-
606	6. Budget transfers for families and individuals	184 350	184 350
<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	<b>-</b>	<b>-</b>
<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	<b>-</b>	<b>-</b>
<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>252 744</b>	<b>252 744</b>
<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>64 247</b>	<b>64 247</b>
	From this: Functioning results	64 247	64 247
	Functioning observed grants	(0)	(0)

## Overview of consolidated statement of financial performance

### *Sources of funds (revenues)*

- During the period ended July 31, 2015 total revenue recognized by the new municipality in the consolidated statement of financial performance were ALL 695,099 thousand. 18% of the total municipality incomes are composed of tax and non-tax revenues, 75% of income is from grants and 7% from other incomes.

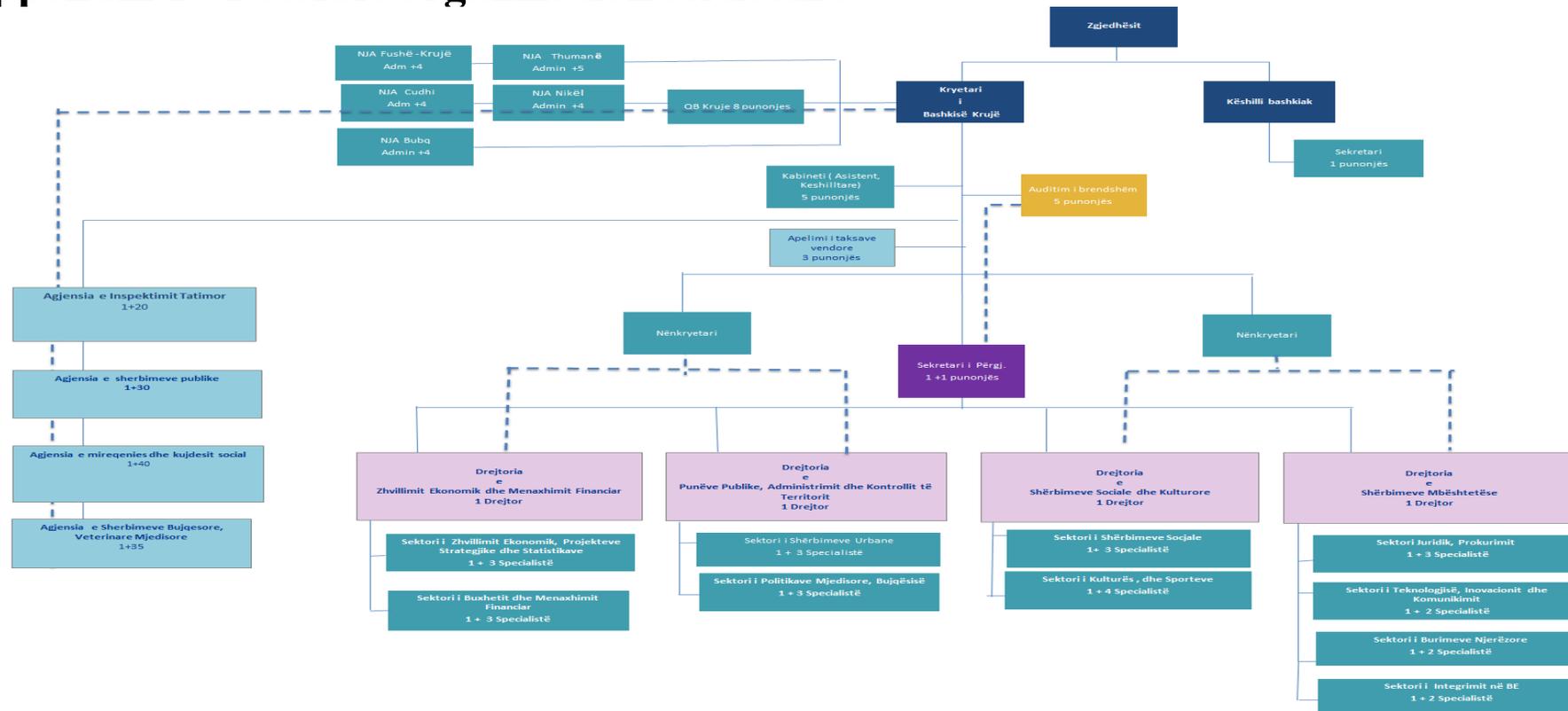
Structure of total revenues is comprised of 17.06% of the revenue generated from LGU Krujë, 56.08% by LGU Fushë-Krujë, 6.15% by LGU Bubq, 8.12% by LGU Nikël, 9.60% by LGU Thumanë and 2.99% by LGU Cudhi.

### *Uses of Funds (expenses)*

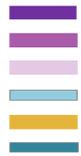
- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were ALL 630,851 thousand. 60% of the total municipal expenditure is composed of current expenditures.
- Structure of the total expenditure is comprised by 30.57% of the expenditures of LGU Krujë, 32.66% by LGU Fushë-Krujë, 8.75% by LGU Bubq, 9.07% by LGU Nikël, 13.76% by LGU Thumanë and 5.18% by LGU Cudhi.

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

# Appendix 1 –Possible organization structure



- Sekretari i pergjithshem
- Drejtori e pergjithshme
- Drejtori sektoriale
- Agjensi
- Auditi i Brendshëm
- Sektorë



**Agjensia e Inspektimit te Territorit**  
 Tatimet,  
 Taksat ,  
 Menaxhimi i tregjeve,  
 Ndhurma Ekonomike,  
 Menaxhimi i objekteve te dhena  
 me Qira,  
 IVMT,  
 Policia Bashkiake,  
 Zjarrfikesit

**Agjensia e Shërbimeve Publike**  
 Ndertim mirembajtje,  
 rruge,troturare,  
 kanalizim,  
 ujra te bardha,  
 ndricim,  
 parqe ,  
 lulishte,  
 dekor,  
 varreza,  
 mirembajtje godina,  
 pastrim rrugeshe,  
 mbetje urbane,  
 ujesjelles nqs nuk eshte sh.a.

**Agjensia e Mireqenies dhe Kujdesit Social**  
 Strehimi,  
 Sportet,  
 Arsimi parashkollor,  
 parauniversitar, Konviktet,  
 sport,  
 kulture,  
 strehimi,  
 shërbime sociale,  
 transport,  
 shofer administrate,  
 magazinier

**Agjensia e Shërbimeve Bujqesore, Veterinare, Mjedisore**  
 Bujqesia ,  
 Veterinaria,  
 Kullim,  
 Kulllota,  
 Ujijtje,  
 Pyjjet,  
 Mjedisi.

## 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 265 employees, of which only 50 employees have the civil servants status, with a confirm contract or on a probation period, 1 (one) employee have a one term-contract and 214 employees have indefinitely contracts. In the LGU structure, is not reported any case / employee who enjoys a special protection.
- Personnel register is presented in Annex 2 – Personnel register.

## Observations and recommendations

### Personnel matters

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

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

## Appendix 3 –Information Technology

### Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

### Summarized description of received information

- Use of information technology is limited to the use of personal computers and printers. Available programs are mainly those of Microsoft Windows and Office package, even though there are taken no licenses for their use. There are no internal networks or standard e-mail and the majority of employees who have access to use the e-mail, still chose to use the private one. There is no maintenance contract and just 1 (one) employee is specializing in Information Technology in the 3 (three) Local Government Units.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below.

**Table 9: IT environment***LGU Thumanë*

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
USB			n/a	n/a	n/a	2	
Router			n/a	n/a	n/a	1	
Telephone	n/a		n/a	n/a	n/a	n/a	
Generator			n/a	n/a	n/a	1	
Monitors			n/a	n/a	n/a	4	
Desktop Computers			n/a	n/a	n/a	4	
Laptop	n/a		n/a	n/a	n/a	n/a	
Laptop	n/a		n/a	n/a	n/a	n/a	
Copier Machine			n/a	n/a	n/a	1	Not working
Scanner	n/a		n/a	n/a	n/a	n/a	
Video projector	n/a		n/a	n/a	n/a	n/a	
Modem			n/a	n/a	n/a	1	
Printer			n/a	n/a	n/a	3	
Photo Camera	n/a		n/a	n/a	n/a	n/a	
Network equipment - Switch	n/a		n/a	n/a	n/a	n/a	
Microphones	n/a		n/a	n/a	n/a	n/a	
Speakers	n/a		n/a	n/a	n/a	n/a	
Webcam	n/a		n/a	n/a	n/a	n/a	
USB memory	n/a		n/a	n/a	n/a	n/a	

*LGU Fushë – Krujë*

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
USB		2010				13	
Router	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Telephone	Statik	2010				5	
Generator	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Monitors	LG	2010	n/a	n/a	n/a	7	n/a
Monitors	HP	2010	n/a	n/a	n/a	6	n/a
Desktop Computers	Lg,	2010	n/a	n/a	n/a	7	n/a
Desktop Computers	hp	2010	n/a	n/a	n/a	6	n/a
Laptop	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Laptop	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Copier Machine	Canon, LG	20, 102, 014	n/a	n/a	n/a	2	n/a
Printer, scanner, photocopy	Canon, HP	2014	n/a	n/a	n/a	3	n/a
Scanner	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Video projector	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Modem		2011	n/a	n/a	n/a	2	Albtelecom
Printer	Xerox	2010	n/a	n/a	n/a	3	n/a
Printer	Canon	2014	n/a	n/a	n/a	3	n/a
Printer	Samsung M/L 1665	2014	n/a	n/a	n/a	4	n/a

LGU Cudhi

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
USB	n/a	n/a	n/a	n/a	n/a	n/a	
Router	n/a	n/a	n/a	n/a	n/a	n/a	
Telephone	n/a	n/a	n/a	n/a	n/a	n/a	
Generator	n/a	n/a	n/a	n/a	n/a	n/a	
Monitors	n/a	n/a	n/a	n/a	n/a	3	
Monitors	n/a	n/a	n/a	n/a	n/a	n/a	
Desktop Computers	n/a	n/a	n/a	n/a	n/a	3	
Laptop	n/a	n/a	n/a	n/a	n/a	n/a	
Laptop	n/a	n/a	n/a	n/a	n/a	n/a	
Copier Machine	n/a	n/a	n/a	n/a	n/a	1	
Video projector	n/a	n/a	n/a	n/a	n/a	n/a	
Modem	n/a	n/a	n/a	n/a	n/a	n/a	
Printer	n/a	n/a	n/a	n/a	n/a	1	
Photo Camera	n/a	n/a	n/a	n/a	n/a	4	
Equipment for Wireless Access	n/a	n/a	n/a	n/a	n/a	n/a	
Network equipment - Switch	n/a	n/a	n/a	n/a	n/a	n/a	
Microphones	n/a	n/a	n/a	n/a	n/a	n/a	

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
USB		n/a	n/a	n/a	n/a	2	
Router			n/a	n/a	n/a	1	
Telephone	n/a		n/a	n/a	n/a	na	
Generator			n/a	n/a	n/a	1	
Monitors			n/a	n/a	n/a	4	
Monitors	n/a		n/a	n/a	n/a	n/a	
Desktop Computers			n/a	n/a	n/a	4	
Laptop	n/a		n/a	n/a	n/a	n/a	
Laptop	n/a		n/a	n/a	n/a	n/a	
Copier Machine			n/a	n/a	n/a	1	Not working
Printer, scanner, photocopy			n/a	n/a	n/a	1	
Skaner	n/a		n/a	n/a	n/a	n/a	
Video projector	n/a		n/a	n/a	n/a	n/a	
Modem			n/a	n/a	n/a	1	
Printer			n/a	n/a	n/a	3	
Photo Camera	n/a		n/a	n/a	n/a	n/a	

LGU Krujë

Hardware Equipment	Model	Year	Maintenance Contract	Supported by the internal IT staff	Authorized Resellers	Number of pieces	Observation
USB	n/a		No		No	2	
Router	n/a		No		No	4	
Telephone	Fixed Lined		No		No	3	
Generator	n/a		No		No	n/a	
Monitors	n/a		No		No	19	
Monitors	n/a		No		No	19	
Desktop Computers	n/a		No		No	19	
Desktop Computers	n/a		No		No	19	
Laptop	n/a		No		No	n/a	
Laptop	n/a		No		No	n/a	
Copier Machine	Sharp		No		No	2	
Skaner	n/a	n/a	n/a	n/a	n/a	n/a	
Video projector	n/a	n/a	n/a	n/a	n/a	n/a	
Modem	n/a	n/a	n/a	n/a	n/a	4	
Printer	n/a	n/a	n/a	n/a	n/a	7	
Printer	n/a	n/a	n/a	n/a	n/a	n/a	
Printer	n/a	n/a	n/a	n/a	n/a	n/a	
Photo Camera	n/a	n/a	n/a	n/a	n/a	n/a	
Video Camera	n/a	n/a	n/a	n/a	n/a	n/a	

## Observations and Recommendations

IT environment

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

## Appendix 4 – Communication

### Objectives of the analysis

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

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

### Summarized description of the information received

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

Communication	
Observations	Recommendations
Lack of communication:	
<ul style="list-style-type: none"> <li>Despite the fact that 3 Local Government Units have access to the Internet, none of them has an internal electronic communication system.</li> </ul>	<ul style="list-style-type: none"> <li>The municipality may consider creating and managing an internal structure of electronic mail by training for this purpose all employees that create, store and share information. As an alternative, since there is a lack access to the Internet, it can be considered the use of existing electronic platforms, with or without payment, always by setting clear rules on the type of information, which can be charged or circulated on these platforms.</li> </ul>
The lack of fixed telephone service:	
<ul style="list-style-type: none"> <li>None of the Local Government Units taken into consideration, do not benefit from the fixed telephone service.</li> </ul>	<ul style="list-style-type: none"> <li>The Municipality may consider entering into a contract with fixed telephony operator, with national or local coverage. This opportunity will also allow that, with a minimum investment, can help another internal phone system to improve the information flow and eventually reduce the communication costs.</li> </ul>

## Appendix 5 – Archives

### Objectives of the analysis

The analysis of the database has the following main objectives:

- The analysis of the actual archive practices until the end of 2014 based on the legal and technical requirements provided by the following legal framework applicable to archives:
  - Law nr.9154, dated 06.11.2003 "On Archives" and;
  - Professional and technical rates and methodological archival service in the Republic of Albania (Archiving methodology);
- The preparation of a checklist for compliance with technical requirements for archive environments and requirements of methodology documentation;
- Provision of observations and recommendations regarding the archive within the union based on information received by the end of July 2015.

### Summarized description of the information received

- The function of the archive in LGU Krujë is performed by 1 (one) archive specialist. Meanwhile the LGUs archive staff may be required to cover other duties as protocol.
- In Municipality Krujë, the 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 not met. There is a confusion about the management and transfer of the archive, due to the amalgamation process, or due to the insufficient space and there are not enough necessary technical conditions that can make the transfer possible.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by the Municipality and LGUs.
- Regarding the registers, all LGUs are holding the Register of Correspondence.
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

## Observations and Recommendations

### Archive

Observations	Recommendations
Fullfillment of technical requirements in the archive management:	
<ul style="list-style-type: none"> <li>Some of the technical requirements on archives, in the Municipality Krujë, secured doors and windows, automatic door locking, distance from the wall and shelves, are not met. In the Municipality and LGUs, the other technical requirements for archive environments are met in most of them.</li> <li>Municipality Krujë has not enough facilities for the collection of documentation from the 5 (five) LGUs, which have joined the administrative-territorial reform. The current environment is all wet and there are not enough necessary materials.</li> </ul>	<ul style="list-style-type: none"> <li>As part of the merger, it is necessary to take measures in order to fulfill the standards, scientific and technical conditions provided in the Archiving Methodology and that there should be an archive environment.</li> <li>It is recommended to consider leaving the documentation in the archives of current Municipality and LGU, in case of inability to provide necessary facilities for those LGU, which provide safe archiving environments, as well as to ensure a dry environment in order to keep in good conditions these documents.</li> </ul>
Lack of compliance with with the Records and Archiving methodology:	
<ul style="list-style-type: none"> <li>Not all models, registers, lists, records or forms, required by methodology and specific archiving law, archives are kept by the Municipality and 3 (three) LGUs. Also, no information regarding the last inventory and the documents located in the LGU Archives could be obtained.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain all records required by law, in order so: the creation, documentation and transfer of documentation to be made in accordance with the archiving methodology and the accordance with the proper requirements.</li> <li>Regarding the processing of technical and scientific inventory of the documents which are kept in the archive, including documents that are being held in the existing LGUs, should be taken into consideration the process of reorganization in the New Municipality, in order to be completed in the most effective way and within the deadlines.</li> </ul>
Reorganization of the Archives:	
<ul style="list-style-type: none"> <li>As a result of the merger, the volume of Municipal archives will grow from the documents received by the Municipality and the existing LGUs. Consequently, given the volume of documents, the reorganization of the New Municipality archive and its maintenance, could prove to be difficult.</li> </ul>	<ul style="list-style-type: none"> <li>As a temporary action, the opportunity to leave the current LGU archive premises that will unite, should be taken into consideration, in case the archive merge can produce negative effects on public services.</li> <li>The New Municipality, in order to have a more efficient public service delivery for the community, should consider digitizing the archives.</li> </ul>

## Appendix 6 – Assets Management System

### Objectives of the analysis

Analysis of asset management has the following main objectives:

- Analyzing the status of assets management based on the legal and technical requirements provided by the following legal framework applicable to asset management:
  - Law nr.10296, dated 08.07.2010 "On Financial Management and Control" and;
  - Decree of the Minister of Finance no. 30, dated 27.12. 2011 "For the management of public sector assets" of change;
- Prepare a checklist related to compliance with the legal framework of asset management based on the information received until the end of 2014;
- Provision of observations and recommendations regarding the management of assets within the union based on information received at the end of July 2015.

### Summarized description of the information received

- In the Municipality and all existing LGUs, the Municipality Mayor and LGU Mayor are the authorizing officers for asset management, while executing officer is Head of Finance.
- Also, the LGU Mayors have not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- The Municipality and 5 (five) LGUs keep an Accounting Record of assets.
- In the Municipality and all existing LGUs, the Mayor approves at the end of each year a special order for the inventory of assets, which is followed by the performance of inventory of assets at the beginning of next year. Special committees have been established to evaluate the assets.
- There are not always special committees for the disposal of assets, created in all LGUs.
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

**Table 12: List of consolidated control applications for Assets Management**

<b>ASSET MANAGEMENT</b>	<b>Municipality Krujë</b>	<b>LGU Fushë - Krujë</b>	<b>LGU Bubq</b>	<b>LGU Nikël</b>	<b>LGU Thumanë</b>	<b>LGU Cudhi</b>
Adopted rules and procedures on asset management	No	No	No	No		
Authorizing Officer	Municipality Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor	LGU Mayor
Executing Officer	Director of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance	Head of Finance
Adopted plan, objectives and control mechanisms related Risk	No	No	No	No	No	No
Asset Accounting Register	Yes	No	Yes	No	Yes	No
Leased Properties Register	No	Yes	No	No	No	No
Owned Companies Register	Yes	No	No	No	No	No
Annual Assets Inventory	No	No	No	No	No	No
Assets Inventory Committee	Yes	No	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	No	No	No	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes	Yes	Yes

## Observations and Recommendations

### Asset Management

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

## Appendix 7 – Investment Projects

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

### Investments Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
LGU Krujë	Expanding “Drini” river bridge, lighting and decoration	In process	ALL 42,221,972	ALL 90,134,636
LGU Krujë	Building “Beslidhja” kindergarten	In process	ALL 27,499,161	ALL 85,219,092
LGU Krujë	Reconstruction of the Children's Cultural Center	The contract was signed with the service provider, but the work still has not begun.	ALL 0	ALL 6,436,086
LGU Krujë	Improvement, asphaltting 11.2 / HA, Phase 2	In process	ALL 37,448,436	ALL 40,770,726
LGU Krujë	Improvement, asphaltting 11.2 / HA, Phase 3	In process	ALL 18,333,607	ALL 22,843,459
LGU Krujë	Asphaltting “Mother Teresa” Road, Phase 1	In process	ALL 9,051,697	ALL 10,912,118
LGU Krujë	“Gurra” neighborhood works, improvement and adjustments	In process	ALL 6,793,824	ALL 7,525,186
LGU Krujë	“Gurra A.” neighborhood works, improvement and adjustments	In process	55% of the project is complete	ALL 7,963,165
LGU Krujë	“Gurra B.” neighborhood works, improvement and adjustments	In process	55% of the project is complete	ALL 11,076,212
LGU Krujë	Cathedral	In process	65% complete	ALL 10,774,334
LGU Krujë	Improvement, asphaltting 11.2 / HA	In process	55% complete	ALL 12,194,550
LGU Krujë	“Shtraus” road reconstruction	In process	5% complete	ALL 45,529,596

LGU Krujë	Improvement, asphaltting 11.2 / HA, Phase 4	In process	5% complete	ALL 40,687,565
LGU Krujë	Road reconstruction and asphaltting, behind the Stadium	In process	20% complete	ALL 11,999,753
LGU Krujë	Improvement of the neighborhood and the streets, SMT	In process	5% complete	ALL 13,905,755
LGU Krujë	“Drini” boulevard reconstruction	In process	5% complete	ALL 114,187,309
LGU Krujë	Road accommodation of the cemetery district "N.Tereza"	In process	ALL 21,677,263 (100%)	ALL 21,677,263
LGU Krujë	Water supply construction	In process	27% complete	ALL 1,785,865,492
LGU Krujë	Building Professional School “Colin Rybak”	In process	10% complete	ALL 142,606,125
LGU Shënkoll	Asphaltting of the road "ANTON CETA", Shënkoll Village	Started, but not finished	ALL 3,563,664	Not liquidated (no amount was been received regarding the work)
LGU Blinisht	Construction of water supply, Troshan Village	The contract was signed with the service provider, but the work still has not begun.	ALL 0	ALL 99,537,008

# Appendix 8 – Legal Issues

## **Public Service Arrangements**

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

## **Legal Proceedings**

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

## **Third party contracts**

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

# Appendix 9 – Consolidated Financial Statements Template

## Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-
<b>2</b>	<b>A</b>	<b>Non Current Assets</b>		<b>3 893 963</b>	<b>3 672 946</b>	<b>3 378 478</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>37 668</b>	<b>37 668</b>	<b>35 295</b>
4	201	Amounts to be remitted and loan reimbursements		25 073	25 073	24 036
5	202	Studies and research	<b>F6, Sh1</b>	11 612	11 612	10 275
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	-	-	-
8	230	Expenses for increase of current intangible assets		984	984	984
<b>9</b>		<b>II. Tangible Assets</b>		<b>3 637 667</b>	<b>3 635 277</b>	<b>3 343 184</b>
10	210	Land		22 420	22 420	22 420
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	17 852	17 852	17 302
12	212	Building and Constructions	<b>F6, Sh1</b>	1 230 950	1 230 950	1 145 079
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	2 065 351	2 065 351	1 999 586
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	47 755	47 755	48 595
15	215	Transport vehicles	<b>F6, Sh1</b>	33 589	33 589	31 339
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	<b>F6, Sh1</b>	67 268	67 268	67 219
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(235 461)	(235 461)	(219 660)
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	385 543	383 154	228 903
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		2 400	2 400	2 400

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>218 628</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		218 628	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>589 066</b>	<b>568 904</b>	<b>528 329</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>73 882</b>	<b>73 882</b>	<b>76 291</b>
29	31	Materials	<b>Sh2</b>	7 432	7 432	7 725
30	32	Inventory Objects	<b>Sh2</b>	66 451	66 451	68 566
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>421 914</b>	<b>425 692</b>	<b>303 801</b>
39	409	Suppliers, prepayments or partial payment		8 322	126 710	66 069
40	411-418	Similar clients or accounts		290	290	-
41	423	Employees, prepayment, deficits and penalties	<b>Sh3</b>	7 386	7 386	5 225
42	431	Rights and taxes to deposit to government		312	312	160
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	-
45	4342	Other operations with the government (debtor)		239 538	124 928	78 566
46	435	Social Insurance		3 891	3 891	2 894
47	436	Health Insurance		520	520	383
48	437	Other social organizations		5	5	2
49	44	Other public institutions		-	-	-
50	45	Relationships with institutions in and outside the system		-	-	-
51	465	Receivables from selling of bonds		-	-	-
52	468	Different Debtors	<b>Sh4</b>	161 650	161 650	150 502
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>93 269</b>	<b>69 329</b>	<b>148 236</b>
55	50	Securities		-	-	-

					In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
56	511	Amounts to receive		-	-	-	
57	512	Bank		-	-	-	
58	520	Treasury funds	Sh5	93 269	69 329	148 236	
59	531	Petty-cash		-	-	-	
60	532	Other amounts		-	-	-	
61	54	Recognized and prepayments		-	-	-	
62	56	Accounts in Lending Institutions		-	-	-	
63	59	Devaluation provisions on securities (-)		-	-	-	
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-	
65	477	Assets conversion differences		-	-	-	
66	481	Expenses to distribute in several exercises		-	-	-	
67	486	Expenses in the future		-	-	-	
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-	
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>4 483 028</b>	<b>4 241 850</b>	<b>3 906 807</b>	
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-	
71	80,81	Active evidences		-	-	-	

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

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

(Amount in ALL '000, unless otherwise stated)

			In ALL '000			
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>3 966 915</b>	<b>3 719 749</b>	<b>3 415 861</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>3 966 915</b>	<b>3 719 749</b>	<b>3 415 861</b>
3	101	Base funds	<b>F8</b>	3 638 996	3 391 830	3 142 990
4	105	Capital internal grants		327 919	327 919	222 696
5	106	Capital foreigner grants		-	-	50 175
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>451 866</b>	<b>455 644</b>	<b>322 873</b>
<b>17</b>		<b>I. Long-term debts</b>		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>451 866</b>	<b>455 644</b>	<b>322 873</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	140 889	140 889	67 621
23	42	Employees and related accounts		15 772	15 772	15 486
24	431	Liabilities to government for taxes		312	312	457
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		104 533	104 533	100 787

In ALL '000
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No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		3 891	3 891	4 366
29	436	Health Insurance		520	520	862
30	437	Other social organizations		5	5	25
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	29 022	29 022	19 072
36	467	Other creditors		156 922	160 700	114 196
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		-	<b>2 210</b>	<b>26 500</b>
38	475	Incomes to register in the coming years		-	2 210	26 500
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>64 247</b>	<b>64 247</b>	<b>141 573</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>4 483 028</b>	<b>4 241 850</b>	<b>3 906 807</b>
44	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
45	80,81	Passive evidences		-	-	-

### Template 3-1: Statement of expenses

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>380 588</b>	<b>380 588</b>	<b>685 035</b>
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>378 108</b>	<b>378 108</b>	<b>699 620</b>
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>91 761</b>	91 761	<b>158 799</b>
4	6001	Salaries		89 914	89 914	154 859
5	6002	Temporary salaries		1 847	1 847	3 940
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>14 593</b>	<b>14 593</b>	<b>25 902</b>
9	6010	Insurance contributions		13 718	13 718	25 356
10	6011	Health insurance		875	875	546
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>72 263</b>	<b>72 263</b>	<b>98 920</b>
12	6020	Stationary		2 978	2 978	22 788
13	6021	Special services		12 456	12 456	7 221
14	6022	Services from third party		22 237	22 237	14 004
15	6023	Transport expenses		3 874	3 874	8 714
16	6024	Travel expense		21	21	14
17	6025	Ordinary maintenance expenses		17 682	17 682	13 957
18	6026	Rent expenses		2 267	2 267	468
19	6027	Expenses for legal liability for compensation		3 942	3 942	5 144
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		6 807	6 807	26 611
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-

In ALL '000
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No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>15 140</b>	<b>15 140</b>	<b>20 118</b>
29	6040	Current transfers to other government levels		9 120	9 120	13 981
30	6041	Current transfers to various government institutions		<b>620</b>	620	100
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		<b>5 400</b>	5 400	6 037
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>184 350</b>	<b>184 350</b>	<b>395 881</b>
39	6060	Transfers paid from ISS and HII		54 985	54 985	115 384
40	6061	Transfers paid from other institutions and Local government		129 365	129 365	280 497
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>2 480</b>	<b>2 480</b>	<b>(14 585)</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
56	662	Interest on other foreign loans		-	-	-	
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>380 588</b>	<b>380 588</b>	<b>685 035</b>	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>250 264</b>	<b>250 264</b>	<b>200 553</b>	
62	828	Names of cancelled revenues		108 905	108 905	73 810	
63	831	Determination of revenues for investments		31 467	31 467	22 585	
64	8420	Revenues deposited in the budget		487	487	340	
65	8421	Deposit in the budget of unused revenues		7 351	7 351	1 839	
66	8422	Transfers of revenues within the system		-	-	-	
67	8423	Transfers for changes in situation		(2 480)	(2 480)	1 192	
68	8424	Transfers for identified debtors and similar items		104 533	104 533	100 787	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>630 851</b>	<b>630 851</b>	<b>885 588</b>	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>64 247</b>	<b>64 247</b>	<b>141 573</b>	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>695 099</b>	<b>695 099</b>	<b>1 027 161</b>	

### Template 3-2: Statement of revenues

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

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>695 099</b>	<b>695 099</b>	<b>1 037 354</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>90 084</b>	<b>90 084</b>	<b>132 724</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>7 484</b>	<b>7 484</b>	<b>13 956</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	-	-	-
6	7002	Small business tax	7 484	7 484	13 956
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>36 388</b>	<b>36 388</b>	<b>67 300</b>
9	7020	On immovable property	36 062	36 062	66 347
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	326	326	954
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>45 325</b>	<b>45 325</b>	<b>50 467</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	-	-	-
17	7035	Local tax on goods usage and activity permission	45 325	45 325	50 467
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>887</b>	<b>887</b>	<b>1 000</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>36 490</b>	<b>36 490</b>	<b>41 718</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>562</b>	<b>562</b>	<b>605</b>
36	7100	From public non financial enterprise	-	-	-
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	562	562	605
			-	-	-
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>35 928</b>	<b>35 928</b>	<b>40 919</b>
40	7110	Administrative tariffs and regulations	31 134	31 134	29 181
41	7111	Secondary revenues and payments of services	2 478	2 478	3 638
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	927	927	2 579
44	7114	Revenues from tickets	-	-	170
45	7115	Fines and late-fees, sequestration and compensation	1 389	1 389	5 351
		Revenues from ownership transfer, legalization of buildings	-	-	-
46	7116	without permits	-	-	-
<b>47</b>	<b>719</b>	<b>c) Other non tax revenues</b>	<b>-</b>	<b>-</b>	<b>194</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>522 436</b>	<b>522 436</b>	<b>759 404</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>522 436</b>	<b>522 436</b>	<b>759 404</b>
50	7200	From same Government level	363 743	363 743	466 598
51	7201	From other Government levels	133 546	133 546	276 250
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and	-	-	-
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	22 583	22 583	15 062

			In ALL '000		
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
57	7207	Third party sponsorship	2 563	2 563	1 494
58	7209	Other internal grants	-	-	-
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>46 089</b>	<b>46 089</b>	<b>103 508</b>
64	781	Works, investments in economy	198	198	4 174
65	782	Forecasted retakings for liquid assets	2 074	2 074	1 069
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	10 883	-	-
69	787	Withdraw from investments	32 934	43 817	98 265
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>695 099</b>	<b>695 099</b>	<b>1 037 354</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	-	-	<b>(5 046)</b>
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	-	-	(5 046)
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>695 099</b>	<b>695 099</b>	<b>1 032 308</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>695 099</b>	<b>695 099</b>	<b>1 032 308</b>

#### Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, Unless otherwise stated)

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	-	<b>19 626</b>	<b>19 626</b>	-
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	-	<b>9 731</b>	<b>9 731</b>	-
3	1050	From the same government level	-	9 731	9 731	-
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	-	-	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	-	-	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	-	-	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for third				
13	146	parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	-	<b>9 895</b>	<b>9 895</b>	-
15	111	Reserve funds	-	-	-	-
16	115	Fund allocation for investments from result of the year	-	9 895	9 895	-
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	<b>229 887</b>	<b>282 546</b>	<b>125 906</b>	<b>386 527</b>
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	<b>984</b>	<b>5 425</b>	<b>5 425</b>	<b>984</b>
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	<b>228 903</b>	<b>275 600</b>	<b>118 960</b>	<b>385 543</b>
36	2310	Land	1 920	-	-	1 920
37	2311	Forests, Pasture, Plantation	-	634	634	-
38	2312	Building and Constructions	132 644	118 751	51 873	199 522
39	2313	Roads, networks, water facilities	94 338	153 137	63 425	184 051
40	2314	Technical installment, machinery, equipment, working tools	-	673	624	49
41	2315	Transport vehicles	-	2 250	2 250	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	155	155	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	<b>1 520</b>	<b>1 520</b>	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-

In ALL '000
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No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
52	265	Outing for own equity in non profit public enterprise	-	-	-	-
53	266	Outing for own equity in financial institutions	-	-	-	-
54	267	Outing for own equity in joint venture	-	-	-	-
55	269	Outing for own equity other	-	-	-	-
<b>56</b>		<b>Total (I + II)</b>	<b>229 887</b>	<b>302 172</b>	<b>145 532</b>	<b>386 527</b>

### Template 5: Statement of cash flows

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

(Amount in ALL '000, Unless otherwise stated)

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>128 766</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>509 021</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>278 834</b>	-	-	-
4	Actual budget funds (Budget with changes)	177 875	-	-	-
5	Capital budget funds (Budget with changes)	100 959	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>230 187</b>	-	-	-
7	Tax revenues in "Cash"	102 738	-	-	-
8	Social and health insurance in "Cash"	-	-	-	-
9	Non tax revenues "Cash"	24 360	-	-	-
10	Interact incomes "Cash"	-	-	-	-
11	Sponsorships, grants and other revenues "cash"	89 131	-	-	-
12	Loans and different lending	-	-	-	-
13	Entry from storage "Cash"	13 958	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>513 512</b>	-	-
15	1. Payment from the budget for actual expenses	-	136 260	-	-
16	2. Payments from the budget for capital expenses	-	123 404	-	-
17	3. Payments from revenues for actual expenses	-	119 873	-	-
18	4. Payments from revenues from capital expenses	-	127 943	-	-
19	5. Payments from storage	-	6 031	-	-
20	6. Other payments	-	-	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>38 252</b>	-	-
22	1. Deposit of revenues in the budget	-	7 839	-	-
23	2. Unused budget (actual and capital)	-	30 413	-	-
24	3. Internal movements and transfers	-	-	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>637 787</b>	<b>551 764</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>86 023</b>	-	-	-

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

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

**In ALL '000.**

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing	
		Balances		Transf.						Balances		
			Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	
<i>a</i>	<i>b</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
<b>1</b>	<b>I. INTAGIBLE</b>	<b>35 295</b>	<b>2 374</b>	-	-	-	<b>2 374</b>	-	-	-	-	<b>37 668</b>
	Amounts to be remitted and loan											
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	34 311	2 374	-	-	-	<b>2 374</b>	-	-	-	-	<b>36 684</b>
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	984	-	-	-	-	-	-	-	-	-	<b>984</b>
<b>5</b>	<b>II. TANGIBLE</b>	<b>3 333 941</b>	<b>155 347</b>	-	-	-	<b>155 347</b>	-	<b>1 703</b>	-	<b>1 703</b>	<b>3 487 584</b>
6	210 Land	22 420	-	-	-	-	-	-	-	-	-	<b>22 420</b>
7	211 Forests, Pasture, Plantation	17 302	634	-	-	-	<b>634</b>	-	84	-	<b>84</b>	<b>17 852</b>
8	212 Building and Constructions	1 145 079	85 871	-	-	-	<b>85 871</b>	-	-	-	-	<b>1 230 950</b>
9	213 Roads, networks, water facilities	1 999 586	65 765	-	-	-	<b>65 765</b>	-	-	-	-	<b>2 065 351</b>
10	214 Technical installment, machinery, equipment, working tools	48 595	779	-	-	-	<b>779</b>	-	1 619	-	<b>1 619</b>	<b>47 755</b>
11	215 Transport vehicles	31 339	2 250	-	-	-	<b>2 250</b>	-	-	-	-	<b>33 589</b>
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	67 219	49	-	-	-	<b>49</b>	-	-	-	-	<b>67 268</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	2 400	-	-	-	-	-	-	-	-	-	<b>2 400</b>
<b>19</b>	<b>T O T A L ( I + II )</b>	<b>3 369 235</b>	<b>157 720</b>	-	-	-	<b>157 720</b>	-	<b>1 703</b>	-	<b>1 703</b>	<b>3 525 253</b>

### Template 7: Statement of Fixed Assets' depreciation

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accomulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accomulated Depreciation 31 July 2015	
				Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	
<i>a</i>	<i>b</i>		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	219 660	16 206	-	16 206	-	405	-	405	235 461
		<b>TOTAL (I + II)</b>	<b>219 660</b>	<b>16 206</b>	<b>-</b>	<b>16 206</b>	<b>-</b>	<b>405</b>	<b>-</b>	<b>405</b>	<b>235 461</b>

## Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
<i>a</i>	<i>b</i>		Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>3 142 990,41</b>	<b>67 860</b>	<b>563 866</b>	<b>3 638 996</b>	<b>3 142 990</b>	<b>58 372</b>	<b>307 212</b>	<b>3 391 830</b>
2	1010	Status of base fund	3 098 990	-	58 409	3 157 400	3 098 990	-	58 228	3 157 218
3	1011	Additions base fund	55 855	55 855	505 456	505 456	55 855	55 855	248 984	248 984
4	1012	Decrease base fund	(9 450)	4 208	-	(13 657)	(9 450)	465	-	(9 915)
5	1013	Decrease from tangible assets consume	-	7 797	-	(7 797)	-	2 052	-	(2 052)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	(2 405)	-	-	(2 405)	(2 405)	-	-	(2 405)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	-	-	-	-	-	-	-	-
<b>10</b>	<b>105,107,11,12, 13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>364 269</b>	<b>227 068</b>	<b>254 965</b>	<b>392 166</b>	<b>364 269</b>	<b>227 068</b>	<b>254 965</b>	<b>392 166</b>
11	105	Capital internal grants	222 696	85 495	190 718	327 919	222 696	85 495	190 718	327 919
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	25 071	-	-	25 071	-	-	-	-
15	13	Exceptional subsidiaries	-	-	-	-	-	-	-	-
16	145	Participation of the institution in investing for third parties	-	-	-	-	-	-	-	-
17	15	Forecasted amounts for disasters and expenses	-	-	-	-	-	-	-	-
18	85	Result	116 502	141 573	64 247	39 176	141 573	141 573	64 247	64 247

No.	Acc. No.	Description	Restated									
			Opening Balance	Period of Movements			Closing Balances	Opening Balance	Period of Movements			Closing Balances
			1 Jan. 2015	Credit	Debit	Credit	31 July 2015	1 Jan. 2015	Debit	Credit	31 July 2015	
<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>		
19	106	<b>EXTERNAL FUND</b>	-	-	-	-	-	-	-	-	-	
20	106	Capital foreigner grants	-	-	-	-	-	-	-	-	-	
21	146	Capital foreigner grants investing for third parties	-	-	-	-	-	-	-	-	-	
22		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>3 507 260</b>	<b>294 928</b>	<b>818 831</b>	<b>4 031 163</b>	<b>3 507 260</b>	<b>285 440</b>	<b>562 177</b>	<b>3 783 996</b>		

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

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
<i>a</i>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>379</b>	<b>7</b>	<b>5</b>	<b>381</b>	<b>91 761</b>	<b>17</b>	<b>-</b>	<b>18 490</b>	<b>-</b>	<b>2 043</b>
<i>1</i>	<b>Directors High level education</b>	26	3	3	26	9 763	17	-	4 018	-	554
<i>2</i>	<b>specialist</b>	90	1	-	91	24 981	-	-	6 333	-	900
<i>3</i>	<b>Technical</b>	19	-	-	19	5 179	-	-	1 064	-	126
<i>4</i>	<b>Ordinary officers</b>	76	-	2	74	24 705	-	-	2 593	-	347
<i>5</i>	<b>Employees Temporary</b>	158	-	-	158	25 286	-	-	4 287	-	115
<i>6</i>	<b>employees</b>	10	3	-	13	1 847	-	-	195	-	-

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

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>4 483 028</b>	<b>4 241 850</b>	<b>3 906 807</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>589 066</b>	<b>568 904</b>	<b>528 329</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	93 269	69 329	148 236
13	Class 4	2. Receivables	421 914	425 692	303 801
29	Class 3	3. Current Inventory accounts	73 882	73 882	76 291
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>3 893 963</b>	<b>3 672 946</b>	<b>3 378 478</b>
40	23	1. Investments	386 527	384 138	229 887
44	25,26	2. Finance assets	218 628	-	-
47	21,24,28	3. Tangible assets	3 252 124	3 252 124	3 114 281
60	20	4. Intangible assets	36 684	36 684	34 311
<b>65</b>	<b>III</b>	<b>Other assets</b>	-	-	-
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>451 866</b>	<b>457 853</b>	<b>349 373</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>451 866</b>	<b>455 644</b>	<b>322 873</b>
71	Class	1. Accounts payable	451 866	455 644	322 873
88	16	2. Non-current liabilities	-	-	-
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	-	-	-
90	17	1. Foreign loans	-	-	-
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	-	<b>2 210</b>	<b>26 500</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>4 031 163</b>	<b>3 783 996</b>	<b>3 557 434</b>
97		<b>Presented: Consolidated budget</b>	3 966 915	3 719 749	3 415 861
98		<b>Carried forward results</b>	64 247	64 247	141 573

**Template 11: Consolidated statement of comprehensive income and operating expenses**

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>695 099</b>	<b>695 099</b>	<b>1 032 308</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>126 574</b>	<b>126 574</b>	<b>174 442</b>
3	70	1. Tax revenues upon	90 084	90 084	132 724
11	75	2. Contributions and social and health insurance	-	-	-
19	71	3. Non tax revenues	36 490	36 490	41 718
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>522 436</b>	<b>522 436</b>	<b>759 404</b>
<b>26</b>		<b>III. FINANCIAL REVENUES</b>	-	-	-
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>46 089</b>	<b>46 089</b>	<b>103 508</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	-	-	<b>(5 046)</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	<b>630 851</b>	<b>630 851</b>	<b>885 588</b>
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	<b>378 108</b>	<b>378 108</b>	<b>699 620</b>
35	600 601	1. Salaries and employees contribution	106 354	106 354	184 700
38	602	2. Goods and Services	72 263	72 263	98 920
49	603	3. Subsidies	-	-	-
50	604	4. Internal actual transfers	15 140	15 140	20 118
51	605	5. External actual transfers	-	-	-
52	606	6. Budget transfers for families and individuals	184 350	184 350	395 881
<b>53</b>	<b>68</b>	<b>II. AMORTIZATION QUOTES AND FORECASTED AMOUNT</b>	-	-	-
<b>54</b>	<b>66</b>	<b>III. FINANCIAL EXPENSES</b>	-	-	-
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	<b>252 744</b>	<b>252 744</b>	<b>185 969</b>
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>64 247</b>	<b>64 247</b>	<b>146 720</b>
59		From this: Functioning results	64 247	64 247	141 573
60		Functioning observed grants	(0)	(0)	5 147

# **STAR Project**

## **Municipality Shijak Consolidated Due Diligence report**

## Glossary

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

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

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## **Operational due diligence**

## Summary of observations and recommendations

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

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

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

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

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

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

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

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

# The structure and organization

## Organizational Model

Analysis of the organization and structure for the Municipality Shijak and three existing LGUs of LGU Maminas, LGU Xhafzotaj, LGU Gjepalaj, is performed based on organizational model developed on "Guidelines for the Control of the Local Government Units" and its annexes.

- The aim is to facilitate the analysis of segregation of the roles and responsibilities in administrative structures, and to provide consistency in the process of amalgamation.

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

Roles	Shijak	Maminas	Xhafzotaj	Gjepalaj
LGU Council	√	√	√	√
Mayor	√	√	√	√
Deputy Mayor	√ (2)	√	N/A	N/A
Secretary of the LGU Council	√	√	√	√

Their respective responsibilities include:

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

- The results of four elements of the organizational model: roles, functions, service delivery and orientation, are summarized below.

## Roles

Performed roles are shown in table 1, below:

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

After the merger, 4 units are transformed in 1 Municipality with 3 administrative units, as presented in the table 2 below.

**Table 2: Roles in the Municipality**

Role			
<b>New Municipality</b>	<b>Shijak</b>		
Municipality Council	√		
Mayor	√		
Deputy Mayor	√		
Secretary of Municipality Council	√		
<b>Administrative Unit</b>	<b>Maminas</b>	<b>Xhafzotaj</b>	<b>Gjepalaj</b>
Administrator	√	√	√

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

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

### ***Functions***

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

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

The total number of people performing public services is 571.

- 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 264.

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

Public Services	Municipality SHIJAK	LGU MAMINAS	LGU XHAFZOTAJ	LGU GJEPALAJ	Merged
<b>Infrastructure and public services</b>					
Water Supply Company	Contracted	Contracted	Contracted	1	1
Functioning of the sewerage system	Contracted	Contracted	Contracted	1	1
Functioning of the sewerage system of drinking water and protective channels of inhabited areas	Contracted	1	Contracted	n/a	1
Construction of roads, pavements and public squares	N/A	N/A	n/a	n/a	n/a
Rehabilitation and maintenance of local roads, sidewalks and public squares	Contracted	Contracted	Contracted	Contracted	n/a
Public lighting	Contracted	Contracted	Contracted	Contracted	n/a
The operation of urban public transport	Contracted	N/A	n/a	Contracted	n/a
Cemeteries administration and guarantee of funeral services	Contracted	2	Contracted	Contracted	2
Decorations Service in town / village	Contracted	N/A	Contracted	Contracted	n/a
Administration of parks, gardens and public spaces	Contracted	1	n/a	n/a	1
Collection, disposal and recovery of waste	Contracted	4	Contracted	n/a	4
Urban planning	1.5	1.5	3.5	n/a	6.5
Land management	N/A	2	2	0.5	4.5
Shelter	0.5	N/A	n/a	n/a	0.5
<b>Social, cultural and sports Services</b>					
Preservation and development of local cultural and historic values, organization of activities and management of relevant institutions	2	Contracted	n/a	n/a	2
Organization of sporting, recreational and entertainment activities and management of relevant institutions	1	N/A	n/a	n/a	1
Social services of kindergartens	8	N/A	n/a	n/a	8
Social services - orphanages, shelters	N/A	N/A	n/a	n/a	n/a
<b>Local economic development</b>					
Preparation of local economic development programs	2	2	n/a	1	5
Establishment and function of public markets and trade network	Contracted	N/A	n/a	n/a	n/a

Public Services	Municipality SHIJAK	LGU MAMINAS	LGU XHAFZOTAJ	LGU GJEPALAJ	Merged
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	2	2	n/a	n/a	4
Veterinary services	1	1	1	n/a	3
Conservation and development of forests and natural resources of local character	N/A	3	n/a	1	4
<b>The order and civil protection</b>					
Preservation of public order to prevent administrative violations	2.5	0.5	n/a	0.5	3.5
Civil protection	0.5	0.5	n/a	0.5	1.5
<b>Educational institutions</b>					
Maintenance of facilities in preliminary education	Contracted	1	Contracted	Contracted	1
<b>Medicine</b>					
Health care system and the protection of public health	N/A	N/A	n/a	n/a	n/a
<b>Social care</b>					
Social care and the alleviation of poverty and guarantee the functioning of the respective institutions	1.5	0.6	2	0.4	4.5
Social Care on domestic violence	N/A	0.2	0.5	0.2	0.9
Social care for the protection of children's Rights	0.5	0.2	0.5	0.2	1.4
<b>Environmental Protection</b>					
Environmental Protection	0.5	0.5	0.5	n/a	1.5
<b>Register Office</b>					
Register Office	2	1	2	1	6
<b>Business Registration</b>					
National Registration Center	N/A	N/A	n/a	n/a	n/a

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

<b>Horizontal Functions</b>	<b>Municipality SHIJAK</b>	<b>LGU MAMINAS</b>	<b>LGU XHAFZOTAJ</b>	<b>LGU GJEPALAJ</b>	<b>Merged</b>
Finance	5	1.5	3.5	1.5	11.5
Local taxes and Tariffs	4	2	3.5	1	10.5
Legal Issues	0.5	0.5	0.5	0	1.5
Procurement	0.5	0.3	0.5	0.5	1.8
Institutional Relations	0	0	0	0	0
Human Resources	0.5	0.5	0.3	0.5	1.8
Protocol	0.5	0.2	0.2	0.5	1.4
Archiving	1	0.5	0.5	0.5	2.5
Information Technology	0	0	0	0	0
Supporting services	14	14	5	5	38
Internal Audit	0	0	0	0	0

### ***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.
- Transfers needed to improve the situation of service provision should be made very carefully as to not affect the quality of service and making sure to use the experience to date.
- Individuals with important function should be treated with caution to bear the brunt in the transfer process and support all steps in the relevant legislation to ensure compliance with the law and by laws.
- Decisions on changes in service delivery cannot be achieved during a short - term period and preparatory work is required in order to analyze processes, to assess the current human resource capacity and infrastructure, including the information - communication - current technology.
- To facilitate this analysis, we have compiled the following three questions to be used as development principles:
  - Does the fulfillment of work require physical presence?
  - Is there any reason (legal, strategic) to centralize the execution of function?
  - Is the work scalable by performing it in distance/ centralized processing?
- The information in tables 5 and 6, on the following pages demonstrates the application of these development principles. It is noticed that the answers given reflect the meaning, without considering future strategic decisions to be taken by the Municipality of changing service delivery (principle developer 2)
- Based on these responses, the execution of some horizontal functions can be subject to changes in the future. More specifically, the following functions can be subject to a physical relocation, centralization in performing the function and performance remote / centralized processing:
  - Finance (Assuming that the Administrative Units will not be designated as dependant budgetary institutions of the Municipality)
  - Legal Issues
  - Procurement
  - Institutional Relations
  - Human Resources
  - Archive
  - Internal Audit
- By applying the above principles of development for each function, alternative developments of organizational structure will be encouraged. These structural formations then should be refined and that organizational structure which is more feasible should be selected.

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

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

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

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

**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 sectorial responsibilities (functional) and administrative and reporting lines;

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

- Growth and change in the future - the organizational structure should be flexible and adaptable to future growth and public service needs;

## **Financial due diligence**

## Summary of observations and recommendations

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

<b>Investments</b>	
<p>Ex-Municipality and LGUs perform most of their services using their own resources. However, they have also investments in other entities that perform public services on their behalf.</p> <p>There are no instructions from the Ministry of Finance regarding the treatment of investments and it is not clear if a value for these investments should be presented to the assets and how to measure their value.</p>	<p>These investments should be presented as financial assets. They are presented in individual audit report in Note No. 9, according to the % of ownership that the unit has in these subsidiaries using the cost method (% of subscribed share capital).</p> <p>These investments together with other assets owned by the municipality, which serve for the same purpose (ex. former municipal water supplies that are not privately owned public entities Sh.a) should be analyzed, and the analysis should be used for the review of the opportunity of the integration of management, ownership and operations into a separate entity.</p>
<b>Liabilities</b>	
<p>On July 31, 2015 total liabilities of the municipality are reported at a value of 28,491 thousand ALL. Overdue municipal obligations are reported at a value 5,735 thousand ALL.</p> <p>The information is often incomplete and does not give details on arrears and risks of delays in repaying them. Furthermore the liabilities are not even detailed to the same level of categories used in the allocation of grants from central government.</p>	<p>It is recommended a detailed analysis to identify the age and nature of their obligations. This analysis will provide a clearer picture of rotating repayment of Municipality obligations and sources of funds.</p>

**Receivables**

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

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

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

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

**Lack of unified accounting policies and practices**

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

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

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

**Lack of unified accounting policies and practices - continued**

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

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

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

# Consolidated financial statements

## Overview

To present and analyze the position and financial performance indicators of the newly formed Municipality Shijak, 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 Shijak, of LGU Maminas, of LGU Xhafzotaj and of LGU Gjepalaj.

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

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

These consolidated financial statements do not include any consolidation adjustment.

## Key performance indicators

<b>Key performance indicators</b>	
<i>Amounts in 000 leke</i>	<i>For the period ended 31 July 2015</i>
Income from grants	217,383
Tax and non-tax revenue	83,518
Total Expenses	179,835
Total Assets	1,979,950
Liabilities	28,491

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

*Amounts in thousand ALL*

No	Description	YTD 2015 Restated	YTD 2015
<b>A</b>	<b>Assets</b>	1,979,950	1,936,313
<b>I</b>	<b>Current Assets</b>	170,494	170,168
	1. Petty- Cash, Banks, and		
Class 5	Funds Availability	93,725	93,725
Class 4	2. Receivables	26,832	26,507
Class 3	3. Current Inventory accounts	49,937	49,937
<b>II</b>	<b>Non-current Assets</b>	1,809,456	1,766,145
23	1. Investments	79,586	79,586
25,26	2. Finance assets	43,311	-
21,24,2			
8	3. Tangible assets	1,672,149	1,672,149
20	4. Intangible assets	14,410	14,410
<b>III</b>	<b>Other assets</b>	-	-
<b>B</b>	<b>Liabilities</b>	30,161	27,435
<b>I</b>	<b>Current liabilities</b>	28,491	25,765
Class 4	1. Accounts payable	28,491	25,765
<b>III</b>	<b>Non liquid liabilities</b>	1,670	1,670
	1. Foreign loans	1,949,789	1,908,878
	<b>Other liabilities</b>	1,871,559	1,830,648
	<b>Net assets (A - B)</b>	78,230	78,230

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

- On July 31, 2015 total assets and liabilities of the new municipality were 1,979,950 thousand respectively. Total assets of the municipality on July 31, 2015 increased by 7 % compared to December 31, 2014.

*Current assets*

- Current assets, which have 9% of total assets, have decreased by 9% during the period ended as of 31 July 2015 compared to the year ended as of 31 December 2014. Among the items of current assets it is noticed an increase of 52% of accounts receivable, which affects more in the total increase of current assets meanwhile the cash accounts and the account of the state of the inventory have decreased respectively 16% and 2%.

*Accounts Receivables*

- Structure of total debtors of municipality Shijak consists of 38.66% of debtors of LGU Shijak, 30.90% of debtors of LGU Maminas, 19.25% of LGU Xhafzotaj, 11.18% of debtors of LGU Gjepalaj.

*Non-current accounts*

- Non-current assets which occupy the largest share of assets of the municipality Shijak 91%, have decreased by 7% in total, where the biggest effect in this increase, was the addition of financial assets item during 2015, and the increase of tangible assets by 2% which compose 84% of total assets.

*PPE*

- 24.45% of PPEs of Municipality Shijak are composed by the PPEs of LGU Shijak, 14.25% PPEs by LGU Maminas, 44.20% by LGU Xhafzotaj , 17.11% by LGU Gjepalaj.

*Accounts Payables*

Accounts payable have decreased by 60% during the period ended July 31, 2015 compared with the previous year 2014.

- 40.27% of the total accounts payable are composed of accounts payable of LGU Shijak, 32.81% by LGU Maminas, 21.48% by LGU Xhafzotaj, 5.45% by LGU Gjepalaj.

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*

**Overview of consolidated statement of financial performance**

<b>Acc No</b>	<b>Description</b>	<b>YTD 2015 Restate d</b>	<b>YTD 2015</b>
		316,093	316,093
<b>A</b>	<b>TOTAL REVENUES</b>	3	3
<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	83,518	83,518
70	1. Tax revenues upon	67,760	67,760
71	3. Non tax revenues	15,758	15,758
		217,38	217,38
72	<b>II. GENERAL ACTUAL GRANTS</b>	3	3
78	<b>IV. WORKS FOR INVESTMENTS</b>	12,177	12,177
<b>77, 83</b>	<b>V. OTHER REVENUES</b>	3,015	3,015
		237,86	237,86
<b>B</b>	<b>TOTAL EXPENSES</b>	3	3
<b>0</b>	<b>I. ACTUAL EXPENSES</b>	177,039	177,039
600,601	1. Salaries and employees contribution	44,119	44,119
602	2. Goods and Services	33,155	33,155
604	4. Internal actual transfers	2,249	2,249
606	6. Budget transfers for families and individuals	97,516	97,516
<b>67</b>	<b>IV. OTHER EXPENSES</b>	60,825	60,825
<b>C</b>	<b>DETERMINED NET INCOME</b>	78,230	78,230
	From this: Functioning results	78,230	78,230
	Functioning observed grants	-	-

*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 316,093 thousand lek. 26% of the total municipality incomes are composed of tax and non-tax revenues, 69% of income is from grants and 4% from other income.

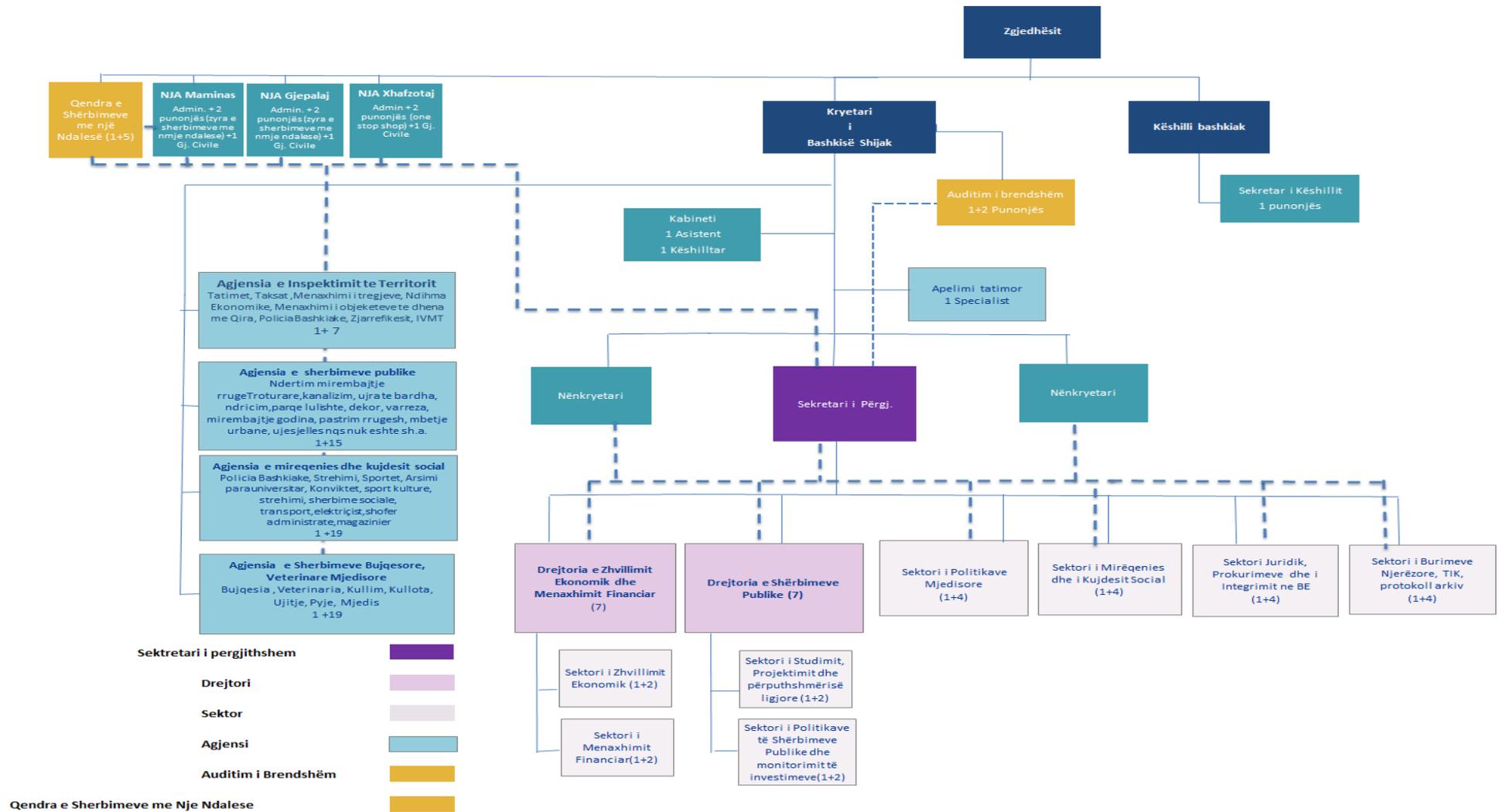
Structure of total revenues is comprised of 29.42% of the revenues generated from LGU Shijak, 13.12% by LGU Maminas, 48.14% by LGU Xhafzotaj, and 9.32% by LGU Gjepalaj.

*Uses of Funds (expenses)*

- During the period ended July 31, 2015 the total expenditure recognized by the new municipality in the consolidated statement of income and expenses were ALL 237,863 thousand. 74% of the total municipal expenditure is composed of current expenditures.
- Structure of total expenditure is comprised by 41.22% of the expenditures of LGU Shijak, 14.50% by LGU Maminas 29.54% by LGU Xhafzotaj, and 14.74% by LGU Gjepalaj.

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

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

## Appendix 3 –Information Technology

### Objectives of the analysis

Assessing the status of information technology has the following objectives:

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

### Summarized description of received information

- The use of information technology is limited to the use of personal computers and printers. Available programs are mainly those of Microsoft Windows and Office package that does not exist despite regular license for their use. There are no internal networks or e-mail standard and the majority of employees who have access to use their e-mail private. There is no maintenance contract and just one employee is specializing in Information Technology in the three local government units.
- Consolidated information about the IT environment is presented in Table 9 – IT environment, below

**Table 9: IT environment**

<b>Objective</b>	<b>LGU Shijak</b>	<b>LGU Zhafzotaj</b>	<b>LGU Gjepalaj</b>	<b>LGU Maminas</b>
Installed Software	20	11	11	15
Contracts of licenses	n/a	n/a	n/a	n/a
Hardware (in usage)	62	1	3	3
Computer (desktop)	69	8	4	7
Printers	45	6	3	8
Servers	2	n/a	n/a	n/a
IT staff in total	1	n/a	n/a	n/a
Hardware and Software maintenance	1	n/a	n/a	n/a

## Observations and Recommendations

IT environment

Observations	Recommendations
Lack of rules and systems	
Computers are not managed through a centralized and standardized system that automates network management of user account data and security requirements. As such, the implementation of safety rules and access management is not implemented.	The municipality may consider adopting clear regulations on information security and implement the necessary systems for managing and storing information users.
Lack of hardware devices	
The level of availability of hardware equipment is very minimum possible. Not all employees have access to a personal computer and for more existing devices provide a variety of brands and models. Lack servers and back-up mechanisms for information.	The municipality may consider unifying the types of devices currently used hardware. This would also help in ensuring their maintenance by specialized companies.

## 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, departments and communication between different sectors;

### Summarized description of the information received

- LGU benefits only telephone service but there is no Internet provider by Altelecom or local private providers.
- Regarding internal communication, circulation of memos minuted used means of communication as verbal and written regulations, orders of the President etc.
- Consolidated information about the communication systems is presented in Table 10 – Communication systems.

### Communication

Observations	Rekomandime
<p>Lack of electronic communications</p> <ul style="list-style-type: none"> <li>• Despite the three local governments have access to the Internet, none of them has an internal electronic communication system</li> </ul>	<ul style="list-style-type: none"> <li>• The municipality may consider creating and managing an internal structure of mail being trained for this purpose all employees that create, store and share information. Alternatively, they did not lack access to the Internet can be considered the use of existing electronic platforms, with or without payment, always set clear rules on the type of information that can be charged or circulated on these platforms.</li> </ul>

The lack of fixed telephone service

None of the local government units under consideration does not benefit the fixed telephone service.

- The municipality may consider entering into a contract of fixed telephony operator with national or local operators. This opportunity will also allow that with a minimum investment of up another internal phone system that can help improve information flow and eventually reduce communication costs.

## Observations and recommendations

**Table 10: Communication System**

<b>Objectives</b>	<b>LGU Shijak</b>	<b>LGU Maminaz</b>	<b>LGU Xhafzotaj</b>	<b>LGU Gjepalaj</b>
Telephony service	Fixed line	n/a	n/a	n/a
Telephony/service providers	National service provider	n/a	n/a	n/a
Internet service	National service provider	Local service provider	n/a	n/a
Assess coverage of the telephony service	Local Coverage	n/a	n/a	n/a
Internal communication lines	Verbal/written	Verbal/written	Verbal/written	Verbal/written

# Appendix 5 – Archives

## Objectives of the analysis

The analysis of the database has the following main objectives:

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

## Summarized description of the information received

- Archive function in LGU Taskin performed by a specialist archive, while the couple's archive staff may be required to cover other duties as protocol.
- • In NJA's Shijak, and one-of preservation 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 partially met in 4 LGUs.
- The documents are partially processed according to the requirements of Archiving Methodology, almost at nine LGUs with exception of Shijak, but what it is observed is the violation of the terms of their processing.
- Transfer of documents with 10-year storage period, in the Local State Archive is not conducted in accordance with legal deadlines by any LGU.
- Regarding the registers, from all LGUs is held the Register of Correspondence.
- 
- Consolidated information about the practice of archiving and compliance with the Archive Methodology is presented in the table 11- Consolidated Checklist of technical requirements.

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Shijak</b>	<b>LGU Maminas</b>	<b>LGU Xhafzotaj</b>	<b>LGU Gjepalaj</b>
Fire protection, shells protection from sun, dust and any other physical and biological agents	Fire protection equipment	No	Yes	Yes
Secured doors and windows with a metallic net and automatic door closure	Secured doors and windows with metallic net	No	No	No
Cardboard folders for putting the documents, placed in metallic shells and painted against rust	Cardboard folders for putting the documents, placed in metallic shells	Yes	Yes	Yes
Vertically oriented shells to the windows with a distance 40-60 cm from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall	Yes, but with no distance from the wall
Presence of heaters or any other item that can cause fire present in the archive premise	Lack of heaters in the archive environment	No	Yes	No
Records on physical control of the archive kept from the secretary of the archive	No	No	No	No
Archive keys in two copies	Yes	No	1 copy of keys	No
One copy of the e key closed in an envelope, preserved from the LGU Mayor or the Deputy in charge of the archive service. Other copy kept in accordance with the rules applicable for other keys of other sectors in LGU.	No	No	No	No
Safes, cupboards, doors of the secretary and the archive ensured and stamped after the official working timetable.	Safes, cup-boards, doors of the secretary and the archive itself are secured	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).				

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

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

<b>Technical requirements for practices in the premises of archives and record-keeping methodology</b>	<b>LGU Shijak</b>	<b>LGU Maminas</b>	<b>LGU Xhafzotaj</b>	<b>LGU Gjepalaj</b>
Mode 5 - Table definitions of files for the year	No	No	Yes	Yes
Mod 6 - Elements of cover dossier	No	No	Yes	Yes
Mod 7 - Register of files	Yes	No	No	No
Mod 8 - Internal File register	Yes	Yes	Yes	No
Mod 9 - Decision of the Commission of Experts	Yes	Yes	No	No
Mod 10 - Compilation of the list of documents that set aside	Yes	No	No	No
Mod 11 - The period laid down for storage (protection)	Yes	No	No	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"> <li>The archive volume is expected to increase from the documents received from the previous local government units. Consequently reorganization of the new Municipality archive and its maintenance can be difficult..</li> </ul>	<ul style="list-style-type: none"> <li>The new municipality may consider taking measures to ensure new facilities or expand the existing ones.</li> </ul>
Lack of technical requirements in the archive management	
<ul style="list-style-type: none"> <li>In the previous administrative units there have been noticed technical deficiencies in the storage of archived documents, missing security doors and windows, missing duplicates of keys and the safes or even the archive doors itself are not secured and sealed after the end of working hours.</li> </ul>	<ul style="list-style-type: none"> <li>The adoption and disclosure of relevant institutions (General Directorate of Archives, or Council of Ministers) should be taken in consideration by the responsible archive units within the LGUs. It is necessary to standardize the documents used particularly well administration and documentation of current that can be damaged or even lost during the transfer of the archive.</li> </ul>

## Appendix 6 – Assets Management System

### Objectives of the analysis

Analysis of asset management has the following main objectives:

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

### Summarized description of the information received

- In all existing LGU's, LGU's Mayor is the authorizing officer for asset management, while executing officer's Head of Finance.
- Also, by the Mayor of LGU is not adopted any rules or procedures on how to manage the assets, but their management, since 2015 is conducted on the basis of the provisions of Instruction No. 30, dated 27.12.2011 "On Asset management in the public sector ", as amended.
- In all NJA-existing, the President approves 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.
- There are no special commissions for the disposal of assets
- Consolidated information regarding compliance with the requirements for the Asset Management is presented in Table 12 - List of consolidated control applications for Assets Management below.

**Table 12: List of consolidated control applications for Assets Management**

<b>ASSET MANAGEMENT</b>	<b>LGU Shijak</b>	<b>LGU Mamians</b>	<b>LGU Xhafzotaj</b>	<b>LGU Gjepalaj</b>
Adopted rules and procedures on asset management	No	Yes	No	No
Authorizing Officer	Mayor	Mayor	Mayor	Mayor
Executing Officer	No	Yes	No	No
Adopted plan, objectives and control mechanisms related Risk	Yes	Yes	Yes	No
Asset Accounting Register	Yes	No	Yes	No
Leased Properties Register	Yes	No	No	No
Owned Companies Register	No	No	No	No
Register of concessions / contracts enphyteosis	No	No	No	No
Annual Assets Inventory	No	No	No	No
Assets Inventory Committee	Yes	Yes	Yes	Yes
Assets Evaluation Committee	Yes	Yes	Yes	Yes
Assets Disposal Committee	Yes	Yes	Yes	Yes
Committee of disposal of assets	Yes	Yes	Yes	Yes

## Observations and Recommendations

### Asset Management

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

## Apendix 7 – Investment Projects

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

### Investment Projects

	Project Title	Current status of project implementation	Actual cost in ALL	Approved total estimated funding required for the investment in ALL
Shijak	Expanding bridge river Drin, lighting and decoration	In process	42,221,972 ALL	90,134,636 ALL
Shijak	The kindergarten building 'Beslidhja'	In process	27,499,161 ALL	85,219,092 ALL
Shijak	Reconstruction of the Children's Cultural Center	The contract was signed with the service provider, but has not yet begun.	0 ALL	6,436,086 ALL
Shijak	Improvement, asphalt Block 11.2 ha. Phase 2	In process	37,448,436 ALL	40,770,726 ALL
Shijak	Improvement, asphalt Block 11.2 ha. Stage 3	In process	18,333,607 ALL	22,843,459 ALL
Shijak	Mother Teresa Paving Phase 1	In process	9,051,697 ALL	10,912,118 ALL
Shijak	Neighborhood Improvement bloc "Fountainhead"	In process	6,793,824 ALL	7,525,186 ALL
Shijak	Fountain neighborhood works and adjustments A	In process	55% of the Project is completed	7,963,165 ALL
Shijak	Fountain neighborhood of adjustments works B	In process	55% of the project is completed	11,076,212 ALL
Shijak	Block after Cathedral	In process	65% is completed	10,774,334 ALL
Shijak	Systemic bloc to 11.2 ha	In process	55% is completed	12,194,550 ALL
Shijak	Strauss road reconstruction.)	In process	5% is completed	45,529,596 ALL
Shijak	Road reconstruction 11.2 ha. Phase IV	In process	Completed	40,687,565 ALL
Shijak	Road accommodation after stadium	In process	20% is completed	11,999,753 ALL
Shijak	Improvement of neighborhood street SMT	In process	5% is completed	13,905,755 ALL
Shijak	Drini promenade Coast	In process	5% is completed	114,187,309 ALL

	<b>Project Title</b>	<b>Current status of project implementation</b>	<b>Actual cost in ALL</b>	<b>Approved total estimated funding required for the investment in ALL</b>
Shijak	Road accommodation of the cemetery district "N.Tereza"	In process	ALL 21,677,263 (100%)	21,677,263 ALL
Shijak	Water supply construction - Lezhe	In process	27% is completed	1,785,865,492 ALL
Shijak	School Building Professional "Colin Rybak"	In process	10% is completed	142,606,125 ALL
Shenkoll	Asphalting of the road "ANTON CETA" Village outfall Shenkoll	Started not finished	3'563'664 lekë	Has not been liquidated
Blinisht	Construction of the village Ujsjellesit Troshan	The contract is concluded but has not begun	0 lekë	99'537'008 lekë

## **Appendix 8 – Legal Issues**

### **Public Service Arrangements**

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

### **Legal Proceedings**

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

### **Third party contracts**

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

## Appendix 9 – Consolidated Financial Statements Template

### Template 1: Balance Sheet-Statement of assets

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>12</b>	<b>Brought forward results</b>		-	-	-
<b>2</b>	<b>A</b>	<b>Non Current Assets</b>		<b>1,809,456</b>	<b>1,766,145</b>	<b>1,685,116</b>
<b>3</b>		<b>I. Intangible Assets</b>		<b>18,761</b>	<b>18,761</b>	<b>18,761</b>
4	201	Amounts to be remitted and loan reimbursements		-	-	-
5	202	Studies and research	<b>F6, Sh1</b>	14,410	14,410	14,410
6	203	Concessions, license, other similar licenses		-	-	-
7	209	Amortization of current intangible assets (-)	<b>F7, Sh1</b>	-	-	-
8	230	Expenses for increase of current intangible assets		4,352	4,352	4,352
<b>9</b>		<b>II. Tangible Assets</b>		<b>1,747,384</b>	<b>1,747,384</b>	<b>1,666,354</b>
10	210	Land		18,801	18,801	18,801
11	211	Forests, Pasture, Plantation	<b>F6, Sh1</b>	4,830	4,830	4,830
12	212	Building and Constructions	<b>F6, Sh1</b>	483,422	483,422	473,130
13	213	Roads, networks, water facilities	<b>F6, Sh1</b>	1,232,058	1,232,058	1,195,797
14	214	Technical installment, machinery, equipment, working tools	<b>F6, Sh1</b>	18,991	18,991	19,052
15	215	Transport vehicles	<b>F6, Sh1</b>	9,804	9,804	10,304
16	216	Government reserve		-	-	-
17	217	Working and production animals		-	-	-
18	218	Economic Inventory	<b>F6, Sh1</b>	22,973	22,973	21,586
19	219	Depreciation of tangible assets	<b>F7, Sh1</b>	(118,729)	(118,729)	(109,891)
20	231	Expenses in process for increase of current tangible assets	<b>F4</b>	75,235	75,235	32,745
21	232	Expenses in process for capital transfers		-	-	-
22	24	Damaged current tangible assets		-	-	-
23	28	Assignments		-	-	-

In ALL '000
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No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>24</b>	<b>25</b>	<b>III. Financial Assets</b>		<b>43,311</b>	-	-
25	25	Loan and sub-loans		-	-	-
26	26	Participation with own capital		43,311	-	-
<b>27</b>	<b>B</b>	<b>CURRENT ASSETS</b>		<b>170,494</b>	<b>170,168</b>	<b>186,359</b>
<b>28</b>	<b>Class 3</b>	<b>I. Inventory Status</b>		<b>49,937</b>	<b>49,937</b>	<b>48,903</b>
29	31	Materials	Sh2	1,363	1,363	1,430
30	32	Inventory Objects	Sh2	48,574	48,574	47,473
31	33	Production, work and services in process		-	-	-
32	34	Products		-	-	-
33	35	Goods		-	-	-
34	36	Animals fattening		-	-	-
35	37	Undelivered items or close to third party		-	-	-
36	38	Differences from warehouse prices		-	-	-
37	39	Forecasted amounts for inventory depreciation (-)		-	-	-
<b>38</b>	<b>Class 4</b>	<b>II. Request for receivables</b>		<b>26,832</b>	<b>26,507</b>	<b>56,404</b>
39	409	Suppliers, prepayments or partial payment		2,842	2,842	-
40	411-418	Similar clients or accounts		-	-	-
41	423	Employees, prepayment, deficits and penalties	Sh3	1,772	1,772	5,165
42	431	Rights and taxes to deposit to government		-	-	-
43	432	Taxes collected from central government for the Local Government		-	-	-
44	433	Expenses for natural disaster covered from the government		-	-	1,526
45	4342	Other operations with the government (debtor)		3,151	2,825	33,425
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	19,068	19,068	16,288
53	49	Forecasted amounts for depreciation (-)		-	-	-
<b>54</b>	<b>51</b>	<b>III. Financial accounts</b>		<b>93,725</b>	<b>93,725</b>	<b>81,052</b>
55	50	Securities		-	-	-

				In ALL '000		
No.	Account Number	Assets	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
56	511	Amounts to receive		-	-	-
57	512	Bank		-	-	-
58	520	Treasury funds	Sh5	91,157	91,157	78,594
59	531	Petty-cash		-	-	-
60	532	Other amounts		2,568	2,568	2,458
61	54	Recognized and prepayments		-	-	-
62	56	Accounts in Lending Institutions		-	-	-
63	59	Devaluation provisions on securities (-)		-	-	-
<b>64</b>	<b>C</b>	<b>Other Assets</b>		-	-	-
65	477	Assets conversion differences		-	-	-
66	481	Expenses to distribute in several exercises		-	-	-
67	486	Expenses in the future		-	-	-
68	<b>85</b>	<b>EXERCISE RESULTS (saldo debitore)</b>		-	-	-
<b>69</b>	<b>X</b>	<b>ASSETS TOTAL</b>		<b>1,979,950</b>	<b>1,936,313</b>	<b>1,871,475</b>
70	81	<b>ACCOUNTS OUT OF BALANCE SHEET</b>		-	-	-
71	80,81	Active evidences		-	-	-

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

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

(Amount in ALL '000, unless otherwise stated)

				In ALL '000		
No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>A</b>	<b>OWN FUNDS</b>		<b>1,871,559</b>	<b>1,830,648</b>	<b>1,734,019</b>
<b>2</b>	<b>10</b>	<b>I. Own funds</b>		<b>1,871,559</b>	<b>1,830,648</b>	<b>1,734,019</b>
3	101	Base funds	<b>F8</b>	1,542,341	1,501,430	1,439,024
4	105	Capital internal grants		327,461	327,461	294,995
5	106	Capital foreigner grants		1,757	1,757	-
6	107	Current assets in use		-	-	-
7	109	Reserves from revaluation of current assets		-	-	-
<b>8</b>	<b>11</b>	<b>II. Other own funds</b>		-	-	-
9	111	Reserve funds		-	-	-
10	115	Assignments from the year results for investments		-	-	-
11	116	Revenues from selling of current assets		-	-	-
<b>12</b>	<b>12</b>	<b>III. Carried result</b>		-	-	-
<b>13</b>	<b>13</b>	<b>IV. Exceptional subsidiaries ( - )</b>		-	-	-
<b>14</b>	<b>14</b>	<b>V. Participation of the institution in investing for third parties</b>		-	-	-
<b>15</b>	<b>15</b>	<b>VI. Forecasted amounts for disasters and expenses</b>		-	-	-
<b>16</b>	<b>B</b>	<b>LIABILITIES</b>		<b>28,491</b>	<b>25,765</b>	<b>71,166</b>
<b>17</b>		<b>I. Long-term debts</b>		-	-	-
18	16	Internal borrowing and similar		-	-	-
19	17	Borrowing out of the country		-	-	-
<b>20</b>	<b>Class 4</b>	<b>II. Short term liabilities</b>		<b>28,491</b>	<b>25,765</b>	<b>71,166</b>
21	419	Clients (Creditors), partial prepayment		-	-	-
22	401-408	Suppliers and related accounts	<b>Sh6</b>	3,167	3,167	28,646
23	42	Employees and related accounts		1,737	1,737	4,511
24	431	Liabilities to government for taxes		525	525	342
25	432	Taxes collected from government for the local government		-	-	-
26	433	Government natural disaster		-	-	-
27	4341	Te tjera operacione me shtetin(kreditor)		19,169	16,444	19,477

In ALL '000
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No.	Account Number	Liabilities	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	435	Social Insurance		563	563	1,360
29	436	Health Insurance		-	-	91
30	437	Other social organizations		-	-	-
31	44	Other public institutions		-	-	-
32	45	Relationships with institutions in and outside the system		-	-	-
33	460	Borrower		-	-	-
34	464	Liabilities for bond purchasing		-	-	-
35	466	Creditors for assets under guard	Sh5	761	761	13,940
36	467	Other creditors		2,568	2,568	2,799
<b>37</b>	<b>C</b>	<b>OTHER ACCOUNTS</b>		<b>1,670</b>	<b>1,670</b>	<b>1,636</b>
38	475	Incomes to register in the coming years		1,670	1,670	1,636
39	478	Passive converting differences		-	-	-
40	480	Incomes to classify or adjust		-	-	-
41	487	Incomes received before title exposure		-	-	-
<b>42</b>	<b>85</b>	<b>Result (credit amount)</b>		<b>78,230</b>	<b>78,230</b>	<b>64,654</b>
<b>43</b>	<b>X</b>	<b>TOTAL LIABILITY</b>		<b>1,979,950</b>	<b>1,936,313</b>	<b>1,871,475</b>
44	81	ACCOUNTS OUT OF BALANCE SHEET		-	-	-
45	80,81	Passive evidences		-	-	-

### Template 3-1: Statement of expenses

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

(Amount in ALL '000, Unless otherwise stated)

				In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>Class 6</b>	<b>A. Expenses for exploitation/usage</b>		<b>179,835</b>	<b>179,835</b>	<b>333,713</b>
<b>2</b>	<b>60</b>	<b>I. Current expenses</b>		<b>177,039</b>	<b>177,039</b>	<b>332,257</b>
<b>3</b>	<b>600</b>	Salaries, bonuses		<b>37,409</b>	37,409	<b>65,498</b>
4	6001	Salaries		37,184	37,184	48,726
5	6002	Temporary salaries		225	225	16,772
6	6003	Bonuses		-	-	-
7	6009	Other personal expenses		-	-	-
<b>8</b>	<b>601</b>	<b>Health and social insurance contributions</b>		<b>6,710</b>	<b>6,710</b>	<b>10,012</b>
9	6010	Insurance contributions		6,163	6,163	9,067
10	6011	Health insurance		547	547	944
<b>11</b>	<b>602</b>	<b>Other goods and services</b>		<b>33,155</b>	<b>33,155</b>	<b>55,883</b>
12	6020	Stationary		4,474	4,474	3,479
13	6021	Special services		657	657	899
14	6022	Services from third party		14,469	14,469	19,426
15	6023	Transport expenses		1,977	1,977	4,958
16	6024	Travel expense		227	227	718
17	6025	Ordinary maintenance expenses		7,224	7,224	18,825
18	6026	Rent expenses		-	-	-
19	6027	Expenses for legal liability for compensation		-	-	-
20	6028	Borrowing costs related to loans		-	-	-
21	6029	Other operating expenses		4,128	4,128	7,578
<b>22</b>	<b>603</b>	<b>Subsidies</b>		-	-	-
23	6030	Subsidies for price differences		-	-	-
24	6031	Subsidies to promote employment		-	-	-

In ALL '000
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No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
25	6032	Subsidies to cover loss		-	-	-
26	6033	Subsidies for entrepreneurship		-	-	-
27	6039	Other subsidies		-	-	-
<b>28</b>	<b>604</b>	<b>Current internal transfers</b>		<b>2,249</b>	<b>2,249</b>	<b>150</b>
29	6040	Current transfers to other government levels		2,249	2,249	-
30	6041	Current transfers to various government institutions		-	-	-
31	6042	Current transfers for social and health insurance		-	-	-
32	6044	Current transfers for not for profit organizations		-	-	150
<b>33</b>	<b>605</b>	<b>Current transfers with outsiders</b>		-	-	-
34	6051	Transfers for IOS		-	-	-
35	6052	Transfers for foreign governments		-	-	-
36	6053	Transfers for non not-for profit organizations		-	-	-
37	6059	Other current transfers with foreign governments		-	-	-
<b>38</b>	<b>606</b>	<b>Transfers family budges and other individuals</b>		<b>97,516</b>	<b>97,516</b>	<b>200,715</b>
39	6060	Transfers paid from ISS and HII		31,225	31,225	62,164
40	6061	Transfers paid from other institutions and Local government		66,291	66,291	138,551
<b>41</b>	<b>63</b>	<b>II. Change in inventory balances</b>	<b>F1</b>	<b>2,797</b>	<b>2,797</b>	<b>1,456</b>
<b>42</b>	<b>68</b>	<b>III. Depreciation rates and expected balances</b>		-	-	-
43	681	Amortization rates on exploitation		-	-	-
44	682	Residual value on fixed assets, damaged or disposed		-	-	-
45	683	Amounts provided for exploitations		-	-	-
46	686	Amounts provided for finance assets		-	-	-
<b>47</b>	<b>65, 66</b>	<b>B. Finance expenses</b>		-	-	-
<b>48</b>	<b>65</b>	<b>I. Internal finance expenses</b>		-	-	-
49	650	Bond interest rates and direct loans		-	-	-
50	651	Borrowing costs related to loans		-	-	-
51	652	Other interest on government securities		-	-	-
52	656	Foreign exchange expenses		-	-	-
<b>53</b>	<b>66</b>	<b>II. External finance expenses</b>		-	-	-
54	660	Interest on loans from Foreign Governments		-	-	-
55	661	Interest on financing from international organizations		-	-	-

					In ALL '000		
No.	Account Number	Description of Expenses	Notes	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014	
56	662	Interest on other foreign loans		-	-	-	
<b>57</b>	<b>67</b>	<b>C. Extraordinary Expenses</b>		-	-	-	
58	677	Losses from allowed errors from previous years		-	-	-	
59	678	Other Extraordinary expenses		-	-	-	
<b>60</b>	<b>Class 6</b>	<b>TOTAL EXPENSES</b>		<b>179,835</b>	<b>179,835</b>	<b>333,713</b>	
<b>61</b>		<b>D. RESULT CORRECTIONS ACTIVITES</b>		<b>58,028</b>	<b>58,028</b>	<b>17,523</b>	
62	828	Names of cancelled revenues		-	-	3,339	
63	831	Determination of revenues for investments		56,007	56,007	13,605	
64	8420	Revenues deposited in the budget		582	582	-	
65	8421	Deposit in the budget of unused revenues		1,601	1,601	114	
66	8422	Transfers of revenues within the system		57	57	3	
67	8423	Transfers for changes in situation		(219)	(219)	462	
68	8424	Transfers for identified debtors and similar items		-	-	-	
<b>69</b>	<b>Class 6 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>		<b>237,863</b>	<b>237,863</b>	<b>351,236</b>	
<b>70</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>		<b>78,230</b>	<b>78,230</b>	<b>64,654</b>	
<b>71</b>	<b>X</b>	<b>TOTAL</b>		<b>316,093</b>	<b>316,093</b>	<b>415,890</b>	

### Template 3-2: Statement of revenues

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

(Amount in ALL '000, Unless otherwise stated)

No.	Account Number	Description of Revenues	In ALL '000		
			As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
<b>1</b>	<b>Class 7</b>	<b>A. REVENUES</b>	<b>313,078</b>	<b>313,078</b>	<b>415,890</b>
<b>2</b>	<b>70</b>	<b>I. TAX INCOMES</b>	<b>67,760</b>	<b>67,760</b>	<b>83,536</b>
<b>3</b>	<b>700</b>	<b>a) On revenues, profit, and equity revenue</b>	<b>8,951</b>	<b>8,951</b>	<b>15,946</b>
4	7000	Personal income tax	-	-	-
5	7001	Income tax	4,651	4,651	-
6	7002	Small business tax	4,300	4,300	15,946
7	7009	Other tax	-	-	-
<b>8</b>	<b>702</b>	<b>b) Property tax</b>	<b>24,396</b>	<b>24,396</b>	<b>38,694</b>
9	7020	On immovable property	18,497	18,497	30,052
10	7021	Sales of immovable property	-	-	-
11	7029	Other on property	5,899	5,899	8,642
<b>12</b>	<b>703</b>	<b>c) Tax upon goods and services in the country</b>	<b>34,346</b>	<b>34,346</b>	<b>28,896</b>
13	7030	VAT	-	-	-
14	7031	Special taxes	-	-	-
15	7032	Tax upon specific services	-	-	-
16	7033	Tax upon goods usage and activity permission	2,897	2,897	5,128
17	7035	Local tax on goods usage and activity permission	31,449	31,449	23,768
<b>18</b>	<b>704</b>	<b>d) Tax upon commercial and international transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>
19	7040	Duties on import goods	-	-	-
20	7041	Duties on export goods	-	-	-
21	7042	Custom tariff and post service	-	-	-
22	7049	Other tax upon international commercial transport	-	-	-
<b>23</b>	<b>705</b>	<b>e) Road tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24</b>	<b>708</b>	<b>f) Other national tax</b>	<b>67</b>	<b>67</b>	<b>-</b>
<b>25</b>	<b>709</b>	<b>g) Penalty interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26</b>	<b>75</b>	<b>II. SOCIAL AND HEALTH INSURANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>
27	750	From employee's	-	-	-

In ALL '000					
No.	Account Number	Description of Revenues	As at 31 July 2015, Restated	As at 31 July 2015	As at 31 Dec. 2014
28	751	From employer	-	-	-
29	752	From self employees	-	-	-
30	753	From farmers	-	-	-
31	754	From volunteer insurance	-	-	-
32	755	Budget contribution for Social Insurance	-	-	-
33	756	Budget contribution for Health Insurance	-	-	-
<b>34</b>	<b>71</b>	<b>III. NON TAX REVENUES</b>	<b>15,758</b>	<b>15,758</b>	<b>21,727</b>
<b>35</b>	<b>710</b>	<b>a) From enterprise and ownership</b>	<b>160</b>	<b>160</b>	<b>9,294</b>
36	7100	From public non financial enterprise	-	-	5,656
37	7101	From public financial enterprise	-	-	-
38	7109	Others from enterprise and ownership	160	160	3,638
<b>39</b>	<b>711</b>	<b>b) Administrative service and secondary revenues</b>	<b>15,091</b>	<b>15,091</b>	<b>12,156</b>
40	7110	Administrative tariffs and regulations	8,158	8,158	6,303
41	7111	Secondary revenues and payments of services	957	957	2,205
42	7112	Tax for legal actions and notary	-	-	-
43	7113	From goods and services sales	68	68	-
44	7114	Revenues from tickets	-	-	-
45	7115	Fines and late-fees, sequestration and compensation	375	375	477
		Revenues from ownership transfer, legalization of buildings			
46	7116	without permits	5,532	5,532	3,171
<b>47</b>	<b>719</b>	<b>c) Other non tax revenues</b>	<b>507</b>	<b>507</b>	<b>277</b>
<b>48</b>	<b>72</b>	<b>IV. ACTUAL GRANTS (a+b)</b>	<b>217,383</b>	<b>217,383</b>	<b>296,002</b>
<b>49</b>	<b>720</b>	<b>a) Internal actual grant</b>	<b>217,383</b>	<b>217,383</b>	<b>296,002</b>
50	7200	From same Government level	154,359	154,359	285,144
51	7201	From other Government levels	-	-	-
52	7202	From budget for special payments to Social Institute	-	-	-
		From budget to cover the deficit of Social Institute and			
53	7203	Healthcare Institute	-	-	-
54	7204	Participation of institution in national taxes	-	-	-
55	7205	Additional finances created within the system	-	-	-
56	7206	Expected financing from budget	56,359	56,359	7,868
57	7207	Third party sponsorship	2,016	2,016	600

			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
58	7209	Other internal grants	4,649	4,649	2,390
<b>59</b>	<b>721</b>	<b>b) External actual grants</b>	-	-	-
60	7210	From foreigner Governments	-	-	-
61	7211	From international organizations	-	-	-
<b>62</b>	<b>73</b>	<b>V. CHANGES IN PRODCUTS BALANCE</b>	-	-	-
<b>63</b>	<b>78</b>	<b>VI. WORK INVESTMENTS AND RETAKINGS</b>	<b>12,177</b>	<b>12,177</b>	<b>14,625</b>
64	781	Works, investments in economy	-	-	-
65	782	Forecasted retakings for liquid assets	-	-	-
66	783	Forecasted retakings for fixed assets	-	-	-
67	784	Prepayment of expenses in the years to come	-	-	-
68	785	Use of funds of the year to come	10,241	-	-
69	787	Withdraw from investments	1,936	12,177	14,625
<b>70</b>	<b>76</b>	<b>B. FINANCIAL INCOMES</b>	-	-	-
71	760	From internal borrowing interests	-	-	-
72	761	From external borrowing interests	-	-	-
73	765	Incomes from deposits interests	-	-	-
74	766	Revenues from exchange rates	-	-	-
<b>75</b>	<b>77</b>	<b>C. EXTRAORDINARY REVENUES</b>	-	-	-
76	773	From closed activities and changes in strategy	-	-	-
77	777	From mistakes allowed in previous exercise	-	-	-
78	778	Correction from previous year	-	-	-
79	779	Other revenues	-	-	-
<b>80</b>	<b>Class 7</b>	<b>TOTAL INCOMES</b>	<b>313,078</b>	<b>313,078</b>	<b>415,890</b>
<b>81</b>	<b>83</b>	<b>D. RESULT CORRECTIONS ACTIVITES</b>	<b>3,015</b>	<b>3,015</b>	-
82	829	Canceled or under written expense order	-	-	-
83	841	Status change transfer	3,015	3,015	-
<b>84</b>	<b>Class 7 &amp; 8</b>	<b>TOTAL FROM OPERATIONS</b>	<b>316,093</b>	<b>316,093</b>	<b>415,890</b>
<b>85</b>	<b>85</b>	<b>RESULTS FROM FUNCTIONING</b>	-	-	-
<b>86</b>	<b>X</b>	<b>TOTAL</b>	<b>316,093</b>	<b>316,093</b>	<b>415,890</b>

#### Template 4: Funds and expenses related to investments

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

(Amount in ALL '000, Unless otherwise stated)

			In ALL '000			
No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
<b>1</b>	<b>I</b>	<b>SOURCE OF FUNDS</b>	<b>294,995</b>	<b>62,416</b>	<b>62,416</b>	<b>294,995</b>
<b>2</b>	<b>105</b>	<b>Internal capital grants</b>	<b>294,995</b>	<b>4,029</b>	<b>4,029</b>	<b>294,995</b>
3	1050	From the same government level	294,995	4,000	4,000	294,995
4	1051	From other Government levels	-	-	-	-
5	1052	Third parties contribution for investments	-	-	-	-
6	1059	Internal grants in nature	-	29	29	-
<b>7</b>	<b>106</b>	<b>Foreigner Capital grants</b>	-	<b>1,757</b>	<b>1,757</b>	-
8	1060	From foreigner governments	-	-	-	-
9	1061	From international institutions	-	-	-	-
10	1069	Foreigner grants in nature	-	1,757	1,757	-
<b>11</b>	<b>14</b>	<b>Capital grants for investments to third parties</b>	-	-	-	-
		Internal grants, participation capital in investments for third				
12	145	parties	-	-	-	-
		Foreigner grants, participation capital in investments for third				
13	146	parties	-	-	-	-
<b>14</b>	<b>11</b>	<b>Other own funds</b>	-	<b>56,629</b>	<b>56,629</b>	-
15	111	Reserve funds	-	663	663	-
16	115	Fund allocation for investments from result of the year	-	55,966	55,966	-
17	116	Revenues from tangible assets sales	-	-	-	-
<b>18</b>	<b>12</b>	<b>Carried result</b>	-	-	-	-
<b>19</b>	<b>16</b>	<b>Internal borrowing and similar</b>	-	-	-	-
20	160	Bonds and direct credit (entry)	-	-	-	-
21	161	Other internal borrowing (entry)	-	-	-	-
22	162	Borrowing through securities (entry)	-	-	-	-

In ALL '000

No.	Account Number	Description	Opening	Transactions during the Year		Closing
			Balance, 1 January 2015	Debit	Credit	Balance, 31 July 2015
<i>a</i>			<i>c</i>	<i>d</i>	<i>e</i>	<i>f</i>
23	165	Bonds and direct credit (outing)	-	-	-	-
24	166	Other internal borrowing (outing)	-	-	-	-
25	167	Borrowing through securities (outing)	-	-	-	-
<b>26</b>	<b>17</b>	<b>Borrowing from foreigner Governments</b>	-	-	-	-
27	170	Borrowing from foreigner governments (entry)	-	-	-	-
28	171	Borrowing from international institutions (entry)	-	-	-	-
29	172	Other borrowings (entry)	-	-	-	-
30	175	Borrowing from foreigner Governments (outing)	-	-	-	-
31	176	Borrowing from international institutions (outing)	-	-	-	-
32	177	Other borrowings (outing)	-	-	-	-
<b>33</b>	<b>II</b>	<b>EXPENSES FOR INVESTMENTS</b>	<b>37,097</b>	<b>103,119</b>	<b>60,629</b>	<b>79,586</b>
<b>34</b>	<b>230</b>	<b>Expenses for increase of Intangible Assets</b>	<b>4,352</b>	-	-	<b>4,352</b>
<b>35</b>	<b>231</b>	<b>Expenses for increase of Tangible Assets</b>	<b>32,745</b>	<b>103,119</b>	<b>60,629</b>	<b>75,235</b>
36	2310	Land	-	-	-	-
37	2311	Forests, Pasture, Plantation	-	-	-	-
38	2312	Building and Constructions	-	10,292	10,292	-
39	2313	Roads, networks, water facilities	32,745	92,433	49,944	75,235
40	2314	Technical installment, machinery, equipment, working tools	-	393	393	-
41	2315	Transport vehicles	-	-	-	-
42	2316	Government reserve	-	-	-	-
43	2317	Working and production animals	-	-	-	-
44	2318	Economic Inventory	-	-	-	-
<b>45</b>	<b>232</b>	<b>Capital transfers</b>	-	-	-	-
<b>46</b>	<b>25</b>	<b>Lending</b>	-	-	-	-
47	255	Outing for internal lending	-	-	-	-
48	256	Outing for transactions of foreigner lending	-	-	-	-
49	250	Entry from internal lending principal	-	-	-	-
50	251	Entry from foreigner lendings principal transaction	-	-	-	-
<b>51</b>	<b>26</b>	<b>Participation with own equity</b>	-	-	-	-

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**Comments:** The closing balance of the financing and investment statment and the costs associated with the restated investments in Format 4 do not reconcile with the statement of fixed assets with ALL 74

**Template 5: Statement of cash flows**

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

*(Amount in ALL '000, Unless otherwise stated)*

		In ALL '000			
No.	Account Number	Treasury Balance		Bank Liquidity	
		Debit c	Credit d	Debit e	Credit f
<i>a</i>					
<b>1</b>	<b>I. OPENING BALANCE</b>	<b>78,594</b>	-	-	-
<b>2</b>	<b>II. RECEIVABLES "CASH"</b>	<b>347,996</b>	-	-	-
<b>3</b>	<b>1. Funds from budget</b>	<b>258,071</b>	-	-	-
4	Actual budget funds (Budget with changes)	185,333	-	-	-
5	Capital budget funds (Budget with changes)	72,737	-	-	-
<b>6</b>	<b>2. Incomes and revenues during the year in "Cash"</b>	<b>89,925</b>	-	-	-
7	Tax revenues in "Cash"	85,552	-	-	-
9	Non tax revenues "Cash"	23	-	-	-
11	Sponsorships, grants and other revenues "cash"	2,016	-	-	-
13	Entry from storage "Cash"	2,334	-	-	-
<b>14</b>	<b>III. PAYMENTS OF THE YEAR "CASH"</b>	-	<b>274,626</b>	-	-
15	1. Payment from the budget for actual expenses	-	99,171	-	-
16	2. Payments from the budget for capital expenses	-	36,466	-	-
17	3. Payments from revenues for actual expenses	-	79,085	-	-
18	4. Payments from revenues from capital expenses	-	56,007	-	-
19	5. Payments from storage	-	3,062	-	-
20	6. Other payments	-	835	-	-
<b>21</b>	<b>IV. TRANSFERS</b>	-	<b>60,807</b>	-	-
22	1. Deposit of revenues in the budget	-	75	-	-
23	2. Unused budget (actual and capital)	-	60,675	-	-
24	3. Internal movements and transfers	-	57	-	-
<b>25</b>	<b>V. MOVEMENTS TOTAL (I UP TO IV)</b>	<b>426,590</b>	<b>335,433</b>	-	-
<b>26</b>	<b>VI. CLOSING BALANCE</b>	<b>91,157</b>	-	-	-

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

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

**In ALL '000.**

No.	Description	Opening	Additions during the Year					Decreases during the Year			Closing		
		Balances		Transf.						Balances			
<i>a</i>	<i>b</i>	<i>1</i>	Purch.	Out	In	Mov.	Total	Sales	Write Off	Other Decr.	Total	<i>11</i>	
<b>1</b>	<b>I. INTAGIBLE</b>	<b>28,092</b>	-	-	-	-	-	-	-	-	<b>13,682</b>	<b>13,682</b>	<b>14,410</b>
	Amounts to be remitted and loan												
2	201 reimbursements	-	-	-	-	-	-	-	-	-	-	-	-
3	202 Studies and research	14,410	-	-	-	-	-	-	-	-	-	-	<b>14,410</b>
4	203 Concessions, license, other similar licenses	-	-	-	-	-	-	-	-	-	-	-	-
4/1	230 Expenses for increase of current intangible assets	13,682	-	-	-	-	-	-	-	13,682	13,682	-	-
<b>5</b>	<b>II. TANGIBLE</b>	<b>1,729,818</b>	<b>60,929</b>	<b>1,757</b>	-	-	<b>62,686</b>	-	<b>1,626</b>	-	<b>1,626</b>	<b>1,790,879</b>	
6	210 Land	18,801	-	-	-	-	-	-	-	-	-	-	<b>18,801</b>
7	211 Forests, Pasture, Plantation	4,830	-	-	-	-	-	-	-	-	-	-	<b>4,830</b>
8	212 Building and Constructions	473,130	10,292	-	-	-	<b>10,292</b>	-	-	-	-	-	<b>483,422</b>
9	213 Roads, networks, water facilities	1,182,115	49,944	-	-	-	<b>49,944</b>	-	-	-	-	-	<b>1,232,058</b>
10	214 Technical installment, machinery, equipment, working tools	19,052	393	312	-	(462)	<b>244</b>	-	305	-	<b>305</b>	-	<b>18,991</b>
11	215 Transport vehicles	10,304	-	-	-	-	-	-	500	-	<b>500</b>	-	<b>9,804</b>
12	216 Government reserve	-	-	-	-	-	-	-	-	-	-	-	-
13	217 Working and production animals	-	-	-	-	-	-	-	-	-	-	-	-
14	218 Economic Inventory	21,586	300	1,445	-	462	<b>2,207</b>	-	821	-	<b>821</b>	-	<b>22,973</b>
17	24 Damaged current tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
18	28 Assignments	-	-	-	-	-	-	-	-	-	-	-	-
<b>19</b>	<b>TOTAL (I + II)</b>	<b>1,757,910</b>	<b>60,929</b>	<b>1,757</b>	-	-	<b>62,686</b>	-	<b>1,626</b>	<b>13,682</b>	<b>15,308</b>	<b>1,805,288</b>	

**Comments:** Closing balance in the statement of fixed assets amounts restated in Format 6 does not reconcile with the balance of fixed assets in the Format 1 with ALL 4,351,714.

**Template 7: Statement of Fixed Assets' depreciation**

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000											
No.	Account Number	Description	Opening Accumulated Depreciation 1 January 2015	Additions during the Year			Decreases during the Year			Closing Accumulated Depreciation 31 July 2015	
<i>a</i>	<i>b</i>		<i>1</i>	Dep. Charge for the year	Other Addit.	Total	Sales	Write off	Other Depr.	Total	<i>9</i>
				<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	
1	209	I. INTAGIBLE	-	-	-	-	-	-	-	-	-
2	219	II. TANGIBLE	109,891	8,839	-	8,839	-	-	-	-	118,729
		<b>TOTAL (I + II)</b>	<b>109,891</b>	<b>8,839</b>	-	<b>8,839</b>	-	-	-	-	<b>118,729</b>

## Template 8: Statement of changes in fund

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

(Amount in ALL'000, Unless otherwise stated)

No.	Acc. No.	Description	Restated							
			Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015	Opening Balance 1 Jan. 2015	Period of Movements		Closing Balances 31 July 2015
			Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>	Credit <i>1</i>	Debit <i>2</i>	Credit <i>3</i>	Credit <i>4=1+3-2</i>
<b>1</b>	<b>101</b>	<b>BASE FUND</b>	<b>1,439,023.93</b>	<b>13,964</b>	<b>117,282</b>	<b>1,542,341</b>	<b>1,439,024</b>	<b>11,564</b>	<b>73,970</b>	<b>1,501,430</b>
2	1010	Status of base fund	1,439,024	2,400	39,689	1,476,313	1,439,024	-	-	1,439,024
3	1011	Additions base fund	-	-	77,593	77,593	-	-	73,970	73,970
4	1012	Decrease base fund	-	1,100	-	(1,100)	-	1,100	-	(1,100)
5	1013	Decrease from tangible assets consume	-	8,839	-	(8,839)	-	2,159	-	(2,159)
6	1014	Decrease from selling tangible assets	-	-	-	-	-	-	-	-
7	1015	Decrease from	-	1,626	-	(1,626)	-	8,306	-	(8,306)
8	1016	Decrease from transferring tangible assets	-	-	-	-	-	-	-	-
<b>9</b>	<b>109,</b>	<b>DIFFERENCE IN TANGIBLE ASSETS REVALUATION</b>	-	-	-	-	-	-	-	-
<b>10</b>	<b>105,107,11,12, 13,145,15,85</b>	<b>INTERNAL FUND</b>	<b>359,649</b>	<b>4,034</b>	<b>50,075</b>	<b>405,691</b>	<b>359,649</b>	<b>2,097</b>	<b>48,139</b>	<b>405,691</b>
11	105	Capital internal grants	294,995	-	32,466	327,461	294,995	-	32,466	327,461
12	107	Current assets in use	-	-	-	-	-	-	-	-
13	11	Other own funds	-	-	-	-	-	-	-	-
14	12	Carried result	62,718	-	-	62,718	-	-	-	-
18	85	Result	1,936	4,034	17,609	15,512	64,654	2,097	15,673	78,230
<b>19</b>	<b>106</b>	<b>EXTERNAL FUND</b>	-	-	1,757	1,757	-	-	1,757	1,757
20	106	Capital foreigner grants	-	-	1,757	1,757	-	-	1,757	1,757
<b>22</b>		<b>CONSOLIDATED FUND (1 up to 4)</b>	<b>1,798,673</b>	<b>17,998</b>	<b>169,114</b>	<b>1,949,789</b>	<b>1,798,673</b>	<b>13,661</b>	<b>123,866</b>	<b>1,908,878</b>

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

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

(Amount in ALL '000, Unless otherwise stated)

In ALL '000

No.	Categories	Annual Average No. of Employees	Turnover of the Employ. During the year		No. of Employ. At the end of the year	Salaries and Contributions					
			New Employ.	Leaved		Total Salaries	Addit. Rewards	Immed. Social Assistance	Social and Health Insurance	Other Rewards	Income Tax
		1	2	3	4	5	6	7	8	9	10
<i>a</i>	<b>Total number of employees (1+2+3+4+5+6)</b>	<b>85</b>	<b>3</b>	<b>-</b>	<b>88</b>	<b>37,409</b>	<b>-</b>	<b>-</b>	<b>7,760</b>	<b>-</b>	<b>1,830</b>
<i>1</i>	<b>Directors High level education</b>	6	-	-	6	5,980	-	-	652	-	268
<i>2</i>	<b>specialist</b>	35	-	-	35	13,959	-	-	3,525	-	813
<i>3</i>	<b>Technical</b>	15	-	-	15	4,430	-	-	1,468	-	230
<i>4</i>	<b>Ordinary officers</b>	2	-	-	2	4,720	-	-	637	-	240
<i>5</i>	<b>Employees</b>	27	-	-	27	8,095	-	-	1,440	-	279
<i>6</i>	<b>Temporary employees</b>	-	3	-	3	225	-	-	38	-	-

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

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<b>1</b>	<b>A</b>	<b>Assets</b>	<b>1,979,950</b>	<b>1,936,313</b>	<b>1,871,475</b>
<b>2</b>	<b>I</b>	<b>Current Assets</b>	<b>170,494</b>	<b>170,168</b>	<b>186,359</b>
		1. Petty- Cash, Banks, and Funds			
3	Class 5	Availability	93,725	93,725	81,052
13	Class 4	2. Receivables	26,832	26,507	56,404
29	Class 3	3. Current Inventory accounts	49,937	49,937	48,903
<b>39</b>	<b>II</b>	<b>Non-current Assets</b>	<b>1,809,456</b>	<b>1,766,145</b>	<b>1,685,116</b>
40	23	1. Investments	79,586	79,586	37,097
44	25,26	2. Finance assets	43,311	-	-
47	21,24,28	3. Tangible assets	1,672,149	1,672,149	1,633,609
60	20	4. Intangible assets	14,410	14,410	14,410
<b>65</b>	<b>III</b>	<b>Other assets</b>	-	-	-
<b>69</b>	<b>B</b>	<b>Liabilities</b>	<b>30,161</b>	<b>27,435</b>	<b>72,802</b>
<b>70</b>	<b>I</b>	<b>Current liabilities</b>	<b>28,491</b>	<b>25,765</b>	<b>71,166</b>
71	Class	1. Accounts payable	28,491	25,765	71,166
<b>89</b>	<b>II</b>	<b>Non liquid liabilities</b>	-	-	-
90	17	1. Foreign loans	-	-	-
<b>91</b>	<b>III</b>	<b>Other liabilities</b>	<b>1,670</b>	<b>1,670</b>	<b>1,636</b>
<b>96</b>		<b>Net assets (A - B)</b>	<b>1,949,789</b>	<b>1,908,878</b>	<b>1,798,673</b>
97		<b>Presented: Consolidated budget</b>	1,871,559	1,830,648	1,734,019
98		<b>Carried forward results</b>	78,230	78,230	64,654

**Template 11: Consolidated statement of comprehensive income and operating expenses**

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

			In ALL '000		
No.	Account Number	Description	2015 Period Restated	2015 Period	2014 Period
<i>1</i>	<i>2</i>	<i>3</i>	<i>5</i>	<i>6</i>	<i>7</i>
<b>1</b>	<b>A</b>	<b>TOTAL REVENUES</b>	<b>316,093</b>	<b>316,093</b>	<b>415,890</b>
<b>2</b>	<b>70,750,71</b>	<b>I. REVENUES AND CONTRIBUTES</b>	<b>83,518</b>	<b>83,518</b>	<b>105,263</b>
3	70	1. Tax revenues upon	67,760	67,760	83,536
19	71	3. Non tax revenues	<b>217,383</b>	<b>217,383</b>	<b>296,002</b>
<b>23</b>	<b>72</b>	<b>II. GENERAL ACTUAL GRANTS</b>	<b>12,177</b>	<b>12,177</b>	<b>14,625</b>
<b>31</b>	<b>78</b>	<b>IV. WORKS FOR INVESTMENTS</b>	<b>237,863</b>	<b>237,863</b>	<b>351,236</b>
<b>32</b>	<b>77, 83</b>	<b>V. OTHER REVENUES</b>	<b>177,039</b>	<b>177,039</b>	<b>332,257</b>
<b>33</b>	<b>B</b>	<b>TOTAL EXPENSES</b>	33,155	33,155	55,883
<b>34</b>		<b>I. ACTUAL EXPENSES</b>	2,249	2,249	150
35	600 601	1. Salaries and employees contribution	97,516	97,516	200,715
38	602	2. Goods and Services	<b>60,825</b>	<b>60,825</b>	<b>18,979</b>
50	604	4. Internal actual transfers	78,230	78,230	64,654
52	606	6. Budget transfers for families and individuals	<b>316,093</b>	<b>316,093</b>	<b>415,890</b>
<b>57</b>	<b>67</b>	<b>IV. OTHER EXPENSES</b>	15,758	15,758	21,727
<b>58</b>	<b>C</b>	<b>DETERMINED NET INCOME</b>	<b>217,383</b>	<b>217,383</b>	<b>296,002</b>
59		From this: Functioning results	<b>12,177</b>	<b>12,177</b>	<b>14,625</b>
60		Functioning observed grants	<b>3,015</b>	<b>3,015</b>	-