



Financial Statements and Independent Auditors' Report

Municipality of Mamusha

31 December 2009

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## Independent Auditors' Report

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To the Municipal Assembly  
Mamusha Municipality, Kosovo

### **Report on the Financial Statements**

We were engaged to audit the accompanying financial statements of Municipality of Mamusha ("the Municipality"), which comprise the Statement of Cash Receipts and Payments for the year ended 31 December 2009, Budget Execution Report and a summary of significant accounting policies and other explanatory information.

The financial statements of the Municipality as of and for the year ended 31 December 2008 were audited by another auditor whose report dated 01 December 2009 expressed a disclaimed opinion on that financial statements due to various errors and omissions, as well as non-compliance with laws and regulations.

#### ***Management's Responsibility for Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards "Financial Reporting Under the Cash Based Accounting", with the Administrative Instruction No. 20/2009 on Annual Reporting of Budget Organizations and with Administrative instructions No. 15/2009, 18/2009 and 21/2009, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Due to the matters described on the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence in order to provide a basis for an audit opinion.

*Basis for Disclaimer of Opinion*

1. The Municipality does not maintain listings of payments from third parties. Due to the nature of records kept in the accounting and operational systems for payments from third parties, as well as the absence of alternative controls implemented by management, we were not able to perform sufficient and appropriate audit tests to verify the completeness of the payments from third parties recognized for the year ended 31 December 2009.
2. The property, plant and equipment owned by the Municipality are disclosed in Note 27. However, there are many deficiencies and uncertainties which affect the Municipality's financial reporting of property, plant and equipment as following:
  - The Municipality's Financial Statements as of 31 December 2009 as disclosed in note 27, property, plant and equipment are not reconciled with its assets registry.
  - Owing to the lack of supporting documentation for the measurement of a significant part of its real estate property, the Municipality measures such items at fair value based on a valuation performed by an internally established committee. The committee is not composed of certified appraisers and the values stated in its list are not supported by any valuation report.

Due to the nature of the records and other deficiencies as described above, we were not able to satisfy ourselves with the completeness, accuracy and valuation of the Municipality's property, plan and equipment as of 31 December 2009.

*Disclaimer of Opinion*

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements, for the year ended 31 December 2009.

### **Report on other Legal and Regulatory Requirements**

In addition to our audit of the financial statements, a compliance review was planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them. The nature, timing and extent of the compliance work were limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion based on our review. Our work was conducted in accordance with the ISSAI 4200 Compliance Audit Guidelines Related to Audit of Financial Statements. Those principles require that we comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

A review is limited primarily to analytical procedures and to inquiries, and therefore provides less assurance than an audit. We have not performed an audit, and, accordingly, express our conclusion in the form of limited assurance, which is consistent with the more limited work we have performed under this compliance review.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

#### *Conclusion on Compliance*

Based on our work described in this report, the activities, financial transactions and information reflected in the financial statements that have come to our notice during the audit, are in all material respects, in compliance with the authorities which govern them.

#### *Other matter*

We draw attention to the following:

- a) The primary reliable source of information for the preparation of financial statements is Free Balance. The Municipality has not implemented internal and integrated accounting software that would ensure timely, complete and accurate information for reporting purposes.
- b) The Municipality has not implemented a comprehensive and automated billing system and does not maintain separate sub ledgers or lists of all its debtors regarding various taxes. Instead only cash collections from revenue streams are recorded. Whilst receivables are not required to be disclosed in the financial statements, lack of accuracy and completeness will impact revenues that Municipality can earn and the ability to prepare a reliable and accurate budget, to report an accurate collection ratio, and monitor the collection of the own source revenues on a timely basis.
- c) The Municipality does not maintain listings of payments from third parties. The evidence available to us and the controls implemented by the Municipality's management for ensuring the payments from third parties are presented and managed in accordance with relevant legislation and therefore applied for the purposes intended by the legislature, were limited.

- d) We identified a number of non-compliance with Law No. 02/L-99 promulgated with Regulation No.2007/20 which is derivate from the procurement regulation 2003/17 “Law on Public Procurement in Kosovo”. Such non-compliance relates to required procurement procedures which were not performed and documented by the Municipality.
- e) Although the Municipality may be involved in several minor legal cases and it is probable that future cash outflows might be required in the near future, the Municipality did not design and implement any procedure for complete, accurate and reliable information for recording provisions and contingent liabilities.

**Grant Thornton**

Prishtina,  
14 May 2010

# Appendix I

## Mamusha Municipality

Key findings, Recommendations and Management's  
comments

## General

### **Audit for 2009**

Grant Thornton LLC has been appointed to perform an audit of the Municipality of Mamusha ("the Municipality") annual financial statements prepared in accordance with Cash Basis IPSAS Financial Reporting Under The Cash Basis of Accounting, for the year ended 31 December 2009.

Our advice in this document is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the facts stated below, assumptions and representations. If any of the foregoing facts, assumptions or representations is not entirely complete or accurate, it is imperative that we be informed immediately, as the inaccuracy or incompleteness could have a material effect on our conclusions. In rendering our advice, we are relying upon the relevant provisions of the current legislation in Kosovo, the regulations there under, and the judicial and administrative interpretations thereof. These authorities are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of our conclusions. We will not update our advice for subsequent changes or modifications to the law and regulations or to the judicial and administrative interpretations thereof.

### **Consequences**

This report is designed to include useful recommendations that may help to improve the accounting policies and accounting and control system of the Municipality and to avoid weaknesses that could lead to material loss or misstatement. This report is intended solely for the information and use of the management, the Office of Auditor General, the Ministry of Local Government, the Ministry of Finance and Economy and the Assembly, and is not intended to be and should not be used by anyone other than these specified parties. It is your obligation to take the actions needed to remedy those weaknesses and should you fail to do so we shall not be held responsible if loss or misstatement occurs as a result.

### **Fraud exclusion**

As agreed, you have also acknowledged that because of the importance to our work of the information and representations supplied to us by the Municipality, its directors, employees or agents, you shall not, other than in the event of our negligence, bad faith or willful default, hold us responsible or liable for any losses or other consequences if information material to our task is deliberately withheld or concealed from us or fraudulently represented to us.

### **Structure of this report**

Each class of observations is described on a different page. For each observation the structure is: finding, risk, recommendation, and management response.



## Current Year Findings

### **1 Preparation of financial statements**

#### **Finding**

The primary reliable source of information for the preparation of financial statements is Free Balance. The Municipality records its receipts and payments in excel spreadsheets, which are not used to prepare all the notes and disclosures to the financial statements.

In addition, the following information which is required to be disclosed in the financial statements is not recorded in Free Balance and is not part of integrated accounting software:

- Payments from third parties;
- Outstanding invoices (liabilities);
- Property, plant and equipment .

Although the Municipality may be involved in several minor legal cases and it is probable that future cash outflows might be required in the near future, the Municipality does not have in place any formal process that would ensure complete, adequate and reliable information for recording provisions and contingent liabilities.

As a result of the aforementioned weaknesses the following was omitted or improperly disclosed in the financial statements:

- Section 15. Non-financial assets Financial Statements as of 31 December 2009 on disclosures in note 27 regarding property, plant and equipment are not reconciled with its assets registry;
- The Municipality does not have still certifying officer for recording data within accounting data in Financial Management Information System in Kosovo (FMISK);
- Section 11, note 12.1 Own source revenues Administrative 'Tax Revenue', which details administrative tax revenue, was not completed as per administrative instructions, as the revenue from certificates is recorded as total and not detailed as per different certificates;
- There may be significant payments from third parties (for example when another party such as Ministry or foreign donor buys/contributes an asset for use by the Municipality) which could not be recorded in the financial statements because they are not recorded in the Free Balance;
- Section 16, Note 29 Contingent Liability is not completed.

We were informed that although Mamusha administrative unit started to operate as a separate pilot unit from the year 2005, it obtained the status of a municipality in 2008. The Municipality started to prepare financial statements in 2008 while it did not prepare a complete set of financial statements for the previous years. As a result, the comparative information for 2007 was not audited

Current Year Findings (continued)  
Preparation of financial statements (continued)

**Risk**

The weaknesses in the internal controls related to the financial reporting system might expose the Municipality to risks and misstatements related to the following:

- Completeness and accuracy of the financial information;
- Integrity of data;
- Assets safeguard; and
- Non-recording of payments from third parties may result in such assets/services being used rent-free by parties other than the Municipality.

**Recommendation**

The preparation of the Municipality's financial statements should include procedures and tools that are designed to ensure that information required is recorded, processed, summarized and appropriately reported in the financial statements.

**Management response**

In nearly future we will have a certifying officer for recording of assets in FIMSK

Regarding the payment of third parties, we have offer evidence for donation from MAPL and OSCE, while donation for school construction is from competent Non Government Organization „TIKA”, which operates in Kosova and where you can take all necessary documentation for all executed procedures.

## **2 Property, plant and equipment management**

### **Finding**

The Municipality maintains a register of its property, plant and equipment; however it is not reconciled with its financial statements.

Owing to the lack of supporting documentation for the measurement of a significant part of its real estate property, the Municipality measures such items at fair value based on a valuation performed by an internally established committee. The committee is not composed of certified appraisers and the values stated in its list are not supported by any valuation report.

Due to the nature of these records, the Municipality was not able to:

- A provide us with a reconciliation of assets registry with Financial Statements.
- Provide us accounting data from Financial Management Information System in Kosovo (FMISK).
- Provide us with a reconciliation of the information booked in the assets registers, to either valuation tables or to any other analysis, prior to the approval of these financial statements.

### **Risk**

During 2009, the Municipality has developed a register of property, plant and equipment, but it is not reconciled with its financial statements. This weakens in the internal controls over these assets may lead to assets being misappropriated and not being identified as such on a timely basis. Additionally, management may waste time and effort to identify the details and the carrying value of the assets, during any related decision making processes.

The Municipality may be unable to control the current use of its properties by any third party, and as a consequence may not collect rental revenues for such properties.

Due to the nature of its records and lack of a proper valuation of its assets, the Municipality may be unable to comply with the reporting requirements.

### **Recommendation**

We recommend the Mayor ensures that the Municipality considers the following:

- Reconcile and maintain comprehensive asset register with Financial Statements.
- Involve additional resources in the registration and valuation of the assets of the Municipality. Involvement of independent and certified appraisers is recommended as the best practice in such cases.
- Perform regular physical counts to ensure the existence of the assets and their condition and agree the results of the counts with the accounting records and the register.
- Make additional efforts in relation to add values on capitalized assets.

### **Management response**

In nearly future we will have a certifying officer for recording of assets in FIMSK.

### 3 Revenues

#### Finding

- **Billing systems.** An automated billing system exists only for tax on property. For other categories of revenues for which the billing system is required, it is not applied. Instead only cash collections from such revenue streams are recorded.

**Weaknesses in the automated billing system-**During 2009 the tax on property billing system was centralized and the municipality could not review and monitor appropriately the collection of revenue as it was automatically done by the new system. Cases could exist where the customer had paid property tax, but the collected amount was not recorded in the system and the customer was charged with penalty even though the tax was paid on time.

The billing system related to for tax on property does not show all invoiced debtors and receivables as of 31 December 2009.

In the regulation of Communal Assembly for taxes and tariffs there are specified two zones for categorization of properties, based on which the property tax is applied, but in fact all the properties during 2009 were charged with tariffs of only one zone. This is because the client got the database from Prizren on which Mamusha appears as a zone of Prizren and all properties were charged with the same tariffs.

- **Revenue from business licenses.** The Municipality does not obtain from the Ministry of Trade and Industry the total number of active businesses in the Municipality. Therefore, inactive or terminated businesses might be charged, while active or new businesses not charged.

While testing the revenues from Business Licences we have found that a decision for working license issued to Hakan Commerce on the date which is before the date of approval of the Communal Assembly's regulation for taxes and tariffs was charged with tariffs of new regulation and not with the regulation which was relevant for that period.

- **Segregation of duties.** During 2009, the revenue from administrative taxes that is collected on several different services was collected in cash since the amounts were less than EUR 10. The employee that was in charge of cash collections at the same time delivered the service and kept the registers for all types of certificates issued and other services delivered.
- **Revenues from health participations.** The Municipality does not perform proper controls over the collection of revenues from health participations. There has not been implemented the health participation of 0.30 euro from the medicaments of essential list as is specified in the communal assembly regulation for taxes, fines and tariffs.

#### Risk

Whilst receivables are not required to be disclosed in the financial statements, lack of accuracy and completeness will impact revenues that the Municipality can earn. Without sufficient, detailed, and accurate records of debtors and reports on collections, the Municipality is unable to prepare a reliable and accurate budget, to neither report an accurate collection ratio, nor follow up the collection of the own source revenues on a timely basis. Furthermore, the low collection of revenues will impact the investing capacity of the Municipality.

Improper and insufficient controls related to revenues and the related software and billing system increase the risk of manipulation of figures and misuse of information. Such a system could lead to incomplete billing and incomplete revenues.

**Current Year Findings (continued)**

The manual recording and lack of interface of the billing and accounting system exposes the Municipality to additional risk of errors. In addition, it causes additional costs for the record keeping, review and reconciliation of information.

The detailed and updated list of individual tax payers, active businesses and debtors generated by the system is especially important in the current situation where the municipalities do not record each individual transaction in the Free Balance. Consequently, except for taxes on property, the Treasury and Municipality are not provided with a detailed list produced by the accounting system or the billing system. As a result, it is not possible to perform a proper reconciliation or analysis by debtor.

**Recommendation**

We recommend the Mayor ensures that the Municipality takes steps to improve the billing and accounting systems in order to ensure safe, efficient and effective controls on the billing and the revenue. Improvement of the procedures related to such systems would enable the management to monitor and manage significant risks, and to ensure that decisions related to budgeting, planning and collection of revenues are properly carried out. We recommend that the Municipality:

- Implement a billing system that includes updated details about the payers, their current address, history and collection rating. Such information should be accessible only to a limited number of persons and with the authorization of the management.
- Enter and centrally control the approved tariffs and tax rates in the system in order to calculate and generate the bills automatically. The generation of bills should also be authorized and reviewed.
- Automatically inter-connect the billing system with the accounting software so that the information is automatically processed into the general ledger.
- Perform regular reconciliations between the two systems on a regular basis for all types of revenues. Any reconciling differences should be promptly followed up and cleared in a timely manner.
- Automatically link the operational and billing units and perform regular reconciliations between them, in cases where the billing is directly related to services supplied by the operational units. This is especially important where a high volume of transactions is executed.
- Ensure a proper segregation of duties.

**Management response**

Company "Hakan Comerc", has made request dated 23.09.2009, regulation is approved on 25.09.2009, payment has been done on 06.10.2009, which means that payment has been made after the regulation is approved.

Revenue from health participation, are collected each month, as our municipality has only one Health Care Center. All revenues are recorded on dairy.

Also we will take into consideration your recommendation from your side.

Current Year Findings (continued)

#### **4 Expenditure**

##### **Finding**

###### *Wages and salaries*

In cases when a teacher resigns, it takes at least a month to notify the personnel office and the Ministry of Public Services in order that the Ministry can reflect the change in the payroll list. Given such a delay, a teacher may continue to receive compensation even after resignation.

###### *Procurement procedure*

On the tender number 626-09-031-136 named "Supply with wood and coal for the school's needs" are required 111 m<sup>3</sup> wood; however, according to the letter for the origin and the availability of the wood, the winner party has made available only 35 m<sup>3</sup>.

On the tender number 626-09-029-136 Date for technical acceptance of goods 21.09.09 - earlier than signed contract 25.09.09.

##### **Risk**

Although the above findings do not have a material impact on the financial statements, lack of timely communication and approvals from authorities or incomplete documentation in the procurement files may lead to non-compliance with Laws or Regulatory requirements.

##### **Recommendation**

We recommend the Mayor ensures that the Municipality takes further steps to improve controls over expenses and payments and strictly comply with laws and local regulatory requirements.

##### **Management response**

In education sector we didn't have any such case when a teacher resigns without notice.

In tender 626-09-031-136, we have evaluated that the supplier can supply us with the necessary quantity of wood.

In tender 626-09-029-136, was a technical mistake at evaluation report because as per decision no. 066/09 dated 28.09.2009, for members of commissions for supervising of realization of project dispatch note no. 139/09 is dated 29.09.2009.

Current Year Findings (continued)

## 5 Internal Audit

- The Municipality has not established Audit Committee and an Internal Audit function

### Risk

The absence of an Audit Committee and an Internal Audit function increases the risk of failure in internal controls. In addition, it does not allow for the functions usually covered by the Audit Committee to be performed with the appropriate independence.

### Recommendation

We recommend the Mayor ensures Municipality considers the establishment of an Internal Audit function and an Audit Committee with members having relevant expertise of financial reporting and internal controls. The Audit Committee should establish appropriate policies and procedures to ensure a high standard of corporate governance. The Audit Committee should review the current status and propose actions for improvement on the following:

- Municipality's accounting and financial reporting process;
- Assessment of internal control systems implemented by management;
- Internal and external audit processes;
- Compliance, reporting and control structures throughout the Municipality to ensure compliance with financial, regulatory and legal requirements;
- Internal Audit plan and follow-up of Internal Audit findings.

### Management response

Proper functioning of Internal Audit is necessary for our Municipality.

During this year the Internal Audit was not estimated in our organizational chart and with review of budget in nearly future an Unit of Internal Audit will be established, which will affect the functionality and transparency of our Municipality.

Prior Year Findings Follow Up (continued)

## Prior year findings follow up

### **1 Preparation of financial statements**

#### **Finding**

The primary reliable source of information for the preparation of financial statements is Free Balance. The Municipality records its receipts and payments in excel spreadsheets, which are not used to prepare all the notes and disclosures to the financial statements.

Although the Mayor had signed the Declaration regarding presentation of the financial statements, the Municipality had not prepared a draft of financial statements in English and Serbian languages before the start of our audit. During our audit we spent significant time and resources in assisting the Municipality to improve the presentation of its financial statements in the English language. However, the Municipality was not able to deliver a final draft of financial statements in Serbian by the end of our audit.

In addition, the following information which is required to be disclosed in the financial statements is not recorded in Free Balance and is not part of integrated accounting software:

- payments from third parties
- property, plant and equipment
- outstanding invoices (liabilities)

Although the Municipality may be involved in several minor legal cases and it is probable that future cash outflows might be required in the near future, the Municipality does not have in place any formal process that would ensure complete, adequate and reliable information for recording provisions and contingent liabilities.

As a consequence of the above weaknesses the following was omitted or improperly disclosed in the financial statements:

- Section 16. Non-financial assets
- Note 13.1 'Own source revenue - Administrative Tax Revenue'. Note 13.1, which details administrative tax revenue, was not completed as per administrative instructions, as the revenue from certificates is recorded as total and not detailed as per different certificates issued.
- There may be significant payments from third parties, for example when another party such as a ministry or foreign donor buys/contributes an asset for use by the Municipality, which because of not being recorded in Free Balance are not recorded in the financial statements. In addition, we were not provided with sufficient supporting documentation for payments from third parties presented in the financial statements.



**Prior Year Findings Follow Up (continued)**

We were informed that although Mamusha started to operate as a separate pilot unit from the year 2005, it obtained the status of a municipality in 2008. The Municipality started to prepare financial statements in 2008. The Municipality did not prepare a complete set of financial statements in the previous years. As a result, the comparative information for 2007 was not audited, while the comparative information for the year 2006 was not prepared and presented in the financial statements.

**2 Property, plant and equipment management**

**Finding**

The Municipality has not maintained a comprehensive register of its property, plant and equipment ('PPE').

Furthermore, the Municipality has not prepared a detailed and comprehensive list of real estate property including documentation of the ownership of such property and information about registration status in the Municipality's name in the local Real Estate Register or at Court.

Because of lack of supporting documentation for the measurement of a significant part of its real estate property, the Municipality sought to measure such items at fair value based on a valuation performed by an internally established committee. The committee is not composed of certified appraisers and the values stated in its list are not supported by any valuation report.

We were provided with the evidence of the physical count of the assets as at 31 December 2008. However, this count was not reconciled to any register.

Due to the nature of these records, the Municipality was not able to:

- disclose the required information on property, plant and equipment in the financial statements as at 31 December 2008 and 31 December 2007; and
- provide us with a reconciliation of the information booked in the accounting registers, to either valuation tables or to any other analysis, prior to the approval of these financial statements.

Prior Year Findings Follow Up (continued)

**3 Revenue**

Finding

- **Billing systems.** An automated billing system exists only for tax on property. For other categories of revenues for which the billing system is required, it is not applied. Instead only cash collections from such revenue streams are recorded.
- **Revenue from business licenses.** The Municipality has not updated the list of active businesses from the year 2006 and has not performed any investigation to identify new or terminated business during 2008. Only two new businesses were recorded in 2008 as a result of the business owner notification. Therefore, inactive or terminated businesses might be charged, while active or new businesses not charged.
- **Revenue from tax on property.** The Municipality did not appoint any employee or unit responsible for the tax on property in 2008 and as a result there was no new property identified and registered. The Municipality only received revenues from tax on old properties which were inherited from Prizren in 2006.
- **Revenue from administrative taxes - Segregation of duties in the administrative office.** During 2008, the revenue from administrative taxes that is collected on several different services was collected in cash since the amounts were less than EUR 10. The employee that was in charge of cash collections at the same time delivered the service and kept the registers for all types of certificates issued and other services delivered.

**4 Expenditure**

Finding

*Wages and salaries*

In cases when a teacher resigns, it takes at least a month to notify the personnel office and the Ministry of Public Services in order that the Ministry can reflect the change in the payroll list. Given such a delay, a teacher may continue to receive compensation even after resignation.

- The Municipality does not have an internal payroll system that can be used as a reliable source of information to support the figures in the financial statements. Instead, the primary and most reliable source of information relates to the payroll lists provided by the Ministry of Public Services.
- The personnel files were not complete and properly maintained. From our sample we noted that the performance evaluation report was not filed in one case, the job description was not filed in one case, and the qualification documents were not filed in two cases. The leave register was not complete and did not indicate the days of paid or unpaid leave.

*Procurement procedures*

- From our sample we identified one case (file No. 626 08 025 521) where the Municipality did not file the document for determination of needs and funds available for procurement.
- From our sample we identified two cases related to procurement files No. 626 08 029 136 and No. 626 08 015 236 where the Municipality did not publish the notification on the winner in PPA (Public Procurement Agency).

Prior Year Findings Follow Up (continued)

## **5 Internal Audit**

### **Finding**

The Municipality has not established Audit Committee and an Internal Audit function.

### **Current year status**

Current year status of the aforementioned findings is discussed in Section Current year findings in Notes 1 to 5.

## Appendix II

### Municipality of Mamusha

Different forms of *Audit Opinion* applied by the  
Office of *Auditor General* in the *Audit Report* for  
2009

(Extract from ISSAI 400)

# Different forms of Audit Opinion applied by the Office of Auditor General in the Audit Report for 2009

An audit opinion is normally in a standard format, relating to the financial statements as a whole, thus avoiding the need to state at length what lies behind it but conveying by its nature a general understanding among readers as to its meaning. The nature of these words will be influenced by the legal framework for the audit, but the content of the opinion will need to indicate unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or is adverse (paragraph 14) or a disclaimer (paragraph 15) of opinion.

An **unqualified opinion** is given when the auditor is satisfied in all material respects that:

- (a) The financial statements have been prepared using acceptable accounting bases and policies which have been consistently applied;
- (b) The statements comply with statutory requirements and relevant regulations;
- (c) The view presented by the financial statements is consistent with the auditor's knowledge of the audited entity; and
- (d) There is adequate disclosure of all material matters relevant to the financial statements.

**Emphasis of Matter.** In certain circumstances the auditor may consider that the reader will not obtain a proper understanding of the financial statements unless attention is drawn to unusual or important matters. As a general principle the auditor issuing an unqualified opinion does not make reference to specific aspects of the financial statements in the opinion in case this should be misconstrued as being a qualification. In order to avoid giving that impression, references which are meant as "emphasis of matter" are contained in a separate paragraph from the opinion. However, the auditor should not make use of an emphasis of matter to rectify a lack of appropriate disclosure in the financial statements, nor as an alternative to, or a substitute for, qualifying the opinion.

An auditor may not be able to express an unqualified opinion when any of the following circumstances exist and, in the auditor's judgment, their effect is or may be material to the financial statements:

- (a) There has been limitation on the scope of the audit;
- (b) The auditor considers that the statements are incomplete or misleading or there is an unjustified departure from acceptable accounting standards; or
- (b) There is uncertainty affecting the financial statements.

**Qualified Opinion.** Where the auditor disagrees with or is uncertain about one or more particular items in the financial statements which are material but not fundamental to an understanding of the statements, a qualified opinion should be given. The wording of the opinion normally indicates a satisfactory outcome to the audit subject to a clear and concise statement of the matters of disagreement or uncertainty giving rise to the qualified opinion.

It helps the users of the statements if the financial effect of the uncertainty or disagreement is quantified by the auditor although this is not always practicable or relevant.

**Adverse Opinion.** Where the auditor is unable to form an opinion on the financial statements taken as a whole due to disagreement which is so fundamental that it undermines the position presented to the extent that an opinion which is qualified in certain respects would not be adequate, an adverse opinion is given. The wording of such an opinion makes clear that the financial statements are not fairly stated, specifying clearly and concisely all the matters of disagreement. Again, it is helpful if the financial effect on the financial statements is quantified where relevant and practicable.

**Disclaimer of Opinion.** Where the auditor is unable to arrive at an opinion regarding the financial statements taken as a whole due to an uncertainty or scope restriction which is so fundamental that an opinion which is qualified in certain respects would not be adequate, a disclaimer is given. The wording of such a disclaimer makes clear that an opinion cannot be given, specifying clearly and concisely all matters of uncertainty. It is customary for SAIs to provide a detailed report amplifying the opinion in circumstances in which it has been unable to give an unqualified opinion.

## Appendix III

Mamusha Municipality

Financial Statements as of and for the year ended

31 December 2009

# Financial Statements as of and for the year ended 31 December 2009

## **DECLARATION REGARDING PRESENTATION OF FINANCIAL STATEMENTS**

**To: Lulzim Ismajli, Director of Treasury**

**From: Chief Administrative Officer and Chief Financial Officer**

In our opinion, the attached financial statements and the notes to these statements for the year ended on 31 December 2009 have been prepared in accordance with the International Public Sector Accounting Standards "Financial Reporting Under the Cash Based Accounting", adhere to all reporting requirements of the Law on Public Finance and Accountability 03/L-048 and are based on properly maintained financial records.

This declaration is provided in connection with the presentation of the Kosovo General Budget financial statements of the budget organizations for the year ending on December 31, 2009.

We confirm, to the best of our knowledge and belief, that:

There have been no irregularities involving management or employees which could have had a material effect on the financial statements.

The information provided and presented in the financial statements regarding the identification of funds and their expenditure related to the Kosovo Consolidated Budget is complete and accurate.

The information regarding collection of revenues is accurate.

There are no bank accounts related to the KCB other than the bank accounts specified in the financial statements and this specification is complete and accurate as of December 31, 2009.

There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

There are no (legal) claims pending that could have a material effect on the financial statements.

All liabilities, both actual and contingent, and all guarantees given to third parties have been recorded and/or disclosed, as appropriate.



**Declaration regarding presentation of financial statements (continued)**

All loans to external parties have been recorded and/or disclosed, as appropriate.

There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or Notes thereto.

Municipalities must send their reports to the Budget and Finance Committee in the Municipal Assemblies.

In our opinion, the attached the financial statements give a true and fair presentation of the finances and financial transactions for the year ended on 31 December 2009 of Municipality of Mamusha.

**Data: 14.05.2010**

**Chief Administrative Officer**  
Arif Bütüç

**Chief Financial Officer**  
Yahya Mazrek

# Accounting policies

## **1 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### **1.1 Basis of preparation**

These financial statements have been prepared for the purposes of reporting to the Assembly of Kosovo for the Municipality of Mamusha activities, in accordance with the Budget.

The financial statements have been prepared in accordance with International Public Sector Accounting Standards Financial Under the Cash Basis of Accounting and also in accordance with Law 03/L-048 on preparation of Financial Statements for Budgetary Organizations also administrative instruction no.20/2009 on annual reporting of Budgetary Organizations.

The accounting policies have been applied consistently throughout the period.

### **1.2 Reporting entity**

The financial statements are for a public sector entity: Municipality of Mamusha (‘the Municipality’).

The Municipality does not operate its own bank account. The Government operates a centralized treasury function which administers cash expenditures incurred by the Municipality during the financial year. This function is referred to as the ‘Treasury Single Account’ or ‘TSA’. Payments made on this account in respect of the Municipality are disclosed in the Treasury Account column in the Statement of Cash Receipts and Payments and other financial statements.

## **2 Payments by Third Parties**

The Municipality benefits from goods and services purchased on its behalf as a result of cash payments made by third parties during the reporting period. The payments made by the third parties do not constitute cash receipts or payments of the Municipality but do benefit the Municipality. The Municipality presents separately by source the payments in the Statement of Cash Receipts and Payments and other financial statements.

## **3 Reporting currency**

The Municipality of Mamusha books and records are expressed in Euro, the legal currency of Republic of Kosovo.

#### **4 Receipts and payments**

Receipts (Revenues) are recognized once they come under the control of the Government. This means cash which is transferred to the Treasury Account with Central Bank of Kosovo ("CBK"), cash held in commercial bank accounts awaiting transfer to the CBK Treasury account and cash collected by officers of the Municipality awaiting transfer to the CBK Treasury Account. Payments (Expenditures) are recognized once they are paid from the Kosovo Consolidated Fund ("KCF") bank account.

#### **5 Transfers**

Amounts are transferred to eligible recipients in accordance with the operating mandate and authority of the Municipality.

#### **6 Budgets**

The information presented under the original, reviewed and final budgets is publicly available and the primary source of information is as follows:

- The Original Budget is approved by the Law 03/L-105
- The Reviewed Budget is approved by Law No. 03/L-167
- The Final Budget is included in the Kosovo Financial Management Information System and is also published as part of the consolidated financial statements of the Government of Kosovo.

## Financial statements

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(All amounts expressed in '000 Euro, unless otherwise stated)

**Section 9. Statement of Cash Receipts and Payments**

A	Note	2009			2008			2007	
		Single Treasury Account		Payments from third parties	Single Treasury Account		Payments from third parties	Single Treasury Account	
		KCB	OSR		KCB	OSR		KCB	OSR
	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In Euro	
<b>Receipts</b>									
General Fund Appropriations	2	670	52	416	36		391	13	
Special Purpose Fund Appropriations									
Designated Donor Grants	3								
Other Receipts	4					1,842			
<b>Total receipts</b>		<b>670</b>	<b>52</b>	<b>416</b>	<b>36</b>	<b>1,842</b>	<b>391</b>	<b>13</b>	
<b>Payments</b>									
<i>Operations</i>									
Wages and Salaries	5	411		269			236		
Goods and Services	6	103	11	103			91		
Utilities	7	23		13			17		
		<b>537</b>	<b>11</b>	<b>385.00</b>			<b>344</b>		
<i>Transfers</i>									
Transfers and Subsidies	8								
<i>Capital Expenditures</i>									
Property Plant and Equipment	9	133	41	31	36	1,842	47	13	
Other Payments	10								
<b>Total payments</b>		<b>670</b>	<b>52</b>	<b>416</b>	<b>36</b>	<b>1,842</b>	<b>391</b>	<b>13</b>	

**Section 10. Budget Execution Report**

		2009			2008	2007	
		Original Budget (Appropriation)	Final Budget (Appropriation)	Payments	Variance	Payments	Payments
		A	B	C	D=C-B	E	F
Note	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro
<b>Cash inflows into Treasury account</b>							
Taxation	11	-	-	-	-	-	-
General Fund		662	675	670	(5)	416	391
Own source revenue	12	61	61	16	(45)	15	13
Own source revenue 2008	12	-	36	36	-	21	-
Grants	13						
Capital receipts	14	-	-	-	-	-	-
Privatization Fund	15	-	-	-	-	-	-
Other	16	-	-	-	-	-	-
<b>Total receipts from KKB</b>		<b>723</b>	<b>772</b>	<b>722</b>	<b>(50)</b>	<b>452</b>	<b>404</b>
<b>Cash outflows from Treasury account</b>							
Wages and Salaries	17	405	414	410	(4)	269	236
Goods and Services	18	106	103	103	-	103	91
Utilities	19	26	24	24	-	13	17
Transfers and Subsidies	20	-	-	-	-	-	-
Capital Expenditures	21	186	231	185	(46)	67	60
Privatization Fund	22						
Other	23						
<b>Total Payments made from KCB through STA</b>		<b>723</b>	<b>772</b>	<b>722</b>	<b>(50)</b>	<b>452</b>	<b>404</b>

## Financial statements

31 December 2009

(All amounts expressed in '000 Euros, unless otherwise stated)

**Section 11. Disclosure of notes****Note 2 General Fund Appropriations**

Economic classification	2009			2008	2007
	KCB	OSR	Total		
	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro
Wages and Salaries	410	-	410	269	236
Goods and Services	103	11	114	103	91
Utilities	23	-	23	13	17
Subsidies and Transfers	-	-	-	-	-
Capital Outlays	133	41	174	67	60
<b>Total</b>	<b>669</b>	<b>52</b>	<b>721</b>	<b>452</b>	<b>404</b>

**Note 3 Designated Donor Grants**

Economic classification	2009	2008	2007
	In '000 Euro	In '000 Euro	In '000 Euro
Wages and Salaries	-	-	-
Goods and Services	-	-	-
Utilities	-	-	-
Subsidies and Transfers	-	-	-
Capital Outlays	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 4 Other receipts**

	2009	2008	2007
	In '000 Euro	In '000 Euro	In '000 Euro
Min.Adm.Loc.Govr.- Continue Park	165	650	-
Ministry of Transport- Road Line	185	276	-
USAID- Regulation of Pathway	32	270	-
Municipality of Bursa , Turkey- Contender for waste and device for fillies	20	25	-
OSCE- Archives and Documents	3	87	-
Other	-	534	-
<b>Total</b>	<b>405</b>	<b>1,842</b>	<b>-</b>

(All amounts expressed in '000 Euro, unless otherwise stated)

**Note 5 Wages and salaries**

Description	2009			2008	2007
	KCB	OSR	Total		
	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro	In '000 Euro
<b>Payments from KCF</b>					
Net salaries	326	-	326	217	190
Personal Income Tax	13	-	13	11	9
Employer pension contribution	20	-	20	13	11
Employee pension contribution	20	-	20	13	1
Payments for Unions-0.10% to 0.50%	-	-	-	-	-
Overtime payments	-	-	-	-	-
Daily payments for Parliament and committee members	-	-	-	-	-
Diems	-	-	-	-	-
Shift payments	-	-	-	-	-
Contracted diems	-	-	-	-	-
Participations in Parliament	32	-	32	15	15
	<b>411</b>	<b>-</b>	<b>411</b>	<b>269</b>	<b>236</b>
<b>Payment from Grants</b>					
Full time salaries	-	-	-	-	-
Overtime wages	-	-	-	-	-
Contracted payments	-	-	-	-	-
	-	-	-	-	-
<b>Total</b>	<b>411</b>	<b>-</b>	<b>411</b>	<b>269</b>	<b>236</b>

**Note 6 Goods and services**

Description	2009			2008	2007
	KCB In '000 Euro	OSR In '000 Euro	Total In '000 Euro	In '000 Euro	In '000 Euro
<b>Payments from KCF</b>					
Travel expenses	11	-	11	17	4
Telecommunication services	2	-	2	5	-
Contractual services	-	-	-	-	-
Compensations for attending trials	-	-	-	-	-
Furniture and equipment	9	-	9	23	24
Other expenditures	21	6	27	-	13
Fuel	39	5	34	30	31
Advances	-	-	-	-	-
Financial services	-	-	-	-	-
Maintenance and repair	9	-	9	11	7
Rent	-	-	-	-	-
Marketing expenditures	1	-	1	4	2
Representation expenditures	11	-	11	14	10
Supplies for office, medical and clothes	-	-	-	-	-
	<b>103</b>	<b>11</b>	<b>114</b>	<b>103</b>	<b>91</b>
<b>Payment from Grants</b>					
Travel expenses	-	-	-	-	-
Telecommunication services	-	-	-	-	-
Contractual services	-	-	-	-	-
Compensations for attending trials	-	-	-	-	-
Furniture and equipment	-	-	-	-	-
Other expenditures	-	-	-	-	-
Fuel	-	-	-	-	-
Advances	-	-	-	-	-
Financial services	-	-	-	-	-
Maintenance and repair	-	-	-	-	-
Rent	-	-	-	-	-
Marketing expenditures	-	-	-	-	-
Representation expenditures	-	-	-	-	-
Supplies for office, medical and clothes	-	-	-	-	-
<b>Total</b>	<b>103</b>	<b>11</b>	<b>114</b>	<b>103</b>	<b>91</b>



**Note 7 Utilities**

Description	2009			2008 In '000 Euro	2007 In '000 Euro
	KCB In '000 Euro	OSR In '000 Euro	Total In '000 Euro		
Utilities paid from the KCF	23	-	23	13	17
Utilities paid from Grants	-	-	-	-	-
<b>Total</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>13</b>	<b>17</b>

**Note 8 Transfers and Subsidies**

Description	2009			2008 In '000 Euro	2007 In '000 Euro
	KCB In '000 Euro	OSR In '000 Euro	Total In '000 Euro		
<b>Payments from KCF</b>					
Subsidies	-	-	-	-	-
Subsidies for public entities	-	-	-	-	-
Subsidies for non-public entities	-	-	-	-	-
Payments for individual beneficiaries	-	-	-	-	-
Base pensions	-	-	-	-	-
Disabled pensions	-	-	-	-	-
Pensions or social assistance	-	-	-	-	-
Payments for war invalids	-	-	-	-	-
Payments for war victims families	-	-	-	-	-
Trepca provisional pensions	-	-	-	-	-
<b>Payment from Grants</b>					
Subsidies	-	-	-	-	-
Subsidies for public entities	-	-	-	-	-
Subsidies for non-public entities	-	-	-	-	-
Payments for individual beneficiaries	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 9 Property, buildings and equipment**

Description	2009			2008 In '000 Euro	2007 In '000 Euro
	KCB In '000 Euro	OSR In '000 Euro	Total In '000 Euro		
<b>Payments from KCF</b>					
Buildings	-	-	-	-	41
Other structure	10	-	10	35	9
Road construction	94	25	119	25	5
Waste and water system	-	-	-	7	-
Water supply system	19	-	19	-	-
Energy, generation, transfer, and supply	-	-	-	-	-
Machinery	-	-	-	-	-
Other capitals	10	16	26	-	-
	<b>133</b>	<b>41</b>	<b>174</b>	<b>67</b>	<b>60</b>
<b>Payment from Grants</b>					
Buildings	-	-	-	-	-
Road construction	-	-	-	-	-
Waste and water system	-	-	-	-	-
Water supply system	-	-	-	-	-
	-	-	-	-	-
<b>Total</b>	<b>133</b>	<b>41</b>	<b>174</b>	<b>67</b>	<b>60</b>

**Note 10 other payments**

There were no other payments during 2009

**Note 11 Taxation**

Description	Note	2009 Original Budget	2008	2007	% of total 2009	% of difference from 2008
		In '000 Euro	In '000 Euro	In '000 Euro		
Customs	12.1	-	-	-	-	-
Tax Administration	12.2	-	-	-	-	-
Other tax	12.3	-	-	-	-	-
<b>Total</b>		-	-	-	-	-

**Note 12 Own source revenue**

Description	Note	2009	2008	2007	% of total 2009	% of difference from 2008
		In '000 Euro	In '000 Euro	In '000 Euro		
Income from tax on property Administrative Tax revenues		8	15	5	%	%
12.1	12.1	11	8	-	%	%
Tax for business registration		3	-	-	%	%
License for business		-	20	-	%	%
Contributions revenues		-	-	-	%	%
Sale of Services revenue		-	-	7	%	%
Participation revenues		-	-	-	%	%
Traffic penalties		3	-	-	%	%
Court penalties		4	3	10	%	%
Health participation		3	2	1	%	%
Insurance policy revenues		-	-	-	%	%
Land usage revenues		-	-	-	%	%
Other receipts		-	-	-	%	%
Revenue from public services		-	-	-	%	%
<b>Total</b>		<b>32</b>	<b>48</b>			
Revenue from previous year		36	23	-	%	%
<b>Total</b>		<b>68</b>	<b>71</b>	<b>23</b>	<b>0%</b>	<b>%</b>

**12.1 Own source revenues – Administrative tax**

<b>Description</b>	<b>2009 In '000 Euro</b>	<b>2008 In '000 Euro</b>	<b>2007 In '000 Euro</b>
Vehicle Registration Fee	-	4	-
Driving Licenses Fees	-	-	-
Travel Document Fee	-	-	-
Tender Participation Fee	1	1	-
Road Fee	5	-	-
Marriage Certificate	-	-	-
Other Certificate	5	3	-
Document Authentication	-	-	-
Court Fee	-	-	-
Court Fee Return	-	-	-
<b>Total</b>	<b>11</b>	<b>8</b>	<b>-</b>

**Note 13 Grants and Assistance**

<b>Description</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>In '000 Euro</b>	<b>In '000 Euro</b>	<b>In '000 Euro</b>
	-	-	-
	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 14 Capital receipts**

<b>Asset Type</b>	<b>Profit from Sale</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>In '000 Euro</b>	<b>In '000 Euro</b>	<b>In '000 Euro</b>
Land	-	-	-
Building	-	-	-
Infrastructure	-	-	-
Manufacturing	-	-	-
Site and Equipment	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 15 Privatization fund**

<b>POE</b>	<b>Profit from Privatization</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>In '000 Euro</b>	<b>In '000 Euro</b>	<b>In '000 Euro</b>
POE #1	-	-	-
POE #2	-	-	-
POE #3	-	-	-
POE #4	-	-	-
POE #5	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 16 Other**

<b>Receipt type</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>In '000 Euro</b>	<b>In '000 Euro</b>	<b>In '000 Euro</b>
Lottery games deposit	-	-	-
Regulatory committee deposit	-	-	-
Deposits of Justice Ministry	-	-	-
Other deposits	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 17 to Note 23**

**17. Difference between payments and final budget for wages and salaries**

The difference is as a result of approximately by hiring during 2009 that were budgeted at the beginning of the year and were not hired until later that year.

**18. Difference between payments and final budget for goods and services**

There is no difference as a result of funds remaining unspent, further there are also disclosed in note 27 section 23 for the invoices of December 2009 that were paid in the following year

**19. Difference between payments and final budget for utilities**

There is no difference as a result of funds remaining unspent, further there are also disclosed in note 27 section 23 for the invoices of December 2009 that were paid in the following year.

**20. Difference between payments and final budget for transfers and subsidies**

There were no budgeted or actual transfers and subsidies in 2009

**21. Difference between payments and final budget for capital outlays**

The difference is in normal courses fluctuations

**22. Difference between payments and final budget for privatization fund**

There were no budgeted or actual payments for the privatization fund in 2009.

**23. Difference between payments and final budget for other payments**

There were no budgeted or actual other payments in 2009

**Section 12. Note 24 Reporting obligations under the LPFMA**

**Number of Employees**

Department	No of employee on budget law 03/L-105	Actual no of employee at the beginning of 2009		Actual no at the end 2009	
		Full time	Part time	Full time	Part time
Office of the mayor	8	5	-	7	-
Administration	12	7	-	12	-
Budget and Finance	6	4	-	5	-
Geodesy & Cadastre	17	2	-	16	-
Education & Science	60	56	-	61	-
Health	16	8	-	16	-
<b>Total</b>	<b>119</b>	<b>82</b>	<b>-</b>	<b>117</b>	<b>-</b>

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(All amounts expressed in '000 Euros, unless otherwise stated)

**Section 13. Note 25 Statement of Outstanding Invoices (Liabilities)**

Invoice date	Invoice number	Economic Code	Due to	Vendor	Description	Purpose of not paid	In Euro
30.11.2009	144-09	13770	30.11.2009	N.T.P Flamuri	Fuel for generator	Deficit on means	0.362
30.12.2009	197-09	13780	30.12.2009	N.T.P Flamuri	Fuel for vehicles	Pending stock exchange information	1.034
30.12.2009	202-09	13770	30.12.2009	N.T.P Flamuri	Fuel for generator	Pending stock exchange information	0.511
29.12.2009	219-09	13720	23.12.2009	N.T.P Flamuri	Fuel for heating	Pending stock exchange information	0.667
23.12.2009	852/09	13951	23.12.2009	K.S Siguria	Insurance TPL	Deficit on means	0.020
16.12.2009	836/09	13951	16.12.2009	K.S Siguria	Casco Insurance	Deficit on means	0.422
04.06.2009	162/09	13952	24.06.2009	S.F.K	Physical Insurance	Deficit on petty cash	0.100
29.12.2009	6083	14310	29.12.2009	Grill Sarajeva	Official lunch	Deficit on means	0.071
22.11.2009	20/10	14310	20.11.2009	Fuad-AS	Official lunch	Deficit on means	0.061
20.11.2009	20/10	14310	22.11.2009	Fuad-AS	Official lunch	Deficit on means	0.051
24.09.2009	57/012029	14310	24.09.2009	Hotel Rozafa	Official lunch	Deficit on means	0.154
13.08.2009	19920	24310	13.08.2009	D.P.H Pishat	Official lunch	Deficit on means	0.031
27.01.2010	7	13230	27.01.2010	Is-company	Disposal of garbage	Invoice with delay	0.040
15.12.2009	7842/09	14220	01.01.2010	Kosova Sot	Anouncements	Deficit on means	0.046
30.11.2009	7663/09	14220	30.11.2009	Kosova Sot	Anouncements	Deficit on means	0.046
30.10.2009	286-II/09	14220	30.10.2009	Zeri	Anouncements	Deficit on means	0.139
04.09.2009	39/P	13450	04.09.2009	BAF Grafik	Printing	Deficit on means	0.300
11.01.2010	2173139622010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.020
11.01.2010	217025442010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.045

Invoice date	Invoice number	Economic Code	Due to	Vendor	Description	Purpose of not paid	In '000 Euro
11.01.2010	217581342010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.030
11.01.2010	216911472010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.016
11.01.2010	217389342010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.019
11.01.2010	217595222010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.076
11.01.2010	217096292010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.158
11.01.2010	217128962010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.022
11.01.2010	217323462010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.026
11.01.2010	217416352010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.036
11.01.2010	217061812010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.024
11.01.2010	217389182010	13250	25.01.2010	PTK	Telephone expenses	Invoice with delay	0.043
04.01.2010	600016762	13320	27.01.2010	Vala Roaming	Telephone expenses	Invoice with delay	0.117
11.01.2010	600016762	13320	27.01.2010	Vala Roaming	Telephone expenses	Invoice with delay	0.044
08.01.2010	5931005	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.005
08.01.2010	5931366	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.035
08.01.2010	5930830	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.080
08.01.2010	5930517	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.003
08.01.2010	5930829	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.080
08.01.2010	5930194	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.064
08.01.2010	5929730	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.035
08.01.2010	5930704	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.046
08.01.2010	5930791	13210	23.01.2010	KEK	Electricity expenses	Invoice with delay	0.019
08.01.2010	5929897	13210	23.01.2010	KEK	Electricity expenses	Invoice with	0.317





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(All amounts expressed in '000 Euros, unless otherwise stated)

**Section 14. Note 26: Statement of Unjustified Advances and Loans**

	<b>2009</b>		
<b>Issuance Date</b>	<b>No of CPO</b>	<b>Purpose</b>	<b>In '000 Euro</b>
	-	-	-
	-	-	-
	-	-	-
<b>Total</b>	-	-	-

There are no unjustified advances – are closed as per legal requirements.

**Section 15. Note 27 :Summary of Non-Financial Assets Possessed by Budget Organizations**

	2009	2008	2007
<b>Asset Classification</b>			
Buildings	154	192	164
Land	698	736	472
Equipment	1,017	1,017	1,017
<b>Total:</b>	<b>1,869</b>	<b>1,945</b>	<b>1,653</b>

ID Category	Category	2009 In '000 Euro
<b>Total</b>		

**Note 28 Summary of Carried Forward Own Source Revenues**

	2009 In '000 Euro	2008 In '000 Euro	2007 In '000 Euro
Own Source Revenues carried forward from the previous year	36	23	
Own Source Revenues received this year in accordance with Note 12	32	48	23
<b>Available total for appropriation in the current year</b>	<b>68</b>	<b>71</b>	<b>23</b>
Wages and Salaries	-	-	-
Goods and Services	11	-	-
Utilities	-	-	-
Transfers and subsidies	-	-	-
Capital Outlays	41	35	-
Other	-	-	-
<b>Carried amount</b>	<b>16</b>	<b>36</b>	<b>23</b>

**Section 16. Note 29: Contingent Liabilities**

Contingency Liability Type	Reason for Liabilities	2009 In '000 Euro	2008 In '000 Euro	2007 In '000 Euro
<b>Total</b>				

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(All amounts expressed in Euros, unless otherwise stated)

**Section 17. Note 30: Reconciliation between Original and Final Budget Appropriations**

Appropriation Category	Authorized reconciliations by Law on Public Financial Management and Accountability (‘LPFMA’)						Adjustment from Original Budget
	Original Budget Appropriation Law on Appropriations	Changes pursuant to Sec.29 Law 03/L- 048	Changes pursuant to Sec.30 Law 03/L- 048	Changes pursuant to Sec.31 Law 03/L- 048	ORS Changes	Final Budget Appropriation KFMIS	
	In ‘000 Euro	In ‘000 Euro	In ‘000 Euro	In ‘000 Euro	In ‘000 Euro	In ‘000 Euro	
<b>Inflows</b>							
General Grant	662	13	-	-	-	675	0.0%
Own source Revenues 2009	61	-	-	-	-	61	0.0%
Own source Revenues 2008	-	-	-	-	36	36	0.0%
Grants	-	-	-	-	-	-	0.0%
Capital Receipts	-	-	-	-	-	-	0.0%
Privatization fund	-	-	-	-	-	-	0.0%
Others	-	-	-	-	-	-	0.0%
	<b>723</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>772</b>	<b>6.8%</b>
<b>Outflows</b>							
Wages and Salaries	405	9	-	-	-		0.0%
Goods and Services	106	(3)	-	-	11		0.0%
Utilities	26	(2)	-	-	-		0.0%
Transfers and Subsidies	-	-	-	-	-		0.0%
Capital Expenditures	186	9	-	-	25		0.0%
Privatization Fund	-	-	-	-	-	-	0.0%
Other	-	-	-	-	-	-	0.0%
<b>Total</b>	<b>723</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>772</b>	<b>6.8%</b>

Request sent on date 27.05.2009 to Ministry of Economy and Finance for the six month Budget review for 2009, allowing bone composition of primary education by code 936 Goods and services Code 13, it is confirmed by this request and reviewed in budget 2009.

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(All amounts expressed in '000 Euro, unless otherwise stated)

**Budget Execution Report**

		<b>Original Budget</b>	<b>Final Budget</b>	Payments	Progress	Progress
<b>Description</b>	Note	Law No 03/L-105	<b>KFMIS</b>		in, %	in, %
a		b	c	d	e=d/b	f=d/c
<b>Total Payments</b>	<b>1+2+3+4</b>	<b>723</b>	<b>772</b>	<b>721</b>	<b>1.00</b>	<b>0.93</b>
<b>Payments from the General Grant</b>	<b>1</b>	662	675	669	1.01	0.99
Wages and Salaries		405	414	410	1.01	0.99
Goods and Services		106	103	103	0.97	1.00
Utilities		26	24	23	0.88	0.96
Subsidies and Transfers		-	-	-	-	-
Capital Investments		125	134	133	1.06	0.99
<b>Payments from Own Source Revenues of 2009</b>	<b>2</b>	61	61	16	0.26	0.26
Wages and Salaries		-	-	-	-	-
Goods and Services		-	-	-	-	-
Utilities		-	-	-	-	-
Subsidies and Transfers		-	-	-	-	-
Capital Investments		61	61	16	0.26	0.26
<b>Payments from Revenues carried forward from 2008</b>	<b>3</b>	-	36	36	1.00	1.00
Wages and Salaries		-	-	-	-	-
Goods and Services		-	-	-	-	-
Utilities		-	-	-	-	-
Subsidies and Transfers		-	-	-	-	-
Capital Investments		-	25	25	1.00	1.00
<b>Payments from the pre-assigned Grant</b>	<b>4</b>	-	-	-	-	-
Wages and Salaries		-	-	-	-	-
Goods and Services		-	-	-	-	-
Utilities		-	-	-	-	-
Subsidies and Transfers		-	-	-	-	-
Capital Investments		-	-	-	-	-

## Financial statements

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(All amounts expressed in '000 Euro, unless otherwise stated)

## Reports of Payments under Programs

Description	Note	Mayor Office	Administration	Budget and finance	Geodesy & Cadas.	Science and education	Health	Total payments
A		C						f=b+c+d+e+ ....
<b>Total payments</b>	<b>1+2+3+4</b>	<b>87</b>	<b>134</b>	<b>25</b>	<b>188</b>	<b>210</b>	<b>77</b>	<b>721</b>
<b>Payments from the General Grant</b>	<b>1</b>	<b>87</b>	<b>117</b>	<b>25</b>	<b>156</b>	<b>210</b>	<b>74</b>	<b>669</b>
Wages and Salaries		82	32	20	37	194	46	411
Goods and Services		5	57	5	5	14	16	102
Utilities		-	19	-	-	2	2	23
Subsidies and Transfers		-	-	-	-	-	-	-
Capital Investments		-	9	-	114	-	10	133
<b>Payments from Own Source Revenues of 2009</b>	<b>2</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>3</b>	<b>16</b>
Wages and Salaries		-	-	-	-	-	-	-
Goods and Services		-	-	-	-	-	-	-
Utilities		-	-	-	-	-	-	-
Subsidies and Transfers		-	-	-	-	-	-	-
Capital Investments		-	6	-	7	-	3	16
<b>Payments from Revenues carried forward from 2008</b>	<b>3</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>36</b>
Wages and Salaries		-	-	-	-	-	-	-
Goods and Services		-	11	-	-	-	-	11
Utilities		-	-	-	-	-	-	-
Subsidies and Transfers		-	-	-	-	-	-	-
Capital Investments		-	-	-	25	-	-	25
<b>Payments from the pre-assigned Grant</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Wages and Salaries		-	-	-	-	-	-	-
Goods and Services		-	-	-	-	-	-	-
Utilities		-	-	-	-	-	-	-
Subsidies and Transfers		-	-	-	-	-	-	-
Investimet Capital		-	-	-	-	-	-	-

## Financial statements

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(All amounts expressed in '000 Euro, unless otherwise stated)

**Report of Receipts under Programs**

Description	Code	Administration	Budget and finance	Health	<b>Total receipts</b>
a		b	C	d	f=b+c+d+ ....
<b>Total receipts</b>		<b>18</b>	<b>11</b>	<b>3</b>	<b>32</b>
Tax on property	40110	-	8	-	8
Road fee	50002	5	-	-	5
Other certificates	50016	5	-	-	5
Tenders	50020	1	-	-	1
Penalties	50102	7	-	-	7
Business registration	50006	-	3	-	3
Participation Health-Education	50409	-	-	3	3

## Financial statements

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(All amounts expressed in '000 Euro, unless otherwise stated)

Payments from the General Fund ('KCF')	Economic classification					
	Wages and salaries	Goods and services	Utilities	Subsidies and Transfers	Capital Outlays	Total
Social protection						
General public services	134	78	19	-	15	<b>246</b>
Defense	-	-	-	-	-	-
Public order and safety	-	-	-	-	-	-
Economic affairs	37	5	-	-	146	<b>188</b>
Environmental Protection	-	-	-	-	-	-
Housing and Community Amenities	-	-	-	-	-	-
Health	46	16	2	-	13	<b>77</b>
Recreation, Culture and Religion	-	-	-	-	-	-
Education	194	14	2	-	-	<b>210</b>
<b>TOTAL</b>	<b>411</b>	<b>113</b>	<b>23</b>		<b>174</b>	<b>721</b>



## Financial statements

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(All amounts expressed in '000 Euro, unless otherwise stated)

Payments from Designated Grants	Economic classification					
	Wages and salaries	Goods and services	Utilities	Subsidies and Transfers	Capital Outlays	Total
<b>Functional classification</b>	-	-	-	-	-	-
Social protection	-	-	-	-	-	-
General public services	-	-	-	-	-	-
Defense	-	-	-	-	-	-
Public order and safety	-	-	-	-	-	-
Economic affairs	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-
Housing and Community Amenities	-	-	-	-	-	-
Health	-	-	-	-	-	-
Recreation, Culture and Religion	-	-	-	-	-	-
Education	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-