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**AUDIT REPORT**  
**ON THE FINANCIAL STATEMENTS OF THE MUNICIPALITY OF**  
**ISTOG FOR THE YEAR ENDED 31 DECEMBER 2011**

**Pristina, July 2012**

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## I. Executive Summary

KPMG has carried out an audit of the Annual Financial Statements of the Municipality of Istog ("Municipality"), on behalf of the Office of the Auditor General of Kosovo, for the year ended 31 December 2011.

Our audit was carried out in accordance with international auditing standards issued by International Organisation of Supreme Audit Institutions (INTOSAI) and included such tests and procedures as we deemed necessary to arrive at an opinion on the financial statements.

Below please find an extract taken from our audit opinion on pages 5 - 7 of this document:

"In our opinion, except for the omission of the information described in the paragraphs of the basis of qualified opinion, the financial statements present fairly in all material aspects the receipts and payments for the year ended 31 December 2011 in accordance with the Cash Basis International Public Sector Accounting Standards ('IPSAS') for Financial Reporting Under the Cash Basis of Accounting and with Administrative Instruction No. 07/2011 On Annual Reporting of Budget Organizations"

The main messages to the Mayor, which led to qualification of our audit opinion, are:

- 1 The third party payments disclosed by the Municipality in Section 12, *Statement of Cash receipts and payments* are not complete and accurate. 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 and accuracy of the payments from third parties recognized for the years ended 31 December 2011, 2010 and 2009.
- 2 The Municipality has not disclosed amounts regarding property, plant and equipment in Note 30 to the financial statements. Instead, they have only partially disclosed these amounts in Annex 2 to the financial statements. In addition, the Municipality has no detailed and comprehensive list of real estate property including ownership documentation of such property and information on the registration status in the Municipality's name in the local Real Estate Register or Court.
- 3 Certain disclosures are not prepared in accordance with requirements of financial rule 07/2011.
  - Note 28 "*Summary of reporting obligations under the LPFMA*" does not reconcile with Note 28 "*Detailed reporting obligations under the LPFMA*".
  - Note 29. "*Contingent Liabilities*" is not completed, although the management of the Municipality confirms that there are litigations in process that might give rise to contingent liabilities.
  - Note 31, "*Summary of non-financial assets valued below EUR 1,000 with useful life of more than one year*", was not completed.
  - Note 34. "*Receivables*" was partially completed.
  - The comparative information, which should be presented in Notes 30 to 34 for the years 2010 and 2009, was not completed.

## **Internal Control**

Our audit has identified weaknesses in several areas of financial management. These weaknesses are described in more detail within the report.

Our conclusion is that the Municipality's internal systems are not properly designed and implemented to eliminate evident weaknesses. This should be addressed to improve the Municipality's performance.

In order to improve the functioning of the financial management system and internal controls, we advise the Municipality to ensure:

- A comprehensive list of property, plant and equipment is maintained;
- An automated billing system for all types of taxes is put in place;
- Reconciliations of revenues between the own source revenue officer and operational departments are performed;
- Laws No. 03/L -241 and 04/L-042 'On Public Procurement in Kosovo' are fully complied with in the respective enforced periods; and
- An Audit Committee is established.

Management of the Municipality was given the possibility to comment on the findings presented in this report. Management has agreed with all our findings and conclusions presented in the audit report on the financial statements as at and for the year ended 31 December 2011 and are committed to make all the efforts in order to address the recommendations given.

Refer to Appendix 3 for management's comments to our recommendations and our responses to them.

## II. Introduction

This audit relates to the annual financial statements of the Municipality of Istog as at and for the year ended 31 December 2011.

It is the responsibility of the Municipality to prepare financial statements in accordance with Financial Rule 07/2011 and International Public Sector Accounting Standards (IPSAS) for “Financial Reporting under the Cash Basis of Accounting”.

KPMG, on behalf of The Office of the Auditor General, is responsible for carrying out an annual audit on the Municipality financial statements as at and for the year ended 31 December 2011.

An audit is an attestation of financial accounting, involving examination and evaluation of Financial Statements and other financial records and providing assurance on:

- Whether the financial statements give a true and fair view of the accounts and financial affairs for the audit period;
- Whether the financial records, systems and transactions comply with applicable laws and regulations;
- The appropriateness of internal controls and internal audit functions; and
- Any other significant matter arising from or relating to the audit.

We carried out an interim assessment of the Municipality. During that stage of the audit process we reviewed the Financial Statements of the Municipality for the period ended 30 September 2011 and assessed their compliance with the requirements of the financial rule 06/2011, addressed the Municipality’s handling of recommendations given during the prior year audit and the quality of financial management through the completion of a health check questionnaire. Based on this, we have given advice to management. Our recommendations also included advice related to improvements for the financial statements to be in compliance with Administrative Instruction 07/2011 and International Public Sector Accounting Standards (IPSAS) for “Financial Reporting under the Cash Basis of Accounting”. Our recommendations were submitted through a memorandum dated 20 December 2011.

In order to fulfil our responsibilities for the audit of the Municipality, we have undertaken the following activities:

- Compared the Municipality’s Annual Financial Statements against the approved budget as at and for the year ended 31 December 2011;
- Determined whether the Municipality’s Annual Financial Statements were prepared in accordance with IPSAS “Financial Reporting under the Cash Basis of Accounting” and Financial Rule no. 07/2011;
- Established a materiality level, as a threshold for assisting in determining the type of opinion to render on the financial statements;
- Used a combination of judgment and random sampling to select transactions for testing;
- Undertook substantive testing of financial transactions; and

- Relied on a combination of interviews, analytical reviews, documents checking, and physical verification to assess the validity and propriety of financial transactions;

In this report we summarise the audit findings and provide our opinion on the Annual Financial Statement as at and for the year ended 31 December 2011.

INTOSAI set out specific criteria that govern the type of opinion that should be rendered regarding our audit opinion for the Municipality's annual financial statements.

These are set out more fully in Appendix 1 which includes an extract from ISSAI 4000.

### III. Audit Opinion

To Istog Municipality

Pristina, 2 July 2012

We were engaged to audit the accompanying financial statements of Municipality of Istog ("the Municipality"), which comprise the statement of cash receipts and payments for the year ended 31 December 2011, a comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cash Basis International Public Sector Accounting Standards ('IPSAS') *Financial Reporting Under the Cash Basis of Accounting* and with the Financial Rule No. 07/2011 *On Annual Financial Statements of Budget Organizations*. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

We conducted our audit in accordance with international standards issued by the International Organisation of Supreme Audit Instructions (INTOSAI). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about and whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Basis for Qualified Opinion*

- 1 The third party payments disclosed by the Municipality in Section 12, *Statement of Cash receipts and payments* are not complete and accurate. 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 and accuracy of the payments from third parties recognized for the years ended 31 December 2011, 2010 and 2009.



- 2 The Municipality has not disclosed amounts regarding property, plant and equipment in Note 30 to the financial statements. Instead, they have only partially disclosed these amounts in Annex 2 to the financial statements. In addition, the Municipality has no detailed and comprehensive list of real estate property including ownership documentation of such property and information on the registration status in the Municipality's name in the local Real Estate Register or Court.
- 3 Certain disclosures were not prepared in accordance with requirements of financial rule 07/2011.
  - Note 28 "*Summary of reporting obligations under the LPFMA*" does not reconcile with Note 28 "*Detailed reporting obligations under the LPFMA*".
  - Note 29. "*Contingent Liabilities*" is not completed, although the management of the Municipality confirms that there are litigations in process that might give rise to contingent liabilities.
  - Note 31. "*Summary of non-financial assets valued below EUR 1,000 with useful life of more than one year*" was not completed.
  - Note 34. "*Receivables*" was partially completed.
  - Comparatives for the years 2010 and 2009 in Note 9 to the financial statements were not disclosed.
  - The comparative information, which should be presented in Notes 30 to 34 for the years 2010 and 2009, was not completed.

#### *Qualified Opinion*

In our opinion, except for the omission of the information described in the paragraphs of the basis for qualified opinion, the financial statements present fairly in all material aspects the receipts and payments for the year ended 31 December 2011 in accordance with Cash Basis International Public Sector Accounting Standards ('IPSAS') *Financial Reporting Under the Cash Basis of Accounting* and with the Financial Rule No. 07/2011 *On Annual Reporting of Budget Organizations*.

#### **Review of Compliance**

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 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 review, are in all material respects, in compliance with the authorities which govern them.

#### *Other matters*

We draw attention to the following:

- 1 The primary reliable source of information for the preparation of financial statements is Free Balance. However, since Free Balance is not being used to record payments from third parties, accounts receivable or outstanding invoices, it can not solely be used to produce comprehensive financial statements.
- 2 Although the Mayor and Chief Financial Officer had signed the Declaration regarding presentation of the financial statements, the Municipality did not submit a final draft of financial statements in Serbian by 31 January 2012.
- 3 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. Although receivables are required to be disclosed, such disclosure was only partially prepared in the Municipality's 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.
- 4 The Municipality has not maintained a complete listing of payments from third parties. The evidence available to us and the controls implemented by management to ensure that the payments from third parties were presented and managed in accordance with relevant legislation and therefore applied for the purposes intended by the legislation were limited.

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## **IV. Status of Prior Years Recommendations**

Our previous year management letter, as at and for the year ended 31 December 2010, identified five main recommendations. One of these recommendations, concerning expenditures (wages and salaries and other expenses points were resolved) has been addressed, while the remaining recommendations have yet to be addressed, namely:

- The financial statements should be prepared in compliance with the actual administrative instruction and IPSAS;
- A comprehensive list of property, plant and equipment should be maintained;
- An automated billing system for all types of taxes should be put in place, reconciliations of revenues between the own source revenue officer and operational departments should be performed, and measures should be taken to increase the collection of revenues from various taxes;
- Procurement Procedures should be carried out in compliance with laws and regulations in place; and
- An Audit Committee should be established.

Failure to fully address our given recommendations in 2011, has led us to have similar findings as in 2010.

## V. Financial outcome compared to approved budget

The analysis of Actual Outcome in the Financial Statements compared to the Approved Budget indicates:

Table 1: Overview of budget and actual spending

Description	Initial Budget	Reviewed Budget in EUR ‘000	Final Budget in EUR’000	2011 Actual in EUR’000	2010 Actual in EUR’000
Own Source Revenues	764	-	989	855	715
Domestic Donations	-	-	81	50	544
External Donations	-	-	-	-	-
<b>I.Total of revenues and transfer of Donations</b>	<b>764</b>	<b>-</b>	<b>1,070</b>	<b>905</b>	<b>1,259</b>
Wages and Salaries	4,102	-	4,207	4,133	3,306
Goods and Services	590	-	634	601	661
Utilities	131	-	131	130	146
Subsidies and Transfers	94	-	118	96	110
Capital Investments	2,314	-	2,509	2,312	2,464
Reserves	-	-	-	-	-
<b>II. Total of Expenditures</b>	<b>7,231</b>	<b>-</b>	<b>7,599</b>	<b>7,272</b>	<b>6,687</b>
<b>Difference I-II</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The budgeted amounts are extracted from financial statements Section 13. “*Budget Execution Report*” and Section 18 Note 36 “*Reconciliation between Original and Final Budget Appropriations*”. Note that there was no revision of the budget for Budget Organization for the year ended 31 December 2011.

## **Conclusion**

Actual total revenues and transfers of donations were lower than final budget by EUR 165 thousand due to own source revenues being lower by EUR 134 thousand and domestic donations being lower by 31 thousand.

Actual cash outflows from the treasury account were lower than final budget by EUR 327 thousand due to Wages and salaries being lower by EUR 74 thousand, goods and services being lower by EUR 33 thousand, utilities lower by EUR 1 thousand, transfers and subsidies lower by EUR 22 thousand and capital expenditure being lower by EUR 197 thousand

Initial budget was lower by EUR 306 thousand from the final budget due to due to lower anticipated own source revenues and no anticipated donations. All changes to the original budget were initially approved by the Municipality committee for budget and finance headed by Mr. Dem Çeta. These changes are also supported by the assembly decision and mandated by the legal framework Law 03/L-048.

Budget for the year ended 31 December 2011 was underspent by 4%.

## **VI. Financial Statements**

### **VI.1 Compliance regarding the external reporting**

Regarding compliance with requirements of LPFMA No. 03/L-048, Law 03/L-221 on amendment and supplementing Law 03/L-048 and Financial Rule 07/2011, we noted the following:

- The Municipality has prepared the financial statements according to rule 07/2011, except for the issues detailed in the audit opinion.
- The Financial Statements have been signed by the Chief Administrative Officer and Chief Financial Officer of the audited body;
- The Financial Statements were signed within the required time frame. They were signed on 31 January 2012 and submitted to the Ministry of Finance (MF);
- The Financial Statements were submitted only in the Albanian Language; and
- The Municipality has prepared and submitted regular quarterly reports to MF during 2011.

#### **Recommendation 1**

We recommend the Mayor ensures that 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.

The Municipality should also prepare financial statements in the Serbian language.

With regards to the disclosure of third party payments, we recommend that the Municipality gather information from various entities that have recorded such payments and update their records accordingly. Additionally, for non-government payments, we suggest senior officials at the Municipality confirm any such third party payments / donations that they are aware of at the end of each reporting period.

### **VI.2 Information Quality**

#### **Findings**

Our audit findings and recommendations throughout this document indicate that improvements need to be made in the quality of information received and presented in the Financial Statements by the Municipality.

#### **Recommendation 2**

Please see our recommendations throughout this document for advice on how quality of information can be improved.

## VII. Budget Execution

### VII.1 Revenues (including own source revenues)

#### Findings

- *Billing systems.* An automated billing system exists only for tax on property. The Municipality's billing for business licenses and rental income is not recorded. Instead only cash collections from such revenue streams are recorded.
- *Collection of revenues.* Except for taxes on property, the Municipality management does not maintain separate sub ledgers or lists of all its debtors from various taxes. Without sufficient, detailed, and accurate records of debtors, 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.
- *Reconciliation of Revenues.* There was no reconciliation between records kept by accounting, own source revenue officer and the operational departments for 2011. We were not provided with a detailed and complete list of revenues by the Business Licenses, Urbanism and Cadastral Office, Property and Rent Office, Administrative Tax Office and Participations of schools from Education Department as no such subledgers are maintained. Furthermore we were not provided with a list of rent agreements for the year 2011.
- *Weaknesses in the automated billing system.* The tax on property billing system is centralized and the Municipality cannot review and monitor the collection of revenue as it is automatically done by the system.

#### **Recommendation 3**

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 billing and revenue. Improvement of the procedures related to such systems would enable 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 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 of the billing system and accounting software 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.

## VII.2 Expenditures

### 2.1 Purchases through Procurement

#### Findings

1. In the procurement procedure no. 633-10-026R-121 for supply of Municipality with information technology equipments, the description of goods as per invoice no. F-10-2800/002 was different from the described goods as per request for purchase form.
2. In the same procurement procedure there was no receipt or technical acceptance report evidencing that goods were received from respective supplier for invoice no: F-10-2800/002.

### 2.2 Other purchases

#### Findings

The expense recorded with Commitment Payment Order 633/110/635 represent payments for a contract with H. L for providing nursing services at the Istog healthcare center for a three month period. This expense was classified as Goods and Services instead of Wages and Salaries. According to Law on Personal Income Tax No. 03/L-161 article 9: *“Wages paid on behalf of an employer for work performed by an employee under the direction of the employer and Income earned from temporary work performed by an employee is to be categorized as Wages and Salaries.”*

#### **Recommendation 4**

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.



## **2.3 Remuneration (Wages and Salaries)**

### **Findings**

No findings to report in this area.

## **VII.3 Subsidies and Transfers**

### **Findings**

No findings to report in this area.

## **VII.4 Assets and Debts**

### **4.1 Cash and cash equivalents**

#### **Findings**

No findings to report.

### **4.2 Handling of receivables**

#### **Findings**

The Municipality has only partially completed the disclosure for receivables as required by Financial Rule 07/2011.

Estimated total amounts have been recorded, but no listing supporting these totals was made available. In addition, we noted that many outstanding receivable amounts are more than one year old.

#### **Reccomendation 5**

We recommend the Mayor ensures that:

Accounts receivable are disclosed in a sufficient and detailed manner to ensure accurate records of debtors are recorded in order to enable the Municipality to prepare a reliable and accurate budget, to report an accurate collection ratio, and follow up the collection of the own source revenues. In addition, we recommend that the Municipality follow up regularly on outstanding receivables to ensure timely collection.

### 4.3 Capital and non capital assets

#### Findings

The Municipality has not maintained a comprehensive register of its property, plant and equipment. Furthermore, the Municipality has not recorded land owned by the Municipality in the register, neither has it 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.

We were not provided with proper evidence of the physical count of the assets as at 31 December 2011 and as a consequence no verification of the accounting records to a physical count was possible. The physical count documents contained only limited information related to buildings, furniture and equipment, including bar-coding some assets and detailing the users of these assets.

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

- Completely disclose the required information on property, plant and equipment in the financial statements as at 31 December 2011, and comparative information for the years 2010 and 2009; 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.

#### **Recommendation 6**

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

- Maintain a comprehensive register of property, plant and equipment.
- 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 confirming the ownership and registration of real estate.

### 4.4 Debts

The Municipality does not have in place a robust process for identifying, evidencing and following up on unpaid invoices. This may lead to incorrect disclosures of the unpaid invoices.

The total of outstanding liabilities not paid to suppliers as at the end of 2011 was EUR 174 thousand. These liabilities are carried forward to be paid in 2012.

The Municipality presented 256 unpaid invoices in Note 28 of the Financial Statements as at 31 December 2011, out of which:

- 21 invoices have no date specified;
- 15 invoices are without invoice numbers;
- 68 invoices are without invoice economic code;
- 27 invoices are without description of the reason for non payment;
- 1 invoice is without the name of the supplier; and
- 163 invoices are without the date of deadline for payment to be made.

## **Findings**

In accordance with LPFMA 03/L-048, article 39.1, the Chief Financial Officer of a budget organization is responsible for ensuring that each valid invoice and request for payments for goods and services supplied and/or works completed for the budget organizations are to be paid within 30 calendar days of the receipt of the invoice. We noted that the Municipality has presented unpaid invoices related to goods and service, which are outstanding for more than 30 days at year-end.

### **Recommendation 7**

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. All efforts should be made to make payments within the required time frame.

## **4.5 Current reporting and timeliness in the overall budget process**

Fulfilment of current external reporting obligations as well as the budgetary process:

- Budget requests were completed on a timely basis;
- Quarterly reports including the nine month financial statements were submitted on a timely basis to MF.
- Draft procurement plan was also submitted to MF on time;
- Action Plan on implementing recommendations was not properly completed in the annual financial statements of the Municipality.

## **Findings**

No other findings to report in this area.

## VIII. Management Control

### VIII.1 Internal Control Systems

#### Findings

The primary reliable source of information for the preparation of financial statements is Free Balance. However, since Free Balance is not being used to record payments from third parties, accounts receivable or outstanding invoices, it cannot solely be used to produce comprehensive financial statements for the year ended 31 December 2011.

The following was omitted or improperly disclosed in the financial statements as at 31 December 2011:

- The third party payments disclosed by the Municipality in Section 12, *Statement of Cash receipts and payments* are not complete and accurate. 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 and accuracy of the payments from third parties recognized for the years ended 31 December 2011, 2010 and 2009
- Note 28 “*Summary of reporting obligations under the LPFMA*” does not reconcile with Note 28 “*Detailed reporting obligations under the LPFMA*”.
- Note 29. “*Contingent Liabilities*” is not completed, although management of the Municipality confirms that there are litigations in process that might give rise to contingent liabilities.
- Note 30. “*Summary of non-financial capital assets (value above EUR 1,000) in possession of a budget organization*” was not completed.
- Note 31. “*Summary of non-financial assets valued below EUR 1,000 with useful life of more than one year*” was not completed.
- Note 32. “*Summary of inventory*” was not completed.
- Note 34. “*Receivables*” was partially completed.
- The comparative information, which should be presented in Notes 30 to 34 for the years 2010 and 2009, was not completed.

### **Recommendation 8**

We recommend the Mayor ensures that 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.

The Municipality should also prepare financial statements in the Serbian language.

With regards to the disclosure of third party payments, we recommend that the Municipality gather information from various Ministries that have recorded such payments and update their records accordingly. Additionally for non-ministry payments we suggest senior officials at the Municipality to confirm any such third party payments / donations that they are aware of at the end of each reporting period.

## **VIII.2 Audit Committee**

### **Findings**

The Municipality has not established an Audit Committee as at 31 December 2011.

### **Recommendation 9**

We recommend the Mayor ensures that the Municipality considers the establishment of 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; and
- Internal Audit plan and follow-up of Internal Audit findings.

## **IX. Overall conclusion on the Management of Municipality of Istog**

### **General conclusions**

As discussed within this report, improvements need to be made in the areas of third party payments, revenues, procurement, handling of receivables, payment of obligations within the required timeframe, maintenance of proper registers and appropriate disclosure of capital and non-capital assets and establishment of an audit committee.

### **Overall Recommendation**

- The financial statements should be prepared in compliance with the actual administrative instructions and IPSAS;
- A comprehensive list of third party payments should be maintained.
- A detailed and comprehensive register of property, plant and equipment should be maintained;
- An automated billing system for all types of taxes should be put in place, reconciliations of revenues between the own source revenue officer and operational departments should be performed, and measures should be taken to increase the collection of revenues from various taxes;
- Improvements should be made to controls over expenses and payments to ensure strict compliance with laws and local regulatory requirements;
- All efforts should be made to pay all outstanding invoices within the required timeframe.
- An internal Audit Committee should be established.

## Appendix 1 Different types of Audit Opinions applied by KPMG in the Annual Audit Report 2011

(Extract from ISSAI 4000)

9. 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.

10. **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.

11. **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.

12. 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
- (c) There is uncertainty affecting the financial statements.

13. **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.



14. **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.

15. **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.

16. 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.

## Annex 2: Prior year recommendations

Audit Component	Recommendation given	Recommendation fully implemented	Partly addressed	Not addressed
VI. Financial Statements - Compliance with reporting framework and the quality of information	<p>We recommend the Mayor ensures that 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. The Municipality should also prepare financial statements in the Serbian language.</p> <p>With regards to the disclosure of third party payments, we recommend that the Municipality gather information from various Ministries that have recorded such payments and update their records accordingly. Additionally, for non-ministry payments, we suggest senior officials at the Municipality to confirm any such third party payments / donations that they are aware of at the end of each reporting period.</p>		The Municipality has partially disclosed payments from third parties.	
VII.1 Revenue	Maintain an automated billing system for all types of taxes			Not addressed
VII.1 Revenue	To perform reconciliation of revenues between own revenue officer and operational departments			Not addressed

Audit Component	Recommendation given	Recommendation fully implemented	Partly addressed	Not addressed
VII 2.2 Purchases through Procurement	We identified a number of non-compliances in the expenditure area, including non compliances with Laws No. 03/ L-241 and 04/ L-042 'Law on Public Procurement in Kosovo', both in effect and different time periods within 2011, non compliances in the areas of wages and salaries and other purchases. Such non-compliances related to required procedures, which were not performed and documented by the Municipality.			Not addressed
VIII.Management Control	Establish an Audit Committee			The decision to form an audit committee has been taken. Due to lack of availability of budget, the decision has not yet been implemented.

### Appendix 3 Municipality of Istog management comments and KPMG response

<u>Recommendations</u>	Agree	Partially agree	Do not agree	Comments from the Municipality	KPMG response
<p><b><u>Recommendation 1:</u></b></p> <p>We recommend the Mayor ensures that 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.</p> <p>The Municipality should also prepare financial statements in Serbian language.</p> <p>With regards to the disclosure of third party payments, we recommend that the Municipality gather information from various Ministries that have recorded such payments and update their records accordingly. Additionally for non-ministry payments we suggest senior officials at the Municipality confirm any such third party payments / donations that they are aware of at the end of each reporting period.</p>	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.

<b><u>Recommendations</u></b>	<b>Agree</b>	<b>Partially agree</b>	<b>Do not agree</b>	<b>Comments from the Municipality</b>	<b>KPMG response</b>
<p><b><u>Recommendation 3:</u></b>  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 billing and revenue. Improvement of the procedures related to such systems would enable 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:</p> <ul style="list-style-type: none"> <li>• 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 management.</li> <li>• 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.</li> <li>• Automatically inter-connect the billing system with the accounting software so that the information is automatically processed into the general ledger.</li> <li>• Perform regular reconciliations of the billing system and accounting software on a regular basis for all types of revenues. Any reconciling differences should be promptly followed up and cleared in a timely manner.</li> </ul>	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.

<b><u>Recommendations</u></b>	<b>Agree</b>	<b>Partially agree</b>	<b>Do not agree</b>	<b>Comments from the Municipality</b>	<b>KPMG response</b>
<b><u>Recommendation 3: (continued)</u></b> <ul style="list-style-type: none"> <li>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.</li> </ul>					
<b><u>Recommendation 4:</u></b> 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.	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.
<b><u>Recommendation 5</u></b> We recommend the Municipality to ensure that:  Accounts receivable are disclosed in a sufficient and detailed manner and entail accurate records of debtors in order to enable the Municipality to prepare a reliable and accurate budget, to report an accurate collection ratio and follow up the collection of the own source revenues.	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.

<b><u>Recommendations</u></b>	<b>Agree</b>	<b>Partially agree</b>	<b>Do not agree</b>	<b>Comments from the Municipality</b>	<b>KPMG response</b>
<p><b><u>Recommendation 6:</u></b>            We recommend the Mayor ensures that the Municipality considers the following:</p> <ul style="list-style-type: none"> <li>• Maintain a comprehensive register of PPE.</li> <li>• 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.</li> <li>• 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.</li> <li>• Make additional efforts in relation to confirming the ownership and registration of real estate.</li> </ul>	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.



<p><b><u>Recommendation 7:</u></b></p> <p>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. All efforts should be made to make payments within year-end.</p>	<p>X</p>		<p>In your audit findings, receipts were not attached to Payment and Purchase Orders, because receipts together with a signed acceptance report (which obligates spending and approving officer for settlement of the obligation to the contracting Operator) have remained at the respective entities as there was no authorizing officer by the Contracting Authority for the receipt of goods and services.</p>	<p>The Municipality has agreed with our findings.</p>
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<b><u>Recommendations</u></b>	<b>Agree</b>	<b>Partially agree</b>	<b>Do not agree</b>	<b>Comments from the Municipality</b>	<b>KPMG response</b>
<p><b><u>Recommendation 8:</u></b></p> <p>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.</p> <p>The Municipality should also prepare financial statements in Serbian language. With regards to the disclosure of third party payments, we recommend that the Municipality gather information from various Ministries that have recorded such payments and update their records accordingly. Additionally for non-ministry payments we suggest senior officials at the Municipality confirm any such third party payments / donations that they are aware of at the end of each reporting period.</p>	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.
<p><b><u>Recommendation 9:</u></b></p> <p>We recommend the Mayor ensures that the Municipality considers the establishment of an Audit Committee with members having relevant expertise of financial reporting and internal controls.</p>	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.

<b><u>Recommendations</u></b>	<b>Agree</b>	<b>Partially agree</b>	<b>Do not agree</b>	<b>Comments from the Municipality</b>	<b>KPMG response</b>
<p><b><u>Recommendation 9 (continued):</u></b></p> <p>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 purpose action for improvement on the following:</p> <ul style="list-style-type: none"> <li>• Municipality’s accounting and financial reporting process;</li> <li>• Assessment of internal control systems implemented by management;</li> <li>• Internal and external audit processes;</li> <li>• Compliance, reporting and control structures throughout the Municipality to ensure compliance with financial, regulatory and legal requirements;</li> <li>• Internal Audit plan and follow-up of Internal Audit findings.</li> </ul>					



**Republika e Kosovës**  
**Republika Kosova-Republic of Kosovo**

**KOMUNA ISTOG**  
**OPSTINA ISTOG**  
**MUNICIPALITY ISTOG**

**Financial Statements**

As at and for the year ended 31 December 2011

Istog, 2012

**Section 11. DECLARATION REGARDING THE PRESENTATION OF FINANCIAL STATEMENTS**

For: **Lulzim Ismajli, General Treasury Director**

From: **Administrative and Financial Chief Officer**

In our opinion, the attached financial statements and the notes to these statements for the year ended on 31 December 2011 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 Law nr. 03/L-221 for meeting changes of LPFMA and, are based on properly maintained financial records.

This declaration is provided in connection with the presentation of the Kosovo Consolidated Budget ("KCB") financial statements of the budget organizations for the year ending 31 December 2011.

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 KCB 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 31 December 2011.

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.

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 financial statements give a true and fair presentation of the finances and financial transactions for the year ended 31 December 2011 of Municipality of Istog.

Date: 22.06.2012

Signature and stamp: \_\_\_\_\_

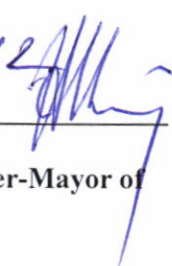
Osman Sadikaj  
Chief Financial Officer



Date: 22.06.2012

Signature and stamp: \_\_\_\_\_

Haki Rugova  
Chief Administrative Officer-Mayor of  
Municipality



**Municipality of Istog**  
**Section 12. Statement of Cash Receipts and Payments**  
**for the year ended 31 December 2011**

	Note	2011		2010		2009	
		Single treasury account	Payments from third parties	Single treasury account	Payments from third parties	Single treasury account	Payments from third parties
		KCB EUR '000	EUR '000	KCB EUR '000	EUR '000	KCB EUR '000	EUR '000
<b>Receipts</b>							
Government Grant	2	6,479	-	5,315	-	4,396	-
Own Source Revenues	3	743	-	828	-	789	-
<i>Fund designated for specific purpose</i>							
Designated Donor Grants	4	50	-	544	-	717	-
Borrowed Funds	5	-	-	-	-	-	-
Other receipts	6	-	-	-	-	-	-
			3,956				
<b>Total</b>		<b>7,272</b>	<b>3,956</b>	<b>6,687</b>	<b>-</b>	<b>5,902</b>	<b>-</b>
<b>Payments</b>							
<i>Operations</i>							
Wages and Salaries	7	4,133	-	3,306	-	2,936	-
Goods and Services	8	601	-	661	-	625	-
Utilities	9	130	-	146	-	120	-
		<b>4,864</b>	<b>-</b>	<b>4,113</b>	<b>-</b>	<b>3,681</b>	<b>-</b>
<i>Transfers</i>							
Transfers and Subsidies	10	96	-	110	-	196	-
<i>Capital Expenditures</i>							
Property Plant and Equipment	11	2,312	-	2,464	-	2,025	-
Other Payments	12	-	3,956	-	-	-	-
Payment of outstanding borrowings	13	-	-	-	-	-	-
<b>Total</b>		<b>7,272</b>	<b>3,956</b>	<b>6,687</b>	<b>-</b>	<b>5,902</b>	<b>-</b>

**Municipality of Istog**  
**Section 13. Budget Execution Report**  
**for the year ended 31 December 2011**

	Note	2011				2010	2009
		Original Budget (Appropriation) A	Final Budget (Appropriation) B	Payments C	Variance D=C-B	Payments E	Payments F
		EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>Cash inflows from Treasury account</b>							
Taxation	14	-	-	-	-	-	
Owns Source Revenues	15	764	989	855	(246)	715	
Donations	16	-	81	50	(31)	544	
Capital Receipts	17	-	-	-	-	-	
Privatization Fund	18	-	-	-	-	-	
Borrowings	19	-	-	-	-	-	
Other	20	-	-	-	-	-	
<b>Total Receipts collected for KCB</b>		<b>764</b>	<b>1,070</b>	<b>905</b>	<b>(165)</b>	<b>1,259</b>	
<b>Cash outflows from Treasury accounts</b>							
Wages and Salary	21	4,102	4,207	4,133	(74)	3,306	
Goods and Services	22	590	634	601	(33)	661	
Utilities	23	131	131	130	(1)	146	
Transfers and Subsidies	24	94	118	96	(22)	110	
Capital expenditures	25	2,314	2,509	2,312	(197)	2,464	
Privatization Fund	26	-	-	-	-	-	
Return of Borrowings		-	-	-	-	-	
Other	27	-	-	-	-	-	
<b>Total Payments made from KCB through STA</b>		<b>7,231</b>	<b>7,599</b>	<b>7,272</b>	<b>(327)</b>	<b>6,687</b>	

The *General Fund* amounts totaling EUR 6,466 thousand for original budget, EUR 6,528 thousand for final budget and EUR 6,479 thousand for 2011 realisation (2010: EUR 5,315 thousand; 2009: EUR 3,336 thousand) have not been included in the *Cash inflows from treasury account* section in the above table, although they were used to help pay the various expenses of the Municipality presented under the *Cash outflows from treasury accounts* section. In previous years, such amounts were recorded as a separate category within the *Cash inflows from treasury account* in Section 13 *Budget Execution Report*.

# **Municipality of Istog**

## **Section 14. Notes to the financial statements**

### **31 December 2011**

*(Amounts in thousands of EUR, unless otherwise stated)*

#### **Note 1**

##### **1.1 Basis of preparation**

The financial statements have been prepared in accordance with Cash Basis IPSAS *Financial Reporting under the Cash Basis of Accounting* and with the Financial Rule No. 07/2011 *On Annual Financial Statements Of Budget Organizations*.

The accounting policies have been applied consistently throughout the period.

##### **1.2 Reporting entity**

The financial statements are for the public sector entity: Municipality of Istog ('the Municipality'). The financial statements are prepared according to the Law for the management of Public Finance and Responsibility (03/L-048 and 03/L-211). The Municipality of Istog is controlled by the Kosovo Government and all financial activities from the Consolidated Budget of Kosovo.

##### **1.3 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 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.

##### **1.4 Treasury Single Accounts**

The Municipality does not operate its own bank accounts. The Government has a centralized Treasury function, which administers the receipt of cash received by all budgetary entities during the fiscal year. Payments made in this account regarding the Municipality are presented in the column Single Treasury Account in the Statement of Cash Receipt and Payments.

##### **1.5 Return of expenses from last year**

The funds returned to KCB from the previous year are reported in the year and not as reductions to expenses of the year when the expense occurred.

##### **1.6 Reporting currency**

The reporting currency is Euro (EUR)

##### **1.7 Authorization Date**

The financial statements are authorized to be issued on 31 January 2012 and approved from Osman Sadikaj.



**Municipality of Istog**  
**Section 14. Notes to the financial statements**  
**31 December 2011**

*(Amounts in thousands of EUR, unless otherwise stated)*

**Note 2 General Fund Appropriation**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Economic classification</b>	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Wages and Salaries	4,116	3,264	2,878
Goods and Services	492	466	460
Utilities	130	126	112
Subsidies and transfers	-	-	-
Capital Expenditures	1,741	1,459	946
<b>Total</b>	<b>6,479</b>	<b>5,315</b>	<b>4,396</b>

**Note 3 Own Source Revenue**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Economic classification</b>	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Wages and Salaries	17	42	58
Goods and Services	83	172	164
Utilities	-	20	8
Subsidies and transfers	96	110	196
Capital Expenditures	547	484	363
<b>Total</b>	<b>743</b>	<b>828</b>	<b>789</b>

**Note 4 Designated Donor Grants**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Economic classification</b>	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Wages and Salaries	-	-	-
Goods and Services	26	23	1
Utilities	-	-	-
Subsidies and transfers	-	-	-
Capital Expenditures	24	521	716
<b>Total</b>	<b>50</b>	<b>544</b>	<b>717</b>

**Municipality of Istog**  
**Section 14. Notes to the financial statements**  
**31 December 2011**

(Amounts in thousands of EUR, unless otherwise stated)

**Note 5 Borrowed Funds**

Lender	2011 EUR '000	2010 EUR '000	2009 EUR '000
	-	-	-
	-	-	-
	-	-	-
<b>There are no borrowed funds during 2011</b>	-	-	-

**Note 6 Other Receipts**

There were no other receipts during the year 2011.

**Note 7 Wages and Salaries**

Description	2011			2010	2009
	KCB EUR '000	OSR EUR '000	DDG EUR '000	Total EUR '000	EUR '000
<b>Payments</b>					
Net Salaries	3,554	17	-	3,571	2,883
Payments to unions 0.10% to 0.50%	12	-	-	12	9
Overtime payments	-	-	-	-	-
Part time payments	-	-	-	-	-
Night-shift salaries	-	-	-	-	-
Net salary for maternity leave	-	-	-	-	-
Daily payments for Assembly and committee members	-	-	-	-	71
Contracted payments	-	-	-	-	-
Personal Income Tax	156	-	-	156	101
Employer pension contribution	197	-	-	197	155
Employee pension contribution	197	-	-	197	158
Court decisions	-	-	-	-	-
<b>Total</b>	<b>4,116</b>	<b>17</b>	<b>-</b>	<b>4,133</b>	<b>3,306</b>

**Municipality of Istog**  
**Section 14. Notes to the financial statements**  
**31 December 2011**

*(Amounts in thousands of EUR, unless otherwise stated)*

**Note 8 Goods and Services**

Description	2011			Total EUR '000	2010	2009
	KCB EUR '000	OSR EUR '000	DDG EUR '000		EUR '000	EUR '000
<b>Payments from KCF</b>						
Travel expenses	23	-	-	23	23	14
Telecommunication services	2	1	-	3	10	32
Contractual services	60	13	11	84	62	95
Furniture and equipment below EUR 1,000	43	2	-	45	41	66
Furniture and equipment 1,000 – 5,000 EUR	-	38	12	50	-	-
Other purchases for goods and services	89	9	-	98	181	123
Fuel	161	-	2	163	193	166
Financial services	-	2	-	2	-	-
Registration and insurance expenses	9	-	-	9	11	10
Maintenance	86	9	-	95	-	-
Rent	-	2	-	2	106	112
Marketing expenses	6	4	1	11	12	-
Representation expenses	13	3	-	16	22	7
<b>Total</b>	<b>492</b>	<b>83</b>	<b>26</b>	<b>601</b>	<b>661</b>	<b>625</b>

**Note 9 Utilities**

Description	2011			Total EUR '000	2010	2009
	KCB EUR '000	OSR EUR '000	DDG EUR '000		EUR '000	EUR '000
Electricity	58	-	-	58	-	-
Water	52	-	-	52	-	-
Waste	11	-	-	11	-	-
Telephone	9	-	-	9	-	-
Municipality expenses	-	-	-	-	-	-
<b>Total</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>146</b>	<b>120</b>

**Municipality of Istog**  
**Section 14. Notes to the financial statements**  
**31 December 2011**

*(Amounts in thousands of EUR, unless otherwise stated)*

**Note 10 Transfers and Subsidies**

Description	2011			Total EUR '000	2010	2009
	KCB EUR '000	OSR EUR '000	DDG EUR '000		EUR '000	EUR '000
<b>Payments</b>						
Subsidies for public entities	-	6	-	6	10	38
Subsidies for cultural entities		22		22		
Subsidies for non-public entities	-	16	-	16	35	20
Transfers for other governments	-	-	-	-	-	-
Payments for individual beneficiaries	-	52	-	52	65	138
Base pensions	-	-	-	-	-	-
Disabled pensions	-	-	-	-	-	-
Pensions or social assistance	-	-	-	-	-	-
Pensions of TMK	-	-	-	-	-	-
Pensions of I category (family members)	-	-	-	-	-	-
Pensions of II category (family members)	-	-	-	-	-	-
Payments for war invalids	-	-	-	-	-	-
Payments for civil invalids	-	-	-	-	-	-
Payments for war victims families	-	-	-	-	-	-
Trepca provisional pensions	-	-	-	-	-	-
Court Decisions	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>96</b>	<b>-</b>	<b>96</b>	<b>110</b>	<b>196</b>

**Note 11 Property, Plant, and Equipment**

Description	2011			Total EUR '000	2010	2009
	KCB EUR '000	OSR EUR '000	DDG EUR '000		EUR '000	EUR '000
<b>Payments</b>						
Buildings	250	56	-	306	432	723
Road construction	742	105	21	868	979	467
Waste and water system	125	126	3	254	-	184
Water supply system	130	6	-	136	-	69
Energy, generation, transfer, and supply	40	50	-	90	100	66
Equipment with value over 1000 EUR	47	21	-	68	227	-
Vehicles	-	-	-	-	-	-
Machinery	40	24	-	64	42	24
Other capital	367	159	-	526	684	492
<b>Total</b>	<b>1,741</b>	<b>547</b>	<b>24</b>	<b>2,312</b>	<b>2,464</b>	<b>2,025</b>

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**Note 12 Other payments**

<b>Investor</b>	<b>Description of payments</b>	<b>2011 EUR'000</b>	<b>2010 EUR'000</b>	<b>2009 EUR'000</b>
MPTT	Asphalting the road Tomoc -Kovrage	31	-	-
MPTT	Asphalting the road to Dubove	224	-	-
MSW	Reconstruction of the Studentica park	20	-	-
MRC	Water system Osojan-Tuqep-Kerrnin	117	-	-
MLPG	Construction of a floor in the Municipality building	200	-	-
MPMS	Maintenance of the local roads	26	-	-
USAID - DEMI	Public lightening in Vrelle	31	-	-
USAID - DEMI	Pavement the road Uçk-Istog	32	-	-
MEST	Construction of school building "B.Curri"	1,750	-	-
MEST	Construction of the hall in school "Ismail Qemali"	270	-	-
EC	Construction of school building in Cerrcë	350	-	-
IDEP	Information Technology cabinet in Rakosh	9	-	-
IDEP	Laboratory tools for biology and other sciences in Zallq	7	-	-
IDEP	Laboratory tools for biology and other sciences in Llukac i Begut	7	-	-
WB	Information Technology cabinet in Gurrakoc	882	-	-
<b>Total</b>		<b>3,956</b>	<b>-</b>	<b>-</b>

**Note 13 Return of loans**

<b>Description</b>	<b>2011 EUR '000</b>	<b>2010 EUR '000</b>	<b>2009 EUR '000</b>
Lender 1	-	-	-
Lender 2	-	-	-
Lender 3	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 14 Taxation**

<b>Description</b>	<b>Note</b>	<b>2011 EUR '000</b>	<b>2010 EUR '000</b>	<b>2009 EUR '000</b>	<b>% of total 2011</b>	<b>% change from 2010</b>
Tax Revenues 1		-	-	-	%	%
Tax Revenues 2		-	-	-	%	%
Tax Revenues 3		-	-	-	%	%
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>%</b>

Note: The table relates only to taxes related to Customs and Tax Administration of Kosovo ("TAK")

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**Note 15 Own source revenues**

Description	2011 EUR '000	2010 EUR '000	2009 EUR '000	% of total 2011	% change from 2010
Birth certificates	40	48	40	5%	-17%
Marriage certificates	10	9	8	1%	7%
Death certificates	1	-	-	0%	0%
Other official certificates	17	17	30	2%	0%
Tax for verification of documents	3	3	4	0%	-13%
Administrative tax	4	5	5	0%	-18%
Tender participation tax	2	3	3	0%	-23%
Municipal tax for construction license	94	96	36	11%	-2%
Tax for public property usage	7	-	-	1%	0%
Inspection in the field for measurement	57	55	52	7%	4%
Property Tax	220	186	170	26%	18%
Rent from public properties	6	5	8	1%	22%
Other business licenses	17	13	7	2%	32%
Licenses for individuals	8	6	8	1%	25%
Licenses for sale in road	4	5	8	1%	-14%
Licenses for professional services	12	7	10	1%	71%
Gambling licenses	1	-	-	0%	0%
License for retail, sale of oil and diesel	3	-	2	0%	0%
Licenses for sale of alcoholic beverages	-	-	-	0%	0%
Licenses for Hotelier	8	3	2	1%	163%
Taxes for technical acceptance	1	-	-	0%	0%
Tax for vehicle registration	59	53	51	7%	11%
Tax for land change of destination	1	3	83	0%	-63%
Education and Healthcare participation	90	84	91	11%	7%
Traffic fines	29	41	63	3%	-28%
Forestry taxes	17	3	10	2%	473%
Court penalties	98	64	78	12%	54%
Community participation	46	-	-	5%	0%
Income from use of land	-	2	2	0%	-100%
Income from sale of goods	-	2	6	0%	-100%
Revenue from public services	-	2	3	0%	-100%
<b>Total</b>	<b>855</b>	<b>715</b>	<b>780</b>	<b>100%</b>	<b>20%</b>

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**Note 16 Grants and Assistance**

<b>Organization</b>	<b>Description</b>	<b>2011 EUR '000</b>	<b>2010 EUR '000</b>	<b>2009 EUR '000</b>
Community Participation	Asphalting and sewage	46	-	30
UNOPS	Population Registry	3	-	-
World Bank	Grants from Primary School	27	-	-
UNDP	Co-funding and support of the realization of the RKK project	4	-	57
UNDP	Return of the Serbian Community in Syne	-	534	-
World Bank	School Supplies	-	10	-
UNDP	RAE community aid	-	-	630
<b>Total</b>		<b>81</b>	<b>544</b>	<b>717</b>

**Note 17 Capital receipts**

<b>Asset Type</b>	<b>Profit from Sale</b>		
	<b>2011 EUR '000</b>	<b>2010 EUR '000</b>	<b>2009 EUR '000</b>
Land	-	-	-
Buildings	-	-	-
Infrastructure	-	-	-
Machinery	-	-	-
Equipment	-	-	-
Transport vehicles	-	-	-
Other	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Note 18 Privatization fund**

	POE	Profit from Privatization		
		2011 EUR '000	2010 EUR '000	2009 EUR '000
POE #1		-	-	-
POE #2		-	-	-
POE #3		-	-	-
POE #4		-	-	-
POE #5		-	-	-
<b>Total</b>		-	-	-

**Note 19 Borrowings**

Description	2011	2010	2009
	EUR '000	EUR '000	EUR '000
Lender 1	-	-	-
Lender 2	-	-	-
Lender 3	-	-	-
Lender 4	-	-	-
Lender 5	-	-	-
<b>Total</b>	-	-	-

**Note 20 Other**

Receipt type	2011	2010	2009
	EUR '000	EUR '000	EUR '000
Lottery games deposit	-	-	-
Regulatory committee deposit	-	-	-
Ministry of Justice deposit	-	-	-
Other deposit	-	-	-
<b>Total</b>	-	-	-



# **Municipality of Istog**

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#### **Note 21 to Note 27**

Unlike notes 11 -16, these notes are used to explain material difference in column D on the Budget Execution Report, i.e. material differences in budget realizations. Depending on the size of the difference, there is no need to offer explanations for all categories.

#### **21. Difference between payments and final budget for wages and salaries**

The amount of EUR 74 thousand has remained unspent because of the following:

- Amount of EUR 15 thousand was over allocated by the Ministry of Economy and Finance (MEF) to cover the deficit in the category of wages and salaries.
- EUR 59 thousand remained in surplus due to delays in revising the plan for Own Source Revenue and payments for November and December 2011 in department of Education and Healthcare being reported late.

#### **22. Difference between payments and final budget for goods and services**

EUR 33 thousand remained unspent as it was planned for performance payments in the healthcare department, but the Ministry of Economy and Finance has not allocated this amount as they did not reach an agreement with the Ministry of Health to the form of payment to be made in order to stimulate healthcare personnel. Consequently amount has gone into surplus.

#### **23. Difference between payments and final budget for utilities**

Amount of EUR 1 thousand has remained unspent as the bills for electricity and other utility expenses for the month of December were accepted only after the end of the period.

#### **24. Difference between payments and final budget for transfers and subsidies**

Due to the fact that we can not utilize own source revenue receipts of November and December 2011 we were unable to pay the intended Subsidies and Transfers amounting EUR 22 thousand.

#### **25. Difference between payments and final budget for capital expenditures**

Capital expenditures in the amount of EUR 197 thousand consisting of two sources of funding, which have not been spent: 1) Government Grant amounting EUR 45 thousand, which remained in surplus from projects under tender, not yet finalized; and 2) Own Source Revenue amounting EUR 152 thousand is also surplus due to the fact that Municipality couldn't utilize own source revenue receipts of November and December 2011.

#### **26. Difference between payments and final budget for privatization fund**

There is no difference in this economic category.

#### **27. Difference between payments and final budget for return of borrowings**

There is no difference in this economic category.

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**Note 28**      **Summary of reporting obligations under the LPFMA**

**2011**

<b>Economic category</b>	<b>Description</b>	<b>EUR '000</b>
11	Wages and salaries	4
13141	Official travel expenses	1
13210	Electricity	11
13220	Water	45
13230	Waste	1
13250	Telephone expenses	2
13461	Cleaning of the city	5
13330	Postal services	9
13620	Food and drinks	4
13780	Fuel	40
	Maintenance and reparation of	
14010	vehicles	3
13610	Office supplies	5
Not Disclosed ("N/D)	Crown purchases	1
N/D	Publications	11
N/D	Representation expenses	3
N/D	Mobile expenses	1
N/D	Membership expenses	2
N/D	Equipment	1
N/D	Furniture	1
14050	Maintenance of Supplies	5
N/D	Internet expenses	1
N/D	Purchase of vehicle spare parts	9
14024	Maintenance of Facilities	1
13630	Supply of medicine	3
13509	N/D	1
13760	N/D	4
<b>Total</b>		<b>174</b>

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**Note 28 Detailed reporting obligations under the LPFMA**

Statement of Outstanding Invoices

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	In EUR '000
2011	R/22	N/D	N/D	NTSH "Meshari"	Publications	Not enough supplies	5.98
08.11.2011	K-053	N/D	N/D	NTSH "Meshari"	Office Supplies	Not enough supplies	1.00
08.12.2011	04/211	N/D	N/D	NT "Agrojetoni"	Crown purchase	Not enough supplies	0.11
09.12.2011	05/2011	N/D	N/D	NT "Agrojetoni"	Crown purchase	Not enough supplies	0.04
05.12.2011	03/2011	N/D	N/D	NT "Agrojetoni"	Crown purchase	Not enough supplies	0.02
28.11.2011	01/2011	N/D	N/D	NT "Agrojetoni"	Crown purchase	Not enough supplies	0.06
28.11.2011	02/2011	N/D	N/D	NT "Agrojetoni"	Crown purchase	Not enough supplies	0.16
22.11.2011	0110684	N/D	N/D	IPKO	Mobile phone expenses	Not enough supplies	0.31
		N/D	N/D	Municipality Mayor	Official travel	Not enough supplies	0.41
31.08.2011	367/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.49
31.12.2011	613/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	1.40
30.11.2011	552/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.54
30.10.2011	484/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	1.04
04.01.2011	369718	N/D	N/D	NPT "Rifati"	Carwash	Not enough supplies	0.07
05.09.2011	08/2011	N/D	N/D	Kosovo Municipality Association	Membership expenses	Not enough supplies	2.38
23.11.2011	23-11-H	N/D	N/D	SHPK "New Co Trofta"	Food and Drinks	Not enough supplies	0.25
31.10.2011	31-10-H	N/D	N/D	SHPK "New Co Trofta"	Food and Drinks	Not enough supplies	0.59
31.10.2011	31-08-H	N/D	N/D	SHPK "New Co Trofta"	Food and Drinks	Not enough supplies	0.79
14.11.2011	00395	N/D	N/D	DPSH "Artoni"	Turbina	Not enough supplies	0.15
13.10.2011	00384	N/D	N/D	DPSH "Artoni"	Vehicle Service	Not enough supplies	0.14

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**

Statement of Outstanding Invoices (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
24.09.2011	00375	N/D	N/D	DPSH "Artoni"	Vehicle Service	Not enough supplies	0.12
14.11.2011	00396	N/D	N/D	DPSH"Artoni"	Turbina	Not enough supplies	0.07
28.11.2011	600080155	N/D	N/D	NHT"Mercuri"	Municipality Assembly cocktail	Not enough supplies	0.29
27.12.2011	600080155	N/D	N/D	NHT"Mercuri"	Cafeteria expenses	Not enough supplies	0.32
N/D	N/D	N/D	N/D	ZKF	Official travel	Not enough supplies	0.32
N/D	N/D	N/D	N/D	ZKF	Official travel	Not enough supplies	0.08
N/D	N/D	N/D	N/D	ZKF	Official travel	Not enough supplies	0.16
N/D	N/D	N/D	N/D	ZKF	Official travel	Not enough supplies	0.16
N/D	N/D	N/D	N/D	ZKF	Official travel	Not enough supplies	0.17
N/D	N/D	N/D	N/D	Fazli Stolli	Budget Software	Not enough supplies	1.00
27.12.2011	600080155	N/D	N/D	NHT " Mercuri"	Cafeteria expenses	Not enough supplies	0.65
30.11.2011	N.16.16a	N/D	N/D	KRM"Ambienti"	Waste	Not enough supplies	0.08
30.11.2011	551/2011	N/D	N/D	IBOS	Heat fuel	Not enough supplies	7.59
30.12.2011	612/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.27
30.11.2011	550/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.61
30.11.2011	543/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.56
30.12.2011	605/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.28
31.08.2011	367/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.49
16.12.2011	264854092011	N/D	N/D	PTK	Telephone expenses	Not enough supplies	0.07
16.12.2011	264854092011	N/D	N/D	PTK	Telephone expenses	Not enough supplies	0.20

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (continued)

<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Economic Number</b>	<b>Term of payment</b>	<b>Supplier</b>	<b>Description</b>	<b>Reason for unpaid invoice</b>	<b>EUR '000</b>
16.12.2011	264854092011	N/D	N/D	PTK	Telephone expenses	Not enough supplies	0.13
16.12.2011	264854092011	N/D	N/D	PTK	Telephone expenses	Not enough supplies	0.06
30.09.2011	411-1/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.39
30.10.2011	481/2011	N/D	N/D	IBOS	Fuel	Not enough supplies	0.79
30.12.2011	11-210-001-1032	N/D	N/D	Newspaper "Zeri"	Publication	Not enough supplies	0.34
10.11.2011	048693	N/D	N/D	NTP "Emont"	Inventor	Not enough supplies	0.24
31.08.2011	11-210-001-653	N/D	N/D	Newspaper "Zeri"	Publication	Not enough supplies	0.96
30.09.2011	11-210-001-2011	N/D	N/D	Newspaper "Zeri"	Publication	Not enough supplies	0.71
27.10.2011	K-038	N/D	N/D	NTSH"Meshari"	Office Supplies	Not enough supplies	0.18
20.10.2011	K-039	N/D	N/D	NTSH"Meshari"	Office Supplies	Not enough supplies	0.15
22.08.2011	K-041	N/D	N/D	NTSH"Meshari"	Office Supplies	Not enough supplies	0.19
28.10.2011	K-048	N/D	N/D	NTSH"Meshari"	Office Supplies	Not enough supplies	1.61
23.11.2011	298/11	N/D	N/D	SHPK"Graniti"	Office chair	Not enough supplies	0.06
06.12.2011	N/D	N/D	N/D	KUR"Hidrodrini"	Water expenses	Not enough supplies	0.46
12.04.2011	3/2011	N/D	N/D	PTK	Telephone expenses	Not enough supplies	0.04
22.11.2011	88	N/D	N/D	NPSH"Samirisoft"	Computer repair	Not enough supplies	0.03

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**

Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
15.11.2011	73/11	N/D	N/D	"Gazeta Zyrtare"	Publication	Not enough supplies	0.06
01.10.2010	364/2011	N/D	N/D	ATI-KOS	Maintenance of webpage	Not enough supplies	0.64
07.12.2011	N/D	N/D	N/D	KEK	Electricity	Not enough supplies	2.82
25.12.2010	16907	N/D	N/D	NTSH"Meshari"	Radio publication	Not enough supplies	2.01
10.11.2011	369708	N/D	N/D	NPT"Rifati"	Carwash	Not enough supplies	0.16
31.12.2011	10	N/D	N/D	JAFFA	New year cocktail	Not enough supplies	0.67
30.09.2011	373	13460	Immediately	KRM"Ambienti"	City cleaning	Not enough supplies	1.60
31.10.2011	378	13460	Immediately	KRM"Ambienti"	City cleaning	Not enough supplies	1.60
30.11.2011	412	13460	Immediately	KRM"Ambienti"	City cleaning	Not enough supplies	1.60
31.08.2011	365/11	13780	Immediately	IBOS	Fuel	Not enough supplies	0.61
31.10.2011	473/11	13780	Immediately	IBOS	Fuel	Not enough supplies	0.82
31.10.2011	477/11	13780	Immediately	IBOS	Fuel	Not enough supplies	0.30
30.11.2011	542/11	13780	Immediately	IBOS	Fuel	Not enough supplies	0.85
30.11.2011	546/11	13780	Immediately	IBOS	Fuel	Not enough supplies	0.37
31.12.2011	604/11	13780	Immediately	IBOS	Fuel	Not enough supplies	0.70
31.12.2011	608/11	13780	Immediately	IBOS	Fuel	Not enough supplies	0.30
02.11.2011	16762	13250	Immediately	PTK	Telephone expense	Not enough supplies	0.12
20.12.2011	5130676	13210	Immediately	KEK	Electricity	Not enough supplies	0.20
25.10.2011	N/D	13141	Immediately	Haki Belaj	Per Diem	Not enough supplies	0.16
31.12.2011	37	13141	Immediately	"Jaffa"eks-imp.	Food and Drinks	Not enough supplies	0.10

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**

Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
N/D	606/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.41
N/D	504/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.25
N/D	363/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.63
N/D	406/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.15
N/D	302/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.22
N/D	200/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.26
N/D	243/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.23
N/D	475/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.18
12.10.2011	12.10/2011	14010	N/D	Berati I	Generator	Not enough supplies	0.11
29.09.2011	29.9/2011	14010	N/D	Artoni	Vehicle repairation	Not enough supplies	0.42
30.06.2011	30.6./2011	13140	N/D	Bajram Qelaj	Official Travel	Not enough supplies	0.08
15.11.2011	15.11/2011	14310	N/D	Merkuri	Official Lunch	Not enough supplies	0.15
20.12.2011	20.12/2011	14310	N/D	Jaffa	N/D	Not enough supplies	0.10
26.09.2011	377	14010	31.03.2011	DPSH"Artoni"	Vehicle Service	Not enough supplies	0.26
27.09.2011	378	14010	31.03.2011	DPSH"Artoni"	Vehicle Service	Not enough supplies	1.38
25.07.2011	N/D	14010	31.03.2011	BB"TOURS"	Vehicle Service	Not enough supplies	0.44
29.07.2011	N/D	14010	31.03.2011	BB"TOURS"	Vehicle Service	Not enough supplies	0.13
20.07.2011	N/D	14010	31.03.2011	BB"TOURS"	Vehicle Service	Not enough supplies	0.16
04.11.2011	393	14010		DPSH"Artoni"	Vehicle Service	Not enough supplies	0.07
11.11.2011	394	14010		DPSH"Artoni"	Vehicle Service	Not enough supplies	0.34
31.10.2011	56	N/D		shpk"Guri"	Concrete pipes	Not enough supplies	0.10

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**Note 28 Reporting obligations under the LPFMA (continued)**

Statement of Outstanding Invoices (Liabilities) (continued)

<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Economic Number</b>	<b>Term of payment</b>	<b>Supplier</b>	<b>Description</b>	<b>Reason for unpaid invoice</b>	<b>EUR '000</b>
10.11.2011	23/10	N/D	N/D	"Trofta"	Food and Drinks	Not enough supplies	0.07
15.11.2011	27/10	N/D	N/D	"Trofta"	Food and Drinks	Not enough supplies	0.05
30.09.2011	415/2011	13780	30.09.2011	IBOS	Fuel	Not enough supplies	1.09
31.08.2011	369/2011	13780	31.03.2011	IBOS	Fuel	Not enough supplies	0.34
30.09.2011	409/2011	13780	31.03.2011	IBOS	Fuel	Not enough supplies	0.30
30.09.2011	357/2011	13780	31.03.2011	IBOS	Fuel	Not enough supplies	1.46
31.10.2011	470/2011	13780	N/D	IBOS	Fuel	Not enough supplies	1.26
31.10.2011	480/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.33
30.11.2011	539/2011	13780	N/D	IBOS	Fuel	Not enough supplies	1.25
30.11.2011	549/2011	13780	N/D	IBOS	Fuel	Not enough supplies	0.28
30.12.2011	601/2011	14010	N/D	IBOS	Fuel	Not enough supplies	1.18
30.12.2011	611/2011	14010	N/D	IBOS	Fuel	Not enough supplies	0.30
30.12.2011	N/D	N/D	N/D	NHT "Merkuri"	Drinks	Not enough supplies	0.05
06.01.2012	1155	14050	N/D	SHPK- "DHW KOSOVA	Equipment maintenance	Not enough supplies	1.96
06.01.2012	541/2011	13780	N/D	NPT - "IBOS"- ISTOG	Fuel	Not enough supplies	0.28
06.01.2012	6336	14050	N/D	NT - "SATURN"- ISTOG	Equipment maintenance	Not enough supplies	0.02
06.01.2012	95	14040	N/D	DPSH"SAMIRISOFT"	Maintenance of tech. info.	Not enough supplies	0.02
06.01.2012	603/2011	13780	N/D	NPT - "IBOS"- ISTOG	Fuel	Not enough supplies	0.15
N/D	N/D	11	N/D	Municipality	Nov. Dec Oncall Doc.	Lack of funds	5.00



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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
23.12.2011	410/2011	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	1.78
23.12.2011	418/2011	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	0.73
23.12.2011	479/2011	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	1.52
23.12.2011	471/2011	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	0.92
23.12.2011	548/2011	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	1.76
23.12.2011	540/2011	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	1.06
31.12.2011	610/2011	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	1.92
31.12.2011	602	13780	N/D	NPT 'IBOS"-ISTOG	Fuel	Lack of funds	0.71
23.12.2011	K-104	13610	N/D	NTP "MESHARI"-ISTOG	Office supplies	Lack of funds	1.40
23.12.2011	K-097	13610	N/D	NTP "MESHARI"-ISTOG	Office supplies	Lack of funds	0.66
23.12.2011	140559	14024	N/D	NPE "EMONT"-ISTOG	Facility maintenance	Lack of funds	0.46
23.12.2011	34760	14024	N/D	NPE "EMONT"-ISTOG	Facility maintenance	Lack of funds	0.14
23.12.2011	34758	14024	N/D	NPE "EMONT"-ISTOG	Facility maintenance	Lack of funds	0.14
23.12.2011	34761	14024	N/D	NPE "EMONT"-ISTOG	Facility maintenance	Lack of funds	0.12
23.12.2011	34762	14024	N/D	NPE "EMONT"-ISTOG	Facility maintenance	Lack of funds	0.55
23.12.2011	42/10	14010	N/D	NTPSH "BERAT-1"-ISTOG	Vehicle maintenance	Lack of funds	0.34
23.12.2011	30/09	14010	N/D	NTPSH "BERAT-1"-ISTOG	Car wheels	Lack of funds	0.48

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
23.12.2011	381	14010	N/D	DPSH " ARTONI"	Vehicle service	Lack of funds	0.07
23.12.2011	374	14010	N/D	DPSH " ARTONI"	Vehicle service	Lack of funds	0.16
30.12.2011	386	14010	N/D	DPSH " ARTONI"- BANJË	Vehicle service	Lack of funds	0.39
30.12.2011	389	14010	N/D	DPSH " ARTONI"- BANJË	Vehicle service	Lack of funds	0.09
30.12.2011	388	14010	N/D	DPSH " ARTONI"- BANJË	Vehicle service	Lack of funds	0.09
23.12.2011	7	13640	N/D	NTPSH " JAFFA"- ISTOG	Cleaning supplies	Lack of funds	0.10
23.12.2011	873	13640	N/D	NTPSH " JAFFA"- ISTOG	Cleaning supplies	Lack of funds	1.11
23.12.2011	3401	14050	N/D	NSH " NA & BA – PRISHTINË	Dental chair repairmen	Lack of funds	0.89
23.12.2011	1007121	13630	N/D	NTSH "KOSLABOR"- PRISHTINË	Medical supplies	Lack of funds	1.97
23.12.2011	1006911	13630	N/D	NTSH "KOSLABOR"- PRISHTINË	Medical supplies	Lack of funds	1.31
23.12.2011	30	13460	N/D	KUR "HIDRO- DRINI"-ISTOG	Water supply installment	Lack of funds	0.45
23.12.2011	126/11	13430	N/D	INST.I MJEK.SË PINËS-PRISHTIN	Other services	Lack of funds	0.05
31.12.2011	009/11	14050	N/D	NPN"EMH-ING" ISTOG	Pipe service	Lack of funds	0.74
31.12.2011	010/2011	13509	N/D	NPN"EMH-ING" ISTOG	Heating equipment	Lack of funds	1.40

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
31.12.2011	1192	13141	N/D	SEVDIJE SHABANAJ	Per Diem	Lack of funds	0.44
31.12.2011	140713	13760	N/D	NT " CHARLY" BANJË	Heating wood	Lack of funds	5.00
23.12.2011	6	13220	N/D	KUR "HIDRO-DRINI"-ISTOG	Water expense	Lack of funds	0.90
23.12.2011	11	13220	N/D	KUR "HIDRO-DRINI"-ISTOG	Water expense	Lack of funds	0.70
11.01.2012	12	13220	N/D	KUR "HIDRO-DRINI"-ISTOG	Water expense	Lack of funds	0.52
16.12.2011	264311152011	13250	N/D	PTK	Telephone expenses	Lack of funds	0.16
31.12.2011	9008653	13210	N/D	KEK- PEJË	Electricity	Lack of funds	0.14
31.12.2011	9027177	13210	N/D	KEK- PEJË	Electricity	Lack of funds	0.15
31.12.2011	9008451	13210	N/D	KEK- PEJË	Electricity	Lack of funds	2.41
31.12.2011	9008512	13210	N/D	KEK- PEJË	Electricity	Lack of funds	0.04
31.12.2011	9029107	13210	N/D	KEK- PEJË	Electricity	Lack of funds	0.72
31.12.2011	9029481	13210	N/D	KEK- PEJË	Electricity	Lack of funds	0.14
31.12.2011	9030836	13210	N/D	KEK- PEJË	Electricity	Lack of budget	0.06
25.12.2011	555/2011	13780	30.12.2011	IBOS	Fuel	Lack of budget	0.51
31.12.2011	615/2011	13780	30.12.2011	IBOS	Fuel	Lack of budget	0.63
25.12.2011	553/2011	13780	30.12.2011	IBOS	Fuel	Lack of budget	0.08
31.12.2011	614/2011	13780	30.12.2011	IBOS	Fuel	Lack of budget	0.04
31.12.2011	33	13620	31.12.2011	JAFFA	Food and Drinks	Lack of budget	0.50

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
31.12.2011	32	13620	31.12.2011	JAFFA	Food and Drinks	Lack of budget	1.33
19.01.2012	36	13620	31.12.2011	JAFFA	Food and Drinks	Lack of budget	0.39
19.01.2012	35	13620	31.12.2011	JAFFA	Food and Drinks	Lack of budget	0.13
19.01.2012	13	13620	31.12.2011	JAFFA	Food and Drinks	Lack of budget	0.20
20.01.2012	9	13620	31.12.2011	JAFFA	Food and Drinks	Lack of budget	0.58
20.01.2012	1/2011	13130	31.12.2011	au.tax.SADIK ZEQIRAJ	Student transportation	Lack of budget	0.25
20.01.2012	2/2011	13130	31.12.2011	au.tax.SADIK ZEQIRAJ	Student transportation	Lack of budget	0.75
19.01.2012	'08536	13130	31.12.2011	NASER AZIRAJ	Student transportation	Lack of budget	0.08
18.01.2012	'0004668	14050	31.12.2011	INFO – COPY	Equipment maintenance	Lack of budget	0.20
19.01.2012	'0013713	14050	31.12.2011	ERVINI	Equipment maintenance	Lack of budget	0.04
19.01.2012	K-001	13610	31.12.2011	MESHARI	Office supplies	Lack of budget	0.23
19.01.2012	11-210-001-940	14210	30.11.2011	ZERI	Notification	Lack of budget	0.10
16.12.2011	'264334672011	13250	25.11.2011	PTK	Telephone expenses	Lack of budget	0.55
25.12.2011	2549	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.01
25.12.2011	2554	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	1.62
25.12.2011	2553	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	1.38
18.01.2012	2517	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	4.58
18.01.2012	2545	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	2.14
18.01.2012	2550	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	2.30

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
18.01.2012	2539	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.74
12.01.2012.	2552	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.07
12.01.2012.	2513	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	16.89
19.01.2012.	2544	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	1.12
19.01.2012.	2514	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	1.34
19.01.2012.	2515	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	4.83
18.01.2012.	2574	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.06
18.01.2012.	2543	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.14
18.01.2012.	2546	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.08
19.01.2012.	2504	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	2.63
19.01.2012.	2527	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.38
20.01.2012	2568	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	0.07
20.01.2012	2043	13220	15.01.2012	HIDRO - DRINI	Water	Lack of budget	3.27
25.12.2011	9008737	13210	19.01.2012	KEK	Electricity	Lack of budget	0.11
25.12.2011	9026433	13210	19.01.2012	KEK	Electricity	Lack of budget	0.09
25.12.2011	9008657	13210	19.01.2012	KEK	Electricity	Lack of budget	0.11
25.12.2011	9008576	13210	19.01.2012	KEK	Electricity	Lack of budget	0.02
25.12.2011	2000266	13210	19.01.2012	KEK	Electricity	Lack of budget	0.02
19.01.2012.	9031060	13210	19.01.2012	KEK	Electricity	Lack of budget	0.28
19.01.2012.	9008539	13210	19.01.2012	KEK	Electricity	Lack of budget	0.09
19.01.2012.	9008649	13210	19.01.2012	KEK	Electricity	Lack of budget	0.04

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Economic Number</b>	<b>Term of payment</b>	<b>Supplier</b>	<b>Description</b>	<b>Reason for unpaid invoice</b>	<b>EUR '000</b>
18.01.2012.	9008562	13210	19.01.2012	KEK	Electricity	Lack of budget	0.26
18.01.2012.	9030833	13210	19.01.2012	KEK	Electricity	Lack of budget	0.01
18.01.2012.	9008403	13210	19.01.2012	KEK	Electricity	Lack of budget	0.05
18.01.2012.	9008520	13210	19.01.2012	KEK	Electricity	Lack of budget	0.02
18.01.2012.	9029415	13210	19.01.2012	KEK	Electricity	Lack of budget	0.01
18.01.2012.	9008402	13210	19.01.2012	KEK	Electricity	Lack of budget	0.02
18.01.2012.	9008404	13210	19.01.2012	KEK	Electricity	Lack of budget	0.06
12.01.2012	9029483	13210	19.01.2012	KEK	Electricity	Lack of budget	0.00
12.01.2012	9008599	13210	19.01.2012	KEK	Electricity	Lack of budget	0.06
12.01.2012	9008600	13210	19.01.2012	KEK	Electricity	Lack of budget	0.03
12.01.2012	9030595	13210	19.01.2012	KEK	Electricity	Lack of budget	0.08
16.01.2012	9008679	13210	19.01.2012	KEK	Electricity	Lack of budget	0.09
16.01.2012	9008699	13210	19.01.2012	KEK	Electricity	Lack of budget	0.03
16.01.2012	9008676	13210	19.01.2012	KEK	Electricity	Lack of budget	0.02
19.01.2012.	9008492	13210	19.01.2012	KEK	Electricity	Lack of budget	0.11
19.01.2012.	9026434	13210	19.01.2012	KEK	Electricity	Lack of budget	0.16
19.01.2012.	9024443	13210	19.01.2012	KEK	Electricity	Lack of budget	0.05
19.01.2012.	8	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.07
19.01.2012.	8/a	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.04
18.01.2012	6	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.02
19.01.2012	10	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.02

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

Invoice Date	Invoice Number	Economic Number	Term of payment	Supplier	Description	Reason for unpaid invoice	EUR '000
31.12.2011	5	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.02
19.01.2012	7	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.02
12.01.2012	11	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.04
20.01.2012	14	13230	15.01.2012.	Ambient	Waste	Lack of budget	0.02
30.11.2011	547/2011	N/D	N/D	IBOS	Fuel	N/D	0.16
31.12.2011	609/2011	N/D	N/D	IBOS	Fuel	N/D	0.15
03.08.2011	4900862	13210	N/D	KEK	Electricity	N/D	3.59
12.04.2011	1/3/2011	13252	N/D	PTK	Telephone	N/D	2.75
30.11.2011	545/2011	13780	N/D	IBOS	Fule	N/D	0.42
02.12.2011	p.n.	13141	N/D	Qazim Loxha	Offical travel	N/D	0.13
05.09.2011	2597011711	13252	N/D	PTK	Telephone	N/D	0.04
21.12.2011	25167959211	13252	N/D	PTK	Telephone	N/D	0.16
06.12.2011	26584257211	13252	N/D	PTK	Telephone	N/D	0.06
02.11.2011	26433466211	13252	N/D	PTK	Telephone	N/D	0.05
10.04.2009	3/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02
1.12.2008	11/1/2008-K.K.I.	13330	N/D	PTK	Telephone	N/D	1.01
31.05.2009	5/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02
01.04.2009	4/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02
30.04.2008	04/1 2008-K.K.I.	13330	N/D	PTK	Telephone	N/D	1.77
30.06.2010	6/2010-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02

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**Note 28 Detailed reporting obligations under the LPFMA (continued)**  
Statement of Outstanding Invoices (Liabilities) (continued)

<b>Invoice Date</b>	<b>Invoice Number</b>	<b>Economic Number</b>	<b>Term of payment</b>	<b>Supplier</b>	<b>Description</b>	<b>Reason for unpaid invoice</b>	<b>EUR '000</b>
31.03.2010	3/2010-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02
31.01.2010	1/2010-K.K.I..	13330	N/D	PTK	Telephone	N/D	0.01
31.05.2010	5/12010-K.K.I.	13330	N/D	PTK	Telephone	N/D	1.93
30/11/2010	11/2010-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02
31/03/2009	3/1/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	1.91
30.09.2009	9/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.04
31/10/2009	10/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.01
30/11/2009	11/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02
31/12/2009	12/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.02
31/08/2009	8/2009-K.K.I.	13330	N/D	PTK	Telephone	N/D	0.01

**TOTAL**

**174.47**



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**Note 29: Contingent Liabilities**

<b>Contingency Liability Type</b>	<b>Reason for Liabilities</b>	Exact or estimated value		
		<b>2011 EUR '000</b>	<b>2010 EUR '000</b>	<b>2009 EUR '000</b>
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
<b>Total</b>		-	-	-

**Section 16 Disclosure of Property, Plant and Equipment**

**Note 30: Summary of non-financial capital assets (value above EUR 1,000) in possession of a budget organization**

<b>Assets Classification</b>	<b>2011 EUR '000</b>	<b>2010 EUR '000</b>	<b>2009 EUR '000</b>
Non residential building	-	-	-
Land	-	-	-
Equipment	-	-	-
Infrastructure	-	-	-
Machinery	-	-	-
Vehicle	-	-	-
Other	-	-	-
<b>Total</b>	-	-	-

Note:

- 1) Source of information is the property registry with value above EUR 1,000 in KFMIS
- 2) Attach as Annex No. 1 analytical data assets.

**Note 31: Summary of non-financial assets valued below EUR 1,000 with useful life of more than one year**

**Non capita assets (valued less than 1000 Euro)**

<b>Assets Classification</b>	<b>2011 EUR '000</b>	<b>2010 EUR '000</b>	<b>2009 EUR '000</b>
Equipment and furniture	-	-	-
<b>Total</b>	-	-	-

- 1) Source of information is the Municipality property registry with value below EUR 1,000.
- 2) Attach as Annex No. 2 analytical data assets.

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**Note 32: Summary of inventory at the end of period**

<b>Inventory</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Asset Classification</b>	<b>EUR '000</b>	<b>EUR '000</b>	<b>EUR '000</b>
Inventory	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 1) Source of information is the Municipality inventory registry.
- 2) Attach as Annex No. 3 analytical data assets.

**Note 33: Unjustified Loans and advances**

<b>Issue Date</b>	<b>No of CPO</b>	<b>Purpose</b>	<b>2011</b>
			<b>EUR '000</b>
<b>Total</b>			<b>-</b>

**Note 34 Receivables (applies to organizations that collect revenue)**

<b>Economic Code</b>	<b>Description</b>	<b>2011</b>
		<b>EUR '000</b>
50019	Property Tax	750
50019	Business Fee	150
<b>Total</b>		<b>900</b>

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**Section 17 Note 35 Summary of Carried Forward Own Source Revenues**

	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>
Own Source Revenues carried forward from the previous year	176	289	298
<i>Plus</i> Own Source Revenues received this year in accordance with Note 15	855	715	780
<b>Available total for appropriation in the current year</b>	<b>1,031</b>	<b>1,004</b>	<b>1,078</b>
<i>Minus</i> Total paid in 2011	(743)	(828)	(789)
<b>Carried forward amount</b>	<b>288</b>	<b>176</b>	<b>289</b>

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**Section 18 Note 36 Reconciliation between Original and Final Budget Appropriations**

Appropriation Category	Changes authorized by LPFMA							Final Budget Appropriation KFMIS EUR '000	Adjustment from Original Budget
	Initial budget disposal of (Law on Budget) EUR '000	Changed according to article 29 Law nr. 03/L-048 EUR '000	Changed according to article 30 Law nr. 03/L-048 EUR '000	Changes according to article 31 Law nr. 03/L-048 EUR '000	Changes of owns source revenue EUR '000	Changes for donor grants defined	Changes for other sources of finance		
<b>Revenues</b>									
Tax	-	-	-	-	-	-	-	-	0.00%
Own source revenues	764	-	-	-	225	-	-	989	29.45%
Designated donor grants	-	-	-	-	-	81	-	81	100.00%
Capital receipts	-	-	-	-	-	-	-	-	0.00%
Privatization funds	-	-	-	-	-	-	-	-	0.00%
Other	-	-	-	-	-	-	-	-	0.00%
	<b>764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>81</b>	<b>-</b>	<b>1,070</b>	<b>40.05%</b>
<b>Expenses</b>									
Wages and Salaries	4,102	11	-	-	91	3	-	4,207	2.56%
Goods and services	590	8	-	-	27	10	-	634	7.46%
Utilities	131	-	-	-	-	-	-	131	0.00%
Transfers and subsidies	94	5	-	-	14	5	-	118	25.53%
Capital expenditures	2,314	38	-	-	93	63	-	2,509	8.43%
Privatization funds	-	-	-	-	-	-	-	-	0.00%
Other	-	-	-	-	-	-	-	-	0.00%
<b>Total</b>	<b>7,231</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>81</b>	<b>-</b>	<b>7,599</b>	<b>5.09%</b>

**Municipality of Istog**  
**Section 15-20. Notes to the financial statements**  
**31 December 2011**

*(Amounts in thousands of EUR, unless otherwise stated)*

**Section 19. Number of employees**

Department	Total full time & part time no. of employees as per law of budget	Actual no. of employees in the beginning of 2011		Actual no. of employees at the end of 2011	
		Full time	Part Time	Full time	Part Time
Office of the Mayor	6	6	-	3	-
Administration	43	40	-	44	-
Inspectors	7	7	-	7	-
Procurement	3	3	-	3	-
Finance and Budgeting	21	20	-	20	-
Public Service and Emergency	20	20	-	20	-
Community Office	8	7	-	7	-
Agriculture and Forestry	19	19	-	19	-
Economic Development	5	5	-	4	-
Cadastral and Geodesy	10	10	-	9	-
Urban and environmental planning	4	4	-	4	-
Health Administration	3	3	-	3	-
Primary youth care	123	123	-	119	1
Social Centre	12	10	-	10	-
Cultural, youth and sport	8	8	-	8	-
Education	656	656	-	638	10
<b>Total</b>	<b>948</b>	<b>941</b>	<b>-</b>	<b>918</b>	<b>11</b>

The difference in employment between employees in the beginning of 2011 and at the end of 2011 is due to employees who retired and those who resigned.

**Municipality of Istog**  
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*(Amounts in thousands of EUR, unless otherwise stated)*

**Section 20.**

**Report on taken and proposed actions on findings and recommendations of the Auditor for the prior year**

No	Recommendation or finding	Taken or proposed action	Deadline for implementation	Effect
1	Financial statements to be prepared in accordance with the current administrative guidelines and IPSAS	For the fiscal year 2011 the basis for preparation of Financial Statements has been KFIMS	Fiscal Year 2011	
2	To maintain a comprehensive list of payments from third parties	Only the Ministry of Public Administration has sent us the supporting evidence for the fiscal year 2011.		
3	To keep a detailed and comprehensive record on property, facilities and equipment	MPA has installed a software for the Budgeting Organization for the registration of all property of the Community		
4	Undertake implementation of an automated billing system for all types of income, the reconciliation of data is held in account with the Revenue Officer or operational departments and take measures to increase revenue collection from tax differences.	We have started in the current fiscal year 2012.		
5	To improve controls over expenditures and payments, and be in full compliance with the regulations and requirements of local regulations.	The Office of Procurement has been cautious with expenses and payments		
6	To make all efforts to pay all outstanding bills within the fiscal year; and	Some of the bills it will be impossible to be paid in the current fiscal year and will be carried forward as debt in the next fiscal year		
7	Establish an Auditing Committee	It has been established during the 2012 fiscal year		