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AUDIT REPORT

**ON THE FINANCIAL STATEMENTS OF THE MUNICIPALITY OF
ISTOG AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010**

Pristina, June 2011

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I. Executive Summary

KPMG has carried out an audit of the Annual Financial Statements of the Municipality of Istog (“Municipality”) for the year ended 31 December 2010.

Our audit was carried out in accordance with international auditing standards issued by International Organisation of Supreme Audit Instructions (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 in page 6 of this document:

“Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs we do not express an opinion on the financial statements.”

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

- 1 The Municipality should maintain listings of payments from third parties. Due to the nature of records kept in accounting and operational systems for payments from third parties, as well as the absence of alternative controls implemented by management, we were not able to perform sufficient and appropriate audit tests to verify the completeness of the payments from third parties recognized for the year ended 31 December 2010.
- 2 The Municipality has only partially disclosed amounts in respect of property, plant and equipment in Note 27 to the financial statements. In addition, there are a number of deficiencies and uncertainties, which affect the Municipality’s financial reporting of property, plant and equipment in the following ways:
 - The Municipality has not maintained a comprehensive register of its property, plant and equipment.
 - 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.

Due to the nature of the records and other deficiencies as described above, we were not able to determine which alterations might be necessary to the financial information provided in the Municipality’s financial statements.

- 3 Certain disclosures are not prepared in accordance with requirements of administrative instruction IA 16/2010.
 - In note 25, “*Statement of budget organization unpaid invoices (obligations)*” all information was presented in the table under point B “Other liabilities” and no information was presented in table A “KFMIS data”.
 - The Municipality has not completed the disclosure “*Receivables (used for revenue collecting organizations)*” in Note 28 to the financial statements.
 - The Municipality has not completed section 18 “*Report on taken and proposed actions on findings and recommendations of the Auditor General for year 2009*” to the financial statements.

- 4 The comparative information, which should be presented in Note 27 for the years 2009 and 2008 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 you to ensure:

- The financial statements are prepared in compliance with the administrative instruction and IPSAS;
- 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;
- Law No. 2003/17 'Law on Public Procurement in Kosovo' (amended) is fully complied with; 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 2010 and is committed to make all the efforts in order to address the recommendations given.

Refer to Appendix 1 for management's comments to our recommendations and our response 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 2010.

It is the responsibility of the Municipality to prepare financial statements in accordance with Administrative Instruction 16/2010 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 2010.

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 audit of the Municipality. During that stage of the audit process we addressed the Municipality’s handling of recommendations given earlier and the quality of financial management. 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 16/2010 and International Public Sector Accounting Standards (IPSAS) for “Financial Reporting under the Cash Basis of Accounting”. Our recommendations were submitted through an audit memorandum dated 8 December 2010.

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 2010;
- Determined whether the Municipality’s Annual Financial Statements were prepared in accordance with IPSAS “Financial Reporting under the Cash Basis of Accounting” and Administrative Instruction no. 16/2010;
- 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 2010.

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 2 which includes an extract from ISSAI 4000.

III. Audit Opinion

Independent Auditors' Report

To the Municipal Assembly

Istog Municipality, Kosovo

Pristina, 3 June 2011

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 2010, 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 Administrative Instruction No. 16/2010 *On Annual Reporting 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

Our responsibility is to express an opinion on these financial statements based on our audit. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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

Basis for Disclaimer of Opinion

- 1 The Municipality should maintain listings of payments from third parties. Due to the nature of records kept in the accounting and operational systems for payments from third parties, as well as the absence of alternative controls implemented by management, we were not able to perform sufficient and appropriate audit tests to verify the completeness of the payments from third parties recognized for the year ended 31 December 2010.
- 2 The Municipality has only partially disclosed amounts in respect of property, plant and equipment in Note 27 to the financial statements. In addition, there are a number of deficiencies and uncertainties which affect the Municipality's financial reporting of property, plant and equipment in the following ways:
 - The Municipality has not maintained a comprehensive register of its property, plant and equipment.
 - 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.

Due to the nature of the records and other deficiencies as described above, we were not able to determine which alterations might be necessary to the financial information provided in the Municipality's financial statements.

- 3 Certain disclosures were not prepared in accordance with requirements of administrative instruction IA 16/2010.
 - In note 25, "*Statement of budget organization unpaid invoices (obligations)*" all information was presented in the table under point B "Other liabilities" and no information was presented in table A "KFMIS data".
 - The Municipality has not completed the disclosure "*Receivables (used for revenue collecting organizations)*" in Note 28 to the financial statements.
 - The Municipality has not completed section 18 "*Report on taken and proposed actions on findings and recommendations of the Auditor General for year 2009*" to the financial statements.
- 4 The comparative information, which should be presented in Note 27 for the years 2009 and 2008 was not completed.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs we do not express an opinion on the financial statements.

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 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 was not able to deliver a final draft of financial statements in Serbian by the end of our audit.
- 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, no such disclosure was made 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 listings 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.
- 5 We identified a number of non-compliances with Law No. 2003/17 'Law on Public Procurement in Kosovo' (amended). Such non-compliance related to required procedures which were not performed and documented by the Municipality.

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IV. Status of Prior Years Recommendations

Our management letter, as at and for the year ended 31 December 2009, identified five main recommendations. One of these recommendations, concerning expenditures (wages and salaries and other expenses points were resolved) has been partially addressed, while the remaining recommendations have yet to be addressed:

- 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, has led us to have similar findings as in 2009.

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	2010 Actual in EUR’000	2009 Actual in EUR’000
Government Grant - Budget	5,139,000	5,323,000	5,369,000	5,315,000	4,396,000
Own Source Revenues	741,000	741,000	1,030,000	827,000	789,000
Domestic Donations	-	-	552,000	544,000	717,000
External Donations	-	-	-	-	-
I. Total of revenues and transfer of Donations	5,880,000	6,064,000	6,951,000	6,686,000	5,902,000
Wages and Salaries	3,081,000	3,249,000	3,316,000	3,305,000	2,936,000
Goods and Services	543,000	548,000	707,000	661,000	625,000
Utilities	129,000	130,000	153,000	146,000	120,000
Subsidies and Transfers	91,000	91,000	121,000	110,000	196,000
Capital Investments	2,036,000	2,046,000	2,654,000	2,464,000	2,025,000
Reserves	-	-	-	-	-
II. Total of Expenditures	5,880,000	6,064,000	6,951,000	6,686,000	5,902,000
Difference I-II	-	-	-	-	-

The budgeted amounts are extracted from financial statements Section 10. “*Budget Execution Report*” and Section 17 Note 31 “*Reconciliation between Original and Final Budget Appropriations*”.

VI. Financial Statements

VI.1 Compliance regarding the external reporting

Based in the requirements of LPFMA No. 03/L-048 and Administrative Instruction 16/2010 “AI 16/2010”, we have identified the following weaknesses:

- The Municipality has prepared the financial statements according to AI 16/2010 except for: disclosure of third party payments; completeness of “*Summary of Non-Financial Assets Possessed by Budget Organizations*” in note 27; accuracy of the “*Statement of budget organization unpaid invoices (obligations)*” in note 25; disclosure of “*Receivables (used for revenue collecting organizations)*” in note 28; and disclosure of “*Report on taken and proposed actions on findings and recommendations of the Auditor General for the year 2009*” in section 18 to the financial statements;
- The Financial Statements have been signed by the Chief Administrative Officer and Chief Financial Officer of the audited body;
- The Financial Statements were not signed within the required time frame. They were signed on 16 February 2011 and submitted to the Ministry of Economy and Finance (MEF);
- The Financial Statements were submitted only in the Albanian Language; and
- The Municipality has prepared and submitted regular quarterly reports to MEF during 2010.

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 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.

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 2010. We were not provided with a detailed list of revenues by the Cadastral Office, Property and Rent Office and Administrative Tax Office. We were not provided with a list of rent agreements for the year 2010.
- *Revenue from business licenses.* The Municipality does not obtain from the Ministry of Trade and Industry the total number of active businesses in the Municipality. Therefore, inactive or terminated businesses might be charged, while active or new businesses may not be charged.
- *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.
- *Revenues from tax on property.* We identified a property registered in January 2009, but not entered in the billing system and consequently not invoiced till 2010 (owner: V.S and tax amount in 2010 is EUR 27).

Furthermore, three cases of new properties (owners: M.M, V.B and I.K) were not registered and hence not entered in the billing system for 2010.

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.
- Ensure that properties are registered, entered in the system and invoiced in the appropriate period.
- Ensure the implementation of proper control procedures on cash collections.

VII.2 Expenditures

2.1 Purchases through Procurement

Findings

1. No procurement procedures were carried out for the selection of the publishing company where all municipality's announcements and publications were carried out throughout the year.
2. In the tender dossier no. 633/10/031/521, the criteria for the possibility of winning the contract was the lowest price. However, the contracted party did not have the lowest price offer. The difference between the winning party price and the lowest price offer was EUR 194. There was no explanation in the tender folder to indicate why this tender was not given to the lowest price offer.

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.

2.2 Other purchases

Findings

No findings to report in this area.

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 not completed the disclosure for receivables as required by AI 16/2020.

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.

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 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 2010 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:

- disclose the required information on property, plant and equipment in the financial statements as at 31 December 2010 and 31 December 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 total of outstanding liabilities not paid to suppliers as at the end of 2010 was EUR 266,102. These liabilities are carried forward to be paid in 2011.

The Municipality presented 202 unpaid invoices in Note 25 of the Financial Statements as at 31 December 2010, out of which:

- 5 invoices have no date specified;
- 17 invoices are without invoice numbers;
- 73 invoices are without invoice economic code;
- 68 invoices have no payment due date specified; and
- 63 invoices are without description of the reason for non payment

Findings

Section 13.1 of Administrative Instruction No.16/2010 on Annual Reporting of Budget Organizations states that: “*For all goods and services received, regardless of the economic category, budget organizations must pay for them by end of fiscal year – 31 December 2010*”. We noted that the Municipality has presented unpaid invoices related to goods and service in section 13, Note 25 of the Financial Statements for the year ending 31 December 2010.

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 year-end.

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 be used to produce comprehensive financial statements for the year ended 31 December 2010.

As a consequence of the above weaknesses, the following was omitted or improperly disclosed in the financial statements as at 31 December 2010:

- There may be significant payments from third parties, for example a ministry or foreign donor may buy/contribute an asset for use by the Municipality, which is not presented in the financial statements because no record of it was maintained in a proper register or Free Balance.
- Section 15, Note 27. ‘*Summary of Non-Financial Assets Possessed by Budget Organizations*’ were partially disclosed.
- Note 25, “*Statement of budget organization unpaid invoices (obligations)*” is not prepared in accordance with requirements of administrative instruction IA 16/2010. All information was presented in table under point A “KFMIS data” and no information was presented under point B “Other liabilities”.
- Section 15, Note 28. “*Receivables (used for revenue collecting organizations)*” were not disclosed.
- Section 18 “*Report on taken and proposed actions on findings and recommendations of the Auditor General for year 2009*” to the financial statements is not completed.
- The comparative information, which should be presented in Note 27 ‘*Summary of Non-Financial Assets Possessed by Budget Organizations*’ for the years 2009 and 2008 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 Internal Audit

Findings

The Municipality has not established an Audit Committee.

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

Please see audit opinion.

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 year end-and.
- An internal Audit Committee should be established.

Annex 1 Municipality of Istog management comments and KPMG response

<u>Recommendations</u>	Agree	Partially agree	Do not agree	Comments from the Municipality	KPMG response
<p><u>Recommendation 1:</u></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			The Municipality will place all efforts in implementing your recommendations when preparing financial statements for the year ending 31 December 2011.	The Municipality has agreed with our findings.

<u>Recommendations</u>	Agree	Partially agree	Do not agree	Comments from the Municipality	KPMG response
<p><u>Recommendation 3:</u> 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"> • 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. 	X			We are in the process of implementing a system of internal controls which would facilitate the process of reconciliation for own source revenues.	The Municipality has agreed with our findings.

<u>Recommendations</u>	Agree	Partially agree	Do not agree	Comments from the Municipality	KPMG response
<u>Recommendation 3: (continued)</u> <ul style="list-style-type: none"> • Automatically link the operational and billing units and perform regular reconciliations between them, in cases where the billing is directly related to services supplied by the operational units. This is especially important where a high volume of transactions is executed. • Ensure that properties are registered, entered in the system and invoiced in the appropriate period • Ensure the implementation of proper control procedures on registrations and billing for tax on property. 					
<u>Recommendation 4:</u> 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			In regard to the tender dossier no. 633/10/031/521 considering the experience of the contracted party the evaluation commission decided to award the supplier despite the minor difference in price.	The Municipality has agreed with our findings.

<u>Recommendations</u>	Agree	Partially agree	Do not agree	Comments from the Municipality	KPMG response
<p><u>Recommendation 5</u></p> <p>We recommend the Municipality to ensure that:</p> <p>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, or follow up the collection of the own source revenues.</p>	X			We believe that implementing a proper billing system will facilitate record keeping for receivables as well. This would enable a proper disclosure in our financial statements.	The Municipality has agreed with our findings.
<p><u>Recommendation 6:</u></p> <p>We recommend the Mayor ensures that the Municipality considers the following:</p> <ul style="list-style-type: none"> • Maintain a comprehensive register of PPE. • 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. 	X			All efforts will be made to implement your recommendations.	The Municipality has agreed with our findings.
<p><u>Recommendation 7:</u></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>	X			We did not have sufficient funds to pay the listed liabilities. We are paying them during 2011 in compliance with internal procedures.	The Municipality has agreed with our findings.

<u>Recommendations</u>	Agree	Partially agree	Do not agree	Comments from the Municipality	KPMG response
<p><u>Recommendation 8:</u> 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			We will address your recommendations for preparation of financial statements in next time we prepare them.	The Municipality has agreed with our findings.
<p><u>Recommendation 9:</u> 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			We are in the process of establishing an Audit Committee.	The Municipality has agreed with our findings.

<u>Recommendations</u>	Agree	Partially agree	Do not agree	Comments from the Municipality	KPMG response
<p><u>Recommendation 9 (continued):</u> 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"> • Municipality’s accounting and financial reporting process; • Assessment of internal control systems implemented by management; • Internal and external audit processes; • Compliance, reporting and control structures throughout the Municipality to ensure compliance with financial, regulatory and legal requirements; • Internal Audit plan and follow-up of Internal Audit findings. 					

Annex 2 Different types of Audit Opinions applied by KPMG in the Annual Audit Report 2010

(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.

Istog Municipality

Financial Statements

as at and for the year ended 31 December 2010

(with independent auditors' report on financial statements thereon)

II. DECLARATION REGARDING PRESENTATION OF FINANCIAL STATEMENTS

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

From: **Permanent Secretary (Chief Executive Officer) and Chief Financial Officer**

In our opinion, the attached consolidated financial statements and the notes to these statements for the year ended on 31 December 2010 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 No. 03/L-048 and Law no 03/L-221 on amendments to the LPFMA and are based on properly maintained financial records.

This declaration is provided in connection with the presentation of the Kosovo General Budget financial statements of the budget organizations for the year ended on 31 December 2010.

We confirm, to the best of our knowledge and belief, that:
There have been no irregularities involving management or employees which could have had a material effect on the financial statements.

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

There are no bank accounts related to the KCB other than the bank accounts specified in the financial statements and this specification is complete and accurate as of 31 December 2010.

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 consolidated financial statements give a true and fair presentation of the finances and financial transactions for the year ended on 31 December 2010 of Municipality of Istog.

Date: 31 May 2011

Signature and stamp: _____

Chief Administrative Officer

Date: 31 May 2011

Signature and stamp: _____

Chief Financial Officer



Istog Municipality
Section 9. Statement of Cash Receipts and Payments
for the year ended 31 December 2010

(Amounts in thousands of EUR,
unless otherwise stated)

	Notes	2010			2009			2008		
		Single Treasury Account		Payments from third parties	Single Treasury Account		Payments from third parties	Single Treasury Account		Payments from third parties
		Kosovo Consolidated budget (‘KCB’)	OSR		KCB	OSR		KCB	OSR	
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000		
Receipts										
General Fund Appropriations	2	5,315	828	-	4,396	789	-	3,335	782	-
Special Purpose Fund Appropriations		-	-	-	-	-	-	-	-	-
Designated Donor Grants	3	-	544	-	-	717	-	152	-	-
Other Receipts	4	-	-	-	-	-	-	-	-	-
Total receipts		5,315	1,372	-	4,396	1,506	-	3,487	782	-
Payments										
<i>Operations</i>										
Wages and Salaries	5	3,264	42	-	2,878	58	-	2,516	29	-
Goods and Services	6	466	195	-	460	165	-	366	324	-
Utilities	7	126	20	-	112	8	-	135	-	-
		3,856	257	-	3,450	231	-	3,017	353	-
<i>Transfers</i>										
Transfers and Subsidies	8	-	110	-	-	196	-	-	80	-
<i>Capital Expenditures</i>										
Property Plant and Equipment	9	1,459	1,005	-	946	1,079	-	470	349	-
Other Payments	10	-	-	-	-	-	-	-	-	-
Total payments		5,315	1,372	-	4,396	1,506	-	3,487	782	-

Istog Municipality
Section 10. Budget Execution Report
for the year ended 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

		2010				2009	2008
		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
	Notes						
Cash inflows into Treasury account							
Taxation	11	-	-	-	-	-	-
General fund		5,139	5,369	5,315	(54)	4,396	3,336
Own Source Revenues of the year	12, 29	741	741	546	(195)	511	474
Own Source Revenues of prior year	12, 29	-	289	281	(8)	278	307
Grants and Aid	13	-	552	544	(8)	717	152
Capital receipts	14	-	-	-	-	-	-
Other	16	-	-	-	-	-	-
Total Receipts collected for KCB		5,880	6,951	6,686	(265)	5,902	4,269
Cash outflows from Treasury account							
Wages and Salaries	17	3,081	3,316	3,305	(11)	2,936	2,545
Goods and Services	18	543	707	661	(46)	625	690
Utilities	19	129	153	146	(7)	120	135
Transfers and Subsidies	20	91	121	110	(11)	196	80
Capital Expenditures	21	2,036	2,654	2,464	(190)	2,025	819
Privatization Fund	22	-	-	-	-	-	-
Other	23	-	-	-	-	-	-
Total Payments made from KCB through STA		5,880	6,951	6,686	(265)	5,902	4,269

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

1. Accounting Policies

a) 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 Administrative Instruction No. 16/2010 *On Annual Reporting Of Budget Organizations*.

The accounting policies have been applied consistently throughout the period.

b) Reporting entity

The financial statements are for a public sector entity: Municipality of Istog ('the Municipality').

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

c) Payments by Third Parties

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

d) Reporting currency

The reporting currency is Euro.

e) Receipts and payments

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

Payments (Expenditures) are recognized once they are paid from the Kosovo Consolidated Fund ('KCF') bank account.

f) Transfers

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

g) Budgets

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

- The Original Budget is approved by the Law No. 03/L-177
- The Reviewed Budget is approved by Law No. 03/L-218
- The Final Budget is included in the Kosovo Financial Management Information System and is also published as part of the consolidated financial statements of the Government of Kosovo.

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

2. General Fund Appropriations

Economic classification	2010			2009	2008
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Wages and Salaries	3,264	42	3,306	2,936	2,545
Goods and Services	466	172	638	624	688
Utilities	126	20	146	120	135
Subsidies and Transfers	-	110	110	196	80
Capital Outlays	1,459	484	1,943	1,309	669
Total	5,315	828	6,143	5,185	4,117

3. Designated Donor Grants

	2010	2009	2008
	EUR '000	EUR '000	EUR '000
Wages and Salaries	-	-	-
Goods and Services	23	1	2
Utilities	-	-	-
Subsidies and Transfers	-	-	-
Capital Outlays	521	716	150
Total	544	717	152

4. Other Receipts

There were no other receipts during the year 2010.

5. Wages and Salaries

Description	2010			2009	2008
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Payments from KCF					
Net salaries	2,847	36	2,883	2,493	2,129
Personal Income Tax	98	3	101	84	88
Employer pension contribution	155	-	155	140	121
Employee pension contribution	155	3	158	140	121
Payments for Unions 0.10% to 0.50%	9	-	9	8	4
Overtime payments	-	-	-	-	26
Daily payments for Parliament and committee members	-	-	-	71	56
	3,264	42	3,306	2,936	2,545
Payment from Grants					
Full time salaries	-	-	-	-	-
Overtime wages	-	-	-	-	-
Contracted payments	-	-	-	-	-
	-	-	-	-	-
Total	3,264	42	3,306	2,936	2,545

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

6. Goods and Services

Description	2010			2009	2008
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Payments from KCF					
Travel expenses	13	8	21	14	22
Telecommunication services	8	2	10	32	12
Contractual services	33	27	60	70	38
Compensations for attending trials	-	-	-	25	-
Furniture and equipment	31	7	38	66	61
Other expenditures	100	76	176	123	118
Fuel	175	15	190	165	162
Advances	-	-	-	-	-
Financial services	10	1	11	10	10
Maintenance and repair	72	30	102	112	174
Rent	-	-	-	-	-
Marketing expenditures	9	3	12	7	7
Representation expenditures	15	4	19	-	84
	466	173	639	624	688
Payment from Grants					
Travel expenses	-	2	2	-	-
Telecommunication services	-	-	-	-	-
Contractual services	-	2	2	-	-
Furniture and equipment	-	3	3	-	-
Other expenditures	-	5	5	-	2
Fuel	-	3	3	1	-
Advances	-	-	-	-	-
Financial services	-	-	-	-	-
Maintenance and repair	-	4	4	-	-
Rent	-	-	-	-	-
Marketing expenditures	-	-	-	-	-
Representation expenditures	-	3	3	-	-
	-	22	22	1	2
Total	466	195	661	625	690

7. Utilities

Description	2010			2009	2008
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Utilities paid from the KCF	126	20	146	120	135
Utilities paid from Grants	-	-	-	-	-
Total	126	20	146	120	135

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

8. Transfers and Subsidies

Description	2010		2009	2008
	KCB	OSR		
	EUR '000	EUR '000	EUR '000	EUR '000
Payments from KCF				
Subsidies	-	8	8	-
Subsidies for public entities	-	2	2	37
Subsidies for non-public entities	-	35	35	3
Payments for individual beneficiaries	-	65	65	138
Base pensions	-	-	-	-
Disabled pensions	-	-	-	-
Pensions or social assistance	-	-	-	-
Payments for war invalids	-	-	-	-
Payments for war victims families	-	-	-	-
Trepca provisional pensions	-	-	-	-
	-	110	110	196
Payment from Grants				
Subsidies	-	-	-	-
Subsidies for public entities	-	-	-	-
Subsidies for non-public entities	-	-	-	-
Payments for individual beneficiaries	-	-	-	-
	-	-	-	-
Total	-	110	110	80

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

9. Property, Plant and Equipment

Description	2010		Total EUR '000	2009	2008
	KCB EUR '000	OSR EUR '000		EUR '000	EUR '000
Payments from KCF					
Buildings	177	15	192	607	2
Road construction	672	297	969	437	238
Waste and water system	-	-	-	123	-
Water supply system	-	-	-	52	37
Energy, generation, transfer, and supply	68	12	80	66	15
Equipment	62	18	80	-	-
Machinery	43	-	43	24	-
Other structures	437	142	579	-	322
Intangibles	-	-	-	-	44
Payment for court decisions	-	-	-	-	11
	1,459	484	1,943	1,309	669
Payment from Grants					
Buildings	-	240	240	116	-
Road construction	-	10	10	30	150
Waste and water system	-	-	-	61	-
Water supply system	-	-	-	17	-
Equipment	-	147	147	-	-
Energy, generation, transfer, and supply	-	20	20	-	-
Other capital items	-	104	104	492	-
	-	521	521	716	150
Total	1,459	1,005	2,464	2,025	819

10. Other Payments

There were no other payments during 2010.

11. Taxation

Description	Note	2010	2009	2008	% of total 2010	% of difference From 2009
		Original Budget EUR '000				
Customs	12.1	-	-	-	-	-
Tax Administration	12.2	-	-	-	-	-
Other tax	12.3	-	-	-	-	-
Total		-	-	-	-	-

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

12. Own source revenues

Description	2010 EUR '000	2009 EUR '000	2008 EUR '000	% of 2010 total	% of Difference from 2009
Income from tax on property	186	170	187	26%	9%
Income from administrative tax	-	-	-	0%	0%
Income from penalties	41	63	47	6%	(35%)
Income from licences	-	-	-	0%	0%
Income from inspections	55	52	66	8%	6%
Income from licences for use of forests	3	10	10	0%	(70%)
Income from use of land	2	2	-	0%	0%
Other income	-	-	-	0%	0%
Participation in tender	3	3	3	0%	0%
Construction licence	96	36	27	13%	167%
Birth certificates	48	40	29	7%	20%
Marriage certificates	9	8	4	1%	13%
Income from property registration	-	-	-	0%	0%
Death certificates	-	-	-	0%	0%
Other certificates	17	30	31	2%	(43%)
Administrative Tax	5	5	11	1%	0%
Income from geodesy and cadastre	-	-	-	0%	0%
Income from Rent	5	8	14	1%	(38%)
Vehicle registration tax	53	51	50	7%	4%
Income from sale of goods	2	6	-	0%	(67%)
Tax on document verification	3	4	-	0%	(25%)
Revenues from health and education	84	91	95	12%	(8%)
Court penalties	64	78	60	9%	(18%)
Tax on use of forests	-	-	-	0%	0%
Tax on construction licence	-	-	-	0%	0%
Tax on change of land destination	3	83	46	0%	(96%)
Licences for individual activities	6	8	17	1%	(25%)
Licence for professional services	7	10	7	1%	(30%)
Hotel licences	3	2	5	0%	50%
Other business licences	13	7	4	2%	86%
Licence for sale of fuel	-	2	1	0%	(100%)
Licence for sale on street	5	8	13	1%	(38%)
Revenue from public services	2	3	1	0%	(33%)
Total	715	780	728	100%	(8%)
Community Participations	-	-	261		
Total Revenues	715	780	989		
Own source revenue carried forward from previous year	289	298	352		

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

12. Own source revenues (continued)

Out of EUR 741 thousand planned and presented in final budget accordingly only EUR 715 thousand of Own source revenues have been realized throughout 2010.

12.1 Own source revenues – Administrative tax

The details required in Note 12.1 are disclosed in Note 12.

13. Grants and Assistance

Description	2010 EUR '000	2009 EUR '000	2008 EUR '000
World Bank	10	11	-
Danish Government	-	-	-
UNDP	542	630	-
OSBE	-	-	2
Community Participation	-	-	261
Total	552	641	263

14. Capital receipts

Asset Type	Profit from Sale		
	2010 EUR '000	2009 EUR '000	2008 EUR '000
Infrastructure	-	-	-
Manufacturing	-	-	-
Site and Equipment	-	-	-
Total	-	-	-

15. Privatization fund

POE	Profit from Privatization		
	2010 EUR '000	2009 EUR '000	2008 EUR '000
POE #1	-	-	-
POE #2	-	-	-
POE #3	-	-	-
POE #4	-	-	-
POE #5	-	-	-
Total	-	-	-

Istog Municipality

Section 11. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

16. Other

Receipt type	2010 EUR '000	2009 EUR '000	2008 EUR '000
Lottery games deposit	-	-	-
Regulatory committee deposit	-	-	-
ADD deposits	-	-	-
Special Chamber deposit	-	-	-
Total	-	-	-

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

Amount of EUR 11 thousand has remained unspent because the employees of primary health care directorate did not receive their payments for the night shift amounting EUR 6 thousand which were planned to be paid from the own source revenue funds. The rest, amount of EUR 5 thousand appears in Kosovo Financial Management Information System ("KFMIS") as a surplus after payment of per-diems for the officers of the Municipality.

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

Amount of EUR 46 thousand represents obligations to the primary healthcare directorate and education for payment of food and cleaning supplies for November and December, planned to be financed from the category of own source revenue. However payment was not done since the Municipality could not utilize own source revenue receipts of November and December.

19. Difference between payments and final budget for utilities

Amount of EUR 7 thousand has remained unspent because invoices for December 2010 electricity and other utilities expenses were received only after the year end.

20. 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 2010 we were unable to pay student scholarships, hence the amount of EUR 11 thousand remained unspent in this category.

21. Difference between payments and final budget for capital expenditure

The lower actual payments compared to final budget for capital investments is related to :

- failure to complete the funds commitment procedures in due time; and
- selection of lower offers for capital investments in comparison with budgeted amounts.

2010 capital expenditure final budgeted amounts from own source revenue that were not utilized in the year 2010 will be carried forward to the year 2010.

22. Difference between payments and final budget for privatization fund

There were no budgeted or actual payments for the privatization fund in 2010.

23. Difference between payments and final budget for other payments

There were no budgeted or actual other payments in 2010.

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Section 12.

24. Reporting obligations under the LPFMA

No	Number of employees by department	Number of employees as per Budget Law 03/L-177	Actual number of employees in the beginning of 2010		Actual number of employees in the end of 2010	
			Full time employees	Part time employees	Full time employees	Part time employees
1	Mayor Office	3	3	-	3	-
2	Administration	45	43	-	44	-
3	Inspection	8	7	-	7	-
4	Procurement	3	3	-	3	-
5	Budget and Finance	20	20	-	20	-
6	Public Services and emergency	20	20	-	20	-
7	Community Office	8	6	-	7	-
8	Agriculture and Forestry	4	4	-	19	-
9	Economic Development	5	5	-	4	-
10	Cadastral and Geodesy	10	10	-	9	-
11	Urban Planning	4	4	-	4	-
12	Health Administration	3	3	-	3	-
13	Primary health care	123	123	-	119	1
14	Social centre	12	12	-	10	-
15	Culture, youth and sport	9	9	-	8	-
16	Education	652	643	8	638	10
	Total	929	915	8	918	11

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Section 13.

25. Statement of budget organization unpaid invoices (obligations)

a. KFMIS Data

Purchase Order No	Purchase Order Amount	Economic Code	Description	Vendor	Amount Paid	Amount Received (Goods Received)	2010 Amount Not Paid €'000
							-
Total							-

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations)

b. Other liabilities

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
1	03.11.2010	18387	N/D	N/D	Agro-Jetoni	Purchase of flowers	Not Disclosed ("N/D")	0.030
2	10.11.2010	18388	N/D	N/D	Agro-Jetoni	Purchase of flowers	N/D	0.020
3	28.11.2010	18390	N/D	N/D	Agro-Jetoni	Purchase of flowers	N/D	0.045
4	08.05.2010	7787	N/D	N/D	Agro-Jetoni	Purchase of flowers	N/D	0.045
5	09.11.2010	Order 01Nr.178/10	N/D	N/D	11 members of Commission	compensation for wages	N/D	2.750
6	31.12.2010	N/D	N/D	N/D	NTSHT "Kelmendi"	payments for daily newspaper	N/D	0.055
7	30.12.2010	129	N/D	N/D	NTSH "Burimi-N"	End Year Cocktail Event 2010	N/D	0.227
8	30.11.2010	382	N/D	N/D	company "IBOS"	Vehicle fuel	N/D	0.498
9	31.12.2010	428	N/D	N/D	company "IBOS"	Vehicle fuel	N/D	0.557
10	17.12.2010	169501	N/D	N/D	NPSH "Artoni"	Vehicle repairmen	N/D	0.070
11	22.12.2010	3743	N/D	N/D	NPSH "Artoni"	Carpet wash	N/D	0.017
12	N/D	N/D	N/D	N/D	anëtarët e KK-s	compensation for wages	N/D	2.900
13	31.12.2010	31-10-H	N/D	N/D	Kompania Trofta	food and beverages	N/D	0.733
14	31.12.2010	31-11-H	N/D	N/D	Kompania Trofta	food and beverages	N/D	0.414
15	31.12.2010	31-12-H	N/D	N/D	Kompania Trofta	food and beverages	N/D	0.348
16	28.11.2010	27-Mar	N/D	N/D	Agro-Jetoni	Purchase of flowers	N/D	0.030
17	10.12.2010	7759	N/D	N/D	Agro-Jetoni	Purchase of flowers	N/D	0.030
18	23.12.2010	3-Apr	N/D	N/D	Agro-Jetoni	Purchase of flowers	N/D	0.020
19	25.12.2010	R/26	N/D	N/D	NTSH "Meshari"	Notifications in Radio	N/D	3.790
20	20.12.2010	N/D	N/D	N/D	NHT "Merkuri"	representation expenses	N/D	0.157

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
21	20.12.2010	N/D	N/D	N/D	NHT 'Merkuri'	representation expenses	N/D	0.142
22	20.12.2010	N/D	N/D	N/D	NHT 'Merkuri'	representation expenses	N/D	0.101
23	02.12.2010	N/D	N/D	N/D	NTH 'Merkuri'	representation expenses	N/D	0.031
24	29.12.2010	N/D	N/D	N/D	NHT 'Merkuri'	representation expenses	N/D	0.037
25	30.11.2010	N/D	N/D	N/D	NHT 'Merkuri'	representation expenses	N/D	0.041
26	24.12.2010	284/10	N/D	N/D	SHPK Granitit	Inventory	N/D	0.925
27	03.12.2010	070/12	N/D	N/D	Pre-minister Office	official gazette	N/D	0.060
28	12.11.2010	070/11	N/D	N/D	Pre-minister Office	official gazette	N/D	0.060
29	12.12.2010	112179	N/D	N/D	Gryka Tours	travel expenses	N/D	1.000
30	22.11.2010		N/D	N/D	Zekije Sutaj	travel expenses	N/D	0.125
31	08.12.2010	241697582010	N/D	N/D	PTK	payment for fix telephone	N/D	0.153
32	08.12.2010	241170482010	N/D	N/D	PTK	payment for fix telephone	N/D	0.025
33	31.12.2010		N/D	N/D	KUR "Hidrodrini"	payment for water supply	N/D	0.037
34	31.12.2010	422	N/D	N/D	IBOS	purchase of fuel	N/D	0.528
35	30.11.2010	384	N/D	N/D	IBOS	purchase of fuel	N/D	0.223
36	30.11.2010	376	N/D	N/D	IBOS	purchase of fuel	N/D	0.445
37	31.12.2010	430	N/D	N/D	IBOS	purchase of fuel	N/D	0.234
38	21.12.2010	01/10	N/D	N/D	EMH ING NPN	repairmen of heater	N/D	0.998
39	30.11.2010	1154	N/D	N/D	Gazeta "Zëri"	publications	N/D	0.209
40	06.12.2010	G-087/2010	N/D	N/D	Graphos	advertisement of municipality building	N/D	0.436

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
41	N/A	Vendimi 01Nr.159/10	N/D	N/D	12 civil employees	extra work	N/D	3.000
42	20.12.2010	16907	N/D	N/D	NPN "Lindi"	as per contract nr.ref.633/2010/068/521	N/D	16.846
43	N/D	N/D	N/D	N/D	NNP "Le Pont"	reconstruction of municipality facility	N/D	4.600
44	01.12.2010	3738	N/D	N/D	DPZ "Rifati"	car wash	N/D	0.097
45	25.12.2010	R/26	N/D	N/D	NTSH "Meshari"	Notifications in Radio	N/D	2.020
46	N/D	N/D	N/D	N/D	KUR "Hidrodrini"	Payment of month Dec	N/D	0.994
47	13.12.2010		N/D	N/D	PTK	payment of postal expenses	N/D	0.023
48	08.12.2010	550023092	N/D	N/D	PTK	payment of fix telephone	N/D	0.462
49	30.12.2010	2651	N/D	N/D	DPZ "Rifati"	car wash	N/D	0.080
50	06.12.2010	G-086/2010	N/D	N/D	Graphos	building of the billboard	N/D	0.278
51	27.11.2010	4763502	N/D	N/D	Morea	food and beverages per KKZ-Istog	N/D	0.030
52	15.12.2010	4763503	N/D	N/D	Morea	food and beverages per KKZ-Istog	N/D	0.055
53	31.12.2009	0909/2009	N/D	N/D	Balkan International	Security of the ex-KFOR facility	N/D	10.912
54	31.11.2009	0822/2009	N/D	N/D	Balkan International	Security of the ex-KFOR facility	N/D	10.560
55	17.11.2010	17112010/1	N/D	N/D	Ati-Kos	Maintenance of web page	N/D	0.306
56	30.11.2010	381/2010	N/D	N/D	NPT "Ibos"	Car fuel November	N/D	0.178
57	31.12.2010	427/2010	N/D	N/D	NPT "Ibos"	car fuel December	N/D	0.112
58	31.12.2010	N/D	N/D	N/D	NHT "Merkuri"	cafeteria expenses deck	N/D	0.015
59	N/D	N/D	N/D	N/D	Fazli Stollaj	Software for finance and budgeting	N/D	1.000
60	30.11.2010	380/2010	13780	31.03.2010	IBOS-Istog	fuel	Insufficient funds	0.271

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
61	30.11.2010	375/2010	13780	31.03.2010	IBOS-Istog	fuel	Insufficient funds	0.481
62	31.12.2010	421/2010	13780	31.03.2010	IBOS-Istog	fuel	Insufficient funds	0.261
63	31.12.2010	426/2010	13780	31.03.2010	IBOS-Istog	fuel	Insufficient funds	0.344
64	30.11.2010	16/2010	13460	31.03.2010	K.R.M. Ambienti	City cleaning	Insufficient funds	1.596
65	31.12.2009	17/2010	13460	31.03.2010	K.R.M. Ambienti	City cleaning	Insufficient funds	1.596
66	21.12.2010	31/2010	30000	31.03.2010	NTSH-Infratek	Project Design for sewage in Rakosh	Insufficient funds	1.850
67	13.12.2010	x/2010	30000	31.03.2010	N.N.-PiramidaIII	Building of sewage in Lubovë	Insufficient funds	1.420
68	24.12.2010	60/2010	13460	31.03.2010	NTP-Termomontimi	Maintenance of public lightening	Insufficient funds	3.460
69	10.12.2010	287/2010	20000	31.03.2010	KK-Istog	Financial support for house building	Insufficient funds	1.390
70	16.12.2009	16.12.2010	30000	31.03.2010	NNT-V-Shala	Building of sewage in Lugut	Insufficient funds	19.115
71	27.12.2009	9450	30000	31.03.2010	NT-Guri Vrellë	Maintenance of streets	Insufficient funds	4.950
72	31.12.2010	424/2010	13780	N/D	IBOS	fuel-12/010	N/D	0.403
73	30.11.2010	378/2010	13780	N/D	IBOS	fuel-11/010	N/D	0.289
74	31.10.2010	332/2010	13780	N/D	IBOS	fuel 10/010	N/D	0.345
75	02,03,11/10	N/D	13140	N/D	Rasim Mahmut.	travel abroad	N/D	0.082
76	02,03,11/10	N/D	13140	N/D	Bajram Qelaj	travel abroad	N/D	0.082
77	02,02,11/10	N/D	13140	N/D	Fazli Stolaj	travel abroad	N/D	0.082
78	04.10/2010	9/2010/R	13250	N/D	KEK	Electricity-Dragolevc	N/D	0.232
79	04.11/2010	39648202010	13250	N/D	PTK	Fix Tel	N/D	0.090
80	08.12.2010	41171272010	13250	N/D	PTK	Fix Tel		0.024

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
81	30.12.2010	122/10	31260		ALFA-I	water supply	N/D	5.500
82	20.10.2010	22665	13950	31.03.2011	Ilyria-	Car Registration	Insufficient funds	0.122
83	07.10.2010	40414	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.188
84	01.10.2010	40408	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.797
85	02.10.2010	40410	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.150
86	02.10.2010	21-Aug	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.280
87	02.10.2010	40412	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.080
88	18.10.2010	40417	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.710
89	10.11.2010	40421	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.155
90	21.12.2010	40423	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.120
91	22.12.2010	40424	14010	31.03.2011	DPSH"Artoni"	car service	Insufficient funds	0.150
92	31.10.2010	326/2010	13780	31.03.2011	IBOS	fuel	Insufficient funds	1.183
93	30.11.2010	372/2010	13780	31.03.2011	IBOS	fuel	Insufficient funds	0.666
94	30.11.2010	385/2010	13780	31.03.2011	IBOS	fuel	Insufficient funds	0.154
95	31.12.2010	418/2010	13780	31.03.2011	IBOS	fuel	Insufficient funds	0.688
96	31.12.2010	431/2010	13780	31.03.2011	IBOS	fuel	Insufficient funds	0.333
97	11.11.2010	02/01-108/09(04)	31250	31.03.2011	Qeta-General Invest	Municipality Participation 10%	Insufficient funds	9.413
98	10.12.2010	77/2010	31250	31.03.2011	NNT"Albes"Istog	Municipality Participation 10%	Insufficient funds	14.542
99	30.12.2010	122/2010	13620	31.03.2011	NTSH"Burimi-N" Istog	food and beverages	Insufficient funds	0.100
100	15.11.2010	600245577	31250	20.12.2010	NNT"Hidromont"Klinë	Building of sewage in Banjë/ Gecaj	Insufficient funds	3.455

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
				24.12.2010		Project Design cubic road&lightening		
101	16.12.2010	14/10	31900		Sh.Projektuse"archART"Istog	Gurakoc	Insufficient funds	2.981
102	17.12.2010	232	N/D	24.12.2010	shpk."Mont-Comerc"Gjakovë	As per Contract 633/1066/521	Insufficient funds	1.712
103	08.12.2010	2160	N/D	24.12.2010	N.T.P."Emont"Istog	As per third party deal(Electrical Parts)	Insufficient funds	1.950
104	20.12.2010	115-10	31260	24.12.2010	"Alfa-I"Rakosh	Building water supply Orroberd -Kaliqan	Insufficient funds	18.000
105	20.12.2010	115-10	31260	24.12.2010	"Alfa-I"Rakosh	Building water supply Orroberd-Kaliqan	Insufficient funds	3.960
106	19.12.2010	19-12.2010	N/D	24.12.2010	Komp."Inzhinjerig"Istog	Building of sewage Gashi Tomoc	Insufficient funds	11.923
107	N/D	N/D	N/D	24.12.2010	"Joni-Tech"Fereizaj	Project design of road "Shoshan"	Insufficient funds	1.712
108	20.12.2010	Pro,F.038466	N/D	24.12.2010	"Driardi"Klinë	Water supply canal cleaning	Insufficient funds	8.650
109	07.10.2010	237407892010	N/D	24.12.2010	PTK Prishtinë	Telephone service	Insufficient funds	0.294
110	31.12.2010	425/2010	N/D	24.12.2010	"IBOS" Istog	Fuel	Insufficient funds	0.453
111	30.11.2010	379/2010	N/D	24.12.2010	"IBOS" Istog	Fuel	Insufficient funds	0.321
112	31.10.2010	333/2010	N/D	24.12.2010	"IBOS" Istog	Fuel	Insufficient funds	0.420
113	19.11.2010	Fat.pn.	N/D	24.12.2010	Ganoviq Ekrem	Services	Insufficient funds	1.000
114	24.11.2010	N/D	N/D		Qazim Loxha	Per-diems for abroad travel	Insufficient funds	0.125
115	07.12.2010	633/010/036/535	N/D	21.07.2010	NNT"KLEDI"Kovrag	Street cubes	N/D	0.306
116	22.12.2010	1-Mar	N/D		NSH"StudioB"	City Park	N/D	0.500
117	30.11.2010	374\2010	N/D		IBOS-Istog	Fuel	N/D	0.187
118	10.01.2011	Specifikacion	13210	31.03.2010	KEK-PEJË	Electricity expenses	End of Fiscal Year	2.723
119	01.01.2011	Specifikacion	13230	31.03.2010	KRM "Ambienti"-ISTOG	Garbage	End of Fiscal Year	0.190
120	06.01.2010	Specifikacion	13220	31.03.2010	KUR "Hidro-Drini"-ISTOG	Water expenses	End of Fiscal Year	0.570

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
121	08.12.2010	24120557/2010	13250	31.03.2011	PTK	Fix Tel	End of Fiscal Year	0.096
122	08.12.2010	241170227/2010	13250	31.03.2011	PTK	Fix Tel	End of Fiscal Year	0.029
123	08.12.2010	24131422/2010	13250	31.03.2011	PTK	Fix Tel	End of Fiscal Year	0.130
124	08.11.2010	110/2010	13430	31.03.2011	IMP-KASTRIOT	Technical reading	End of Fiscal Year	0.048
125	21.10.2010	92/2010	13640	31.03.2011	NTSH "BURIMI-N" - ISTOG	Cleaning supply	Insufficient funds	1.045
126	30.12.2010	121/2010	13620	31.03.2011	NTSH "BURIMI-N" - ISTOG	Food Supply	End of Fiscal Year	0.074
127	01.10.2010	40409	14010	31.03.2011	DPSH. "ARTONI"-BANJË	Car maintenance	Insufficient funds	0.255
128	10.11.2010	40422	14010	31.03.2011	DPSH. "ARTONI"-BANJË	Car maintenance	Insufficient funds	0.220
129	21.12.2010	169503	14010	31.03.2011	DPSH. "ARTONI"-BANJË	Car maintenance	Insufficient funds	0.124
130	30.11.2010	383/2010	13780	31.03.2011	NPT "IBOS"-ISTOG	fuel nova 2010	Insufficient funds	1.479
131	30.11.2010	373/2010	13780	31.03.2011	NPT "IBOS"-ISTOG	fuel 2010	Insufficient funds	0.588
132	31.12.2010	429/2010	13780	31.03.2011	NPT "IBOS"-ISTOG	fuel Dec 2010	End of Fiscal Year	1.857
133	31.12.2010	419/2010	13780	31.03.2011	NPT "IBOS"-ISTOG	fuel per Month Dec 2010	End of Fiscal Year	0.812
134	20.12.2010	KI/25	13710	31.03.2011	NTP "MESHARI"-ISTOG	Office Supply	Insufficient funds	1.221
135	29.12.2010	2186	14024	31.03.2011	NEQ "EMONT"-ISTOG	Facility Maintenance	Insufficient funds	0.638
136	30.12.2010	24-Dec	14024	31.03.2011	NEQ "EMONT"-ISTOG	Facility Maintenance	Insufficient funds	0.924
137	31.12.2010	2184	14024	31.03.2011	NEQ "EMONT"-ISTOG	Facility Maintenance	Insufficient funds	0.945
138	31.12.2010	22-Dec	14024	31.03.2011	NEQ "EMONT"-ISTOG	Facility Maintenance	Insufficient funds	1.023
139	21.12.2010	011/010	14050	31.03.2011	"MEDICAL" -PRISHTINË	Service of RTG	Insufficient funds	0.950
140	22.12.2010	18222	14050	31.03.2011	"NA-BA" -PRISHTINË	Service of dentistry	Insufficient funds	1.112

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
141	30.11.2010	Specification	11203	31.03.2011	QKMF-ISTOG	Services Nov 2010	End of Fiscal Year	2.750
142	31.12.2010	Specification	11203	31.12.2011	QKMF-ISTOG	Services Dec 2010	End of Fiscal Year	3.200
143	31.12.2010	423/2010	13780	31.03.2011	" IBOS "	fuel	Insufficient funds	0.123
144	30.11.2010	377/2010	13780	31.03.2011	" IBOS "	fuel	Insufficient funds	0.391
145	21.11.2010	1739	14023	31.03.2011	NTP. " EMONT "	School Facility Maintenance	Insufficient funds	0.216
146	07.11.2010	16-Sep	14023	31.03.2011	NTP. " EMONT "	School Facility Maintenance	Insufficient funds	0.525
147	10.12.2010	20480	14023	31.03.2011	" UNIVERZAL F "	School Facility Maintenance	Insufficient funds	0.174
148	11.12.2010	20482	14023	31.03.2011	" UNIVERZAL F "	School Facility Maintenance	Insufficient funds	0.237
149	15.11.2010	7982	14040	31.03.2011	NTP "INFO COPY"	School Facility Maintenance	Insufficient funds	0.130
150	10.12.2010	18393	13470	31.03.2011	AGRO-JETONI	Technical Services	Insufficient funds	0.010
151	13.12.2010	18395	13470	31.03.2011	AGRO-JETONI	Technical Services	Insufficient funds	0.020
152	13.12.2010	18397	13470	31.03.2011	AGRO-JETONI	Technical Services	Insufficient funds	0.015
153	10.11.2010	18389	13470	31.03.2011	AGRO-JETONI	Technical Services	Insufficient funds	0.010
154	31.12.2010	124/2010	13620	31.03.2011	NTSH " BURIMI-N "	Supply with food and beverages	Insufficient funds	0.471
155	31.12.2010	127/2011	13620	31.03.2011	NTSH " BURIMI-N "	Supply with food and beverages	Insufficient funds	0.118
156	31.12.2010	126/2010	13620	31.03.2011	NTSH " BURIMI-N "	Supply with food and beverages	Insufficient funds	1.259
157	31.12.2010	125/2010	13620	31.03.2011	NTSH " BURIMI-N "	Supply with food and beverages	Insufficient funds	0.423
158	25.11.2010	07/10	14230	31.03.2011	RADIO - FONTANA	Expenses for public announcement	Insufficient funds	0.090
159	25.11.2010	08/10	14230	31.03.2011	RADIO - FONTANA	Expenses for public announcement	Insufficient funds	0.080
160	25.11.2010	09/10	14230	31.03.2011	RADIO - FONTANA	Expenses for public announcement	Insufficient funds	0.090

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
161	25.11.2010	10/10	14230	31.03.2011	RADIO - FONTANA	Expenses for public announcement	Insufficient funds	0.090
162	01.12.2010	K/121	13509	31.03.2011	NTSH " MESHARI "	Supply of the library with books	Insufficient funds	1.000
163	24.11.2010	300197	13430	31.03.2011	IKSHP-REP. EPIDEMIK	Disinfection I object	Insufficient funds	0.060
164	31.12.2010	123/2010	13620	31.03.2011	NTSH " BURIMI-N "	Supply Me food and beverages	Insufficient funds	0.386
165	23.07.2010	1668	14310	31.03.2011	" TROFTA "	official lunch	Insufficient funds	0.026
166	24.11.2010	K/132	13610	31.03.2011	NTSH " MESHARI "	Office Supply	Insufficient funds	0.424
167	19.10.2010	14/2010	14040	31.03.2011	"SAMIRISOFT"	Maintenance of IT	Insufficient funds	0.080
168	06.01.2011	DPE 9030595	13210	21.01.2011	KEK	Electricity expenses	Insufficient funds	0.251
169	06.01.2011	DPE 9008621	13210	21.01.2011	KEK	Electricity expenses	Insufficient funds	0.172
170	08.12.2010	f. 241170282010	13250	31.03.2011	PTK	Electricity expenses	Insufficient funds	0.018
171	01.01.2011	234	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.037
172	01.01.2011	238	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.037
173	01.01.2011	233	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.039
174	01.01.2011	19-Aug	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.039
175	03.12.2010	1590	13220	31.03.2011	"HIDRO - DRINI SHA"	Water Expenses	Insufficient funds	2.047
176	03.01.2011	24-Jun	13220	31.03.2011	"HIDRO - DRINI SHA"	Water Expenses	Insufficient funds	3.084
177	03.01.2011	1638	13220	31.03.2011	"HIDRO - DRINI SHA"	Water Expenses	Insufficient funds	3.643
178	03.01.2011	17-Jul	13220	31.03.2011	"HIDRO - DRINI SHA"	Water Expenses	Insufficient funds	3.044
179	03.12.2010	1625	13220	31.03.2011	"HIDRO - DRINI SHA"	Water Expenses	Insufficient funds	2.544
180	03.12.2010	1613	13220	31.03.2011	"HIDRO - DRINI SHA"	Water Expenses	Insufficient funds	0.961

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of budget organization unpaid invoices (obligations) (continued)

b. Other liabilities (continued)

No	Invoice Date	Invoice Number	Economic Code	Payment due date	Vendor	Purpose	Reason for non payment	Amount EUR'000
181	03.12.2010	1617	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	1.096
182	03.12.2010	1610	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	1.869
183	03.12.2010	1577	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	0.180
184	03,01,2011	1648	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	1.092
185	03.12.2010	1576	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	2.439
186	03.12.2010	1-Jun	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	2.167
187	03.12.2010	1581	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	4.297
188	03.12.2010	1609	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	1.811
189	03.12.2010	1603	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	0.689
190	03.12.2010	1608	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	1.890
191	03.01.2011	1644	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	0.012
192	01.01.2011	230	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.037
193	01.01.2011	230/b	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.019
194	01.01.2011	230/a	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.025
195	01.01.2011	231	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.019
196	01.01.2011	231/a	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.037
197	01.01.2011	235	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.019
198	01.01.2011	23-Aug	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.035
199	01.01.2011	239	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.019
200	01.01.2011	237	13230	31.03.2011	" AMBIENTI "	Garbage Expenses	Insufficient funds	0.019
201	06.01.2011	DPE 9031060	13210	21.01.2011	KEK	Electrical Expenses	Insufficient funds	0.064
202	03.12.2010	1616	13220	31.03.2011	"HIDRO - DRINI SHA "	Water Expenses	Insufficient funds	1.143
Total								266.102

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Section 14.

26. Statement of Unjustified Advances and Loans

Issuance Date	CPO No.	Purpose	2010 EUR '000
			-
Total			-

Section 15.

27. Summary of Non-Financial Assets Possessed by Budget Organizations

Assets Classification	2010 EUR '000	2009 EUR '000	2008 EUR '000
Land	-	-	-
Buildings	6,400	-	-
Equipment	421	-	-
Total	6,821	-	-

ID Category	Category	2010 EUR '000
		-
Total		-

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

28. Receivables (used for revenue collecting organizations)

Invoice Date	UNIREF	Economic Code	Description	Due Date	Debtor	Amount
Total						-

29. Summary of Carried Forward Own Source Revenues

	2010 EUR '000	2009 EUR '000	2008 EUR '000
Own Source Revenues carried forward from the previous year	289	298	352
Own Source Revenues received this year in accordance with Note 12	715	780	728
Available total for appropriation in the current year	1,004	1,078	1,080
Wages and Salaries	(42)	(58)	(29)
Goods and Services	(172)	(165)	(323)
Utilities	(20)	(8)	-
Transfers and subsidies	(110)	(196)	(80)
Capital Outlays	(485)	(362)	(350)
Other	-	-	-
Total paid in 2010	(829)	(789)	(782)
Carried forward amount	175	289	298

Section 16.

30. Contingent Liabilities

Contingency Liability Type	Reason for Liabilities	2010 EUR '000	2009 EUR '000	2008 EUR '000
		-	-	-
		-	-	-
		-	-	-
		-	-	-
Total		-	-	-

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Section 17

31. Reconciliation between Original and Final Budget Appropriations

Appropriation Category	Authorized reconciliations by Law on Public Financial Management and Accountability ('LPFMA')					Final Budget Appropriation KFMIS EUR '000	Adjustment from Original Budget EUR '000
	Original Budget Appropriation Law on Appropriations EUR '000	Changes pursuant to Sec.29 Law 03/L-048 EUR '000	Changes pursuant to Sec.30 Law 03/L-048 EUR '000	Changes pursuant to Sec.31 Law 03/L-048 EUR '000	ORS Changes EUR '000		
Inflows							
Taxation	-	-	-	-	-	-	0%
General fund	5,139	-	-	184	46	5,369	4%
Own Source Revenues 2010	741	-	-	-	-	741	0%
Own Source Revenues 2009	-	-	-	-	289	289	100%
Grants and Aid	-	-	-	-	552	552	100%
Capital receipts	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	0%
	5,880	-	-	184	887	6,951	18%
Outflows							
Wages and Salaries	3,081	-	-	168	66	3,315	8%
Goods and Services	543	-	-	5	158	706	30%
Utilities	129	-	-	1	24	154	19%
Transfers and Subsidies	91	-	-	-	30	121	33%
Capital Expenditures	2,036	-	-	10	609	2,655	30%
Privatization Fund	-	-	-	-	-	-	0%
Other	-	-	-	-	-	-	0%
Total	5,880	-	-	184	887	6,951	18%

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Budget Execution Report		Original Budget	Final Budget	Payments	Progress	Progress
Description		Law Nr 03/L-177	KFMIS		in %	in %
A		b	c	d	e=(d-b)/b	f= (d-c)/c
Total Payments	1+2+3+4	5,880	6,951	6,686		
Payments from the General Grant	1	5,139	5,368	5,315	3%	(1%)
Wages and Salaries		3,055	3,268	3,264	7%	0%
Goods and Services		468	472	466	0%	(1%)
Utilities		128	130	126	(2%)	(3%)
Subsidies and Transfers		-	-	-	-	-
Capital Investments		1,488	1,498	1,459	(2%)	-3%
Payments from Own Source Revenues of 2010	2	741	741	546	(26%)	(26%)
Wages and Salaries		26	26	21	(19%)	(19%)
Goods and Services		75	75	43	(43%)	(43%)
Utilities		-	-	-	-	0%
Subsidies and Transfers		91	91	80	(12%)	(12%)
Capital Investments		549	549	402	(27%)	(27%)
Payments from Own Source Revenues carried Forward from 2009	3	-	289	281	(3%)	(3%)
Wages and Salaries		-	21	20	(5%)	(5%)
Goods and Services		-	132	129	(2%)	(2%)
Utilities		-	24	20	(17%)	(17%)
Subsidies and Transfers		-	30	30	0%	0%
Capital Investments		-	82	82	0%	0%
Payments from the pre-assigned Grant	4	-	553	544	100%	(2%)
Wages and Salaries		-	-	-	0%	0%
Goods and Services		-	27	23	100%	(15%)
Utilities		-	-	-	0%	0%
Subsidies and Transfers		-	-	-	0%	0%
Capital Investments		-	526	521	100%	(1%)

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Report of Payments under Programs

	1+2+3+4	Mayor office	Administration and personnel	Inspection	Procurement	Municipal Assembly	Budget and finance	Public services	Community office	Agriculture	Economy	Cadastral	Urban planning	Health	Culture and youth	Education	Total
Total Payments	1	107	358	37	22	130	87	394	296	165	1,185	39	318	792	58	2,698	6,686
Payments from the General Grant	1	50	316	37	20	113	87	182	267	106	479	39	315	704	38	2,561	5,314
Wages and salaries		29	153	31	13	87	75	91	25	44	20	32	19	522	28	2,095	3,264
Goods and services		16	73	6	7	11	12	43	7	14	5	7	5	80	5	175	466
Utilities		1	42	-	-	-	-	13	-	2	-	-	-	31	-	36	125
Subsidies and transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Investments		4	48	-	-	15	-	35	235	46	454	-	291	71	5	255	1,459
Payments from Own Source Revenues of 2010	2	16	15	-	2	-	-	175	26	54	138	-	3	42	20	59	550
Wages and salaries		-	-	-	-	-	-	-	-	-	-	-	-	21	-	-	21
Goods and services		-	-	-	2	-	-	-	-	-	-	-	-	12	-	31	45
Utilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidies and transfers		10	-	-	-	-	-	4	5	5	-	-	-	9	20	28	81
Capital Investments		6	15	-	-	-	-	171	21	49	138	-	3	-	-	-	403
Payments from Own Source Revenues of 2009	3	41	27	-	-	17	-	37	3	5	31	-	-	46	-	71	278
Wages and salaries		-	-	-	-	-	-	-	-	-	-	-	-	21	-	-	21
Goods and services		20	25	-	-	12	-	9	3	-	5	-	-	15	-	36	125
Utilities		-	2	-	-	-	-	-	-	-	-	-	-	5	-	13	20
Subsidies and transfers		21	-	-	-	-	-	-	-	-	-	-	-	-	-	9	30
Capital Investments		-	-	-	-	5	-	28	-	5	26	-	-	5	-	13	82
Grants	4	-	-	-	-	-	-	-	-	-	537	-	-	-	-	7	544
Wages and salaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goods and services		-	-	-	-	-	-	-	-	-	16	-	-	-	-	7	23
Utilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidies and transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Investments		-	-	-	-	-	-	-	-	-	521	-	-	-	-	-	521

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Report of Receipts under Programs									
Description	Code	Administration and Personnel	Agriculture and Forestry	Budget and Finance	Education	Health	Public Services	Urban planning	Total
Administrative tax	50017	4	-	3	-	1	-	-	8
Birth Certificate	50013	48	-	1	-	-	-	-	49
Construction license	50009	-	-	-	-	-	-	96	96
Death certificate	50015	1	-	-	-	-	-	-	1
Gambling Licence	50210	-	-	-	-	-	-	-	-
Hotelier license	50221	-	-	2	-	-	-	-	2
Hygienic Inspection	50507	-	-	-	-	-	-	-	-
Income from health and education	50409	-	-	-	49	34	-	-	83
Individual license tax	50201	-	-	6	-	-	-	-	6
Inspection	50504	-	-	-	-	-	-	55	55
Land destination	50012	-	2	-	-	-	-	1	3
Licence for Alcoholic drinks bar	50211	-	-	-	-	-	-	-	-
Licence for fuel and petrol	50308	-	-	-	-	-	-	-	-
License and marketing in public property	50212	-	-	-	-	-	2	-	2
Matrimony certificate	50014	9	-	-	-	-	-	-	9
Other certificates	50290	17	8	1	-	-	3	-	29
Profit services	50206	-	-	7	-	-	-	-	7
Rent from public property	50408	-	-	4	2	-	-	2	8
Sale in roads	50202	-	-	5	-	-	-	-	5
Sale of Goods	50403	2	-	-	-	-	-	-	2
Tax on property	40110	-	-	186	-	-	-	-	186
Tender participation tax	50020	3	-	-	-	-	-	-	3
Vehicle registration	50001	-	-	53	-	-	-	-	53
Court penalties	N/A	41	-	-	-	-	-	-	41
Traffic penalties	N/A	64	-	-	-	-	-	-	64
Income from licences of forests	N/A	3	-	-	-	-	-	-	3
Total		192	10	268	51	35	5	154	715

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Payments from the General Fund ('KCF') and Own Source Revenue ('OSR')

	Economic classification					Total
	Wages and salaries	Goods and services	Utilities	Subsidies and Transfers	Capital Outlays	
Social protection	-	-	-	-	-	-
General public services	503	175	56	-	337	1,071
Defense	-	-	-	-	-	-
Public order and safety	-	-	-	-	-	-
Economic affairs	64	19	2	-	500	585
Environmental Protection	-	-	-	-	-	-
Housing and Community Amenities	50	12	-	-	291	353
Health	523	80	31	-	71	705
Recreation, Culture and Religion	29	5	-	-	5	39
Education	2,095	175	37	-	255	2,562
TOTAL	3,264	466	126	-	1,459	5,315

Payments from Designated Grants

	Economic classification					Total
	Wages and salaries	Goods and services	Utilities	Subsidies and Transfers	Capital Outlays	
Social protection	-	-	-	-	-	-
General public services	-	-	-	-	-	-
Defense	-	-	-	-	-	-
Public order and safety	-	-	-	-	-	-
Economic affairs	-	16	-	-	521	537
Environmental Protection	-	-	-	-	-	-
Housing and Community Amenities	-	-	-	-	-	-
Health	-	-	-	-	-	-
Recreation, Culture and Religion	-	-	-	-	-	-
Education	-	7	-	-	-	7
TOTAL	-	23	-	-	521	544

Istog Municipality

Section 12 to 18. Notes to the financial statements 31 December 2010

(Amounts in thousands of EUR, unless otherwise stated)

Section 18, Law No 03/L-221.

Report on taken and proposed actions on findings and recommendations of the Auditor General for year 2009

No	Recommendation or finding	Taken or proposed action	Deadline for implementation	Effect
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