

Junik Municipality

Financial Statements

as at and for the year ended 31 December 2009

(with independent auditors' report on financial statements thereon)



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Independent Auditors' Report

To the Municipal Assembly
Junik Municipality, Kosovo

Pristina, 10 June 2010

We were engaged to audit the accompanying financial statements of Municipality of Junik ("the Municipality"), which comprise the statement of cash receipts and payments for the year ended 31 December 2009, 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. 20/2009 *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. Except for paragraph 1 of the basis for qualified opinion paragraph, we conducted our audit in accordance with international standards issued by the International Organisation of Supreme Audit Instructions (INTOSAI). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about and whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

- 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 2009.
- 2 The Municipality has not disclosed any 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 adjustments might be necessary to the financial information provided in the Municipality's financial statements.

- 3 The comparative information for the year 2007 was not accurate and complete. In particular, the following was omitted or improperly disclosed in the financial statements:
 - The comparative information for the year 2007 in Note 12 was not complete and accurate and did not agree with Note 12.1 and Note 28.

Qualified Opinion

In our opinion, except for the omission of the information described in paragraphs 2 and 3 of the basis of qualified opinion paragraph, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to completeness of payments from third parties described in paragraph 1 of the basis of qualified opinion paragraph, the financial statement present fairly in all material aspects the receipts and payments for the year ended 31 December 2009 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. 20/2009 *On Annual Reporting of Budget Organizations*.

We draw attention to the fact that we have not audited the accompanying financial statements of the Municipality as at and for the year ended 31 December 2007, and accordingly, we do not express an opinion on them.



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, property, plant and equipment 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. Whilst receivables are not required to be disclosed in the financial statements, lack of accuracy and completeness will impact revenues that Municipality can earn and the ability to prepare a reliable and accurate budget, to report an accurate collection ratio, and monitor the collection of the own source revenues on a timely basis.
- 4 The Municipality has not fully 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 Although the Municipality may be involved in several minor legal cases and future cash outflows might be required in the near future, the Municipality does not have in place a formal process that would ensure complete, adequate and reliable information for recording provisions and contingent liabilities.

KPMG Albania Shpk Kosovo Branch

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Note

- 1 Further explanation on the recommendations and management response to these suggestions is included as Appendix 1 to this report.
- 2 An explanation of the different forms of modifications to an audit opinion is included as Appendix 2 to this report.



Appendix 1

1 General

1.1 Audit for 2009

KPMG Albania Sh.p.k. – Kosovo Branch (“KPMG”) has been appointed to perform an audit of the Municipality of Junik (the “Municipality”) annual financial statements prepared in accordance with Cash Basis IPSAS *Financial Reporting Under The Cash Basis of Accounting*, for the year ended 31 December 2009.

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

1.2 Consequences

This report is designed to include useful recommendations that may help to improve the accounting policies and accounting and control system of the Municipality and to avoid weaknesses that could lead to material loss or misstatement. It is your obligation to take the actions needed to remedy those weaknesses and should you fail to do so we shall not be held responsible if loss or misstatement occurs as a result.

1.3 Fraud exclusion

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

1.4 Structure of this report

Each class of observations is described on a different page. For each observation the structure is: *observation and current year status (if applicable), risk, recommendation, and management response.*



2 Current year issues

2.1 Preparation of financial statements

2.1.1 Observation

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, property, plant and equipment or outstanding invoices, it can not be used to produce comprehensive financial statements.

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

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

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

- Section 15, Note 27 *Summary of Non-Financial Assets*.

We were informed that although Junik Municipality started to operate as a separate pilot unit from the year 2006, it only obtained the status of a Municipality during 2008. The Municipality started to prepare financial statements in 2006, but they were audited for the first time in 2008. As a result, the comparative information for 2007 was not audited.

2.1.2 Risk

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

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



2.1.3 Recommendation

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

2.1.4 Management response

The Municipality is aware that the financial statements do not present all the transactions, but the Municipality has not control over this as the Government of Kosovo has made changes to the budgetary line items, which have caused changes to the budget tables in the Municipality of Junik financial statements.

The budget approved on 30 September 2008 has changed because of rising wages of the Municipality's political staff.



2.2 Property, plant and equipment management

2.2.1 Observation

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

The Municipality has not established a valuation committee for the purpose of registration and valuation of the assets.

We were not provided with proper evidence of the physical count of the assets as at 31 December 2009 and as a consequence no verification of the accounting records to a physical count was possible. The Municipality has not performed a physical count of its real estate property.

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 2009 and 31 December 2008; 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.

2.2.2 Risk

Lack of a comprehensive register of property, plant and equipment weakens the internal controls over these assets and may lead to assets being misappropriated and not being identified as such on a timely basis. Additionally, management may waste time and effort to identify the details and the carrying value of the assets, during any related decision making processes.

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

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

2.2.3 Recommendation

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

- 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.

2.2.4 Management response

About recommendation 2.2.3, we partly agree with this recommendation because:

Real estates, in the Office of Urban Planning, Geodesy and Cadastre database exists for the municipal real estate assets and the change of ownership or misuse of property can not occur without passing through required legal procedures and in these cases management supervises the eventual transfer to any other owner.

The Municipality acknowledges that the non-movable properties are not part of the financial statements because those properties are not valued in monetary value in the absence of professional capacity and material.

Registration of assets is accepted as a recommendation because there was no registration of assets (equipment) carried out up to December 2009. The recording was made in December 2009, but in the absence of capacity no asset values were established, which has caused lack of disclosures of asset values in the financial statements.

During the year 2010 we will aim to do the valuation and registration of assets in KFMIS.



2.3 Revenues

2.3.1 Observation

- *Billing systems.* An automated billing system exists only for tax on property. For other categories of revenues for which the billing system is required, it is not applied. Instead only cash collections from such revenue streams are recorded.
- *Collection of revenues.* Except for taxes on property and business licenses, the Municipality management does not maintain separate and appropriate sub ledgers or lists of all its debtors regarding various taxes. Without sufficient, detailed, and accurate records of debtors, the Municipality is unable to prepare a reliable and accurate budget, to report an accurate collection ratio, or to follow up the collection of the own source revenues on a timely basis.
- *Revenue from business licenses.* The Municipality does not obtain from the Ministry of Trade and Industry the total updated number of active businesses in the Municipality. Therefore, inactive or terminated businesses might be charged, while active or new businesses might not get charged.
- *Registration of revenues in Free Balance.* The Municipality recorded revenues from Business Licenses under the code of revenues from Tax on Request or Appeal. As a result, an amount of EUR 5 thousand was presented in the incorrect category in Notes 12 and 12.1.
- *Reconciliation of Revenues.* There was no reconciliation between records kept by own source revenue officer and operational departments, (Administration, Urbanism, Geodesy and Cadastre departments), for administrative taxes and taxes for changing the destination of land during the year 2009.
- *Revenue collected as cash on hand:* In certain instances during 2009, own source revenues collected from the health department and the administrative office were not deposited in the bank account within 48 hours as required by regulation no 2003/17.
- *Weaknesses in the automated billing system:* During 2009 the tax on property billing system was centralized and the Municipality could not review and monitor appropriately the collection of revenue as it was automatically done by the new system. We have identified several cases where the customer had paid property tax, but the collected amount was not recorded in the system and the customer was charged with penalty even though the tax was paid on time.



2.3.2 Risk

Whilst receivables are not required to be disclosed in the financial statements, lack of accuracy and completeness will impact revenues that Municipality can earn.

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

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

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

Improper segregation of duties may lead to human errors and exposes the Municipality to the risk of intentional errors.

2.3.3 Recommendation

We recommend the Mayor ensures that the Municipality takes steps to improve the billing and accounting systems in order to ensure safe, efficient and effective controls on 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, their 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 bills automatically. The generation of bills should also be authorized and reviewed.
- Automatically inter-connect the billing system with the accounting software so that the information is automatically processed into the general ledger.
- Perform regular reconciliations between the two systems on a regular basis for all types of revenues. Any reconciling differences should be promptly followed up and cleared in a timely manner.
- Automatically link the operational and billing units and perform regular reconciliations between them, in cases where the billing is directly related to services supplied by the operational units. This is especially important where a high volume of transactions is executed.
- Ensure proper segregation of duties.



2.3.4 Management response

About recommendation 2.3.3 the Municipality has no response because the recommendation is too general and does not provide enough suggestions on which the Municipality may act to impact the advanced billing system, setting and monitoring of revenue, because the tax on property is a unique system under direct control by the MEF - Department of Property on Tax. For the rest of the Municipality's own source revenues, there is no available software that could provide higher precision.

Planning for these revenues is based on preliminary analysis of income in accordance with tax regulations, charges and municipal fines and economic development trends of the Municipality.



2.4 Expenditure

2.4.1 Observation

Wages and salaries

- In cases when a teacher resigns, it takes at least 15 days to notify the personnel office and the Ministry of Public Services in order that the Ministry can reflect the change in the payroll list. Given such a delay, a teacher may continue to receive compensation even after resignation.
- Although the Municipality has a payroll system, this system is not used as a reliable source of information to support the figures in the financial statements. Instead, the primary and most reliable source of information relates to the payroll lists provided by the Ministry of Public Services.
- From our sample of personnel files, we noted that the performance evaluation reports were missing in the files of three employees. For one of these employees, we also noted that the decision to change the position and salary coefficient was missing as well. Furthermore, there were no evaluation forms in file for new hires to indicate that their performance had been reviewed upon completion of the three month probation period.

Procurement procedures

- For the following procurements with medium and large values, the guarantee for execution of the contract was not requested, while as per section 60 of Public Procurement Law, it should have been requested: 636/09/041/521, 636/09/022/521, 636/09/036 / 521, 636/09/042/521 and 636/08/06/121.
- The declaration under OATH was missing in the following three cases: 636/09/001/221, 636/09/018/431 and 636/09/020/431.
- The Evaluation Report of offers was missing in the following procurements: 636/09/020/431.
- The Request for Accelerated and Emergency Procedures was not prepared in its standard form, as instructed by the Public Procurement Agency in five cases. Instead, the Municipality used the incorrect request form that did not contain the reason why an Accelerated Procedure was required.
- All newspaper announcements made during the year 2009 at Zeri newspaper were published without a proper contract with the newspaper because the contract previously signed with this newspaper by the Ministry of Local Government Administration had expired as of 15 June 2007.

Subsidies

- From the subsidies that we selected for testing we noted the following issues:
 - For a subsidy issued to citizen R.G, the Municipality has not received any invoices to support the use of the subsidy despite the requirement to provide such support by the Decision for Financial Support taken by the Council of Directors on 2 Feb 2009.



2.4.2 Risk

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

2.4.3 Recommendation

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

2.4.4 Management response

About recommendation 2.5.3

Regarding payroll, the Municipality precisely applies the legal provisions about new additions and removal from payroll lists according to contracts, while legal terms of the submission of these requests or changes are matters regulated by the MAP.

The Municipality relies on self prepared payroll lists, as MAP does not generate lists, instead it relies on information presented by the Municipality.

Regarding the procurement of bids, the evaluation report and declaration under oath could have been missed, but these are required in all cases as no contract can be signed without them.

We accept your finding about lack of performance guarantee, but usually the performance guarantee is only required for large value tenders because for small value tenders the Municipality encounters problems with economic operators who are discouraged to apply by the performance guarantee. As such exceptions are made in such cases.

Regarding the standard form designed by PPA for accelerated procedures, we accept your finding and will be grateful if you can present us with this form as we are not aware of such standard document.



2.5 Internal audit

2.5.1 Observation

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

2.5.2 Risk

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

2.5.3 Recommendation

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

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

2.5.4 Management response

About recommendation 2.4.3, the Municipality accepts your finding about lack of an audit committee. Since we are in the process of undergoing consolidation and due to lack of capacity, we have been unable to establish such a committee. The Municipality will consider your recommendation in the future.

Since May of 2009 the Municipality has recruited an internal auditor, who is working in accordance with law and has compiled an internal auditing work plan, the 2009 Report and has conducted several audits.



3 Prior year issues

During our audit of the Municipality's financial statements for the year ending 31 December 2008, we noted issues in five major areas all of which remain unresolved as at 31 December 2009. See below for the current year status of the issues identified during the 2008 audit:

1. Preparation of financial statements
The issues about lack of certain disclosures in Financial Statements remain outstanding and its current year status is discussed in Section 2.1 of this letter.
2. Property, plant and equipment management
This point remains outstanding and its current year status is discussed in Section 2.2 of this letter.
3. Revenues
Issues identified in 2008 in relation to own source revenues, remain outstanding and their current year status is discussed in Section 2.3 of this letter.
4. Expenditures
The current year status of issues in relation to expenditures is discussed in Section 2.4 of this letter.
5. Internal audit
This point remains outstanding and its current year status is discussed in Section 2.5 of this letter.

Appendix 2

Different forms of Audit Opinions applied by the Office of Auditor General in the Annual Audit Report 2009

(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.

II. DECLARATION REGARDING PRESENTATION OF FINANCIAL STATEMENTS

To: **Lulzim Ismajli, Director of Treasury**
From: **Permanent Secretary (Chief Executive Officer)**

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

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

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

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

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

The information regarding collection of revenues is accurate.

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

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

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

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

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

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

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

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

Date: 10.06.2010

Signature and stamp:

Chief Executive Officer



Date: 10.06.2010

Signature and stamp:

Chief Financial Officer



Junik Municipality
Section 9. Statement of Cash Receipts and Payments
for the year ended 31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

	2009				2008				2007			
	Single Treasury Account		OSR	Payments from third parties	Single Treasury Account		OSR	Payments from third parties	Single Treasury Account		OSR	Payments from third parties
	Kosovo Consolidated budget ('KCB')	EUR '000			EUR '000	EUR '000			EUR '000	EUR '000		
Notes	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Receipts												
General Fund Appropriations	2	778	71	-	624	21	-	581	3	-		
Special Purpose Fund Appropriations		-	-	-	-	-	-	-	-	-		
Designated Donor Grants	3	-	-	-	-	-	-	-	-	-		
Other Receipts	4	-	-	320	-	-	30	-	-	-		
Total receipts		778	71	320	624	21	30	581	3	-		
Payments												
<i>Operations</i>												
Wages and Salaries	5	486	3	-	356	-	-	312	-	-		
Goods and Services	6	102	-	-	131	-	-	127	-	-		
Utilities	7	19	-	-	12	-	-	23	-	-		
		607	3	-	500	-	-	462	-	-		
<i>Transfers</i>												
Transfers and Subsidies	8	-	4	-	-	1	-	-	3	-		
<i>Capital Expenditures</i>												
Property Plant and Equipment	9	171	64	300	124	20	-	119	-	-		
Other Payments	10	-	-	20	-	-	30	-	-	-		
Total payments		778	71	320	624	21	30	581	3	-		

Junik Municipality
Section 10. Budget Execution Report
for the year ended 31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

	2009				2008		2007
	Original Budget (Appropriation) A	Final Budget (Appropriation) B	Payments C	Actual Budget D=C-B	Payments E	Payments F	
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	
Cash inflows into Treasury account							
Taxation	11	-	-	-	-	-	
General Fund							
Own Source Revenues 2009	12,28	866	778	(88)	624	581	
Own Source Revenues 2008	12,28	35	21	(14)	21	3	
Grants and Aid	13	73	50	(23)	-	-	
Capital receipts	14	-	-	-	-	-	
Privatization Fund	15	-	-	-	-	-	
Other	16	-	-	-	-	-	
Total Receipts collected for KCB	874	974	849	(125)	645	584	
Cash outflows from Treasury account							
Wages and Salaries	17	523	489	(40)	356	312	
Goods and Services	18	146	136	(34)	131	127	
Utilities	19	30	27	(8)	12	23	
Transfers and Subsidies	20	4	4	-	1	3	
Capital Expenditures	21	171	278	(43)	144	119	
Privatization Fund	22	-	-	-	-	-	
Other	23	-	-	-	-	-	
Total Payments made from KCB through STA	874	974	849	(125)	645	584	

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(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. 2009/20 *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 Junik ("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-105
- The Reviewed Budget is approved by Law No. 03/L-167
- The Final Budget is included in the Kosovo Financial Management Information System and is also published as part of the consolidated financial statements of the Government of Kosovo.

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

2. General Fund Appropriations

Economic classification	2009			2008	2007
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Wages and Salaries	486	3	489	356	312
Goods and Services	102	-	102	131	127
Utilities	19	-	19	12	23
Subsidies and Transfers	-	4	4	1	3
Capital Outlays	171	64	235	144	119
Total	778	71	849	645	584

3. Designated Donor Grants

	2009 EUR '000	2008 EUR '000	2007 EUR '000
Wages and Salaries	-	-	-
Goods and Services	-	-	-
Utilities	-	-	-
Subsidies and Transfers	-	-	-
Capital Outlays	-	-	-
Total	-	-	-

4. Other Receipts

Other receipts during the year 2009 represent payments from third parties given to the Municipality by the 'Ministry of Local Government Administration' for construction of an administrative building amounting to EUR 300 thousand, while the remaining of EUR 20 thousand, represent support given by the organisation 'Cultural Heritage Without Borders' ('CHWB') to the Municipality for the compilation of the urban development and regulatory plan.

	2009 EUR '000	2008 EUR '000	2007 EUR '000
Ministry of Local Government Administration	300	-	-
Cultural heritage without borders	20	30	-
Totali	320	30	-

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

5. Wages and Salaries

Description	2009			2008	2007
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Payments from KCF					
Net salaries	422	3	425	305	270
Personal Income Tax	16	-	16	14	12
Employer pension contribution	23	-	23	17	15
Employee pension contribution	23	-	23	17	15
Payments for Unions-0.10% to 0.50%	2	-	2	1	1
Overtime payments	-	-	-	3	-
Daily payments for Parliament and committee members	-	-	-	15	-
	486	3	489	356	312
Payment from Grants					
Full time salaries	-	-	-	-	-
Overtime wages	-	-	-	-	-
Contracted payments	-	-	-	-	-
	-	-	-	-	-
Total	486	3	489	356	312

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

6. Goods and Services

Description	2009			2008	2007
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Payments from KCF					
Travel expenses within the country	1	-	1	1	1
Travel expenses abroad	3	-	3	3	2
Internet	-	-	-	1	2
Other phone expenses 'Vala 900'	5	-	5	3	4
Mail expenses	-	-	-	1	-
Other services - contractual & advisory	2	-	2	13	10
Other timely contracted services	4	-	4	-	-
Furniture (below 1000 Eur)	7	-	7	7	4
Computer below 1000 Eur	-	-	-	-	1
Spec. medical fittings < 1000	-	-	-	6	4
Traffic fittings < 1000	-	-	-	-	1
Other fittings < 1000	5	-	5	11	6
Furniture (1000 - 5000)	-	-	-	-	2
Photocopy machine	-	-	-	2	-
Traffic fittings (1000 - 5000)	-	-	-	-	4
Other fittings (1000 - 5000)	-	-	-	6	11
Office supply	13	-	13	8	11
Expenses for Legal Changes	-	-	-	1	-
Expenses for Food and Services	-	-	-	-	-
Medical supplies	9	-	9	7	11
Cleaning Expenses	3	-	3	3	3
Wardrobe Expenses	-	-	-	1	-
Petroleum Expenses	2	-	2	3	1
Wood	6	-	6	8	6
Petroleum for Generator	2	-	2	5	3
Petroleum for vehicles	6	-	6	13	9
Insurance and registration of vehicles	3	-	3	-	3
Insurance and registration of vehicles	-	-	-	3	-
Maintenance of vehicles	4	-	4	3	2
Maintenance of Building	1	-	1	4	10
Maintenance of Building	-	-	-	1	1
Maintenance of furniture and equipments	1	-	1	1	1
Rent	13	-	13	9	8
Marketing Expenses	7	-	7	5	2
Announcement Expenses	-	-	-	1	1
Official Lunches	5	-	5	3	4
	102	-	102	131	127
Payment from Grants					
Travel expenses	-	-	-	-	-
Telecommunication services	-	-	-	-	-
Contractual services	-	-	-	-	-
Furniture and equipment	-	-	-	-	-
	-	-	-	-	-
Total	102	-	102	131	127

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

7. Utilities

Description	2009			2008	2007
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Utilities paid from the KCF	19	-	19	12	23
Utilities paid from Grants	-	-	-	-	-
Total	19	-	19	12	23

8. Transfers and Subsidies

Description	2009			2008	2007
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Payments from KCF					
Subsidies	-	-	-	-	-
Subsidies for public entities	-	4	4	1	3
Subsidies for non-public entities	-	-	-	-	-
Payments for individual beneficiaries	-	-	-	-	-
Base pensions	-	-	-	-	-
Disabled pensions	-	-	-	-	-
Pensions or social assistance	-	-	-	-	-
Payments for war invalids	-	-	-	-	-
Payments for war victims families	-	-	-	-	-
Trepca provisional pensions	-	-	-	-	-
	-	4	4	1	3
Payment from Grants					
Subsidies	-	-	-	-	-
Subsidies for public entities	-	-	-	-	-
Subsidies for non-public entities	-	-	-	-	-
Payments for individual beneficiaries	-	-	-	-	-
	-	-	-	-	-
Total	-	4	4	1	3

Junik Municipality

Section 11. Notes to the financial statements 31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

9. Property, Buildings and Equipment

Description	2009			2008	2007
	KCB EUR '000	OSR EUR '000	Total EUR '000	EUR '000	EUR '000
Payments from KCF					
Other Structure	59	5	65	-	-
Buildings	2	-	2	94	103
Road construction	93	58	152	42	-
IT Equipment	10	-	10	-	-
Water supply system	-	-	-	-	10
Energy, generation, transfer, and supply	-	-	-	8	-
Machinery	7	-	7	-	6
Other capitals	-	-	-	-	-
	171	64	235	144	119
Payment from Grants					
Buildings	-	-	-	-	-
Road construction	-	-	-	-	-
Waste and water system	-	-	-	-	-
Water supply system	-	-	-	-	-
	-	-	-	-	-
Total	171	64	235	144	119

10. Other Payments

Other payments in 2009 represent payments and accommodation costs for the professional team engaged for assistance in compiling the urban development and regulatory plan.

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

11. Taxation

Description	Note	2009	2008	2007	% of	% of
		Original Budget EUR '000	EUR '000	EUR '000	total 2009	difference from 2008
Customs	11.1	-	-	-	-	-
Tax Administration	11.2	-	-	-	-	-
Other tax	11.3	-	-	-	-	-
Total		-	-	-	-	-

12. Own source revenues

Description	Notes	2009	2008	2007	% of	% of
		EUR '000	EUR '000	EUR '000	2009 total	Difference from 2008
Property Tax		19	20	24	39	(5)
Administrative Tax	12.1	21	21	-	31	(28)
Revenues from Business Licenses		-	-	-		-
Income from change of the Land des.		-	-	1	6	-
Income from Health Care		-	4	3	10	25
Income from penalties		1	1	-	2	-
Income from Forest Agency		6	5	-	12	20
Total		56	51	28	100	-
Own source revenue carried forward from previous year		73	43	-	100	-

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

12.1 Own source revenues – Administrative tax

Description	2009	2008	2007
	EUR '000	EUR '000	EUR '000
Vehicle Registration Taxes	6	8	-
Birth Certificate Tax	3	2	-
Marriage Certificate Tax	2	2	-
Tax on Request or Appeal	5	5	-
Tender Fee	1	-	-
Death Certificate Tax	-	-	-
Other Administrative Taxes	4	4	-
Certification of Documents	-	-	-
Return of Court Taxes	-	5	-
Total	21	21	-

13. Grants and Assistance

Description	2009	2008	2007
	EUR '000	EUR '000	EUR '000
Grant 1	-	-	-
Grant 2	-	-	-
Grant 3	-	-	-
Total	-	-	-

14. Capital receipts

Asset Type	Profit from Sale		
	2009	2008	2007
	EUR '000	EUR '000	EUR '000
Infrastructure	-	-	-
Manufacturing	-	-	-
Site and Equipment	-	-	-
Total	-	-	-

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

15. Privatization fund

POE	Profit from Privatization		
	2009 EUR '000	2008 EUR '000	2007 EUR '000
POE #1	-	-	-
POE #2	-	-	-
POE #3	-	-	-
POE #4	-	-	-
POE #5	-	-	-
Total	-	-	-

16. Other

Receipt type	2009 EUR '000	2008 EUR '000	2007 EUR '000
Lottery games deposit	-	-	-
Regulatory committee deposit	-	-	-
ADD deposits	-	-	-
Special Chamber deposit	-	-	-
Total	-	-	-

Junik Municipality

Section 11. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

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

Wages and salaries actual payments are lower than the final budget as a result of the employment of only 33 new employees instead of 40 originally budgeted. The employees were hired throughout the year and not in the same month which together resulted in a decrease of EUR 40 thousand in the actual payment compared to the final budget.

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

Goods and services actual payments are lower by EUR 34 thousand compared with final budget due to lower purchases for goods and services, including furniture and equipment, as a result of fewer employees hired during the year than budgeted. Other reasons were non fulfillment of a contract totaling EUR 14 thousand for supply of equipment during the year; and non selection of a winter maintenance operator as a result of there being no responsible bidders in the tender procedures.

19. Difference between payments and final budget for utilities

The actual payments are lower by EUR 8 thousand compared with final budget due to the Municipality having fewer employees than initially budgeted for, which resulted in lower consumption of utilities.

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

There is no variance between the final budget amount and the actual payments.

21. Difference between payments and final budget for capital expenditure

The variance between actual payments and final budget of EUR 43 thousand has resulted from the following capital expenditure projects costing less than originally planned: Third Phase of Sidewalks Construction was originally anticipated to cost EUR 90 thousand while actual cost was only EUR 70 thousand; Construction of the Alternative Road to school of "Mulliri i Qokut" was originally planned to cost EUR 47 thousand, while actual cost was only EUR 30 thousand. ; Maintenance of Roads was originally planned to cost EUR 17 thousand, while actual cost was only EUR 13 thousand; and demolition of certain buildings was planned to cost EUR 4 thousand but the project was not carried out in 2010 and is expected to occur in 2011.

22. Difference between payments and final budget for privatization fund

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

23. Difference between payments and final budget for other payments

There were no other payments or budgeted amounts during 2009.

Junik Municipality

Section 12 to 17. Notes to the financial statements

31 December 2009

(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-105	Actual number of employees in the beginning of 2009		Actual number of employees in the end of 2009	
			Full time employees	Part time employees	Full time employees	Part time employees
1	Administration	47	17	1	44	-
2	Education and culture	78	76	-	78	-
3	Health	25	23	-	25	-
Total		150	116	1	147	-

Junik Municipality

Section 12 to 17. Notes to the financial statements

31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

Section 13.

25. Statement of Outstanding Invoices (Liabilities)

No	Invoice Date	Invoice Number	Economic Code	Vendor	Description	Reason for non payment	Amount in EUR '000
1	02.01.2010	2030013	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.052
2	02.01.2010	2030012	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.005
3	02.01.2010	2030011	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.157
4	02.01.2010	2030009	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.053
5	02.01.2010	2030007	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.021
6	02.01.2010	2030004	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.005
7	02.01.2010	2030003	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.039
8	02.01.2010	2030001	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.025
9	02.01.2010	2030015	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.005
10	02.01.2010	2030016	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.003
11	02.01.2010	2030014	n/a	Hidrodrini	Water Expenses	Closing of payment period in KFMIS	0.003
12	17.12.2009	13/2009	n/a	Juniku	Vehicle Maintenance.	Closing of payment period in KFMIS	0.044
13	30.12.2009	2001641	n/a	Zeri	Advertisement Expense	Closing of payment period in KFMIS	0.208
14	13.01.2010	40148	n/a	PTK	Mail Services	Closing of payment period in KFMIS	0.002
15	11.01.2010	2174875	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.054
16	11.01.2010	2173959	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.015
17	11.01.2010	2175701	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.016
18	11.01.2010	2172064	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.032
19	11.01.2010	2172950	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.039

Junik Municipality
Section 12 to 17. Notes to the financial statements
31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

25. Statement of Outstanding Invoices (Liabilities) (continued)

No	Invoice Date	Invoice Number	Economic Code	Vendor	Description	Reason for non payment	Amount in EUR '000
20	11.01.2010	2173147	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.017
21	11.01.2010	2172237	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.034
22	11.01.2010	2175100	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.049
23	11.01.2010	2172827	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.053
24	11.01.2010	2174723	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.003
25	11.01.2010	2173181	n/a	PTK	Telephone Expenses	Closing of payment period in KFMIS	0.016
26	22.01.2010	3929367	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.003
27	22.01.2010	3929366	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.113
28	22.01.2010	3929841	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.003
29	22.01.2010	3929964	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.003
30	22.01.2010	3929371	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.669
31	22.01.2010	3930891	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.015
32	22.01.2010	3928069	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.003
33	22.01.2010	3928843	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.074
34	22.01.2010	3928842	n/a	KEK	Electricity Expenses	Closing of payment period in KFMIS	0.100
Total							1.933

Junik Municipality
Section 12 to 17. Notes to the financial statements
31 December 2009
(Amounts in thousands of EUR, unless otherwise stated)

Section 14.

26. Statement of Unjustified Advances and Loans

Issuance Date	CPO No.	Purpose	2009
			EUR '000
			-
Total			-

Section 15.

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

Assets Classification	2009	2008	2007
	EUR '000	EUR '000	EUR '000
Land	-	-	-
Equipment	-	-	-
Total	-	-	-

ID Category	Category	2009
		EUR '000
		-
		-
		-
Total		-

Junik Municipality
Section 12 to 17. Notes to the financial statements
31 December 2009

(Amounts in thousands of EUR, unless otherwise stated)

28. Summary of Carried Forward Own Source Revenues

	2009	2008
	EUR '000	EUR '000
Own Source Revenues carried forward from the previous year	73	43
Own Source Revenues received this year in accordance with Note 12	56	51
Available total for appropriation in the current year	129	94
Wages and Salaries	3	-
Goods and Services	-	-
Utilities	-	-
Transfers and subsidies	4	1
Capital Outlays	64	20
Other	-	-
Total paid in 2009	71	21
Carried forward amount	59	73

Section 16.

29. Contingent Liabilities

		2009	2008	2007
Contingency Liability Type	Reason for Liabilities	EUR '000	EUR '000	EUR '000
		-	-	-
		-	-	-
		-	-	-
		-	-	-
Total		-	-	-

Junik Municipality
Section 12 to 17. Notes to the financial statements
31 December 2009
(Amounts in thousands of EUR, unless otherwise stated)

Section 17.

30. Reconciliation between Original and Final Budget Appropriations

Appropriation Category	Authorized reconciliations by Law on Public Financial Management and Accountability ('JPFMA')					Final Budget Appropriation KEMIS (a) EUR '000	Adjustment from Original Budget EUR '000
	Original Budget Appropriation Law on Appropriations (Law No. 03/L-105) 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							
General Grant	839	27	-	-	-	866	3%
Own source Revenues 2009	35	-	-	-	-	35	-
Own source Revenues 2008	-	73	-	-	-	73	-
Grants and Aid	-	-	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	-
Privatization Fund	-	-	-	-	-	-	-
Total	874	100	-	-	-	974	11%
Outflows							
Wages and Salaries	523	6	-	-	-	529	1%
Goods and Services	146	(10)	-	-	-	136	(7)%
Utilities	30	(3)	-	-	-	27	(10)%
Transfers and Subsidies	4	-	-	-	-	4	-
Capital Expenditures	171	107	-	-	-	278	63%
Privatization Fund	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	874	100	-	-	-	974	11%

Junik Municipality
Section 12 to 17. Notes to the financial statements
31 December 2009
(Amounts in thousands of EUR, unless otherwise stated)

Budget Execution Report		Original Budget Law No. 03/L-105		Final Budget KEMIS		Payments		Progress in %		Progress in %	
Description	A	b	c	d	e=(d-b)/b	f=(d-c)/c					
Total Payments		874	974	849	(3)%	(13)%					
Payments from the General Grant	1	839	866	778	(7)%	(10)%					
Wages and Salaries		523	526	486	(7)	(8)					
Goods and Services		146	136	102	(30)	(25)					
Utilities		30	27	19	(37)	(30)					
Subsidies and Transfers		-	-	-	-	-					
Capital Investments		140	177	171	23	(3)					
Payments from Own Source Revenues of 2009	2	35	35	20	43	(43)					
Wages and Salaries		-	-	-	-	-					
Goods and Services		-	-	-	-	-					
Utilities		-	-	-	-	-					
Subsidies and Transfers		4	4	4	-	-					
Capital Investments		31	31	16	(94)	-					
Payments from Own Source Revenues carried Forward from 2008	3	-	73	50	-	32%					
Wages and Salaries		-	3	3	-	-					
Goods and Services		-	-	-	-	-					
Utilities		-	-	-	-	-					
Subsidies and Transfers		-	-	-	-	-					
Capital Investments		-	70	47	-	-					
Payments from the pre-assigned Grant	4	-	-	-	-	-					
Wages and Salaries		-	-	-	-	-					
Goods and Services		-	-	-	-	-					
Utilities		-	-	-	-	-					
Subsidies and Transfers		-	-	-	-	-					
Capital Investments		-	-	-	-	-					

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(Amounts in thousands of EUR, unless otherwise stated)

Report of Payments under Programs

	Major office	Administration	Budget and finance	Public Services	Urbanism	Health and Welfare	Education	Total	
Total Payments	1+2+3+4	62	86	43	24	241	113	280	849
Payments from the General Grant	1	62	86	43	24	177	110	277	778
Wages and salaries	53	37	26	15	19	79	255	486	
Goods and services	8	43	7	8	5	19	13	102	
Utilities	-	6	1	1	-	5	6	19	
Subsidies and transfers	-	-	-	-	-	-	-	-	
Capital Investments	-	-	10	-	152	7	2	171	
Payments from Own Source Revenues of 2009	2	-	-	-	17	-	4	20	
Wages and salaries	-	-	-	-	-	-	-	-	
Goods and services	-	-	-	-	-	-	-	-	
Utilities	-	-	-	-	-	-	-	-	
Subsidies and transfers	-	-	-	-	17	-	4	4	
Capital Investments	-	-	-	-	17	-	-	17	
Payments from Own Source Revenues of 2008	3	-	-	-	47	3	-	50	
Wages and salaries	-	-	-	-	-	3	-	3	
Goods and services	-	-	-	-	-	-	-	-	
Utilities	-	-	-	-	-	-	-	-	
Subsidies and transfers	-	-	-	-	47	-	-	47	
Capital Investments	-	-	-	-	-	-	-	-	
Grants	4	-	-	-	-	-	-	-	
Wages and salaries	-	-	-	-	-	-	-	-	
Goods and services	-	-	-	-	-	-	-	-	
Utilities	-	-	-	-	-	-	-	-	
Subsidies and transfers	-	-	-	-	-	-	-	-	
Capital Investments	-	-	-	-	-	-	-	-	

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Report of Receipts under Programs

Description	Code	Administration	Budget and Finance	Urban planning	Health	Total
Health participation	50409	-	-	-	5	5
Property Tax	40110	-	19	-	-	19
Administrative Tax	50019	-	5	-	-	5
Other administrative certificates	50016	4	-	-	-	4
Marriage Certificates	50014	2	-	-	-	2
Birth Certificates	50013	3	-	-	-	3
Death Certificates	50015	-	-	-	-	-
Tax Tender Dossier	50020	-	1	-	-	1
Tax for changing of Land Destinat.	50012	-	-	3	-	3
Vehicle Registration Tax	50001	-	6	-	-	6
Taxes for document confirmation	50017	-	-	-	-	-
Traffic Penalties	50101	-	-	-	-	-
Court Penalties- Fines	50102	1	-	-	-	1
Income from Forest Agency	50103	6	-	-	-	6
Total		17	31	3	5	56

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(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	
Functional classification						
Social protection	5	-	-	-	-	5
General public services	124	71	9	-	226	429
Defense	-	-	-	-	-	-
Public order and safety	-	-	-	-	-	-
Economic affairs	8	-	-	-	-	8
Environmental Protection	19	-	-	-	-	19
Housing and Community Amenities	19	-	-	-	-	19
Health	78	19	5	-	7	108
Recreation, Culture and Religion	-	-	-	-	-	-
Education	255	13	5	4	2	280
TOTAL	489	102	19	4	235	849

Payments from Designated Grants

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