



**Network of Associations of Local  
Authorities of South East Europe  
(NALAS)**

Financial Statements for the year ended  
31 December 2010

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(Мрежа на националните асоцијации на локалните  
власти во Југоисточна Европа)  
Подружница-непрофитна странска организација

**НАЛАС**

Бр. 14-8

16.03 2014 год.  
СКОПЈЕ

**Network of Associations of Local  
Authorities of South East Europe  
(NALAS)**

**Financial Statements for the year ended  
31 December 2010**

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## **GENERAL INFORMATION**

### **Management**

Kelmend Zajazi  
Executive Director

### **Registered office**

Zenevska bb,  
1000 Skopje

### **Bankers**

Prokredit Bank AD Skopje,  
Jane Sandanski no.109a  
1000 Skopje

### **Auditors**

Ernst & Young Certified Auditors Ltd.  
Marshall Tito 19  
1000 Skopje

## INDEPENDENT AUDITORS' REPORT

### To the Management of the Network of Associations of Local Authorities of South East Europe

We have audited the accompanying Statement of Sources and Uses of Funds and Statement of Expenditure Details (hereinafter: "the Statement") for the year ended 31 December 2010 of the Network of Associations of Local Authorities of South East Europe ("NALAS").

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

Management is responsible for the preparation of the Statements of Sources and Uses of Funds and the Statement of Expenditure Details in accordance with cash receipts and disbursements basis, and for such internal control as management determines is necessary to enable the preparation of the Statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

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


#### *Opinion*

In our opinion, the Statement of Sources and Uses of Funds and the Statement of Expenditure Detail for the year ended 31 December 2010 are prepared, in all material respects, in accordance with the cash receipts and disbursements basis.

#### *Restriction on use*

The Statement of Sources and Uses of Funds and the Statement of Expenditure Detail are prepared for the sole purpose of reporting to NALAS Governing Bodies and Donor organizations that subsidise the NALAS budget. As a result, the Statements may not be suitable for another purpose. Our auditor's report is intended solely for NALAS and its Donors and should not be used by parties other than NALAS or its Donors.

*Ernst & Young*  
Ernst & Young Certified Auditors Ltd  
7 March 2011, Skopje



**STATEMENT OF SOURCES AND USES OF FUNDS**

For the year 31 December 2010  
(Expressed in EUR)

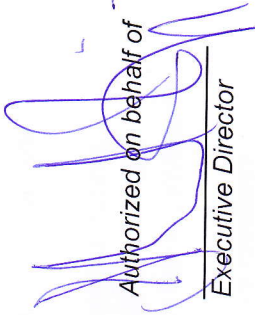
	Note	SDC project	GTZ project	OSI/LGI	GTZ ORF	Membership fees and other funding	Total
<b>SOURCES OF FUNDS</b>							
Balance on beginning of year		18.123	(4.008)	4.193	-	12.075	30.383
Currency exchange gains from prior year		-	(695)	-	-	698	3
Balance on beginning of year, net		18.123	(4.703)	4.193	-	12.773	30.386
Membership fee		-	-	-	-	13.939	13.939
Grants from SDC		219.640	-	-	-	-	219.640
Grants from GTZ		-	334.407	-	-	-	334.407
Grant from OSI/LGI		-	-	24.941	-	-	24.941
Grants from GTZ ORF		-	-	-	24.919	-	24.919
Other funds		-	-	-	-	7.856	7.856
Direct payments by GTZ		-	-	-	862	-	862
<b>TOTAL SOURCES OF FUNDS</b>		<b>237.763</b>	<b>329.704</b>	<b>29.134</b>	<b>25.781</b>	<b>34.568</b>	<b>656.950</b>
<b>STRUCTURAL EXPENSES</b>							
Salaries		62.508	54.133	-	-	-	116.641
Office expenditures		14.130	23.534	40	-	134	37.838
Statutory meetings		13.174	36.484	-	-	-	49.658
External relations		7.781	10.798	-	-	-	18.579
<b>Total structural expenses</b>		<b>97.593</b>	<b>124.949</b>	<b>40</b>	<b>-</b>	<b>134</b>	<b>222.716</b>

**STATEMENT OF SOURCES AND USES OF FUNDS**  
**For the year 31 December 2010**  
**(Expressed in EUR)**

	Note	SDC project	GTZ project	OSI/LGI	GTZ ORF	Membership fees and other funding	Total
<b>TASK FORCES AND KNOWLEDGE CENTER</b>							
Task Force on fiscal decentralization		1.182	7.414	26.305	-	-	34.901
Task Force on urban planning		8.070	9.190	-	-	-	17.260
Task Force on association development		55.844	42.282	-	-	850	98.976
Task Force on Solid Waste Management		2.923	16.939	-	-	-	19.862
Task Force on Energy Efficiency		9.944	14.502	-	-	-	24.446
Knowledge Center		43.797	16.210	-	-	-	60.007
<b>Total task forces and knowledge center</b>		<b>121.760</b>	<b>106.537</b>	<b>26.305</b>	-	<b>850</b>	<b>255.452</b>
Energy efficiency project		-	-	-	25.491	-	25.491
Audit fees for 2009		4.027	-	-	-	-	4.027
<b>TOTAL EXPENDITURES</b>		<b>223.380</b>	<b>231.486</b>	<b>26.345</b>	<b>25.491</b>	<b>984</b>	<b>507.686</b>
<b>Surplus of funds over expenditures</b>							
VAT Tax return		2.598	(1.261)	-	-	-	149.264
Advances given		-	-	-	-	-	1.337
Savings returned grant funds to GTZ		-	-	-	-	-	(3,439)
Savings returned grant funds to GTZ ORF		-	-	-	-	-	(7,479)
Bank charges for bank account in Strasbourg		-	-	-	-	-	(290)
Currency exchange gains		-	-	-	-	-	(102)
<b>Cash available from the surplus of funds over expenditures</b>							<b>139.243</b>

**STATEMENT OF SOURCES AND USES OF FUNDS**  
For the year 31 December 2010  
(Expressed in EUR)

Cash available from the surplus of funds over expenditures is represented by:		
Bank account	5	135.206
Petty cash account	5	4.037
<b>Total cash available</b>		<b>139.243</b>

  
Authorized on behalf of  
Executive Director



Date: 04.03.2011



**STATEMENT OF EXPENDITURE DETAILS**  
**For the year ended 31 December 2010**  
**(Expressed in EUR)**

	SDC project	GTZ project	OSI/LGI	GTZ ORF	Membership fees and other funding	Total
<b>STRUCTURALE EXPENSES</b>						
<b>1. Personnel</b>						
Executive Director	29.904	-	-	-	-	29.904
IT/knowledge center manager	22.792	-	-	-	-	22.792
Program officer 1	-	17.957	-	-	-	17.957
Program officer 2	-	23.288	-	-	-	23.288
Administration officer	9.667	-	-	-	-	9.667
Financial officer	-	10.883	-	-	-	10.883
Staff development	145	2.005	-	-	-	2.150
<b>Total personnel expenses</b>	<b>62.508</b>	<b>54.133</b>	-	-	-	<b>116.641</b>
<b>2. Office expenditures</b>						
Operational expenses	14.130	23.534	40	-	134	37.838
<b>Total office expenditures</b>	<b>14.130</b>	<b>23.534</b>	<b>40</b>	-	<b>134</b>	<b>37.838</b>
<b>3. Statutory meetings</b>						
General Assembly	2.760	17.925	-	-	-	20.685
CLO Meetings	7.315	16.508	-	-	-	23.823
Executive Bureau meetings	3.099	2.051	-	-	-	5.150
<b>Total expenses for statutory meetings</b>	<b>13.174</b>	<b>36.484</b>	-	-	-	<b>49.658</b>
<b>4. External relations</b>						
External relations	7.781	10.798	-	-	-	18.579
<b>Total external relations</b>	<b>7.781</b>	<b>10.798</b>	-	-	-	<b>18.579</b>
<b>Total Structural expenses</b>	<b>97.593</b>	<b>124.949</b>	<b>40</b>	-	<b>134</b>	<b>222.716</b>

Network of Associations of Local Authorities of South East Europe (NALAS)

STATEMENT OF EXPENDITURE DETAILS (Continued)

For the year ended 31 December 2010  
(Expressed in EUR)

TASK FORCES AND KNOWLEDGE CENTER	SDC project	GTZ project	OSI/LGI	GTZ ORF	Membership fees and other funding	Total
<b>1. Task force on fiscal decentralization</b>						
Ordinary meetings	1.182	7.414	-	-	-	8.596
Final Conference	-	-	-	-	-	-
Experts and consultants	-	-	26.305	-	-	26.305
Outputs	-	-	-	-	-	-
<b>Total task force on fiscal decentralization</b>	<b>1.182</b>	<b>7.414</b>	<b>26.305</b>	-	-	<b>34.901</b>
<b>2. Task force on urban planning</b>						
Ordinary meetings	8.070	9.190	-	-	-	17.260
Final Conference	-	-	-	-	-	-
Experts and consultants	-	-	-	-	-	-
Outputs	-	-	-	-	-	-
<b>Total task force on urban planning</b>	<b>8.070</b>	<b>9.190</b>	-	-	-	<b>17.260</b>
<b>3. Task force on association development</b>						
Ordinary meetings	2.540	-	-	-	850	3.390
Quick response	2.343	11.585	-	-	-	13.928
Shadowing/internship	4.780	9.028	-	-	-	13.808
Meetings of MA's staff	15.412	13.319	-	-	-	28.731
Meetings of Presidents of LGAs	20.178	3.598	-	-	-	23.776
Other initiatives	10.591	4.752	-	-	-	15.343
<b>Total force on association development</b>	<b>55.844</b>	<b>42.282</b>	-	-	<b>850</b>	<b>98.976</b>

Network of Associations of Local Authorities of South East Europe (NALAS)

STATEMENT OF EXPENDITURE DETAILS (Continued)

For the year ended 31 December 2010  
(Expressed in EUR)

	SDC project	GTZ project	OSI/LGI	GTZ ORF	Membership fees and other funding	Total
<b>4. Task force Solid Waste Management</b>						
Ordinary meetings	2.923	16.939	-	-	-	19.862
Final Conference	-	-	-	-	-	-
Experts and consultants	-	-	-	-	-	-
Outputs	-	-	-	-	-	-
<b>Total force Solid Waste Management</b>	<b>2.923</b>	<b>16.939</b>	-	-	-	<b>19.862</b>
<b>5. Task force on Energy Efficiency</b>						
Ordinary meetings	9.944	14.502	-	-	-	24.446
Final Conference	-	-	-	-	-	-
Experts and consultants	-	-	-	-	-	-
Outputs	-	-	-	-	-	-
<b>Total force on Energy Efficiency</b>	<b>9.944</b>	<b>14.502</b>	-	-	-	<b>24.446</b>
<b>6. Knowledge center</b>						
KNC Establishment	-	-	-	-	-	-
Expert and content resource	3.263	13.222	-	-	-	16.485
Running KNC	1.394	2.988	-	-	-	4.382
National Knowledge Management	39.140	-	-	-	-	39.140
<b>Total knowledge center</b>	<b>43.797</b>	<b>16.210</b>	-	-	-	<b>60.007</b>
<b>Total Task Force and Knowledge center</b>	<b>121.760</b>	<b>106.537</b>	<b>26.305</b>	-	<b>850</b>	<b>255.452</b>
Energy efficiency project	-	-	-	25.491	-	25.491
Audit fees for 2009	4.027	-	-	-	-	4.027
<b>TOTAL EXPENDITURES</b>	<b>223.380</b>	<b>231.486</b>	<b>26.345</b>	<b>25.491</b>	<b>984</b>	<b>507.686</b>

The accompanying notes form an integral part of the NALAS Statement

### 1. General information

NALAS is a network of associations of local authorities of South East Europe created following the first Forum of Cities and Regions of South East Europe organized by the Congress of Local and Regional Authorities of the Council of Europe. NALAS promotes the process of decentralization in co-operation with central governments and international organizations, considering local self-government as a key issue in the current process of transition affecting the various countries in South East Europe.

NALAS was established in 2001 as an informal network and on 2005 formally registered based on the Alsacian Law in Strasbourg, France. The NALAS Secretariat, which makes the executive capacity of NALAS, was registered as a branch office of NALAS under the Macedonian Law on 16 October 2007.

In the period from July 2006 till its registration, NALAS operations have been managed through bank account in Societe General in Strasbourg and with the support by Swiss Embassy under coordination of the President and Executive Director of NALAS.

As of 10 October 2007, NALAS was officially registered as branch office of foreign NGO and operate only through a non-resident account.

### 2. Objectives of NALAS

The overall goal of the association is to support the democratization and decentralization process in South East Europe in accordance with the principles of the European Charter of Local Self- Government.

NALAS should further the process of democratization and decentralization in South-East Europe and should develop partnerships between associations of local authorities in South-East Europe in order to promote stability and security, thereby assisting the process of European integration and European Union enlargement for the benefit of the countries in the region.

NALAS activities are guided by the NALAS Strategic Plan for the period 2009 - 2012. The overall objective is to stimulate the exchange of information and experiences among NALAS members, and to disseminate and promote the results of the NALAS activities.

NALAS is a first rate Knowledge Center representing one of the most reliable sources of information and expertise on local self-government issues in South-East Europe.

NALAS has a set of strategic objectives related to the following mid-term objectives:

- Strengthening of local governments to provide better services for citizens primarily in the areas of: fiscal autonomy / decentralization, urban development capacity, water and waste management, energy efficiency, EU legislation;
- Strengthening of role of member Local Government Associations (LGAs) in the decentralization process;
- Positioning of NALAS as a viable representative of SEE LGAs and Local Governments (LGs) within the European and broader international scene;
- Institutional and financial consolidation of NALAS in the areas of: networking and knowledge generation, functioning of the NALAS Secretariat, intercommunication between NALAS Secretariat and each LGA, financial sustainability of the NALAS network.

### **3. Basis for preparation of NALAS accounts**

#### **3.1. General**

The accompanying Statement of Sources and Uses of Funds has been prepared for the purposes of reporting to the Swiss Agency for Development and Cooperation and GTZ ("the Donors") on the activities of the Association related to funding received for the completion of the objectives as established with the Agreement on support of the Local Democracy and Regional Integration in South East Europe and the Agreement on support of the Institutional Development "Network of Associations of Local Authorities of South-East Europe".

This Statement includes all operational and task-related expenditures incurred for the period from 1 January 2010 to 31 December 2010.

#### **3.2. Accounting Convention**

The policy of the Association is to prepare the statement on a cash receipts and disbursements basis. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. The accounting policies have been applied consistently throughout the reporting period.

#### **3.3. Reporting Currency**

The Project statement is prepared in EUR as this is the reporting currency of the Association.

The cash transactions executed during the year denominated in Macedonian Denars are translated into Euros using the average exchange rate for the year 2010 published by the National Bank of the Republic of Macedonia which was 1 EUR = MKD 61,499. The year end cash balance is translated at the official period end exchange rate published by the National Bank of the Republic of Macedonia, which at 31 December 2010 was 1 EUR = MKD 61,5050.

### **4. Swiss Agency for Development and Cooperation (SDC) Contribution**

The Swiss Agency for Development and Cooperation (SDC) supported NALAS from its establishment to present. At the beginning, the contributions were intended mainly for speeding up the decentralization reforms and providing policy advice and legislative expertise. Subsequently, with the registration of the Secretariat office in Skopje, SDC decided to provide long-term funding to NALAS and due to the good experience to continue the support beyond. During 2010, NALAS received contributions from SDC in accordance with the Agreement for granting of contribution to the Project Local Democracy and Regional Integration in South – Eastern Europe – Support to NALAS for the period from 1 August 2009 to 31 December 2012 in total of CHF 1.088.500. The contribution for the period 1 January 2010 to 31 December 2010 amounted to MKD 13.508 thousand i.e. EUR 219.640.

Following is the detailed breakdown of funds and uses of funds contributed by SDC for the periods as defined by the Grant Agreements is as follows:

**4. Swiss Agency for Development and Cooperation (SDC) Contribution  
(continued)**

	<u>1 January – 31 December 2010</u>
<b>PROJECT FUNDS</b>	<b>237.763</b>
<b>PROJECT EXPENDITURES</b>	
<b>STRUCTURALE EXPENSES</b>	
<b>1. Personnel</b>	
Executive Director	29.904
IT/knowledge center manager	22.792
Program officer	-
Program officer	-
Administration officer	9.667
Staff development	145
<b>Total personnel expenses</b>	<u><b>62.508</b></u>
<b>2. Office expenditures</b>	
Operational expenses	14.130
<b>Total office expenditures</b>	<u><b>14.130</b></u>
<b>3. Statutory meetings</b>	
General Assembly	2.760
CLO Meetings	7.315
Executive Bureau meetings	3.099
<b>Total expenses for statutory meetings</b>	<u><b>13.174</b></u>
<b>4. External relations</b>	
External relations	7.781
<b>Total external relations</b>	<u><b>7.781</b></u>
<b>Total Structural expenses</b>	<u><u><b>97.593</b></u></u>

#### 4. Swiss Agency for Development and Cooperation (SDC) Contribution (continued)

PROJECT EXPENDITURES TASK FORCES AND KNOWLEDGE CENTER	1 January – 31 December 2010
<b>1. Task force on fiscal decentralization</b>	
Ordinary meetings	1.182
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total task force on fiscal decentralization</b>	<b>1.182</b>
<b>2. Task force on urban planning</b>	
Ordinary meetings	8.070
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total task fore on urban planning</b>	<b>8.070</b>
<b>3. Task force on association development</b>	
Ordinary meetings	2.540
Quick response	2.343
Shadowing/internship	4.780
Meetings of MA's staff	15.412
Meetings of Presidents of LGAs	20.178
Other initiatives	10.591
<b>Total force on association development</b>	<b>55.844</b>
<b>4. Task force Solid Waste Management</b>	
Ordinary meetings	2.923
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total force Solid Waste Management</b>	<b>2.923</b>
<b>5. Task force on Energy Efficiency</b>	
Ordinary meetings	9.944
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total force on Energy Efficiency</b>	<b>9.944</b>

**4. Swiss Agency for Development and Cooperation (SDC) Contribution  
(continued)**

<b>PROJECT EXPENDITURES</b>	<b>1 January – 31 December 2010</b>
<b>6. Knowledge center</b>	
KNC Establishment	-
Expert and content resource	3.263
Running KNC	1.394
National Knowledge Management	39.140
<b>Total knowledge center</b>	<b>43.797</b>
<b>Total Task Force and Knowledge center</b>	<b>121.760</b>
Audit fees for 2009	4.027
<b>TOTAL EXPENDITURES</b>	<b>223.380</b>



## 5. GTZ Contribution

During 2010, NALAS received contributions from GTZ in accordance with the Agreement for granting of contribution to the Project Institutional development "Network of Associations of Local Authorities of South-East Europe (NALAS) for the period from 1 April 2010 to 31 December 2012 in total of EUR 600.000. The contribution for the period 1 April 2010 to 31 December 2010 amounted to EUR 238.384

	<u>1 April – 31 December 2010</u>
<b>PROJECT FUNDS</b>	<b>238.384</b>
<b>PROJECT EXPENDITURES</b>	
<b>STRUCTURALE EXPENSES</b>	
<b>1. Personnel</b>	
Executive Director	-
IT/knowledge center manager	-
Program officer	13.091
Program officer	17.568
Administration officer	-
Financial officer	8.168
Staff development	2.005
<b>Total personnel expenses</b>	<u><b>40.832</b></u>
<b>2. Office expenditures</b>	
Operational expenses	15.964
<b>Total office expenditures</b>	<u><b>15.964</b></u>
<b>3. Statutory meetings</b>	
General Assembly	16.874
CLO Meetings	4.751
Executive Bureau meetings	-
<b>Total expenses for statutory meetings</b>	<u><b>21.625</b></u>
<b>4. External relations</b>	
External relations	9.975
<b>Total external relations</b>	<u><b>9.975</b></u>
<b>Total Structurale expenses</b>	<u><u><b>88.396</b></u></u>

## 5. GTZ Contribution (continued)

PROJECT EXPENDITURES TASK FORCES AND KNOWLEDGE CENTER	1 January – 31 December 2010
<b>1. Task force on fiscal decentralization</b>	
Ordinary meetings	7.362
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total task force on fiscal decentralization</b>	<b>7.362</b>
<b>2. Task force on urban planning</b>	
Ordinary meetings	7.554
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total task fore on urban planning</b>	<b>7.554</b>
<b>3. Task force on association development</b>	
Ordinary meetings	-
Quick response	-
Shadowing/internship	2.145
Meetings of MA's staff	8.927
Meetings of Presidents of LGAs	3.599
Other initiatives	-
<b>Total force on association development</b>	<b>14.671</b>
<b>4. Task force Solid Waste Management</b>	
Ordinary meetings	12.734
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total force Solid Waste Management</b>	<b>12.734</b>
<b>5. Task force on Energy Efficiency</b>	
Ordinary meetings	9.339
Final Conference	-
Experts and consultants	-
Outputs	-
<b>Total force on Energy Efficiency</b>	<b>9.339</b>

**5. GTZ Contribution (continued)**

<b>PROJECT EXPENDITURES</b>	<b>1 January – 31 December 2010</b>
<b>6. Knowledge center</b>	
KNC Establishment	-
Expert and content resource	7.364
Running KNC	1.486
National Knowledge Management	-
<b>Total knowledge center</b>	<u><b>8.850</b></u>
<b>Total Task Force and Knowledge center</b>	<u><b>60.510</b></u>
<b>TOTAL EXPENDITURES</b>	<u><u><b>148.906</b></u></u>

## 6. NALAS cash account (including cash in hand and cash in bank)

	<u>In EUR</u>
Opening balance as at 1 January 2010	24.973
<b>Plus:</b>	
Inflow from Donors and membership fees	626.564
<b>Less:</b>	
Expenditure payments from the funds received from the Donors	(507.686)
Advances given	(3.439)
Advances returned	5.413
VAT Tax return from Tax Authorities to NALAS	5.952
VAT Tax returned funds from NALAS to donors	(4.615)
Savings returned grant funds	(7.769)
Bank charges	(102)
Currency exchange loss	(48)
<b>Balance as at 31 December 2010</b>	<u><u>139.243</u></u>

## 7. Advances given

As of 31 December 2010, NALAS has disbursed funds as advances to its members and third parties amount of EUR 3.439. During 2011, the advances were subsequently reimbursed.

## 8. Currency exchange loss

The amount of EUR 48 represents foreign exchange loss resulting from the use of the average exchange rate for the year 2010 published by the National Bank of the Republic of Macedonia (the reporting rate) and the actual exchange rates at the transaction date used at the date of the bank transfers.

## 9. VAT Recoverable

The total amount of EUR 1.140 (EUR 609 paid from GTZ funds and EUR 531 paid from SDC funds), related to paid value added tax is included in the expenditures for 2010. Due to the changes in Government Instruction for Implementation of the Exemption of VAT from 29 December 2009, effective from 1 January 2010, the VAT paid can not be reclaimed from the local tax authorities.

In addition, during 2010, the amount of EUR 5.952 was refunded from the Tax Authorities based on the procedure for reclaiming of the VAT paid during 2009. The amount of EUR 3.354 representing funds returned to GTZ was returned from NALAS to the Donor and the remaining of EUR 2.598 is to be returned to SDC during 2011. Furthermore, the amount of EUR 1.261 related to VAT refunded from the Tax Authorities during 2009 was returned to GTZ in February 2010.

## 10. Savings returned grant funds

The balance of the Project financed by GTZ (contract NALAS-2/07-11-07) in total of EUR 7.721 was transferred to GTZ in December 2011.

In addition, the opening balance of the Project financed by GTZ (Project no 08.2016.7-003.00) of EUR 290 was transferred to GTZ-ORF in October 2010.

## 11. Reserve Fund

Referring to the Final Financial Report for the Project "Municipal Finances Database in South-East Europe/Preparatory Phase", the surplus of funds over expenditures at the end of the project of EUR 2.789 is to be included in the NALAS Reserve Fund, as approved by LGI/OSI.

In addition, the unspent fund of EUR 334 from the Project "Local Democracy and Regional Integration in Southeast Europe-Support to NALAS" is to be included to the NALAS Reserve Fund, as approved by SDC.