

FINANCIAL PERFORMANCE ANALYSIS OF THE MUNICIPALITY OF PRIZREN IN KOSOVO FOR THE PERIOD 2005-2019



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Abstract

The purpose of this research is to analyze and reflect the financial performance of revenues and expenditures of the Municipality of Prizren in Kosovo from 2005 to 2019. Using different types of methods (statistical, confirmatory, qualitative, analytical, quantitative and comparative), the analysis of revenues and expenditures of the Municipality of Prizren is done for each year separately, where it is presented in detail in tabular forms. Each revenue and each expense is calculated separately and the index of the ratios between allocation and planning, realization and planning as well as realization in relation to the allocation is derived. This research shows the growth of own source revenues from 2005 to 2019, while through the relationship between the realization and planning of own source revenues it analyzes whether there was a discrepancy between the realization and planning in these revenues. The result of the realization of the government grant planning for 15 years will also be shown. All these findings are based on data obtained from the official financial reports of the Municipality of Prizren and financial statements. It has also been done analysis of the correlation between the realization of municipal budget expenditures and the realization of capital investments. This research tests the four hypotheses presented, which are all accepted after the analysis.

1. Introduction

This research will analyze how to plan own source revenues, how to implement the instructions delegated by the Ministry of Economy and Finance for the destination of public money in certain categories, as well as the progress of the whole process and realization of revenues. The focus of the analysis is the municipality of Prizren, which is the second municipality after Pristina as the municipality that absorbs the most revenue in the country thus creating financial self-sustainability.

The study will cover fifteen years, from 2005 to 2019, comparing three periods from three different political governments. In a part of the analysis of this study paper, the methodology will be used, which will include a general approach from the perspective regarding the trends of own source revenue planning and their realization. The next part will be the trend analysis between the planning and implementation of the government grant. An analysis of the correlation between the realization of municipal

budget expenditures and the realization of capital investments will be made. Capital Investment realizations for each period will also be analyzed. With statistical methods, through tables, the planning and execution of the budget of the municipality of Prizren will be explained in detail.

This research will be implemented based on the budget and financial reports of the Municipality of Prizren, where in addition to financial reports, this paper will be based on financial statements.

2. Literature Review

Analyzing financial statements is as important in the private sector as it is in understanding where a company stands financially, so it is important in the public sector. By analyzing financial indicators, we can have a clearer picture about planning and financing and implementation decisions (Osmani R., 2016). Public finances are among the oldest scientific disciplines of

economic sciences, which deal with their study and public sector expenditures. Public finances are audited through three levels: internal audit, external audit and parliament.

Every budget that is a recipient of public money is obliged to have an auditor to maintain or procure the services of the Internal Auditor in case there is not one (Law No. 02/74 On Internal Audit, 2008). The role of the Internal Auditor is that in relation to the laws of the employees of business companies for their own good. Managing public finances from openly publicly independently of external auditors. The Law on Public Financial Management states that any budget and public enterprise that is open to the public must be subject to an independent audit process (Law No. 03/L-048 On Public Financial Management and Accountability, 2008). The Office of the Auditor General is in independent institutions for the economic and financial control of the public and which reports only to the Assembly of the Republic of Kosovo (Law No. 03/L-075 On The Establishment of the Office of the Auditor General of Kosovo and the Audit Office of Kosovo, 2008).

For the sustainability of local self-government in the Republic of Kosovo, this law aims to establish the legal basis. This law defines the competencies of municipalities and the general principles of municipal finances, such as the organization and functioning of municipal bodies (Law No. 03/L-040 On Local Self Government, 2008). Within its competencies, the Municipal Assembly can approve the statute of the municipality, municipal regulations, labor regulations, etc. This law also enables the members of the Municipal Assembly to have the right to request documents, information about municipal affairs from the chairman of the committee.

The Law on Local Self-Government was adopted by the Assembly of Kosovo on February 20, 2008 and is a basic law, which regulates the functioning of local government in the Republic of Kosovo. The LLSG is based on the principle of subsidiarity, defines the legal status, competencies and general principles of financing of municipalities, organization and functioning of municipal bodies, intra-municipal relations and inter-municipal cooperation, cross-border cooperation and relations between municipalities and central government (Law No.03/L-040 on Local Self Government, 2008).

The municipality is a basic unit of local self-government in the Republic of Kosovo, consisting of a community of citizens in a certain territory, defined by law, which exercises all the power which is not expressly reserved for central institutions. All municipal bodies ensure that the citizens of the municipality enjoy all rights and freedoms, regardless of race, ethnicity,

gender, language, religion, political opinion, nationality or social status, regardless of property or any other status in order to they enjoy equal rights and opportunities in municipal services at all levels (Official Gazette of the Republic of Kosova, Article 4, 2008).

The Law on Public Financial Management and Accountability (Law No. 03/L-048 On Public Financial Management And Accountability, 2008), as well as the Law on Amending and Supplementing this Law regulates the preparation, implementation and supervision of the Kosovo budget, municipal budgets and the budgets of other public entities financed from public money (Law No. 04/L-194 On Amending And Supplementing, 2017). This law also defines the responsibilities of the actors involved in these processes at the central and local level.

The American Authors Bowman and Kearney present two basic models of local government: local government established for general purposes and local government established for a single purpose (Bowman & Kearney, 2009). According to these authors, the difference between these two models, as can be understood from the names, consists in the fact that the first has to do with the type of local government that is established for the purpose of exercising many governing functions, such as the collection of taxes, construction of infrastructure, maintenance of parks, etc. While in the second group the authors in question introduce the kind of local government that is established to exercise only a single function such as determining how the budget of that unit of local self-government will be spent.

According (Berne, 1992) the financial capacity of the municipality is to fulfill its obligations to creditors, employees, taxpayers and to offer them services now and in the future. The authors (Chaney et al., 2002) also explain local public finances as the ability to properly provide services and to fulfill current and future obligations. The concept of local government finances as a level of competence of a municipality is defined to provide adequate services to its citizens (Wang, Dennis, & Tu, Measuring Financial Condition: A Study of US States." Public Budgeting and Finance 27, 2007). Municipalities are public sector enterprises where government regulations are directly related to their finances. Municipalities are independent administrative and economic subjects, with joint responsibilities and actions. However, not all municipalities are the same if economic, demographic and geographical characteristics are taken into account (Wang, Dennis, & Tu, 2007).

3. Research Methodology

3.1. Hypotheses

H1: The realization of budget projections in the analyzed period has identified partial progress in the area of autonomous revenues (tax and non-tax).

H2: The realization of government grants exceeds 85% of budget projections and is mainly related to the cooperation with the Ministry of Finance in financial and political terms.

H3: As a result of the partial realization of own fiscal revenues we have quite asymmetric trends in the realization of operating expenses and capital expenditures.

H4: More dynamic collection of revenues from legalization of illegal facilities can stabilize the financial performance of the budget of the municipality of Prizren in perspective

3.2. Methodology

In this study will be used the data from the financial reports of the municipality of Prizren from 2005 to 2019 as well as the auditor's reports.

The types of scientific methods used in the paper include:

- Confirmatory method, where through this method the hypotheses will be tested before their measurement.
- Qualitative method, where the results from case studies will be commented and clarified and their comparison will be made.
- The analysis method will be based on the financial reports that will be used by the archives of the Municipality of Prizren.
- Quantitative method will be based on numerical data statistically.
- Comparative method, through which the financial performance of the municipality of Prizren will be compared from year to year.

3.3. Statistical Analysis of the Research Results

Table 1. Compiled by the author based on the data of the Financial Reports of the Budget Incomes of the Municipality of Prizren

Incomes	Planned budget 2005-2007	Allocated funds 2005-2007	Realized budget (spent) 2005-2007	Ind. alo/ plan	Ind. real/ plan	Ind. real/al o	tot. aver. Ind
Government grant 2005-2007	9,111,746	8,982,493	8,982,493	99	99	100	99
Own source incomes 2005-2007	11,623,220	11,834,280	11,834,281	102	102	100	101
Own source incomes carried by 2004, 2005, 2006	3,854,359	3,854,359	3,854,359	100	100	100	100
Stimulus fund	1,445,145	1,676,295	1,398,364	116	97	83	99
Incomes from general donations	7,825	25,433	21,215	325	271	83	227
Total	26,042,295	26,372,860	22,454,991	101	86	85	91

Revenues of the Municipality of Prizren for the period 2005-2007 were budget planning € 26,042,295, where € 26,372,860 were allocated and € 22,454,991 were realized. The allocation index in relation to planning was 101%. The realization index in relation to budget planning was 86%, while the realization index in relation to budget allocation was 85%. The average of the above three indices is 91%.

In the period 2005-2007, the budget planning for the government grant to the municipal budget revenues was € 9,111,746, while € 8,982,493 or 99% allocated from the planned amount were allocated and realized.

In the period 2005-2007, the budget planning for own source revenues in the municipal budget revenues was € 11,623,220,

while € 11,834,280 were allocated and realized or 102% realized from the planned amount.

In the period 2005-2007, the budget planning for own source revenues carried forward was € 3,854,359 where its allocation and realization was with 100% index, but this source does not have a real character as a source of budget revenues, because these funds have already been committed to the unfinished business of capital projects.

In the period 2005-2007, budget planning for the municipal budget revenue stimulus fund was € 1,445,145, while € 1,676,295 or 116% were allocated from the planned amount. The realization was € 1,398,364, where 97% of the planned budget and 83% of

the allocated funds were spent. The average index for this period was 99%.

In the period 2005-2007, budget planning for revenues from general donations to municipal budget revenues was € 7,825, while € 25,433 or 325% were allocated from the planned amount. The realization was € 21,215, where 271% of the planned budget

and 83% of the allocated funds were spent. The average index for this period was 227%. Own source revenues carried forward for the years 2004, 2005 and 2006 amount to € 3,854,359. This source does not have a role as a source of budget revenues, because these funds have been committed to the unfinished work of capital projects of previous years.

Table 2. Compiled by the author based on the data of the Financial Reports of the Budget Expenditures of the Municipality of Prizren 2005-2007

Outlay	Planned budget 2005-2007	Allocated funds 2005-2007	Realized budget (spent) 2005-2007	Ind. alo./plan.	Ind. Real./plan.	Ind. Real./alo	Total index
Wages	2,890,373	2,890,373	2,719,619	100	94	94	96
Goods and services	2,167,894	2,202,685	2,202,685	102	102	100	101
Utility costs	1,816,393	1,816,393	1,712,028	100	94	94	96
Subsidies	452,158	453,645	453,645	100	100	100	100
Capital investments	15,931,072	15,931,072	15,367,014	100	96	96	98
Total	23,257,890	23,294,168	22,454,991	100	97	96	98

Municipal budget expenditures for the period 2005-2007, budget planning was € 23,257,890, while funds were allocated in full. The realized budget was € 22,454,991, where 96% of the planned budget was spent and allocated. The total average index was 98%. From the Table 2 of municipal budget expenditures, the realization of salaries was € 2,719,619 in relation to the planning which was € 2,890,373 or 94% realized, while the funds were allocated in full. The average index for this category was 96%. The payment of salaries was for the staff of the Local Administration and the payments for the assembly members.

Realization and allocation of expenditure planning for goods and services amounts to 102%, respectively € 2,202,685 realized and allocated in relation to € 2,167,894 planned.

The category of goods and services includes: fuel for vehicles and aggregates, telephone, fax, post office, internet, cleaning of municipal facilities, hospitality (representation), per diems, travel expenses, office supplies, maintenance of municipal facilities,

repair of vehicles and equipment, electricity costs in the municipal building, etc. In municipal expenditures, the implementation index in relation to budget planning and allocation is 94% or € 1,712,028 realized and € 1,816,393 planned and allocated. The category of municipal expenses includes: cleaning, lighting, greenery of the city, student travel expenses, scholarships, etc.

The planning of subsidies was € 452,158, while the realization of € 453,645 or 100% of the planned and allocated budget was realized. These subsidies have been used to finance cultural and artistic events, sports, youth activities, gender, travel expenses of students, families of martyrs and orphans, etc. In this period, capital investments have had a relatively good percentage of realization from the budget planning about 96% or € 15,367,014 realized and allocated from € 15,931,072 from the Planned Budget. The average index for this category is 98%.

Table 3. Compiled by the author based on the data of the Financial Reports of the Budget Incomes of the Municipality of Prizren 2008-2017

Incomes	Planned budget 2008-2017	Allocated funds 2008-2017	Realized budget (spent) 2008-2017	Ind. alo/ plan	Ind. real/plan	ind. real/alo	tot. aver. Ind
Transferred government grants	258,963.00	258,963.00	258,963.00	100	100	100	100
Own source revenues carried forward	12,228,545.00	12,130,936.00	11,143,332.00	99	91	92	94
Revenues from general donations carried forward	751,751	751,751	728,308	100	97	97	98
Government grant	260,097,973	259,628,315	253,108,945	100	97	97	98
Own source revenues	60,395,040	47,811,120	37,077,629	79	61	78	73
Revenues from general donations	3,430,117	3,474,627	2,016,356	101	59	58	73
Borrowing financing	98,357	98,357	98,357	100	100	100	100
Total	337,260,908	324,154,069	304,431,890	96	90	94	93

The total revenues of the municipality of Prizren for the period 2008-2017 had budget planning € 337,260,908 and € 324,154,069 were allocated from the total planned budget, while € 304,431,890 were realized. The allocation index in relation to planning was 96% and the realization index in relation to planning 90%, while the realization index in relation to allocation was 94%. The average of the three indices is 93%. From the table of general revenues of the municipal budget for the period 2008-2017, government grants carried forward were € 258,963 and were fully realized. Own source revenues carried forward for this period were € 12,228,545 and realized were € 11,141,332 with an index of 91%. Revenues from total donations carried forward were € 751,751, while € 728,308 were realized from the amount carried forward, with an index of 97%.

The government grant for this period has made budget planning in the amount of € 260,097,973, while its allocation has been € 259,628,315 and € 253,108,945 have been realized from the government grant. The index between allocation / planning

reaches 100%, the index between realization / planning reaches 97%, while realization / allocation 97%. The total average of government grants indices for the period 2008-2017 is 98%.

Own source revenues for the period 2008-2017, the planned budget was € 60,385,040, these revenues were allocated in the amount of € 47,811,120, while their realization was € 37,077,629. The allocation / planning index closed with 79%, realization / planning with 61% and realization / allocation with 78%. The average of total indices is 73%.

Revenues from general donations to the planned budget for the period 2008-2017 were € 3,474,627. € 3,474,627 were allocated from the budget, while € 2,016,356 were realized. The allocation / planning index is 101%, the realization / planning index 59%, while the realization / allocation index is 58%. The average of the total index is 73%.

Table 4. Compiled by the author based on the data of the Financial Reports of the Budget Expenditures of the Municipality of Prizren 2008-2017

Outlay	Planned budget 2008-2017	Allocated funds 2008-2017	Realized budget (spent) 2008-2017	Ind. Alo/Plan	Ind. Real/ plan.	Ind. Real/ Alo.
Wages	148,956,848	148,711,274	148,033,850	100	99	100
Goods and services	28,052,478	26,377,043	24,061,209	94	86	91
Utility costs	8,498,834	7,963,224	7,310,223	94	86	92
Subvencionet	4,434,197	4,244,418	3,886,291	96	88	92
Capital investments	147,581,079	136,953,481	121,337,819	93	82	89
Totali	337,523,436	324,249,440	304,629,392	96	90	94

In the category of municipal expenditures for the period 2008-2017, the budget planning was € 337,523,436 where € 324,249,440 were allocated, while € 304,629,392 were realized.

In the category of salaries in the municipal budget expenditures, the amount of € 148,956,848 is planned and € 148,711,274 are allocated, while € 148,033,850 are realized. The allocation index in relation to planning reaches a maximum of 100%. The maximum index is reached by the ratio of realization to planning and realization to allocation.

In the category of goods and services, € 28,052,478 were planned and € 26,377,043 were allocated, while € 24,061,209 were realized. The allocation index in relation to planning was 94%, realization / planning 86%, while realization / allocation 91%. This category has resulted in an average index of 90%.

In the category of municipal expenditures in the municipal budget expenditures, € 8,498,834 were planned and € 7,963,224 were allocated, while € 7,310,223 were realized. The allocation index

in relation to planning was 94%, the realization ratio to planning was 86%, while the realization ratio to allocation was 92%. This category had an average of 91%.

In the category of subsidies to municipal budget expenditures, € 4,434,197 were planned and allocated in the amount of € 4,244,418, while € 3,886,291 were realized. The allocation index in relation to planning was 96%, the realization index in relation to planning was 88%, while the realization index in relation to allocation was 92%. The average of the three indices in this category is 92%.

In the category of capital investments in municipal budget expenditures, the planned budget was € 147,581,079 and € 136,953,481 were allocated, while € 121,337,819 were realized or spent. The allocation index in relation to planning was 93%, the realization index in relation to planning was 82%, while the realization index in relation to allocation was 89%. The average of indices in this category is 88%.

Table 5. Compiled by the author based on the data of the Financial Reports of the Budget Incomes of the Municipality of Prizren 2018-2019

Incomes	Planned budget 2018-2019	Allocated funds 2018-2019	Realized budget (spent) 2018-2019	Ind. alok/ plan	Ind. real/plan	ind. real/alok	tot. aver. Ind
Government grant	74,536,578.00	74,109,029.00	68,552,396.00	99	92	93	95
Own source revenues	16,838,678.00	13,436,458.00	9,890,503.00	80	59	74	71
Own source revenues carried forward	5,962,195	5,962,195	5,385,315	100	90	90	94
Revenues from general donations	1,490,638	1,490,638	515,750	100	35	35	56
Borrowing financing	623,509	587,393	222,173	94	36	38	56
Total	99,451,598	95,585,713	84,566,137	96	85	88	90

In the period 2018-2019, the budget planning for the government grant to the municipal budget revenues was € 74,536,578, while € 74,109,029 were allocated or 99% allocated from the planned amount. The realization was € 68,552,396 where 92% of the planned budget and 93% of the allocated funds were spent. The average index for this period was 95%.

In the period 2018-2019, the budget planning for own source revenues in the municipal budget revenues was € 16,838,678, while € 13,436,458 or 80% of the planned amount were allocated. Realizations were € 9,890,503, where 59% of the planned budget and 74% of the allocated amount were spent. The average index for this period was 71%.

In the period 2018-2019, the budget planning for own source revenues carried over to the municipal budget revenues was €

5,962,195 and the funds were allocated in full. Realizations were € 5,385,315, where 90% of the planned budget and the allocated amount were spent. The average index for this period was 94%.

In the period 2018-2019, budget planning for revenues from general donations to municipal budget revenues was € 1,490,638 and funds were allocated in full. Realizations were € 515,750, where 35% of the planned budget and the allocated amount were spent. The average index for this period was 56%.

In the period 2018-2019, budget planning for financing from borrowing to municipal budget revenues was € 623,509, while € 587,393 or 94% were allocated from the planned amount. Realizations were € 222,173, where 36% of the planned budget and 38% of the allocated amount were spent. The average index for this period was 56%.

Table 6. Compiled by the author based on the data of the Financial Reports of the Budget Expenditures of the Municipality of Prizren 2018-2019

Outlay	Planned budget 2018-2019	Allocated funds 2018-2019	Realized budget (spent) 2018-2019	Ind. Real/Plan	Ind. Shp./plan.	Ind. Shp./Alok.	Tot aver. Ind
Wages	40,356,891	39,876,331	39,481,031	99	98	99	99
Goods and services	12,820,260	12,165,857	11,287,775	95	88	93	92
Utility costs	2,381,447	1,885,915	1,571,957	79	66	83	76
Subsidies	1,251,159	1,251,158	1,241,169	100	99	99	99
Capital investments	42,641,842	40,406,453	30,984,206	95	73	77	81
Total	99,451,599	95,585,714	84,566,138	96	85	88	90

In the period 2018-2019, the budget planning for Wages in Municipal Budget Expenditures was € 40,356,891, while € 39,876,331 or 99% of funds allocated from the planned amount were allocated. Realizations were € 39,481,031, where 98% of the planned budget and 99% of the allocated amount were spent. The average index for this period was 99%.

Goods and services in the period 2018-2019's budget planning in the Municipal Budget Expenditures was € 12,820,260, while € 12,165,857 or 95% of the funds allocated from the planned amount were allocated. Realizations were € 11,287,775, where 88% of the planned budget and 93% of the allocated amount were spent. The average index for this period was 92%.

Municipal expenditures in the period 2018-2019 budget planning in Municipal budget expenditures were € 2,381,447, while € 1,885,915 or 79% of funds were allocated from the planned amount. Realizations were € 1,571,957, where 66% of the planned budget and 83% of the allocated amount were spent. The average index for this period was 76%.

Subsidies in the period 2018-2019 budget planning in Municipal Budget Expenditures were € 1,251,159, where funds were allocated in full. Realizations were € 1,241,169, where 99% of the planned budget and the allocated amount were spent. The average index for this period was 99%.

Capital investments in the period 2018-2019's budget planning in Municipal Budget Expenditures were € 42,641,842, while € 40,406,453 were allocated or 95% of funds were allocated from the planned amount. Realizations for this period were € 30,984,206, where 73% of the planned budget and 77% of the allocated amount were spent. The average index for this period was 81%.

3.4. Analysis of the Correlation Between the Realization of Municipal Budget Expenditures and the Realization of Capital Investments

The analysis of the correlation for the period 2005-2019 between the realization of municipal budget expenditures and the realization of capital investments has resulted in 0.98207487.

The correlation analysis for the period 2005-2007 has resulted in 0.99901736. The period 2008-2017 has resulted in 0.99073733, while the period 2018-2019 has resulted in 1.

After these results we can say that the analysis of the correlation between the realization of municipal budget expenditures and the realization of capital investments has a positive linear trend for all periods analyzed and we can say that we have a strong positive correlation.

3.5. Analysis of the realization of capital investments as financial performance in the municipality of Prizren

Table 7. Compiled by the author based on the data of the Financial Reports of the Budget of the Municipality of Prizren 2005-2019

Year	Capital Investment Planning	Realization of Capital Investments	Realization in%
2005	6,949,331	5,976,993	86
2006	5,144,003	4,606,790	90
2007	3,837,738	4,783,231	125
Total of the first period			100
2008	6,643,000	6,182,702	93
2009	11,051,803	10,652,420	96
2010	13,597,370	10,771,722	79
2011	15,815,978	14,491,764	92
2012	14,763,269	12,181,769	83
2013	15,472,024	12,746,918	82
2014	16,537,689	11,635,326	70
2015	18,879,026	14,523,467	77
2016	18,557,260	14,167,524	76
2017	16,263,660	13,984,207	86
Total of the second period			83
2018	20,779,831	15,341,962	74
2019	21,862,011	15,642,244	72
Total of the third period			73
Total			85

During the 15-year analysis of capital realizations in the municipality of Prizren, the year with the worst performance was 2014 during the government of the second period, where only 70% were realized and ended within the threshold of 75%, where the Ministry of Government Local has determined the municipalities to then award the performance grant if the realization of Capital Investments is over 75%.

Two other years that have not exceeded the threshold of 75% are, the year 2018 with 74% and the year 2019 with 72% realized, where these two years have been of the third period.

The most successful year of Capital Investments was 2007 of the first period, where 125% were realized. The accumulation of own source revenues above the planned value has influenced the outcome.

During the period 2005-2019, the average realization of Capital Investments has been 85%.

The first period 2005-2007, has shown the most successful performance where Capital Investments are realized 100%.

The second period 2008-2017 is ranked second in terms of performance of Capital Investments with 83%.

The third period 2018-2019 is the weakest period, where only 73% of Capital Investments have been realized.

5. Conclusions and Recommendation

Municipalities in Kosovo, in order to have good governance, need to have more space in the use of their finances.

The Municipality of Prizren should make a plan to increase its own source revenues. Own source revenue planning to become realistic and achievable for their collection so that there is no discrepancy between the planning and realization of own source revenues. The capacities of human resources should be increased, which will affect the collection of own source revenues. Municipal staff dealing with own source revenues should be trained.

The Municipality of Prizren should organize an awareness campaign and do more marketing and raise awareness among citizens about the legalization of illegal facilities.

H1: The realization of budget projections in the analyzed period has identified partial progress in the area of autonomous revenues.

During the statistical analysis of own source revenues (autonomous) and based on the findings of this research (chapters 6, 7 and 8), we can conclude that the first hypothesis is argued. From 2005 to 2019, on average 71% of the budget projection of autonomous revenues were realized. The weakest realization was in the last period with a percentage of 59% realized in relation to the budget planning for own source revenues, while the highest realization occurred in the first period with a percentage of 103%, realized in relation to the planning of budget projections.

H2: The realization of government grants exceeds 85% of budget projections and is mainly related to the cooperation with the Ministry of Finance in financial and political terms.

The average realization of government grants for the period 2005-2019 is 97% of budget projections. The best realization was during the first period, where government grants were realized

99% of budget projections, while the weakest realization was during the third period with the index 92%. We can conclude that the second hypothesis is argued.

H3: As a result of the partial realization of own fiscal revenues we have quite asymmetric trends in the realization of operating expenses and capital expenditures.

After concluding in the first hypothesis that own source fiscal revenues have shown a partial result with a percentage of average realization of 71% of budget projections for 15 years, we can conclude that the third hypothesis is not argued, as during the 15-year period operating costs on average 91% of budget projections were realized, while capital expenditures with a realization percentage of 87%. The most successful period in the realization of operating and capital expenditures was the first period, with an average of 105% of the realization from the budget projection and 100% for capital expenditures, while the weakest period was the third period with an average of 88% for operating expenses and 73% for capital expenditures.

H4: More dynamic collection of revenues from legalization of illegal facilities can stabilize the financial performance of the budget of the municipality of Prizren in perspective.

Revenues from legalization of illegal facilities did not play any role in the financial performance of the budget of the municipality of Prizren, because the collection occurred only in 2005 and 2006 and this continued in 2020 and 2021 but this does not include the research period. In 2005 the planning of taxes from the legalization of objects was € 100,000 and € 15,557 or 16% were realized, while in 2006 the planning of taxes from the legalization of objects was € 25,000, while € 8,090 or 32% were realized.

We can conclude that the fourth hypothesis is not argued.

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