

# **Quick Analysis on the Statement of Income and Expenditures for the Municipality of Naujan**



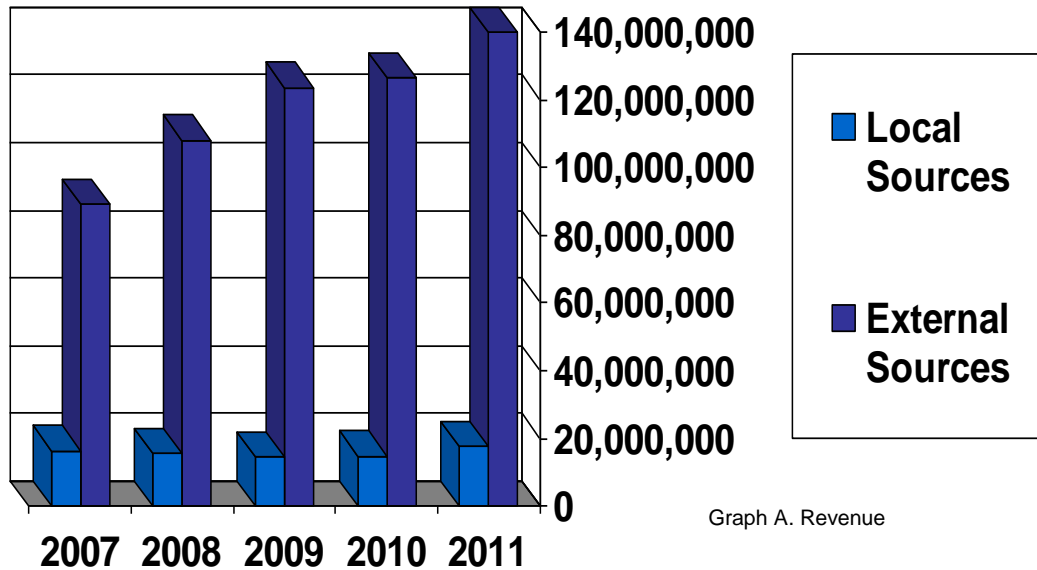
By Buraot Delgado

**For the Naujeños Foundation, Inc.**

30 July 2012

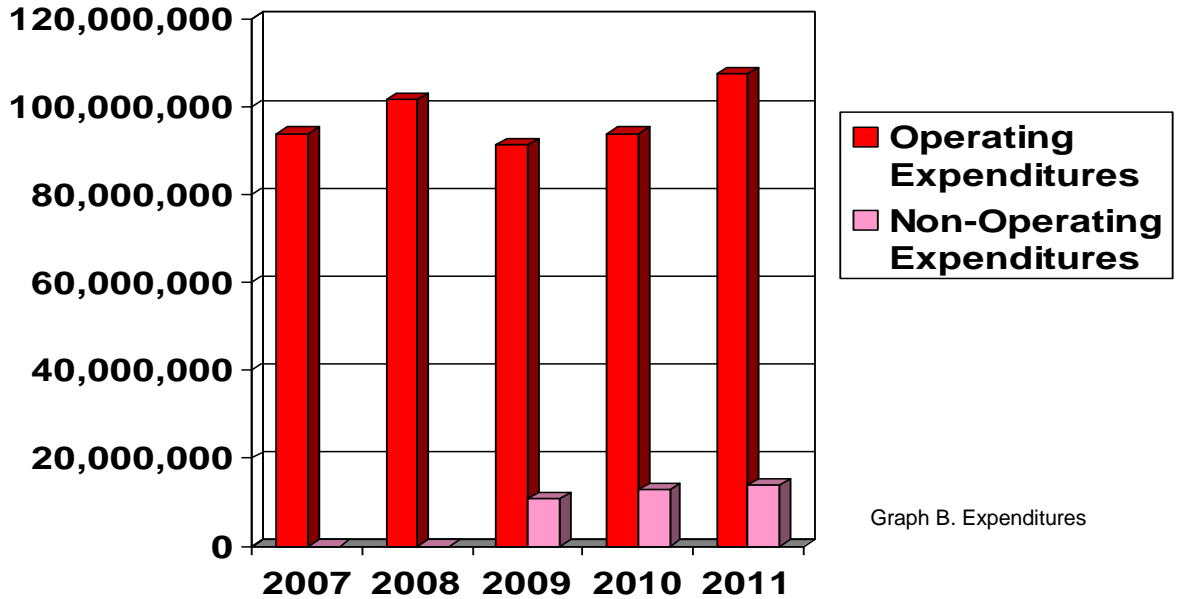
*Based from reports from the Bureau of Local Government Finance (BLGF)  
and the Department of Budget and Management (DBM)*

## A. Income (Revenues)



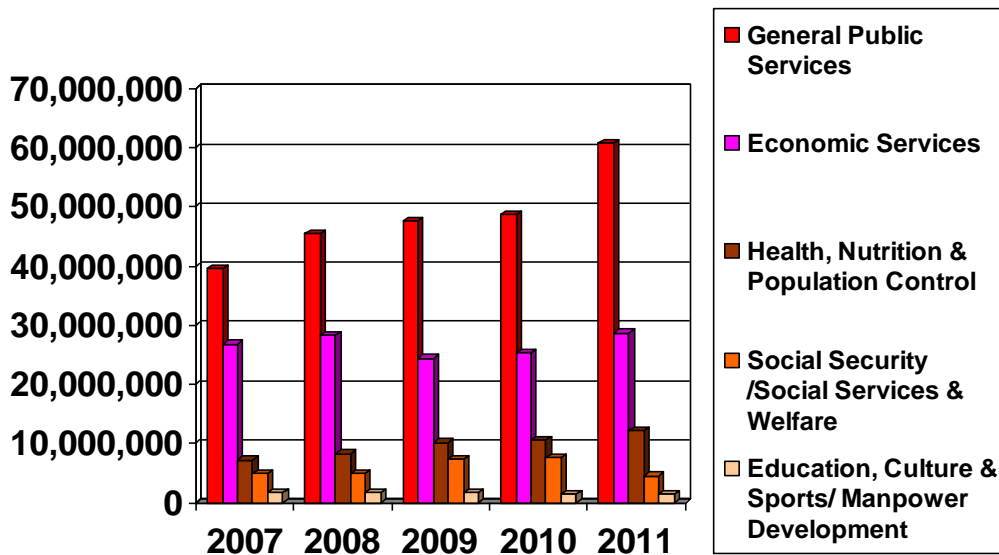
- Total operating income for the fiscal years 2007 to 2011, comes from local taxes and outside sources like the Internal Revenue Allocation and other national taxes.
- For the FY 2011, Revenue from Local Sources was Php 17,618,907, and from External Sources Php 139,994,177.

## B. Expenditures



- FY 2007 and 2008 no data.
- Operating Expenditures are expenses on public services provided by the municipality
- Non-Operating Expenditures are the costs of Capital Outlays, Investments Made, Debt Services Payments

## B.1. Operating Expenditures

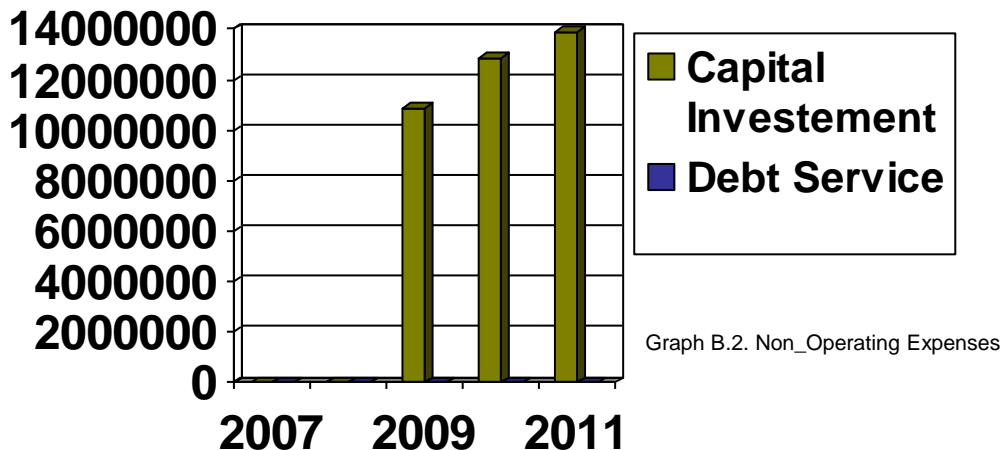


Graph B.1. Operating Expenditures

- Operating Expenditures are the translated as Services provided by the Municipality to the people
- Graph shows major areas of expenditures. Health Services has most, while Social Services has the least.
- For the FY 2011, these expenditures are translated as follows:

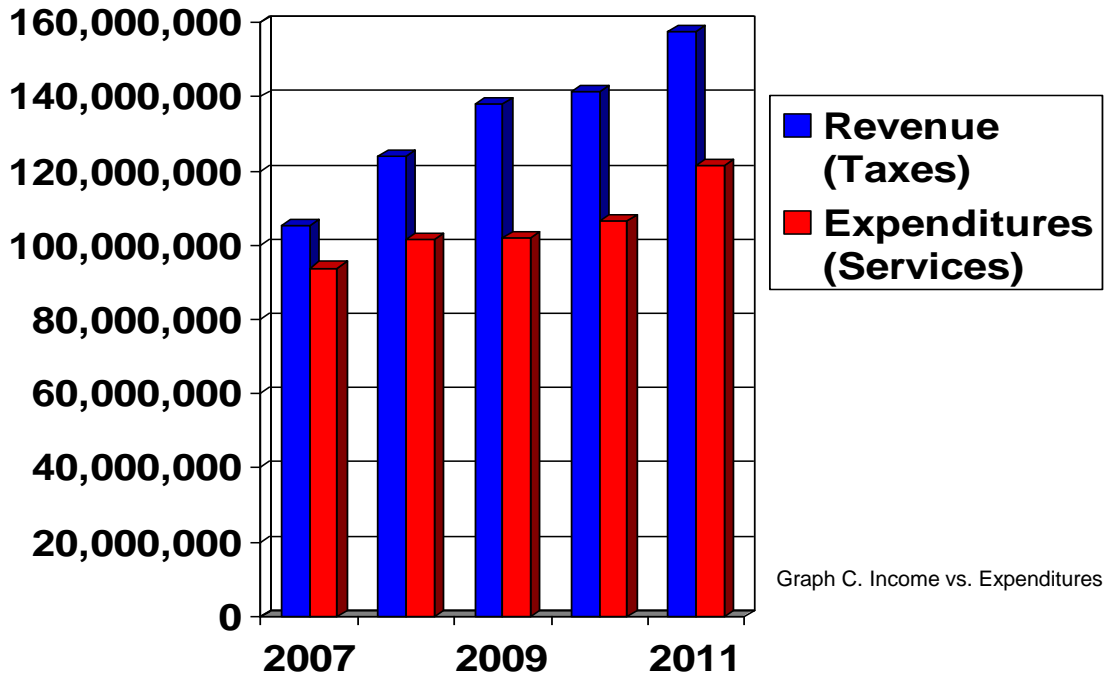
<b>General Services</b>	<b>= 56%</b>
<b>Economic Services</b>	<b>= 27%</b>
<b>Health Services</b>	<b>= 12%</b>
<b>Social Services</b>	<b>= 4%</b>
<b>Education Culture, Etc.</b>	<b>= 1%</b>

## B. 2. Non-Operating Expenses



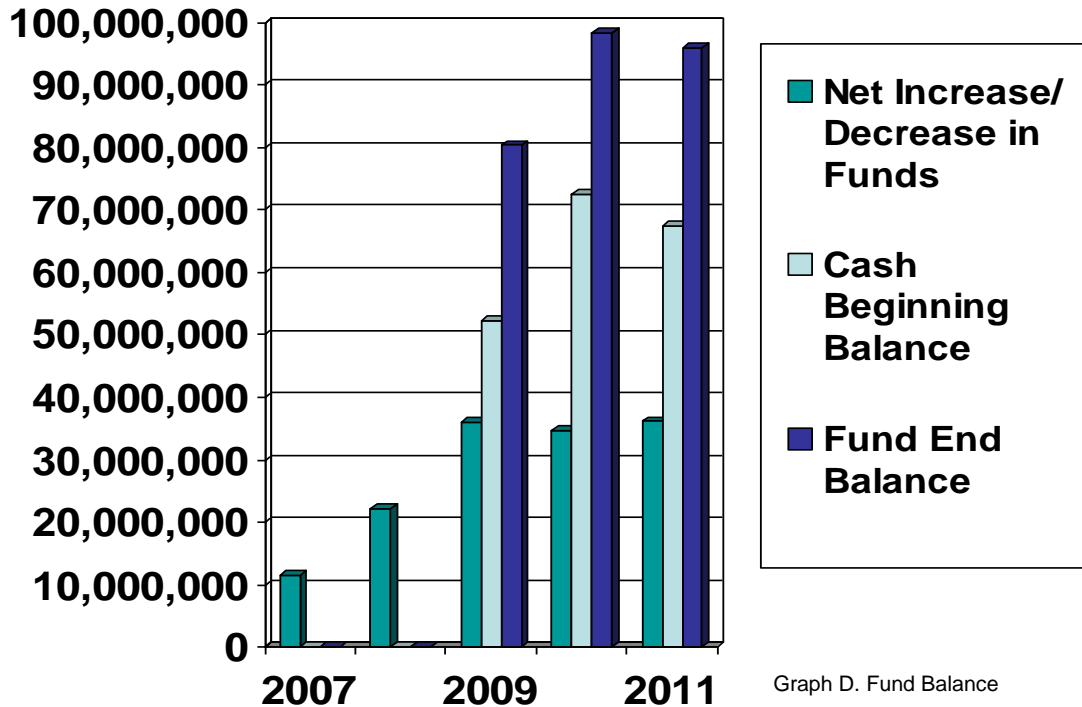
- No data for FY 2007 and 2008
- Capital Investments was made as a Purchase/Construct of Property Plant and Equipment (Assets/Capital Outlay)
- **NO DEBT SERVICES PAYMENTS**

## C. Income vs. Expenditures



- Revenues exceeding expenditures means cash savings.
- More savings means more money that can be used to finance other services.
- Figure includes the non-operating expenditures (investments), which was excluded on Graph 3.

## D. Fund Balance



- Net Increase/Decrease in Funds is simply Total Earnings (Revenue minus Expenditures) for the fiscal year.
- Beginning Cash Balance and End Fund Balance for FY 2007 and 2008 not stated
- Fund Balance for FY 2011 is Php 95,876,727

## Observations



- No Existing Debt.
- More than half of Current Operating Expenditure is incurred on General Public Services
- Lack programs for Labor & Employment, and Housing & Community Development
- Not-So-Clear Expenditures. FY 2007 & 2008 shows “Other Purposes”, and FY 2009-2011 shows “Prior Year Accounts Payable”; purposes of which and what was paid for was unclear
- Discrepancies on the Fund End where the Ending Balance for the previous year does not match the Beginning Balance for the following year.
- Fiscally Dependent on the National Government



# 1. Zero Debt



## **GOOD NEWS!**

Zero Debt means less money that can be taken away to pay for interest rates, no pressures from debt holders, and more importantly...

**More money to be used to provide services and infrastructures.**

## 2. More Than Half of Expenditures go to General Public Services

Current Operating EXPENDITURES	FY2007	FY2008	FY2009	FY2010	FY2011	TOTAL	5 YEAR AVERAGE
General Public Services	39,555,406	45,459,903	47,653,810	48,756,087	60,706,812	<b>242,132,018</b>	48 M
Education, Culture & Sports/ Manpower Development	1,677,970	1,646,523	1,713,365	1,481,755	1,481,908	<b>8,001,521</b>	1.5 M
Health, Nutrition & Population Control	7,223,578	8,249,775	10,142,931	10,579,580	12,145,019	<b>48,340,882</b>	9.5 M
Social Security /Social Services & Welfare	4,940,586	4,965,915	7,322,736	7,660,825	4,515,377	<b>29,405,439</b>	6 M
Economic Services	26,819,505	28,252,746	24,433,118	25,340,842	28,685,511	<b>133,531,721</b>	26 M

### Operating Expenditures (Services) Average

- Total expenses incurred by the LGU on services with General Public Services on top with an annual average of 48 M
- With all the money spent on services, do we see and feel significant changes in Naujan?

*If yes, then all is good. If no, then we need to re-evaluate the LGU priorities.*

### 3. Services Lacking in Some Areas

	FY2007	FY2008	FY2009	FY2010	FY2011
General Public Services	39,555,406	45,459,903	47,653,810	48,756,087	60,706,812
Education, Culture & Sports/ Manpower Development	1,677,970	1,646,523	1,713,365	1,481,755	1,481,908
Health, Nutrition & Population Control	7,223,578	8,249,775	10,142,931	10,579,580	12,145,019
Labor and Employment					
Housing and Community Development					
Social Security /Social Services & Welfare	4,940,586	4,965,915	7,322,736	7,660,825	4,515,377
Economic Services	26,819,505	28,252,746	24,433,118	25,340,842	28,685,511
Debt Service (Interest Expense & Other Charges)					
Other Purposes	13,676,860	13,104,168			
	<b>93,893,905</b>	<b>101,679,029</b>	<b>91,265,960</b>	<b>93,819,090</b>	<b>107,534,627</b>

- No Labor & Employment Services and No Housing & Community Development Program
- How about Environmental Protection for example? Was it under Community Development? What about Labor and Employment? Do all Naujeños have a job?
- One thing is clear. We have money to spend for other services.
- *How about creating a Municipal Environment and Natural Resources Office to task environmental concerns?*

## 4. Not-So-Clear Expenditures

### A. Other Purposes

	FY2007	FY2008	FY2009	FY2010	FY2011
General Public Services	39,555,406	45,459,903	47,653,810	48,756,087	60,706,812
Education, Culture & Sports/ Manpower Development	1,677,970	1,646,523	1,713,365	1,481,755	1,481,908
Health, Nutrition & Population Control	7,223,578	8,249,775	10,142,931	10,579,580	12,145,019
Labor and Employment Housing and Community Development					
Social Security /Social Services & Welfare	4,940,586	4,965,915	7,322,736	7,660,825	4,515,377
Economic Services	26,819,505	28,252,746	24,433,118	25,340,842	28,685,511
Debt Service (Interest Expense & Other Charges)					
Other Purposes	13,676,860	13,104,168			
	<b>93,893,905</b>	<b>101,679,029</b>	<b>91,265,960</b>	<b>93,819,090</b>	<b>107,534,627</b>

- FY 2007 & 2008 Expenditures shows an added “Other Purposes”, but was taken out entirely for the fiscal years 2009 to 2011. Was it considered to be like Petty Cash?
- In the absence of audited financial statements and paperwork to back them up, judging solely from the BLGF reports, the nature and the purpose was just not clear enough

## B. Prior Year's Accounts Payables

	FY2007	FY20008	FY2009	FY2010	FY2011
Cash Balance Beginning			52,319,987	72,511,853	67,458,320
Fund Available Balance (Net Funds + Cash Balance Beginning)			52,319,987	72,511,853	67,458,320
Payments of Prior Year Accounts Payables			7,936,382	8,801,988	7,761,488
<b>Fund Balance, End</b>			<b>44,383,605</b>	<b>63,709,865</b>	<b>59,696,831</b>

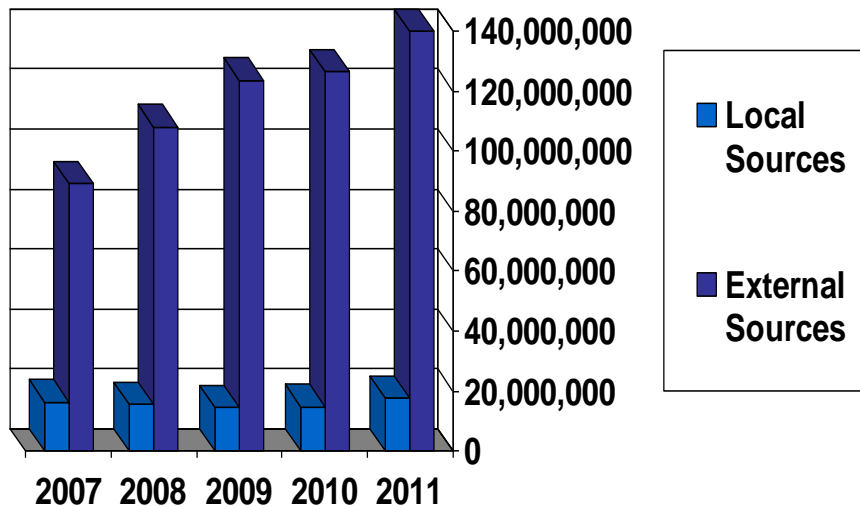
- FY 2007 and 2008 had no data.
- All “Payables” are basically expenditures. Since they are, why are they not included on the list of itemized expenditures?
- What are those payables?
- Again, in the absence of audited financial statements and paperwork to back them up, judging solely from the BLGF reports, the nature and the purpose of these items are not clear, and inconclusive

## 5. Fund End

	FY2007	FY2008	FY2009	FY2010	FY2011
Cash Balance Beginning			52,319,987	72,511,853	67,458,320
Fund Available Balance (Net Funds + Cash Balance Beginning)			88,276,238	107,206,713	103,638,215
Payments of Prior Year Accounts Payables			7,936,382	8,801,988	7,761,488
<b>Fund Balance, End</b>			<b>80,339,856</b>	<b>98,404,725</b>	<b>95,876,727</b>

- FY 2007 and 2008 has no data.
- Discrepancies on the Fund End where the Ending Balance for the previous year does not match the Beginning Balance for the following year.
- For example, the Fund Balance for the end of the FY 2009 was 80,339,856. But the Beginning Balance for the year after that FY2010 is 72,511,853. The difference is 7,828,003.
- Clearly there are other paperwork filed somewhere but we are not privy to them.
- And I repeat, in the absence of audited financial statements, these are unclear. We are judging **solely** from the BLGF reports.

## 6. Fiscal Dependence?



- Note the striking revenue difference on local and external sources. (See Graph A)
- Local Sources remain steady while External Sources are on a continuous incline
- 11% of our budget came from local initiatives while a big bulk of 89% came mainly from the national government
- Huge chunk of our budget is based from funds coming from the National Treasury

# Conclusion

Financially, Naujan is in good shape. Savings are up, and we had no debt.

Though some areas somehow are being neglected, perhaps due to lack of program, wisdom, or need, majority of public funds are still being used for public services, which is how it should be. The government's role is to provide public services, as opposed to running a business which aims purely for profit. And providing services means cost.

The good thing is that while these costs are up, so are our revenues.

But what is a little discomfoting to note, is that Naujan, (and probably the majority of all LGUs) is totally reliant on the national government. We are totally dependent on one major source of revenue, revenues which we used to stay afloat and finance our public services. It could not be more clear, for the FY 2011, income from local sources is only 11% while the other 89% comes from the national treasury.

While it is true that the government is mandated to provide services, sometimes we forget that the LGU themselves can also engage in revenue generating ventures, to generate more revenues, for the provision of a more reliable and broader scope of services. The more money our government has, the more services it can provide the public.

The observations I have noted here are based solely on reports that are readily available online from government sources, mainly the Bureau of Local Government Finance (BLGF) and the Department of Budget and Management (DBM). As was also noted, some unclear data can never be verified without audited financial documents, and therefore remains inconclusive.

My intention is to raise awareness among other Naujeños who may not want but obviously need the information. For how can we better judge the workings of our government and our local development if we have no clear picture, and in this case, numbers to ascertain them. And by seeing these figures, we can better see for ourselves the worth of our tax money working for us. Clearly, these are the services that we are getting or maybe, missing.

In the spirit of transparency, I can't wait for the local government of Naujan to set up their own website, so that programs and more concise public records can be readily digested by any Naujeño, wherever they may be.

Because like my friend used to say, you can take a Naujaño out of a Naujan, but you cannot take Naujan out of a Naujeño.