



Republic of the Philippines  
COMMISSION ON AUDIT  
Commonwealth Avenue, Quezon City

# **ANNUAL AUDIT REPORT**

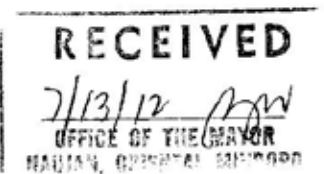
on the

**Municipality of Naujan  
Province of Oriental Mindoro**

For the Year Ended December 31, 2011



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. IV  
Audit Group I – Oriental Mindoro Province  
Provincial Capitol Complex, Camilmil, Calapan City



March 2, 2012

**Hon. Maria Angeles C. Casubuan**  
Municipal Mayor  
Naujan, Oriental Mindoro

Dear Mayor Casubuan:

We are pleased to transmit the Annual Audit Report on the Municipality of Naujan for the Calendar Year 2011 in compliance with Section 43 of Presidential Decree 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with generally accepted state auditing standards and provided reasonable basis for the results thereof.

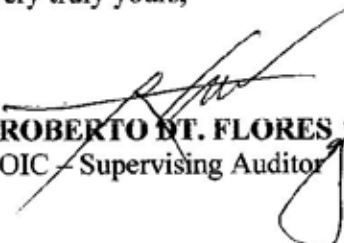
The attached report consists of the Audit Certificate, the Financial Statements, the Detailed Observations and Recommendations, which were discussed with concerned Management officials and staff in an exit conference held on January 26, 2012, and the Status of Implementation of Prior Year's Audit Recommendations.

The audit observations with the recommended courses of action are discussed in detail in this report prepared by Ms. Eden G. Salazar, Audit Team Leader under the supervision of Mr. Roberto DT. Flores, OIC-Supervising Auditor.

We request a status on the action taken on the audit recommendations within one month from receipt of this report.

We express our appreciation for the valuable support and cooperation extended to the audit team by the officials and staff of that agency.

Very truly yours,

  
**ROBERTO DT. FLORES**  
OIC – Supervising Auditor

Copy furnished:

- The Regional Director  
Department of Interior and Local Government, Region IV-B
- The Regional Director  
Department of Budget and Management, Region IV-B
- The Regional Director  
Bureau of Local Government Finance, Region IV-B
- The Secretary  
Sangguniang Bayan of Naujan, Oriental Mindoro

## EXECUTIVE SUMMARY

### INTRODUCTION

Municipality of Naujan, one of the oldest town in the province of Oriental Mindoro was established in 1639 by virtue of a Royal Decree promulgated by King Philip II of Spain and was confirmed by Philippine Commission on January 4, 1905 under Act. No. 1280.

Naujan, which is a first class municipality, consists of 70 barangays, 5 of which are inhabited by cultural minorities with a total of 4,076 indigenous people. It has a total land area of 52,804.15 hectares composing of 94,497 total population, based on the 2010 statistical data provided by the NSO.

It aims to uplift the quality of life of its constituents through a municipal-wide programs and projects planned for the year. These programs and projects are divided into sectoral components such as economic sector, social services, infrastructure and local administration.

For CY 2011, the Municipality was still under the able leadership of Honorable Maria Angeles Caranzo-Casubuan, Municipal Mayor assisted by Honorable Dein Z. Arago, Municipal Vice Mayor, and the eight (8) members of Sangguniang Bayan.

### FINANCIAL HIGHLIGHTS

The Municipality's main sources of funds are local taxes, permits and licenses, service and business income, and internal revenue allotment. For Calendar Year 2011, the Municipality generated a total income of ₱152.96 million. The funds obligated for the year amounted to ₱127.81 million out of the total current appropriation of ₱168.30 million. Of the ₱ 42.67 million continuing appropriations, ₱16.52 million was obligated during the year.

The municipality's financial condition and results of operations for calendar year 2011 compared with that of the preceding year are summarized below and shown in detail in Part I of this report.

	CY 2011	CY 2010	Increase
Balance Sheet			
Assets	285,879,436.49	256,405,066.25	29,474,370.24
Liabilities	33,717,926.00	22,032,731.38	11,685,194.62
Government Equity	252,161,510.49	234,372,334.87	17,789,175.62

	<b>CY 2011</b>	<b>CY 2010</b>	<b>Increase</b>
Statement of Income and Expenses			
Income	153,958,397.52	141,406,325.26	12,552,072.26
Expenses	126,728,441.96	115,798,434.21	10,930,007.75
Excess of Income over Expenses	27,229,955.56	25,607,891.05	1,622,064.51

## **SCOPE OF AUDIT**

Financial and compliance audits were conducted on the accounts and operations of the Municipality of Naujan, Oriental Mindoro for Calendar Year 2011. The audit was conducted to ascertain the fairness of the presentation of the financial statements and compliance of the municipality to laws, rules and regulations as well as the economical, efficient and effective utilization of resources.

## **AUDIT OPINION ON THE FINANCIAL STATEMENTS**

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the Municipality due to the Property, Plant and Equipment accounts valued at P172.95 million which were not sustained by physical inventory.

## **SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS**

For the exception cited, we recommended that the GSO maintain and update the stock cards and the Municipal Accountant maintain the ledger cards to facilitate the conduct of the physical inventory taking and render the Report on Physical Count of Property Plant and Equipment not later than January 31 of each year.

The other significant audit observations and recommendations in the audit of the Municipal Government of Naujan, Oriental Mindoro for the year 2011 are the following:

1. Property, Plant & Equipment amounting to P7.66 million and Government Equity of P7.61 million were recorded in the Trust Fund book of the Municipality contrary to Section 104, Chapter 5(b) of the Manual on the New Government Accounting System (NGAS) for LGUs, Volume I.

We recommended that the Municipal Accountant determine the composition of the PPE accounts presented in the Trust Fund balance sheet as of December 31, 2011 and make the necessary closing entries to transfer the PPE and Government Equity accounts to the General Fund book as provided under Section 104 of the NGAS Manual for LGUs in order to present accurate and reliable balances in the financial statements.

2. Suppliers with relations to the Municipality's key officials, thus having conflict of interest, were allowed to do business with the Municipality in violation of Section 108 of PD 1445, and Section 47 of RA 9184.

We recommended that the BAC should not allow transactions with the Suppliers having family or close personal relation within the third civil degree of consanguinity or affinity with the accountable officials of the municipal government. Moreover, the BAC should thoroughly evaluate the Eligibility documents of responsive and complying bidders in compliance with the pertinent provisions of RA 9184.

3. The Municipality's outstanding balances of accounts payable of ₱144,545.58 remained in the books for more than two years now and were not reverted in accordance with the provision of Section 98 of Presidential Decree 1445, thus, unnecessarily tying up the funds of the Municipality

We recommended that the Municipal Accountant assess the outstanding balance of accounts payable especially those that are more than two years now, and cause the reversion thereof in accordance with budgeting rules in order to utilize tied up funds for other programs and projects of the municipality.

The audit observations and recommendations contained in the report were discussed with concerned municipal officials and staff. Their views and reactions were considered in the report, where appropriate.

#### **STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

Of the nine (9) audit recommendations, two (2) were partially implemented, and the remaining seven (7) were implemented by the municipality. These are discussed in detail in Part III of the report.

## **TABLE OF CONTENTS**

		<b>Page</b>
Part	I – Audited Financial Statements	
	• Audit Certificate	1
	• Statement of Management’s Responsibility for Financial Statements	2
	• Consolidated Balance Sheet	3
	• Consolidated Statement of Income and Expense	7
	• Consolidated Statement of Cash Flows	12
	• Notes to Financial Statements	13
Part	II – Detailed Observations and Recommendations	
	• Financial and Compliance Audit	19
Part	III – Status of Implementation of Prior Years’ Audit Recommendations	24
Part	IV – Annexes	
	Annex 1 – Consolidated Balance Sheet (By Fund)	
	Annex 2 – Consolidated Statement of Income and Expense (By Fund)	
	Annex 3 – Consolidated Statement of Cash Flows (By Fund)	
	Annex 4 – Status of Appropriations, Allotments and Obligations (Current and Continuing)	
	Annex 5 – Schedule of Accounts Payable	

## **PART I – AUDITED FINANCIAL STATEMENTS**



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Diliman, Quezon City

---

## AUDIT CERTIFICATE

**Hon. Maria Angeles C. Casubuan**  
Municipal Mayor  
Naujan, Oriental Mindoro

Pursuant to Section 2, Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, we have audited the accompanying Balance Sheet of the Municipality of Naujan as of December 31, 2011 and the related Statement of Income and Expenses and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Municipality of Naujan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

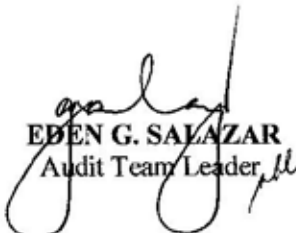
Except as discussed in the following paragraph, we conducted our audit in accordance with laws and generally accepted state auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement/s. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by the Municipality, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.

The validity and reliability of the balances of the account Property, Plant and Equipment valued at ₱172.974 million could not be sustained due to the inability of management to conduct physical inventory. Due to the inadequacy of the Municipality's records, we were unable to satisfy ourselves as to the existence of the property by means of other auditing procedures.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to examine evidence regarding the matters discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Municipality of Naujan as of December 31, 2011, and the results of its operations and its cash flows for the year then ended, in accordance with applicable laws, rules and regulations and in conformity with generally accepted state accounting principles.

COMMISSION ON AUDIT

By:

  
**EDEN G. SALAZAR**  
Audit Team Leader

February 23, 2012





### **Statement of Management Responsibility for Financial Statements**

The Management of the Municipal Government of Naujan, Oriental Mindoro is responsible for all information and representation contained in the Balance Sheet as of December 31, 2011 and the related Statement of Income and Expenses and Statement of Cash Flows for the period then ended. The Financial Statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on best estimates and informed judgement of management with an appropriate consideration of materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal control to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities recognized.

**CARINA A. CORRO**  
Municipal Accountant

**MARIA ANGELES CARANZO-CASUBUAN**  
Municipal Mayor

**MUNICIPALITY OF NAUJAN**  
**BALANCE SHEET**  
As of December 31, 2011  
(With Comparative Figures for CY 2010)

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
<b>CASH( Note 5)</b>		
Cash on Hand		
Cash in Vault	P 2,116.00	P -
Cash-Collecting Officers	187,264.73	43,263.21
Cash in Banks-Local Currency		
Cash in Bank -Local Currency, Current Account	29,443,872.30	14,912,831.94
Cash in Bank -Local Currency, Time Deposits	79,100,946.39	74,100,946.39
Total Cash	<u>108,734,199.42</u>	<u>89,057,041.54</u>
<b>RECEIVABLES (Note 6)</b>		
Receivable Accounts		
Accounts Receivable	189,781.80	200,857.07
Due from Officers and Employees	-	(2.82)
Special Education Tax Receivable	569,750.10	-
Inter-agency Receivables		
Due from NGAs	961,925.90	961,925.90
Due from LGUs	556,730.44	556,730.44
Due from NGOs/POs	35,500.00	35,500.00
Intra-agency Receivables		
Due from Other Funds	335,040.00	335,040.00
Other Receivables		
Receivables - Disallowances/Charges	104,816.36	104,816.36
Other Receivables	105,087.73	129,001.48
Total Receivables	<u>2,858,632.33</u>	<u>2,323,868.43</u>
<b>INVENTORIES</b>		
Supplies		
Office Supplies Inventory	237,378.81	1,790,307.11
Total Inventories	<u>237,378.81</u>	<u>1,790,307.11</u>
<b>OTHER CURRENT ASSETS</b>		
Guaranty Deposits	902,156.95	902,156.95
Other Current Assets	40,000.00	40,000.00
Total Other Current Assets	<u>942,156.95</u>	<u>942,156.95</u>
<b>TOTAL CURRENT ASSETS</b>	<u>112,772,367.51</u>	<u>94,113,374.03</u>
<b>PROPERTY, PLANT AND EQUIPMENT (Net of Depreciation) (Note 7)</b>		
<b>LAND AND LAND IMPROVEMENTS</b>		
Land	6,655,365.46	6,655,365.46
Land Improvements	25,557,133.02	27,477,333.62
Electrification, Power and Energy Structures	8,691,404.67	8,152,340.65
Total Land and Land Improvements	<u>40,903,903.15</u>	<u>42,285,039.73</u>
<b>BUILDINGS</b>		
Office Buildings	29,682,129.27	29,839,515.00
School Buildings	13,179,236.13	12,655,424.55

	2011	2010
Hospitals and Health Centers	2,365,464.97	2,402,117.29
Markets and Slaughterhouses	7,743,749.81	8,040,556.97
Other Structures	12,357,672.29	11,260,410.12
Total Buildings	65,328,252.47	64,198,023.93
OFFICE EQUIPMENT, FURNITURE AND FIXTURES		
Office Equipment	3,104,683.64	2,969,579.57
Furniture and Fixtures	7,659,784.05	7,287,814.09
IT Equipment and Software	3,644,244.23	3,744,452.15
Library Books	6,235.43	7,787.15
Total Office Equipment, Furniture and Fixtures	14,414,947.35	14,009,632.96
MACHINERIES AND EQUIPMENT		
Machineries		
Agricultural, Fishery and Forestry Equipment	733,759.88	798,714.14
Communication Equipment	1,642,202.84	1,692,488.09
Construction and Heavy Equipment	15,578,779.27	8,364,618.67
Firefighting Equipment and Accessories	64,614.82	86,559.34
Medical, Dental and Laboratory Equipment	116,673.11	134,193.11
Military and Police Equipment	14,209.38	18,186.06
Sports Equipment	16,606.25	18,856.25
Technical and Scientific Equipment	2,129,301.05	2,490,603.41
Other Machineries and Equipment	1,430,622.55	1,262,479.04
Total Machineries and Equipment	21,726,769.15	14,866,698.11
TRANSPORTATION EQUIPMENT		
Motor Vehicles	22,283,419.58	20,908,500.07
Watercrafts	442,374.03	485,368.47
Other Transportation Equipment	6,179.00	-
Total Transportation Equipment	22,731,972.61	21,393,868.54
OTHER PROPERTY, PLANT AND EQUIPMENT		
Other Property, Plant and Equipment	2,237,015.02	1,449,733.97
Total Other Property, Plant and Equipment	2,237,015.02	1,449,733.97
REFORESTATION PROJECTS		
Reforestation - Upland	24,222.00	24,222.00
Total Reforestation Projects	24,222.00	24,222.00
CONSTRUCTION IN PROGRESS		
Construction in Progress - Agency Assets		
Public Infrastructures/Reforestation Projects		
Construction in Progress -Roads, Highways and Bridges	1,528,420.00	46,620.00
Construction in Progress -Plazas, Parks and Monuments	193,755.00	193,755.00
Construction in Progress -Artesian, Wells, Reservoirs, Pumping Stations and Conduits	2,714,517.35	2,709,394.10
Construction in Progress - Irrigation, Canals and Laterals	255,663.82	156,843.82
Construction in Progress - Flood Controls	844,936.50	755,165.50
Construction in Progress - Waterways, Aqueducts, Seawalls	69,825.00	69,825.00
River Walls and Others		
Total Construction in Progress	5,607,117.67	3,931,603.42
Total Property, Plant and Equipment	172,974,199.42	162,158,822.66

	2011	2010
OTHER ASSETS		
Other Assets (Note 8)	132,869.56	132,869.56
Total Other Assets	132,869.56	132,869.56
<b>TOTAL ASSETS</b>	<b>P 285,879,436.49</b>	<b>P 256,405,066.25</b>
LIABILITIES		
CURRENT LIABILITIES (Note 9)		
Payable Accounts		
Accounts Payable	P 7,088,498.18	P 8,884,521.38
Due to Officers and Employees	1,442,983.30	1,547,441.42
Inter-Agency Payables		
Due to National Treasury	8,504.95	4,360.00
Due to BIR	1,222,337.58	844,519.81
Due to GSIS	1,095,656.81	905,096.72
Due to PAG-IBIG	212,201.86	171,221.80
Due to PHILHEALTH	17,257.03	17,257.03
Due to Other NGAs	6,589,230.08	89,230.08
Due to Other GOCCs	5,575.15	6,275.15
Due to LGUs	4,371,343.21	2,952,501.84
Intra-Agency Payables		
Due to Other Funds	1,123,558.15	499,133.89
Other Liability Accounts		
Guaranty Deposits Payable	235,940.00	355,840.00
Performance/Bidders/Bail Bonds Payable	591,109.42	498,705.92
Other Payables	7,489,275.54	3,601,921.70
Total Current Liabilities	31,493,471.26	20,378,026.74
DEFERRED CREDITS		
Deferred Special Education Tax Income	569,750.10	-
Other Deferred Credits	1,654,704.64	1,654,704.64
Total Deferred Credits	2,224,454.74	1,654,704.64
<b>TOTAL LIABILITIES</b>	<b>33,717,926.00</b>	<b>22,032,731.38</b>
EQUITY		
Government Equity - Beg.	234,372,334.87	222,837,263.45
Add: Retained Operating Surplus:		
Current Operations	27,229,955.56	25,607,891.05
Prior Year's Adjustments	-	2,553,982.79
Total	261,602,290.43	250,999,137.29
Less: Transfer to Registry		
Public Infrastructures	7,798,658.07	(16,473,123.53)
Prior Year's Adjustments	1,642,121.87	-
Other Adjustments	-	(153,678.89)
Government Equity, End (Note 10)	252,161,510.49	234,372,334.87
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 285,879,436.49</b>	<b>P 256,405,066.25</b>

(See accompanying Notes to Financial Statements)

**MUNICIPALITY OF NAUJAN**  
**STATEMENT OF INCOME AND EXPENSES**  
For the Year Ended December 31, 2011  
(With Comparative Figures for CY 2010)

	2011	2010
<b>TAX REVENUE</b>		
Local Taxes		
Amusement Tax		
Business Tax	P 2,073,717.85	P 1,701,529.07
Community Tax	910,146.72	801,225.22
Franchise Tax	41,091.56	68,690.00
Real Property Tax	2,870,747.57	2,132,560.73
Less: Discount on Real Property Tax	(155,133.55)	(127,507.64)
Special Education Tax	2,937,351.62	2,516,371.56
Less: Discount on Special Education Tax	(167,697.16)	-
Tax on Sand, Gravel and Other Quarry Products	559,050.22	660,612.84
Fines and Penalties- Local Taxes	174,047.72	109,782.51
Total Local Taxes	<u><b>9,243,322.55</b></u>	<u><b>7,863,264.29</b></u>
<b>GENERAL INCOME ACCOUNTS</b>		
Internal Revenue Allotment	135,681,156.00	125,344,718.00
Permits and Licenses		
Fees on Weights and Measures	61,958.75	51,527.00
Permit Fees	1,154,685.12	979,325.03
Registration Fees	579,765.00	497,740.00
Total Permits and Licenses	<u><b>137,477,564.87</b></u>	<u><b>126,873,310.03</b></u>
Service Income		
Clearance and Certification Fees	651,895.00	546,402.00
Garbage Fees	69,886.00	44,900.00
Inspection Fees	159,209.50	152,549.84
Other Services Income	103,884.78	78,448.25
Total Service Income	<u><b>984,875.28</b></u>	<u><b>822,300.09</b></u>
Business Income		
Income from Cemetery Operations	128,825.00	100,475.00
Income from Dormitory Operations	772,790.00	447,200.00
Landing and Parking Fees	268,581.00	197,561.00
Income from Markets	1,012,544.00	856,476.25
Income from Slaughterhouse	673,766.40	553,596.80
Income from Transportation System	8,664.00	14,004.00
Rent Income	2,500.00	-
Tuition Fees	23,670.00	66,560.00
Other Business Income	317,842.75	239,322.00
Total Business Income	<u><b>3,209,183.15</b></u>	<u><b>2,475,195.05</b></u>
Other Income		
Interest Income	1,449,583.73	1,543,320.19
Share from PAGCOR/PCSO	168,021.06	701,887.51
Miscellaneous Income	425,846.88	577,048.10
Total Other Income	<u><b>2,043,451.67</b></u>	<u><b>2,822,255.80</b></u>
<b>TOTAL OPERATING INCOME (Note 11)</b>	<u><b>P 152,958,397.52</b></u>	<u><b>P 140,856,325.26</b></u>
<b>EXPENSES</b>		
<b>PERSONAL SERVICES</b>		
Salaries and Wages		
Salaries and Wages - Regular	P 32,880,441.44	P 29,096,870.65
Salaries and Wages - Casual	3,875,798.35	2,115,003.62

	2011	2010
Other Compensation		
Personnel Economic Relief Allowance (PERA)	4,259,867.46	4,263,871.52
Additional Compensation (ADCOM)	18,400.00	-
Representation Allowance (RA)	1,599,840.00	1,598,490.00
Transportation Allowance (TA)	1,456,200.00	1,504,620.00
Clothing/Uniform Allowance	720,000.00	716,000.00
Subsistence, Laundry and Quarter Allowance	323,485.00	316,276.94
Productivity Incentive Allowance	306,000.00	292,000.00
Hazard Pay	1,270,481.51	1,084,809.20
Overtime and Night Pay	256,049.20	345,000.00
Cash Gift	1,138,250.00	995,875.00
Year End Bonus	3,018,923.66	2,449,159.32
Personnel Benefits Contributions		-
Life and Retirement Insurance Contributions	3,942,159.56	3,485,164.97
PAG-IBIG Contributions	742,941.57	665,998.26
PHILHEALTH Contributions	416,100.00	351,162.50
ECC Contributions	201,533.72	195,045.78
Other Personnel Benefits		-
Terminal Leave Benefits	725,648.52	1,524,820.17
Other Personnel Benefits	2,215,000.00	1,710,000.00
<b>Total Personal Services</b>	<b>59,367,119.99</b>	<b>52,710,167.93</b>
MAINTENANCE AND OTHER OPERATING EXPENSES		
Travelling Expenses		
Travelling Expenses - Local	2,544,805.57	1,718,662.03
Training and Scholarship Expenses		-
Training Expenses	794,600.00	495,918.75
Supplies and Material Expenses		-
Office Supplies Expense	2,730,032.72	3,056,936.56
Accountable Forms Expenses	149,735.83	139,687.90
Animal/Zoological Supplies Expenses	18,099.50	24,028.00
Drugs and Medicines Expenses	949,668.92	1,562,560.60
Medical, Dental and Laboratory Supplies Expenses	449,109.00	603,913.50
Gasoline, Oil and Lubrication Expenses	8,487,486.47	6,107,895.88
Agricultural Supplies Expenses	339,258.50	197,619.53
Textbooks and Instructional Materials Expenses	785,860.28	411,472.80
Other Supplies Expenses	379,950.58	278,712.75
Utility Expenses		-
Water Expenses	480,444.55	371,977.35
Electricity Expenses	3,348,201.33	2,902,139.98
Cooking Gas Expenses	29,581.14	22,163.48
Communication Expenses		-
Postage and Deliveries	217.50	2,226.00
Telephone Expenses - Landline	222,765.68	233,063.44
Telephone Expenses - Mobile	760,019.01	526,719.06
Internet Expenses	65,112.80	39,891.23
Cable, Satellite, Telegraph and Radio Expenses	24,864.00	24,987.24
Membership Dues and Contributions to Organizations	46,000.00	86,000.00
Advertising Expense	290,760.00	195,000.00
Printing and Binding Expenses	309,050.00	288,976.50
Rent Expenses	-	5,000.00
Transportation and Delivery Expenses	550.00	2,092.96
Subscriptions Expenses	2,585.00	200.00

	2011	2010
Professional Services		-
Auditing Services	89,547.18	84,912.91
Environment/Sanitary Services	618,283.93	603,337.58
General Services	1,129,068.55	1,242,217.93
Janitorial Services	998,267.77	996,780.05
Security Services	354,614.75	315,376.18
Other Professional Services	1,691,913.15	1,182,497.02
Repairs and Maintenance		
Land and Improvements		
Repairs and Maintenance - Electrification, Power and Energy Structures	210,710.00	110,898.50
Buildings		-
Repairs and Maintenance - Office Buildings	296,999.41	542,012.48
Repairs and Maintenance - School Buildings	148,032.84	217,374.00
Repairs and Maintenance - Hospitals and Health Centers	8,532.58	-
Repairs and Maintenance - Markets and Slaughterhouses	142,104.00	107,285.61
Repairs and Maintenance - Other Structures	532,705.23	482,009.10
Office Equipment, Furniture and Fixtures		-
Repairs and Maintenance - Office Equipment	58,047.32	40,700.97
Repairs and Maintenance - Furniture and Fixtures	107,448.00	71,700.00
Repairs and Maintenance - IT Equipment and Software	41,190.00	20,410.00
Machineries and Equipment		-
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	33,343.00	58,731.50
Repairs and Maintenance - Communication Equipment	16,536.60	29,370.00
Repairs and Maintenance - Construction and Heavy Equipment	3,981,799.36	4,302,718.30
Repairs and Maintenance - Medical, Dental and Laboratory Equipment	-	1,700.00
Repairs and Maintenance - Other Machineries and Equipment	43,680.00	13,790.00
Transportation Equipment		-
Repairs and Maintenance - Motor Vehicles	1,496,817.02	1,309,061.81
Repairs and Maintenance - Other Transportation Equipment	1,952.00	-
Public Infrastructures		
Repairs and Maintenance - Roads, Highways and Bridges	2,385,733.96	1,834,755.74
Repairs and Maintenance - Plazas, Parks and Monuments	265,587.00	232,313.13
Repairs and Maintenance - Other Public Infrastructures	6,000.00	16,870.00
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses		
Confidential Expenses	41,376.00	40,203.00
Taxes, Insurance Premiums and Other Fees		-
Taxes, Duties and Licenses	11,414.68	-
Fidelity Bond Premiums	27,929.00	23,241.50
Insurance Expenses	437,522.75	477,025.06
Non-Cash Expenses		
Depreciation		
Land Improvements		
Depreciation - Land Improvements	2,357,547.60	2,405,385.98
Depreciation - Electrification, Power and Energy Structures	769,902.93	653,711.52
Buildings		-
Depreciation - Office Buildings	680,512.23	667,968.46
Depreciation - School Buildings	358,150.28	297,851.08
Depreciation - Hospitals and Health Centers	36,652.32	36,652.32
Depreciation - Markets and Slaughterhouses	296,807.16	296,008.09
Depreciation - Other Structures	786,031.26	731,514.22

	2011	2010
Office Equipment, Furniture and Fixtures		
Depreciation -Office Equipment	237,595.93	231,362.26
Depreciation -Furniture and Fixtures	387,472.02	319,256.30
Depreciation - IT Equipment	1,066,372.92	1,102,007.74
Depreciation -Library Books	1,551.72	1,551.72
Machineries and Equipment		-
Depreciation - Agricultural, Fishery and Forestry Equipment	64,954.26	60,456.24
Depreciation -Communication Equipment	122,105.25	112,037.07
Depreciation -Construction and Heavy Equipment	1,503,989.40	1,130,805.00
Depreciation -Firefighting Equipment and Accessories	21,944.52	21,944.52
Depreciation - Medical, Dental and Laboratory Equipment	17,520.00	17,520.00
Depreciation - Military and Police Equipment	3,976.68	3,976.68
Depreciation - Sports Equipment	2,250.00	2,250.00
Depreciation - Technical and Scientific Equipment	361,302.36	361,302.36
Depreciation -Other Machineries and Equipment	214,976.49	215,722.99
Transportation and Equipment		-
Depreciation - Motor Vehicles	628,340.49	410,909.91
Depreciation -Watercrafts	42,994.44	42,296.65
Depreciation -Other Transportation Equipment	1,221.00	-
Other Property, Plant and Equipment		-
Depreciation- Other Property, Plant and Equipment	123,218.95	105,395.64
Other Maintenance and Operating Expenses		
Other Maintenance and Operating Expenses	12,573,417.90	14,012,288.06
Total Maintenance and Other Operating Expenses	61,046,722.57	56,895,312.72
<b>TOTAL OPERATING EXPENSES (Note 12)</b>	<b>120,413,842.56</b>	<b>109,605,480.65</b>
<b>INCOME FROM OPERATIONS</b>	<b>32,544,554.96</b>	<b>31,250,844.61</b>
Income before Subsidies, Donations and Extraordinary Items	32,544,554.96	31,250,844.61
Add: Subsidy from Other National Government Agencies	1,000,000.00	550,000.00
Total	1,000,000.00	550,000.00
Less: Subsidy to National Government Agencies		
Subsidy to Local Government Units	1,093,540.00	70,000.00
Subsidy to NGOs/Pos	75,000.00	50,000.00
Donations	5,146,059.40	6,072,953.56
Total (Note 12)	6,314,599.40	6,192,953.56
Income before Extraordinary Items	(5,314,599.40)	(5,642,953.56)
<b>EXCESS OF INCOME OVER EXPENDITURES</b>	<b>P 27,229,955.56</b>	<b>P 25,607,891.05</b>

(See accompanying Notes to Financial Statements)



**MUNICIPALITY OF NAUJAN**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2011**  
**(With Comparative Figures for CY 2010)**

	2011	2010
Cash Flows From Operating Activities		
Cash Inflows		
Share from Internal Revenue Allotment	P 135,681,156.00	P 125,344,718.00
Collection from Taxpayers	27,443,147.01	22,204,281.16
Receipts from sale of goods and services	1,449,583.73	1,543,320.19
Other Receipts	25,846,607.06	11,077,537.54
Total Cash Inflows	<u>190,420,493.80</u>	<u>160,169,856.89</u>
Cash Outflows		
Payments to -		
Suppliers/Creditors	41,444,314.35	29,960,968.25
Employees	59,431,801.36	53,975,600.61
Other Disbursements	43,522,712.12	40,295,673.87
Total Cash Outflows	<u>144,398,827.83</u>	<u>124,232,242.73</u>
Cash Provided by Operating Activities	<u>46,021,665.97</u>	<u>35,937,614.16</u>
Cash Flows From Investing Activities		
Cash Outflows		
Purchase of Property, Plant and Equipment and Public Infrastructures	26,344,508.09	23,316,445.18
Total Cash Outflows	<u>26,344,508.09</u>	<u>23,316,445.18</u>
Cash Provided by Investing Activities	<u>(26,344,508.09)</u>	<u>(23,316,445.18)</u>
Total Cash Provided by Operating and Investing Activities	<u>19,677,157.88</u>	<u>12,621,168.98</u>
Cash at the Beginning of the Period	89,057,041.54	76,435,872.56
Cash at the End of the Period (Note 4)	<u>P 108,734,199.42</u>	<u>P 89,057,041.54</u>

(See accompanying Notes to Financial Statements)

## 2. Basis of Financial Statements Preparation

The financial statements have been prepared based on the New Government Accounting System, and in accordance with generally accepted state accounting principles and standards. Since February 2007, the Municipality adopted the electronic NGAS.

## 3. Summary of Significant Accounting Policies

- 3.1 The Municipality uses accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except for transactions where accrual basis is impractical or when other methods are required by law.
- 3.2 *Property, Plant, and Equipment* are carried at historical cost less accumulated depreciation. Infrastructures under construction in-progress are valued following the construction period theory.
- 3.3 Property of the government which are used by the general public are accounted for under the Public Infrastructures. These are dropped from the *Property, Plant & Equipment* accounts and recorded in the Registry of Public Infrastructure/Reforestation Projects.
- 3.4 The straight line method of depreciation is used in depreciating the Property, Plant and Equipment with estimated useful lives ranging from five to fifteen years. For equipment, vehicles and other assets subject to depreciation, a residual value computed at ten percent (10%) of the cost of asset is set and depreciation starts on the month following the date of purchase.
- 3.5 Payable accounts are recognized and recorded in the books of accounts only upon acceptance of the goods/inventory/other assets and rendition of services to the municipality.

## 4. Correction of Fundamental Errors

Fundamental errors of prior years are corrected by using Prior Year's Adjustment account. Errors affecting current year's operation are charged to current year's account.

## 5. Cash

This account is broken down as follows:

	<u>2011</u>	<u>2010</u>
General Fund		
Cash in Vault	P 2,116.00	0.00
Cash-Collecting Officer	187,264.73	43,263.21
Cash in Bank		

## 2. Basis of Financial Statements Preparation

The financial statements have been prepared based on the New Government Accounting System, and in accordance with generally accepted state accounting principles and standards. Since February 2007, the Municipality adopted the electronic NGAS.

## 3. Summary of Significant Accounting Policies

- 3.1 The Municipality uses accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except for transactions where accrual basis is impractical or when other methods are required by law.
- 3.2 *Property, Plant, and Equipment* are carried at historical cost less accumulated depreciation. Infrastructures under construction in-progress are valued following the construction period theory.
- 3.3 Property of the government which are used by the general public are accounted for under the Public Infrastructures. These are dropped from the *Property, Plant & Equipment* accounts and recorded in the Registry of Public Infrastructure/Reforestation Projects.
- 3.4 The straight line method of depreciation is used in depreciating the Property, Plant and Equipment with estimated useful lives ranging from five to fifteen years. For equipment, vehicles and other assets subject to depreciation, a residual value computed at ten percent (10%) of the cost of asset is set and depreciation starts on the month following the date of purchase.
- 3.5 Payable accounts are recognized and recorded in the books of accounts only upon acceptance of the goods/inventory/other assets and rendition of services to the municipality.

## 4. Correction of Fundamental Errors

Fundamental errors of prior years are corrected by using Prior Year's Adjustment account. Errors affecting current year's operation are charged to current year's account.

## 5. Cash

This account is broken down as follows:

	<u>2011</u>	<u>2010</u>
General Fund		
Cash in Vault	P 2,116.00	0.00
Cash-Collecting Officer	187,264.73	43,263.21
Cash in Bank		

DBP Current Account No. 0605-012989-030	20,446,656.18	9,801,426.97
Time Deposit Accounts (Renewable monthly)	<u>76,840,174.58</u>	<u>71,840,174.58</u>
<b>TOTAL</b>	<b><u>97,476,211.49</u></b>	<b><u>81,684,864.76</u></b>
<b>Special Education Fund</b>		
Cash in Bank		
DBP Current Account No. 0605-012991-030	1,968,562.24	1,185,350.68
Time Deposit Accounts(Renewable monthly)	<u>1,500,000.00</u>	<u>1,500,000.00</u>
<b>TOTAL</b>	<b><u>3,468,562.24</u></b>	<b><u>2,685,350.68</u></b>
<b>Trust Fund</b>		
Cash in Bank		
DBP Current Account No. 0605-012996-030(LGU)	7,028,653.88	3,630,201.17
DBP Current Account No. 0605-012997-030(Brgy)	0.00	202,122.64
DBP Current Account No. 0605-012990-030(CDF)	0.00	93,730.48
Time Deposit Accounts (renewable monthly)	<u>760,771.81</u>	<u>760,771.81</u>
<b>TOTAL</b>	<b><u>7,789,425.69</u></b>	<b><u>4,686,826.10</u></b>
<b>TOTAL</b>	<b><u>P 108,734,199.42</u></b>	<b><u>P 89,057,041.54</u></b>

*Cash in Vault* and *Cash, Collecting Officer* represent cash collections in the last days of December 2011 which were remitted and deposited on January 2, 2012. The accounts under the Trust Fund book for Barangay and CDF were closed and balances were transferred to DBP Current Account No. 0605-12996-030.

## 6. Receivables

This account includes the following:

	<u>2011</u>	<u>2010</u>
General Fund	P 2,173,553.94	P 2,208,540.14
Special Education Fund	569,857.10	107.00
Trust Fund	<u>115,221.29</u>	<u>115,221.29</u>
<b>TOTAL</b>	<b><u>P 2,858,632.33</u></b>	<b><u>P 2,323,868.43</u></b>

Part of the General Fund receivables are Due from NGAs of P926,262.61 which represents balance of IRA monetization for the year 2001; Due from NGO/PO of P35,500.00 which pertains to balance of loan granted to BADECO; and Other Receivables of P105,087.73 which represents loans granted to various persons under the Self Employment Assistance Program and Poverty Reduction Program.

## 7. Property, Plant and Equipment

This account consists of the following:

	<u>2011</u>	<u>2010</u>
<b>Land and Land Improvements</b>		
General Fund	P 54,343,427.32	P 52,613,007.37
Special Education Fund	15,894.00	0.00
Trust Fund	27,200.00	27,200.00
<b>Buildings</b>		
General Fund	P 64,399,871.23	P 61,342,268.24

Special Education Fund	1,610,683.94	1,379,905.14
Trust Fund	7,631,597.24	7,631,597.24
<b>Office Equipmt.,Furnitures &amp; Fixtures</b>		
General Fund	19,930,293.48	17,912,686.50
Special Education Fund	2,723,202.45	2,642,502.45
<b>Machineries &amp; Equipment</b>		
General Fund	32,531,311.02	23,358,221.02
Special Education Fund	50,943.00	50,943.00
<b>Transportation and Equipment</b>		
General Fund	25,011,818.12	23,001,158.12
<b>Other Property, Plant and Equipment</b>		
General Fund	2,624,863.18	1,714,363.18
Special Education Fund	69,700.00	69,700.00
<b>Reforestation Projects</b>		
General Fund	24,222.00	24,222.00
<b>Construction in Progress</b>		
General Fund	<u>5,607,117.67</u>	<u>3,931,603.42</u>
<b>Gross Totals</b>		
General Fund	P 204,472,924.02	P 183,897,529.85
Special Education Fund	4,470,423.39	4,143,050.59
Trust Fund	<u>7,658,797.24</u>	<u>7,658,797.24</u>
Totals	<u>P 216,602,145.05</u>	<u>P 195,699,377.68</u>
Less: Accumulated Depreciation		
General Fund	P 42,859,554.04	P 32,963,924.71
Special Education Fund	<u>768,391.19</u>	<u>576,630.25</u>
Total Accumulated Depreciation	<u>P 43,627,945.23</u>	<u>P 33,540,554.96</u>
<b>NET BOOK VALUE:</b>		
General Fund	P 161,613,369.98	P 150,933,605.14
Special Education Fund	3,702,032.20	3,566,420.34
Trust Fund	<u>7,658,797.24</u>	<u>7,658,797.24</u>
Totals	<u>P 172,974,199.42</u>	<u>P 162,158,822.72</u>

Increase in PPE was due to purchase of three (3) units 6-wheeler brand new Hino dumptruck, one (1) reconditioned Kubota backhoe, one (1) Toyota Hi-Ace Commuter, procurement of seven (7) units Motorcycle and two (2) units Mountain Bike, movable tent, various furniture & fixtures and other office equipment distributed in different departments, and construction/renovation of elementary school buildings.

## 8. Other Assets

	<u>2011</u>	<u>2010</u>
General Fund	<u>P 132,869.56</u>	<u>P 132,869.56</u>

This account was maintained and carried in the books since the conversion from the old accounting system but without subsidiary ledger and other details.

## 9. Current Liabilities

	<u>2011</u>	<u>2010</u>
General Fund	P 23,271,621.92	P 15,306,031.76
Special Education Fund	264,864.86	217,610.09
Trust Fund	<u>7,956,984.48</u>	<u>4,854,384.89</u>
Total	<u>P 31,493,471.26</u>	<u>P 20,378,026.74</u>

## 10. Government Equity

This account includes prior year's adjustments on the following transactions:

Withdrawal of advance rentals paid	P 44,000.00
Reversion of Payables (SB Res. No. 05 s. 2010)	(325,500.00)
Prior Year's Expenses recorded in the current year	370,693.57
Reversion of Other Supplies Inventory account	<u>1,552,928.30</u>
Total	<u>P1,642,121.87</u>

## 11. Income Accounts

These include the following:

	<u>2011</u>	<u>2010</u>
General Fund	P 150,188,743.06	P 138,339,953.70
Special Education Fund	<u>2,769,654.46</u>	<u>2,516,371.56</u>
Total	<u>P 152,958,397.52</u>	<u>P 140,856,325.26</u>

Total income under the General Fund includes the subsidy from national government (Department of Agriculture) in the amount of P1,000,000.00 intended for the construction of Bagsakan Center which should have been treated as Due to NGAs.

## 12. Expense Accounts

**P 126,728,441.96**

These are comprised of the following:

	<u>2011</u>	<u>2010</u>
General Fund	P 124,830,356.15	P 107,852,352.79
Special Education Fund	<u>1,898,085.81</u>	<u>1,655,511.88</u>
Total	<u>P 126,728,441.96</u>	<u>P 109,507,864.67</u>

### 13. Sources and Applications of Funds

	<u>2011</u>	<u>2010</u>
Current Appropriation		
Appropriations	<u>P 168,302,051.72</u>	<u>P 160,796,482.26</u>
Allotments	<u>168,302,051.72</u>	<u>160,796,482.26</u>
Allotment Balances	<u>0.00</u>	<u>0.00</u>
Obligations	<u>127,813,684.73</u>	<u>117,159,537.70</u>
Unobligated Balances	<u>40,488,366.99</u>	<u>43,636,944.56</u>
Continuing Appropriation		
Appropriations	<u>42,673,924.00</u>	<u>32,127,068.32</u>
Allotments	<u>42,673,924.00</u>	<u>32,127,068.32</u>
Allotment Balances	<u>0.00</u>	<u>0.00</u>
Obligations	<u>16,516,028.79</u>	<u>14,762,652.27</u>
Unobligated Balances	<u>26,157,895.21</u>	<u>17,364,416.05</u>
Totals		
Appropriations	<u>P 210,975,975.72</u>	<u>P 192,923,550.58</u>
Allotments	<u>P 210,975,975.72</u>	<u>P 192,923,550.58</u>
Allotment Balances	<u>0.00</u>	<u>0.00</u>
Obligations	<u>144,329,713.52</u>	<u>131,922,189.97</u>
Unobligated Balances	<u>P 66,646,262.20</u>	<u>P 61,001,360.61</u>

## **PART II – DETAILED OBSERVATIONS AND RECOMMENDATIONS**



## DETAILED FINDINGS AND RECOMMENDATIONS

### I. FINANCIAL AND COMPLIANCE AUDIT

#### Non-Completion of Property, Plant and Equipment Inventory

1. The balance of P172.97 million of the *Property, Plant & Equipment* account is of doubtful validity because of the Municipality's failure to complete the physical inventory of its fixed assets in violation of Section 124 of the NGAS Manual, Volume 1.

Section 124 of the New Government Accounting System for LGUs, Volume I provides that:

“The local chief executive shall require periodic physical inventory of supplies and property. X X X X . . .

Physical count of property, plant and equipment by type shall be made annually and reported on the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). This shall be submitted to the Auditor concerned not later than January 31 of each year.”

For the past several years, provision of Section 124 of the NGAS Manual, Volume 1 has been disregarded, thus the reiteration of this observation this year.

Again, the Municipal Mayor created a new committee to continue the conduct of physical inventory which the former team started in 2010. However, it was unfortunate that up to now, the new committee still failed to complete the inventory taking. They were not able to identify and segregate those property acquired several years ago allegedly due to absence of pertinent records.

Non- rendition of a complete inventory report as of year-end and the absence of property stock cards made it impossible for the audit team to perform alternative measures to verify the validity of the Property, Plant and Equipment account balance of P172,974,199.42 which comprises 60.18% of the total assets as of CY 2011. Consequently, the amount reflected in the financial statements remained doubtful and unreliable.

Said committee admitted its lapses for not completing the inventory taking but promised to finish the task this coming year and submit the corresponding RCPPE to this office.

We recommended that the General Services Officer maintain and update the stock cards and the committee should be strictly directed to complete the conduct of the

physical inventory taking, reconcile their reports with the accounting records and render the RPCPPE not later than January 31 of each year.

- 2. Property, Plant & Equipment amounting to P7.66 million and Government Equity of P7.61 million were recorded in the Trust Fund book of the Municipality contrary to Section 104, Chapter 5(b) of the Manual on the New Government Accounting System (NGAS) for LGUs, Volume I.**

Section 94 of the NGAS Manual for LGUs, Volume I and Section 309(b) of RA 7160 describe the Trust Fund as funds which shall consist of private and public monies that have officially come into the possession of the local government or of local government official as trustee, agent or administrator, or which have been received as a guaranty for the fulfillment of some obligation. A trust fund shall only be used for the specific purpose for which it was created or for which it came into the possession of the local government unit.

To properly account/record the funds received and utilized by the recipient LGU, Section 104, Chapter 5(b) of the Manual on NGAS for LGUs, Volume I cites the pro-forma accounting entries for typical transactions under the Trust Funds.

Upon completion of the project and submission of the liquidation reports to the grantor, the completed projects shall be transferred to the General Fund for use of the LGU.

In the review of the 2011 year-end financial statements, we noted that Government Equity account balance of P7,606,459.74 and PPE accounts totaling P7,658,797.24 were still maintained even when these assets were already completed several years ago. These included properties acquired/constructed through grants and/or the Countrywide Development Fund (CDF) that are required to be transferred to General Fund or to funding agencies.

PPE accounts amounting to P7,606,459.74 were forwarded balances from the old government accounting system wherein PPE and Government Equity accounts were also maintained under the Trust Fund book. These accounts were not supported with subsidiary ledgers and records of these accounts cannot be accounted for to support the transfer of these PPEs to the General Fund book.

The Municipal Accountant said that such accounts already existed when she assumed her position in 1993 and due to unavailability of any records to support the transfer of such property to the General Fund book, it would be impossible for them to address COA's recommendation. She is humble requesting for the assistance as to what possible actions the Municipal Government has to take to comply with the aforecited provisions of the NGAS Manual for LGUs.

We recommended that the Municipal Accountant determine the composition and nature of the PPE accounts presented in the Trust Fund balance sheet as of December 31, 2011 and make the necessary closing entries to transfer the PPE and Government Equity accounts to the General Fund book or the funding agency as provided under Section 104 of the NGAS Manual for LGUs in order to present accurate and reliable balances in the financial statements.

**3. Suppliers with relations to the Municipality's key officials, thus having conflict of interest, were allowed to do business with the Municipality in violation of Section 108 of PD 1445, and Section 47 of RA 9184.**

Section 108 of Presidential Decree No. 1445 provides that:

“No accountable officer or responsible officer shall be **pecuniarily interested, directly or indirectly**, in any contract or transaction of the agency in which he is such an officer.”

Moreover, Section 47, Rule XV of the Revised Implementing Rules and Regulations of RA 9184 disclosed that:

“All bids shall be accompanied by a sworn affidavit of the bidder that it is not related to the Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, . . . For this reason, relation to the aforementioned persons within the third civil degree of consanguinity or affinity shall automatically disqualify the bidder from participating in the procurement of contracts of the procuring entity.

During our audit, we noted that the BAC transacted business with the following suppliers having relations with its key officials, to wit:

Business Name	Owner/ Proprietor	Name of Key Officials	Relationship with Key Officials	Nature of transactions
Ate's Restaurant	Mr. Olmos	Precy Olmos, Municipal Engineer/ End-user	Spouse	Catering Services
Martinez Enterprises	Mrs. Lyn Arago Martinez	Dein Z. Arago, Vice Mayor, Approving Officer/End-user	Sister	Spare parts and const. materials
NADECO	Some mun. officials and employees of Mun. Government of Naujan like Engr. Anonuevo, MBO Lilia Tamares, MSWD Abstenencia de Guzman, MGSO Edna Llamoso	Engr. Vergilio Anonuevo, Mun. Assessor/BAC Chairman/End-user Abstenencia de Guzman, MSWDO, Edna Llamoso, MGSO/TWG Head/End-users	NADECO BOD and members	Catering services, office supplies and IT equipment

We have issued letters and Notices of Deficiencies dated September 15, 2010 and January 18, 2011, respectively. However, the BAC failed to correct the noted deficiencies and still continued to award Contracts/POs to these suppliers.

We recommended that the BAC should disqualify Suppliers having family or close personal relation within the third civil degree of consanguinity or affinity with the accountable officials of the municipal government. Moreover, the BAC should evaluate thoroughly the Eligibility documents of responsive and complying bidders in compliance with the pertinent provisions of RA 9184.

The Local Chief Executive promised to adopt our recommendation and said that they, specifically the BAC, will do their best to evaluate the eligibility and other pertinent documents of the bidders in compliance with the mandates of the law and will refrain from dealing with suppliers who are related with the statutorily defined accountable or responsible officers of the Municipality.

- 4. The Municipality's outstanding balances of accounts payable of P144,545.58 remained in the books for more than two years now and were not reverted in accordance with the provision of Section 98 of Presidential Decree 1445, thus, unnecessarily tying up the funds of the Municipality.**

Section 98 of Presidential Decree No. 1445 provides that any unliquidated balance of accounts payable of the agency which has been outstanding for two years or more and against which no actual claim, administrative or judicial, has been filed or which is not covered by perfected contracts on record may be reverted to the unappropriated surplus of the general fund of the agency.

In the review of the financial statements and verification of the payable accounts, we found out that several accounts payable in the years 2007 to 2010 totaling P144,545.58 remained in the books of the Municipality. Some of them were excess obligations and balances of the accounts payable already claimed by the creditors.

These unclaimed balances, if reverted into unappropriated surplus of the municipality's general fund, could be used to finance priority programs and projects.

The Municipal Accountant admitted that she had not given preferential attention on this matter. She promised, however, to evaluate the accounts payable, segregate those with pending cases and cause the reversion of the outstanding balances to unappropriated surplus.

We recommended that the Municipal Accountant assess the outstanding balance of accounts payable especially those that are more than two years now, and cause the reversion thereof in accordance with budgeting rules in order to utilize tied-up funds for other programs and projects of the municipality.

The Municipal Accountant assured us that she will issue communication to all concerned municipal officials and employees requiring them to submit their claims with other supporting documents on or before April 30, 2012, otherwise, the balances of accounts payable shall be recommended for reversion pursuant to Section 98 of Presidential Decree 1445.

**PART III – STATUS OF IMPLEMENTATION OF PRIOR  
YEAR’S AUDIT RECOMMENDATIONS**

**Part III -**  
**Status of Implementation of Prior Year's Audit Recommendations**  
As of December 31, 2011

Of the nine (9) audit recommendations, two (2) were partially implemented, and the remaining seven (7) were implemented. Details of which are shown below:

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
1. The balance of P162.16 million of the <i>Property, Plant &amp; Equipment</i> account is of doubtful validity because of the Municipality's failure to render the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) in violation of Section 124 of the NGAS Manual, Volume 1.	We recommended that the General Services Officer maintain and update the stock cards and the Municipal Accountant maintain the ledger cards to facilitate the conduct of physical inventory taking and render the RPCPPE not later than January 31 of each year.	AAR	The team created by the Municipal Mayor to conduct physical inventory is still in the process of completing the task.	Partially implemented	Physical inventory taking is still on going.
2. Unserviceable property such as heavy equipments and service vehicles with estimated undepreciated cost of P4.07 million were still included in the Property, Plant and Equipment (PPE) account of the Municipality contrary to COA Circular 2004-008 dated September 20, 2004, resulting in overstatement of total PPE.	We reiterated our recommendation that the Municipal Accountant should effect the transfer of P4.07 million from PPE account to Other Assets account and the Municipal GSO to complete the documentary requirements for the disposal of said unserviceable vehicles and heavy equipment.		The Municipal Engineer completed the documents relative to the inspection and disposal of property and submitted the same to COA for inspection.	Partially implemented.	Evaluation of documents is still being done by COA-TAS.
3. Part of the balance of the account <i>Supplies Inventory</i> of P1.79 million is of doubtful validity due to the absence of subsidiary records in violation of Sections 70 and 72 of the NGAS Manual, Volume 1 resulting in overstatement of Supplies Inventory account.	Again, we recommended that the Municipal Accountant and the General Services Officer should take action to verify whether or not the semi-expendable supplies of P1.79 million still exist. After which, proper accounting thereof should be made.		The Municipal Accountant made proper adjustment on Supplies Inventory after verifying its actual existence.	Implemented.	
4. Real Property Taxes and Special Education Taxes Receivables were not set up	We reiterated previous year's recommendation that the Municipal		The Municipal Accountant set up RPT	Implemented.	

at the beginning of the year, contrary to Section 20, NGAS Manual, Volume I.	Treasurer shall coordinate with the Municipal Assessor in preparing the certified list of taxpayers that could serve basis of the Accountant to set up the correct RPT and SET receivables at the beginning of the year.	and SET Receivables at the beginning of the year.		
5. Copies of Contracts /Purchase Orders/Letter Orders/Job Orders, together with their supporting documents and Notice of Deliveries of procured equipment, spare parts and construction materials were not submitted to the Commission on Audit for review and evaluation and inspection within the prescribed period, contrary to COA Circular Nos. 2009-001, 2009-002 and 95-006 dated February 12, 2009, May 18, 2009 and May 18, 1995, respectively, thereby depriving the management of the opportunity to be informed of the deficiencies, if any, at the earliest time possible.	We recommended that the procuring office comply with the regulations and furnish the Auditor with the required copies of contract documents/ purchase/letter/job orders and their supporting documents as well as notice of deliveries of procured items within the prescribed period for the timely review, evaluation and inspection of the same.	The Municipal Officials concerned furnish the Auditor with the required documents on time.	Implemented.	
6. Utilization of the 20% Development Fund was not in accordance with the "development" objectives envisioned in Joint Memorandum Circular No. 1 s. 2005 of the DILG and DBM, thereby depriving the constituents of the Municipality of the immediate benefit that could be obtained from the mandated development programs and projects.	We reiterated our previous year's recommendation that the Municipal Planning and Development Officer should adhere strictly with the provisions of Joint Memorandum Circular No. 1, s. 2005 of the DILG and DBM, guidelines on the appropriation and utilization of the 20% of the Annual Internal Allotment (IRA) for development projects. The Municipal Accountant should charge proper expense/asset accounts for proper presentation in	The Municipal Mayor directed the MPDO to revise the Municipality's development programs and projects in accordance with the prescribed procedures on the utilization of 20% development fund.	Implemented	



<p>7. The Municipality incurred an expense of P440,665.00 for the repair of ten-wheeler dump truck with Plate No. WCJ-478 equivalent to 88.13% of the carrying value of P500,000.00 during the year which is considered beyond economic repair as emphasized under COA Circular 85-55A.</p>	<p>the financial statements.</p> <p>We recommended that the agency refrain from incurring expenses for the repair of ten-wheeler dump truck with Plate No. WCJ-478. We likewise suggested its disposal thru public auction and the proceeds on sale of this asset be used as additional fund to purchase a new unit in order to minimize expense on the part of the municipality.</p>	<p>The Municipal Engineer monitored the repair of every heavy equipment and recommended proper action to the Municipal Mayor to lessen the expense for the repair and maintenance of government vehicle/equipment.</p>	<p>Implemented.</p>	
<p>8. The GSO and the Mun. Engineer failed to monitor the purchase of spare parts for heavy equipment which resulted in incurrence of expense amounting to P240,605.00 representing purchase of tires which could have been saved had the management been cautious enough to determine that the heavy equipment where said spare parts will be installed is still within the one-year warranty period.</p>	<p>We recommended that the GSO properly maintain the property card for each class of PPE to closely monitor the purchases made by the municipality. See to it that all items procured are within the Annual Procurement Plan of the municipality so as to avoid wastage of government funds. Damaged spare parts of the newly procured equipment should be reported and claimed from the Supplier, if warranted.</p>	<p>The GSO closely monitor the purchases made by the municipality to avoid the occurrence of the same error/omission.</p>	<p>Implemented</p>	
<p>9. The Municipality failed to institutionalize Gender and Development (GAD) and formulate related plans, programs and budget contrary to Executive Order No. 373 and DBM-NEDA Joint Circular No. 2004-1.</p>	<p>The audit team, again, recommended the institutionalization of GAD in the Municipality and the integration thereof to its overall annual plans, programs and budget. Proper GAD implementation and the required funding of at least 5% of the total budget appropriation should also be observed in compliance with the provisions of DBM-NEDA Joint Circular No. 2004-1.</p>	<p>The Municipal Mayor incorporated to her plans and programs those that would enhance women participation in nation building.</p>	<p>Implemented</p>	

## **PART IV – ANNEXES**

**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED BALANCE SHEET**  
**As of December 31, 2011**

	GENERAL FUND	SEF	TRUST FUND	TOTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
<b>CASH</b>				
Cash on Hand				
Cash in Vault	2,116.00			2,116.00
Cash-Collecting Officers	187,264.73			187,264.73
Cash-Dishursing Officers	-			-
Petty Cash Fund	-			-
Payroll Fund	-			-
Cash in Banks-Local Currency				
Cash in Bank -Local Currency, Current Account	20,446,656.18	1,968,562.24	7,028,653.88	29,443,872.30
Cash in Bank -Local Currency, Savings Account	-			-
Cash in Bank -Local Currency, Time Deposits	76,840,174.58	1,500,000.00	760,771.81	79,100,946.39
Total Cash	97,476,211.49	3,468,562.24	7,789,425.69	108,734,199.42
<b>RECEIVABLES</b>				
Receivable Accounts				
Accounts Receivable	189,781.80			189,781.80
Due from Officers and Employees	-			-
Special Education Tax Receivable		569,750.10		569,750.10
Inter-agency Receivables				
Due from NGAs	926,262.61		35,663.29	961,925.90
Due from GOCCs	-			-
Due from LGUs	477,301.44		79,429.00	556,730.44
Due from NGOs/Pos	35,500.00			35,500.00
Intra-agency Receivables				
Due from Other Funds	335,040.00			335,040.00
Other Receivables				
Receivables - Disallowances/Charges	104,580.36	107.00	129.00	104,816.36
Other Receivables	105,087.73			105,087.73
Total Receivables	2,173,553.94	569,857.10	115,221.29	2,858,632.33
<b>INVENTORIES</b>				
Supplies				
Office Supplies Inventory	-	237,378.81		237,378.81
Total Supplies Inventory	-	237,378.81	-	237,378.81
<b>OTHER CURRENT ASSETS</b>				
Guaranty Deposits	902,156.95			902,156.95
Other Current Assets	40,000.00			40,000.00
Total Other Current Assets	942,156.95	-	-	942,156.95
<b>TOTAL CURRENT ASSETS</b>	<b>100,591,922.38</b>	<b>4,275,798.15</b>	<b>7,904,646.98</b>	<b>112,772,367.51</b>
<b>PROPERTY, PLANT AND EQUIPMENT (Net of Depreciation)</b>				
<b>LAND AND LAND IMPROVEMENTS</b>				
Land	6,628,165.46		27,200.00	6,655,365.46
Land Improvements	25,557,133.02			25,557,133.02
Electrification, Power and Energy Structures	8,675,808.67	15,596.00		8,691,404.67
Total Land and Land Improvements	40,861,107.15	15,596.00	27,200.00	40,903,903.15
<b>BUILDINGS</b>				
Office Buildings	20,979,415.94	1,071,116.09	7,631,597.24	29,682,129.27
School Buildings	12,919,660.76	259,575.37		13,179,236.13
Hospitals and Health Centers	2,365,464.97			2,365,464.97
Markets and Slaughterhouses	7,743,749.81			7,743,749.81
Other Structures	12,240,786.08	116,886.21		12,357,672.29
Total Buildings	56,249,077.56	1,447,577.67	7,631,597.24	65,328,252.47

<b>OFFICE EQUIPMENT, FURNITURE AND FIXTURES</b>				-
Office Equipment	1,307,127.36	1,797,556.28		3,104,683.64
Furniture and Fixtures	7,628,821.91	30,962.14		7,659,784.05
IT Equipment and Software	3,277,036.57	367,207.66		3,644,244.23
Library Books	6,235.43			6,235.43
Total Office Equipment, Furniture and Fixtures	12,219,221.27	2,195,726.08	-	14,414,947.35
<b>MACHINERIES AND EQUIPMENT</b>				-
Agricultural, Fishery and Forestry Equipment	733,759.88			733,759.88
Communication Equipment	1,615,805.89	26,396.95		1,642,202.84
Construction and Heavy Equipment	15,578,779.27			15,578,779.27
Hospital Equipment				-
Firefighting Equipment and Accessories	64,614.82			64,614.82
Medical, Dental and Laboratory Equipment	115,075.61	1,597.50		116,673.11
Military and Police Equipment	14,209.38			14,209.38
Sports Equipment	16,606.25			16,606.25
Technical and Scientific Equipment	2,129,301.05			2,129,301.05
Other Machineries and Equipment	1,427,950.55	2,672.00		1,430,622.55
Total Machineries and Equipment	21,696,102.70	30,666.45	-	21,726,769.15
<b>TRANSPORTATION EQUIPMENT</b>				-
Motor Vehicles	22,283,419.58			22,283,419.58
Watercrafts	442,374.03			442,374.03
Other Transportation Equipment	6,179.00			6,179.00
Total Transportation Equipment	22,731,972.61	-	-	22,731,972.61
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>				-
Other Property, Plant and Equipment	2,224,549.02	12,466.00		2,237,015.02
Total Other Property, Plant and Equipment	2,224,549.02	12,466.00	-	2,237,015.02
<b>PUBLIC INFRASTRUCTURES</b>				-
Roads, Highways and Bridges				-
Artesian, Wells, Reservoirs, Pumping Stations and Conduits				-
Irrigation, Canals and Laterals				-
Flood Controls				-
Total Public Infrastructures				-
<b>REFORESTATION PROJECTS</b>				-
Reforestation - Upland	24,222.00			24,222.00
Total Reforestation Projects	24,222.00	-	-	24,222.00
<b>CONSTRUCTION IN PROGRESS</b>				-
Public Infrastructures/Reforestation Projects				-
Construction in Progress -Roads, Highways and Bridges	1,528,420.00			1,528,420.00
Construction in Progress -Plazas, Parks and Monuments	193,755.00			193,755.00
Construction in Progress -Ports, Lighthouses and Harbors				-
Construction in Progress -Artesian, Wells, Reservoirs, Pumping Stations and Conduits	2,714,517.35			2,714,517.35
Construction in Progress - Irrigation, Canals and Laterals	255,663.82			255,663.82
Construction in Progress - Flood Controls	844,936.50			844,936.50
Construction in Progress - Waterways, Aqueducts, Seawalls				-
River Walls and Others	69,825.00			69,825.00
Construction in Progress - Other Public Infrastructures				-
Total Construction in Progress	5,607,117.67	-	-	5,607,117.67
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	161,613,369.98	3,702,032.20	7,658,797.24	172,974,199.42
<b>OTHER ASSETS</b>				-
Other Assets	132,869.56			132,869.56
Total Other Assets	132,869.56	-	-	132,869.56
<b>TOTAL ASSETS</b>	262,338,161.92	7,977,830.35	15,563,444.22	285,879,436.49
<b>LIABILITIES</b>				-
<b>CURRENT LIABILITIES</b>				-
Payable Accounts				-
Accounts Payable	6,832,841.31	255,656.87		7,088,498.18

Notes Payable				-
Due to Officers and Employees	1,442,983.30			1,442,983.30
Interest Payable				-
Inter-Agency Payables				-
Due to National Treasury	8,504.95			8,504.95
Due to BIR	1,138,820.85	9,207.99	74,308.74	1,222,337.58
Due to GSIS	1,095,656.81			1,095,656.81
Due to PAG-IBIG	212,201.86			212,201.86
Due to PHILHEALTH	17,257.03			17,257.03
Due to Other NGAs	6,503,186.40		86,043.68	6,589,230.08
Due to Other GOCCs	5,575.15			5,575.15
Due to LGUs	2,992,331.96		1,379,011.25	4,371,343.21
Intra-Agency Payables				-
Due to Other Funds	1,123,558.15			1,123,558.15
Other Liability Accounts				-
Guaranty Deposits Payable	235,940.00			235,940.00
Performance/Bidders/Bail Bonds Payable	-		591,109.42	591,109.42
Tax Refunds Payable				-
Other Payables	1,662,764.15		5,826,511.39	7,489,275.54
<b>TOTAL CURRENT LIABILITIES</b>	<b>23,271,621.92</b>	<b>264,864.86</b>	<b>7,956,984.48</b>	<b>31,493,471.26</b>
<b>DEFERRED CREDITS</b>				-
Deferred Special Education Tax Income		569,750.10		569,750.10
Other Deferred Credits	1,417,325.83	237,378.81		1,654,704.64
Total Deferred Credits	1,417,325.83	807,128.91	-	2,224,454.74
<b>TOTAL LIABILITIES</b>	<b>24,688,947.75</b>	<b>1,071,993.77</b>	<b>7,956,984.48</b>	<b>33,717,926.00</b>
<b>EQUITY</b>				-
Government Equity - Beg.	220,731,607.20	6,034,267.93	7,606,459.74	234,372,334.87
Adjustment to Beg. Bal.				-
Adjusted Beg. Bal.				-
Add: Retained Operating Surplus:				-
Current Operations	26,358,386.91	871,568.65		27,229,955.56
Prior Year's Adjustments	-			-
Total	247,089,994.11	6,905,836.58	7,606,459.74	261,602,290.43
Less: Transfer to Registry	7,798,658.07			7,798,658.07
Prior Year's Adjustments	1,642,121.87			1,642,121.87
Other Adjustments				-
Government Equity, End	237,649,214.17	6,905,836.58	7,606,459.74	252,161,510.49
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>262,338,161.92</b>	<b>7,977,830.35</b>	<b>15,563,444.22</b>	<b>285,879,436.49</b>

**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED STATEMENT OF INCOME AND EXPENSES (By Fund)**  
**For the Year Ended December 31, 2011**

	GF	SEF	TOTAL
<b>TAX REVENUE</b>			
Local Taxes			
Amusement Tax			-
Business Tax	2,073,717.85		2,073,717.85
Community Tax	910,146.72		910,146.72
Franchise Tax	41,091.56		41,091.56
Occupation Tax			-
Printing and Publication Tax			-
Property Transfer Tax			-
Real Property Tax	2,870,747.57		2,870,747.57
Less: Discount on Real Property Tax	(155,133.55)		(155,133.55)
Real Property Tax on Idle Lands			-
Special Assessment Tax			-
Special Education Tax		2,937,351.62	2,937,351.62
Less: Discount on Special Education Tax		(167,697.16)	(167,697.16)
Tax on Delivery Trucks and Vans			-
Tax on Sand, Gravel and Other Quarry Products	559,050.22		559,050.22
Other Local Taxes			-
Fines and Penalties- Local Taxes	174,047.72		174,047.72
Total Local Taxes	6,473,668.09	2,769,654.46	9,243,322.55
<b>GENERAL INCOME ACCOUNTS</b>			
Internal Revenue Allotment	135,681,156.00		135,681,156.00
Permits and Licenses			-
Fees on Weights and Measures	61,958.75		61,958.75
Fishery Rental Fees			-
Franchising and Licensing Fees			-
Motor Vehicles Users Charge			-
Permit Fees	1,154,685.12		1,154,685.12
Registration Fees	579,765.00		579,765.00
Other Permits and Licenses			-
Fines and Penalties- Permits and Licenses			-
Total Permits and Licenses	137,477,564.87	-	137,477,564.87
Service Income			
Affiliation Fees			-
Athletic and Cultural Fees			-
Clearance and Certification Fees	651,895.00		651,895.00
Comprehensive Examination Fees			-
Diploma and Graduation Fees			-
Garbage Fees	69,886.00		69,886.00
Inspection Fees	159,209.50		159,209.50
Library Fees			-
Medical, Dental and Laboratory Fees			-
Processing Fees			-
Seminar Fees			-
Toll and Terminal Fees			-
Transcript of Records Fees			-
Other Services Income	103,884.78		103,884.78
Fines and Penalties - Service Income			-
Total Service Income	984,875.28	-	984,875.28

<b>Business Income</b>			
Income from Canteen Operations			-
Income from Cemetery Operations	128,825.00		128,825.00
Income from Communication Facilities			-
Income from Dormitory Operations	772,790.00		772,790.00
Landing and Parking Fees	268,581.00		268,581.00
Income from Markets	1,012,544.00		1,012,544.00
Income from Slaughterhouse	673,766.40		673,766.40
Income from Transportation System	8,664.00		8,664.00
Income from Waterworks System			-
Printing and Publication Income			-
Rent Income	2,500.00		2,500.00
Sales Revenue			-
Cost of Goods Sold			-
Net Sales Revenue			-
Tuition Fees	23,670.00		23,670.00
Other Business Income	317,842.75		317,842.75
Fines and Penalties - Business Income			-
<b>Total Business Income</b>	<b>3,209,183.15</b>	<b>-</b>	<b>3,209,183.15</b>
<b>Other Income</b>			
Dividend Income			-
Income from Grants and Donations			-
Insurance Income			-
Interest Income	1,449,583.73		1,449,583.73
Sale of Confiscated/Abandoned/Seized Goods and Properties			-
Share from Economic Zones			-
Share from Expanded Value Added Tax			-
Share from National Wealth			-
Share from PAGCOR/PCSO	168,021.06		168,021.06
Share from Tobacco Excise Tax			-
Miscellaneous Income	425,846.88		425,846.88
Other Fines and Penalties			-
<b>Total Other Income</b>	<b>2,043,451.67</b>		<b>2,043,451.67</b>
<b>TOTAL OPERATING INCOME</b>	<b>150,188,743.06</b>	<b>2,769,654.46</b>	<b>152,958,397.52</b>
<b>EXPENSES</b>			
<b>PERSONAL SERVICES</b>			
Salaries and Wages			
Salaries and Wages - Regular	32,880,441.44		32,880,441.44
Salaries and Wages - Military/Uniformed			-
Salaries and Wages - Part-time			-
Salaries and Wages - Substitute			-
Salaries and Wages - Casual	2,980,113.35	895,685.00	3,875,798.35
Salaries and Wages - Contractual			-
Salaries and Wages - Emergency			-
Other Compensation			-
Personnel Economic Relief Allowance (PERA)	4,259,867.46		4,259,867.46
Additional Compensation (ADCOM)	18,400.00		18,400.00
Representation Allowance (RA)	1,599,840.00		1,599,840.00
Transportation Allowance (TA)	1,456,200.00		1,456,200.00
Clothing/Uniform Allowance	720,000.00		720,000.00
Subsistence, Laundry and Quarter Allowance	323,485.00		323,485.00
Productivity Incentive Allowance	306,000.00		306,000.00
Other Bonuses and Allowances			-
Honoraria			-
Hazard Pay	1,270,481.51		1,270,481.51
Longevity Pay			-

Overtime and Night Pay	256,049.20		256,049.20
Cash Gift	1,133,250.00	5,000.00	1,138,250.00
Year End Bonus	3,013,863.66	5,060.00	3,018,923.66
Personnel Benefits Contributions			-
Life and Retirement Insurance Contributions	3,942,159.56		3,942,159.56
PAG-IBIG Contributions	742,941.57		742,941.57
PHILHEALTH Contributions	415,350.00	750.00	416,100.00
ECC Contributions	201,533.72		201,533.72
Other Personnel Benefits			-
Pension Benefits - Civilian			-
Retirement Benefits - Civilian			-
Terminal Leave Benefits	725,648.52		725,648.52
Health Workers Benefits			-
Other Personnel Benefits	2,215,000.00		2,215,000.00
<b>Total Personal Services</b>	<b>58,460,624.99</b>	<b>906,495.00</b>	<b>59,367,119.99</b>
<b>MAINTENANCE AND OTHER OPERATING EXPENSES</b>			
Travelling Expenses			
Travelling Expenses - Local	2,544,805.57		2,544,805.57
Travelling Expenses - Foreign			-
Training and Scholarship Expenses			-
Training Expenses	794,600.00		794,600.00
Scholarship Expenses			-
Supplies and Material Expenses			-
Office Supplies Expense	2,641,445.47	88,587.25	2,730,032.72
Accountable Forms Expenses	149,735.83		149,735.83
Animal/Zoological Supplies Expenses	18,099.50		18,099.50
Food Supplies Expenses			-
Drugs and Medicines Expenses	949,668.92		949,668.92
Medical, Dental and Laboratory Supplies Expenses	449,109.00		449,109.00
Gasoline, Oil and Lubrication Expenses	8,487,486.47		8,487,486.47
Agricultural Supplies Expenses	339,258.50		339,258.50
Textbooks and Instructional Materials Expenses	785,860.28		785,860.28
Military and Police Supplies Expenses			-
Other Supplies Expenses	379,950.58		379,950.58
Utility Expenses			-
Water Expenses	480,444.55		480,444.55
Electricity Expenses	3,331,389.70	16,811.63	3,348,201.33
Cooking Gas Expenses	29,581.14		29,581.14
Communication Expenses			-
Postage and Deliveries	217.50		217.50
Telephone Expenses - Landline	222,765.68		222,765.68
Telephone Expenses - Mobile	760,019.01		760,019.01
Internet Expenses	65,112.80		65,112.80
Cable, Satellite, Telegraph and Radio Expenses	24,864.00		24,864.00
Membership Dues and Contributions to Organizations	46,000.00		46,000.00
Awards and Indemnities Expenses			-
Advertising Expense	290,760.00		290,760.00
Printing and Binding Expenses	309,050.00		309,050.00
Rent Expenses			-
Representation Expenses			-
Transportation and Delivery Expenses	550.00		550.00
Storage Expenses			-
Subscriptions Expenses	2,585.00		2,585.00
Survey Expenses			-
Rewards and Other Claims			-
<b>Total</b>	<b>23,103,359.50</b>	<b>105,398.88</b>	<b>23,208,758.38</b>



Professional Services			
Legal Services			
Auditing Services	89,547.18		89,547.18
Consultancy Services			-
Environment/Sanitary Services	618,283.93		618,283.93
General Services	1,129,068.55		1,129,068.55
Janitorial Services	998,267.77		998,267.77
Security Services	354,614.75		354,614.75
Other Professional Services	1,691,913.15		1,691,913.15
Total Professional Services	<b>4,881,695.33</b>	-	<b>4,881,695.33</b>
Repairs and Maintenance			
Land and Improvements			
Repairs and Maintenance - Land Improvements			-
Repairs and Maintenance - Electrification, Power and Energy Structures	210,710.00		210,710.00
Buildings			-
Repairs and Maintenance - Office Buildings	296,999.41		296,999.41
Repairs and Maintenance - School Buildings		148,032.84	148,032.84
Repairs and Maintenance - Hospitals and Health Centers	8,532.58		8,532.58
Repairs and Maintenance - Markets and Slaughterhouses	142,104.00		142,104.00
Repairs and Maintenance - Other Structures	471,103.73	61,601.50	532,705.23
Leasehold Improvements			-
Repairs and Maintenance - Leasehold Improvements, Land			-
Repairs and Maintenance - Leasehold Improvements, Buildings			-
Repairs and Maintenance - Other Leasehold Improvements			-
Office Equipment, Furniture and Fixtures			-
Repairs and Maintenance - Office Equipment	58,047.32		58,047.32
Repairs and Maintenance - Furniture and Fixtures	107,448.00		107,448.00
Repairs and Maintenance - IT Equipment and Software	41,190.00		41,190.00
Machineries and Equipment			-
Repairs and Maintenance - Machineries			-
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	33,343.00		33,343.00
Repairs and Maintenance - Communication Equipment	16,536.60		16,536.60
Repairs and Maintenance - Construction and Heavy Equipment	3,981,799.36		3,981,799.36
Repairs and Maintenance - Firefighting Equipment and Accessories			-
Repairs and Maintenance - Medical, Dental and Laboratory Equipment			-
Repairs and Maintenance - Military and Police Equipment			-
Repairs and Maintenance - Sports Equipment			-
Repairs and Maintenance - Technical and Scientific Equipment			-
Repairs and Maintenance - Other Machineries and Equipment	43,680.00		43,680.00
Transportation Equipment			-
Repairs and Maintenance - Motor Vehicles	1,496,817.02		1,496,817.02
Repairs and Maintenance - Watercrafts			-
Repairs and Maintenance - Other Transportation Equipment	1,952.00		1,952.00
Total Repair and Maintenance	<b>6,910,263.02</b>	<b>209,634.34</b>	<b>7,119,897.36</b>
Other Property, Plant and Equipment			
Repairs and Maintenance - Other Property, Plant and Equipment			
Public Infrastructures			
Repairs and Maintenance - Roads, Highways and Bridges	2,385,733.96		2,385,733.96
Repairs and Maintenance - Plazas, Parks and Monuments	265,587.00		265,587.00
Repairs and Maintenance - Ports, Lighthouses and Harbors			-
Repairs and Maintenance - Artesian Wells, Reservoirs, Pumping Stations and Conduits			-
Repairs and Maintenance - Irrigation Canals and Laterals			-
Repairs and Maintenance - Flood Controls			-

Repairs and Maintenance - Waterways, Aqueducts, Seawalls, River/Walls and Others			-
Repairs and Maintenance - Other Public Infrastructures	6,000.00		6,000.00
Reforestation Projects			-
Repairs and Maintenance - Reforestation- Upland			-
Repairs and Maintenance - Reforestation - Marshland/ Swampland			-
Total Public Infrastructures	2,657,320.96	-	2,657,320.96
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses			
Confidential Expenses	41,376.00		41,376.00
Intelligence Expenses			-
Extraordinary Expenses			-
Miscellaneous Expenses			-
Taxes, Insurance Premiums and Other Fees			-
Taxes, Duties and Licenses	11,414.68		11,414.68
Fidelity Bond Premiums	27,929.00		27,929.00
Insurance Expenses	437,522.75		437,522.75
Total	518,242.43	-	518,242.43
Non-Cash Expenses			
Depreciation			
Land Improvements			
Depreciation - Land Improvements	2,357,547.60		2,357,547.60
Depreciation - Electrification, Power and Energy Structures	769,604.93	298.00	769,902.93
Buildings			-
Depreciation - Office Buildings	653,827.23	26,685.00	680,512.23
Depreciation - School Buildings	341,783.20	16,367.08	358,150.28
Depreciation - Hospitals and Health Centers	36,652.32		36,652.32
Depreciation - Markets and Slaughterhouses	296,807.16		296,807.16
Depreciation -Other Structures	773,178.34	12,852.92	786,031.26
Leasehold Improvements			-
Depreciation - Leasehold Improvements, Land			-
Depreciation - Leasehold Improvements, Buildings			-
Depreciation - Other Leasehold Improvements			-
Office Equipment, Furniture and Fixtures			-
Depreciation -Office Equipment	214,463.77	23,132.16	237,595.93
Depreciation -Furniture and Fixtures	380,533.98	6,938.04	387,472.02
Depreciation - IT Equipment	979,924.02	86,448.90	1,066,372.92
Depreciation -Library Books	1,551.72		1,551.72
Machineries and Equipment			-
Depreciation - Machineries			-
Depreciation - Agricultural, Fishery and Forestry Equipment	64,954.26		64,954.26
Depreciation -Communication Equipment	119,428.41	2,676.84	122,105.25
Depreciation -Construction and Heavy Equipment	1,503,989.40		1,503,989.40
Depreciation -Firefighting Equipment and Accessories	21,944.52		21,944.52
Depreciation - Hospital Equipment			-
Depreciation - Medical, Dental and Laboratory Equipment	16,710.00	810.00	17,520.00
Depreciation - Military and Police Equipment	3,976.68		3,976.68
Depreciation - Sports Equipment	2,250.00		2,250.00
Depreciation - Technical and Scientific Equipment	361,302.36		361,302.36
Depreciation -Other Machineries and Equipment	211,970.49	3,006.00	214,976.49
Transportation and Equipment			-
Depreciation - Motor Vehicles	628,340.49		628,340.49
Depreciation -Watercrafts	42,994.44		42,994.44
Depreciation -Other Transportation Equipment	1,221.00		1,221.00
Other Property, Plant and Equipment			-
Depreciation- Other Property, Plant and Equipment	110,672.95	12,546.00	123,218.95
Total Non-Cash Expenses	9,895,629.27	191,760.94	10,087,390.21

Other Maintenance and Operating Expenses			
Loss of Assets			-
Loss on Guaranty			-
Other Maintenance and Operating Expenses	12,268,621.25	304,796.65	12,573,417.90
<b>TOTAL OPERATING EXPENSES</b>	<b>118,695,756.75</b>	<b>1,718,085.81</b>	<b>120,413,842.56</b>
<b>INCOME FROM OPERATIONS</b>	<b>31,492,986.31</b>	<b>1,051,568.65</b>	<b>32,544,554.96</b>
FINANCIAL EXPENSES			
Bank Charges			
Commitment Fees			
Documentary Stamps Expenses			
Interest Expenses			
Other Financial Charges			
Total			
Income before Subsidies, Donations and Extraordinary Items	31,492,986.31	1,051,568.65	32,544,554.96
Add: Subsidy from Other National Government Agencies	1,000,000.00		1,000,000.00
Subsidy from Other LGUs			-
Subsidy from Other Funds			-
Total	1,000,000.00		1,000,000.00
Less: Subsidy to National Government Agencies			
Subsidy to Local Government Units	1,093,540.00		1,093,540.00
Subsidy to Gov't Owned and Controlled Corp			-
Subsidy to NGOs/Pos	75,000.00		75,000.00
Subsidy to Other Funds			-
Donations	4,966,059.40	180,000.00	5,146,059.40
Total	6,134,599.40	180,000.00	6,314,599.40
Income before Extraordinary Items	(5,134,599.40)	(180,000.00)	(5,314,599.40)
<b>EXCESS OF INCOME OVER EXPENDITURES</b>	<b>26,358,386.91</b>	<b>871,568.65</b>	<b>27,229,955.56</b>

**MUNICIPALITY OF NAUJAN**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2011

	GF	SEF	TF	TOTAL
<b>Cash Flows From Operating Activities</b>				
Cash Inflows				
Share from Internal Revenue Allotment	135,681,156.00	-		135,681,156.00
Collection from Taxpayers	24,673,492.55	2,769,654.46		27,443,147.01
Receipts from sale of goods and services	1,449,583.73			1,449,583.73
Interest Income				-
Dividend Income				-
Other Receipts	15,026,916.26	8,666.48	10,811,024.32	25,846,607.06
Total Cash Inflows	176,831,148.54	2,778,320.94	10,811,024.32	190,420,493.80
Cash Outflows				-
Payments to -				-
Suppliers/Creditors	36,711,617.25	375,946.90	4,356,750.20	41,444,314.35
Employees	57,988,703.50	860,039.13	583,058.73	59,431,801.36
Interest Expenses				-
Other Disbursements	40,309,459.98	444,636.34	2,768,615.80	43,522,712.12
Total Cash Outflows	135,009,780.73	1,680,622.37	7,708,424.73	144,398,827.83
Cash Provided by Operating Activities	41,821,367.81	1,097,698.57	3,102,599.59	46,021,665.97
<b>Cash Flows From Investing Activities</b>				-
Cash Outflows				-
Purchase of Property, Plant and Equipment and Public Infrastructures	26,030,021.08	314,487.01		26,344,508.09
Purchase of Debt Securities of Other Entities				-
Grant/Loans to Other Entities				-
Total Cash Outflows	26,030,021.08	314,487.01	-	26,344,508.09
Cash Provided by Investing Activities	(26,030,021.08)	(314,487.01)		(26,344,508.09)
<b>Net Cash Provided By Operating, Investing &amp; Financing Activities</b>	15,791,346.73	783,211.56	3,102,599.59	19,677,157.88
Cash at the Beginning of the Period	81,684,864.76	2,685,350.68	4,686,826.10	89,057,041.54
Cash at the End of the Period	97,476,211.49	3,468,562.24	7,789,425.69	108,734,199.42

Republic of the Philippines  
Province of Oriental Mindoro  
**MUNICIPALITY OF NAUJAN**  
**STATUS OF APPROPRIATIONS, ALLOTMENTS AND OBLIGATIONS**  
As of December 31, 2011

Function/Program/Project/Activity	Appropriations	Allotment	Obligation	Unobligated Balance
<b>GENERAL PUBLIC SERVICES</b>				
Personal Services	35,230,487.52 ₪	35,230,487.52 ₪	34,396,174.01 ₪	834,313.51
Maintenance and Other Operating Expenses	33,810,875.00	33,810,875.00	29,502,929.15	4,307,945.85
Capital Outlay	2,729,134.00	2,729,134.00	1,374,970.00	1,354,164.00
<b>OTHER PURPOSES</b>				
Maintenance and Other Operating Expenses	7,577,855.00	7,577,855.00	1,012,111.78	6,565,743.22
Financial Expenses	17,748.59	17,748.59	17,748.59	-
<b>EDUCATION, CULTURE &amp; SPORTS</b>				
<b>Elementary and Secondary Schools</b>				
Personal Services	1,225,500.00	1,225,500.00	906,495.00	319,005.00
Maintenance and Other Operating Expenses	979,398.00	979,398.00	722,080.87	257,317.13
Capital Outlay	395,600.00	395,600.00	142,485.50	253,114.50
<b>HEALTH SERVICES</b>				
Personal Services	10,136,804.94	10,136,804.94	9,788,652.71	348,152.23
Maintenance and Other Operating Expenses	3,207,400.00	3,207,400.00	2,836,848.37	370,551.63
Capital Outlay	35,000.00	35,000.00	-	35,000.00
<b>SOCIAL WELFARE SERVICES</b>				
Personal Services	1,886,338.10	1,886,338.10	1,881,465.91	4,872.19
Maintenance and Other Operating Expenses	3,317,600.00	3,317,600.00	2,500,220.54	817,379.46
Capital Outlay	58,000.00	58,000.00	22,000.00	36,000.00
<b>ECONOMIC SERVICES</b>				
Personal Services	10,553,282.44	10,553,282.44	10,191,054.08	362,228.36
Maintenance and Other Operating Expenses	17,368,651.00	17,368,651.00	16,103,371.26	1,265,279.74
Capital Outlay	8,562,985.00	8,562,985.00	2,697,122.69	5,865,862.31
<b>SPECIAL ACCOUNTS:</b>				
<b>Slaughterhouse</b>				
Personal Services	351,196.02	351,196.02	347,736.40	3,459.62
Maintenance and Other Operating Expenses	110,090.00	110,090.00	56,309.82	53,780.18
Capital Outlay	26,000.00	26,000.00	9,970.00	16,030.00
<b>Market</b>				
Personal Services	1,176,589.11	1,176,589.11	1,168,668.73	7,920.38
Maintenance and Other Operating Expenses	383,563.00	383,563.00	284,578.11	98,984.89
Capital Outlay	115,000.00	115,000.00	84,400.00	30,600.00
<b>Cemetery</b>				
Personal Services	234,053.00	234,053.00	231,706.75	2,346.25
Maintenance and Other Operating Expenses	15,000.00	15,000.00	-	15,000.00
<b>Bahay Tuklasan</b>				
Personal Services	455,170.00	455,170.00	455,166.40	3.60
Maintenance and Other Operating Expenses	988,500.00	988,500.00	868,505.61	119,994.39
Capital Outlay	218,000.00	218,000.00	196,301.00	21,699.00

<b>Brgy. Development Program</b>				
Capital Outlay	344,548.00	344,548.00	-	344,548.00
<b>20% Development Fund</b>				
Maintenance and Other Operating Expenses	2,367,344.75	2,367,344.75	1,966,605.75	400,739.00
Capital Outlay	24,424,338.25	24,424,338.25	8,048,005.70	16,376,332.55
<b>TOTAL CURRENT APPROPRIATIONS</b>	<b>P 168,302,051.72</b>	<b>P 168,302,051.72</b>	<b>P 127,813,684.73</b>	<b>P 40,488,366.99</b>
<b>CONTINUING APPROPRIATIONS</b>				
<b>GENERAL PUBLIC SERVICES</b>				
Capital Outlay	3,494,618.61	3,494,618.61	2,064,884.48	1,429,734.13
<b>EDUCATION, CULTURE &amp; SPORTS</b>				
Capital Outlay	427,959.20	427,959.20	262,636.30	165,322.90
<b>HEALTH SERVICES</b>				
Capital Outlay	57,503.00	57,503.00	10,300.00	47,203.00
<b>SOCIAL SERVICES ADMINISTRATION</b>				
Capital Outlay	22,830.00	22,830.00	9,320.00	13,510.00
<b>ENGINEERING SERVICES</b>				
Capital Outlay	12,574,424.02	12,574,424.02	5,489,480.77	7,084,943.25
<b>AGRICULTURAL SERVICES</b>				
Capital Outlay	112,400.00	112,400.00	44,270.00	68,130.00
<b>SLAUGHTERHOUSE</b>				
Capital Outlay	73,779.02	73,779.02	59,263.75	14,515.27
<b>MARKET</b>				
Capital Outlay	2,960.05	2,960.05	-	2,960.05
<b>BAHAY TUKLASAN</b>				
Capital Outlay	152,127.00	152,127.00	122,991.50	29,135.50
<b>20% Development Fund</b>				
Maintenance and Other Operating Expenses	1,480,113.64	1,480,113.64	1,437,363.64	42,750.00
Capital Outlay	24,275,209.46	24,275,209.46	7,015,518.35	17,259,691.11
<b>TOTAL CONTINUING APPROPRIATIONS</b>	<b>P 42,673,924.00</b>	<b>P 42,673,924.00</b>	<b>P 16,516,028.79</b>	<b>P 26,157,895.21</b>
<b>GRAND TOTAL</b>	<b>P 210,975,975.72</b>	<b>P 210,975,975.72</b>	<b>P 144,329,713.52</b>	<b>P 66,646,262.20</b>