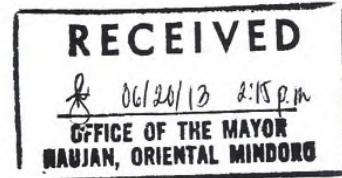


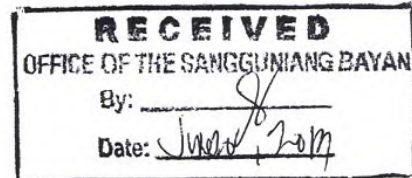


Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. IV-B
LGS – Oriental Mindoro Province
Provincial Capitol Complex, Camilmil, Calapan City



June 14, 2013

Hon. MARIA ANGELES C. CASUBUAN
Municipal Mayor
Naujan, Or. Mindoro



Dear Mayor Casubuan:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and operations of the Municipal Government of Naujan, Oriental Mindoro for the calendar year ended December 31, 2012.

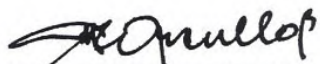
The report was prepared by Team No. 1 headed by Atty. Emmerly Jane D. Masangkay, Audit Team Leader, and assisted by Ms. Luzviminda A. Bayanay, Ms. Myrna B. Lunario, and Ms. Amelia A. Go, Audit Team Members. It consists of four parts: Part I- Audited Financial Statements, Part II-Observations and Recommendations, Part III- Status of Implementation of Prior Year's Audit Recommendations, and Part IV- Annexes.

We expressed an unqualified opinion on the financial statements of the Municipal Government of Naujan as shown in the Independent Auditor's Report. Moreover, we invite your attention to the Observations and Recommendations as well as the prior years' unimplemented and partially implemented audit recommendations embodied in Part II and III, respectively, of the report.

We request that the comments and observations contained in the report be fully addressed and we would appreciate being informed of the actions taken in this regard within one month from receipt hereof.

We acknowledge the cooperation extended to the Audit Team by the official and staff of the Municipal Government of Naujan.

Very truly yours,


MARISSA ORCULLO-BAYOT
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 Gov't Finance, Region IV-B
- The Secretary
Sanggunian Bayan, Naujan, Oriental Mindoro

EXECUTIVE SUMMARY

Introduction

Naujan, previously called *Nauhang* by Europeans, was established as a town in 1639 by virtue of a Royal Decree promulgated by King Philip II of Spain. The Philippine Commission confirmed it on January 4, 1905 under Act No. 1280.

Naujan, a first class municipality, consists of 70 barangays, five 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 that is composed of 94,497 total population, based on the 2010 statistical data provided by NSO.

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.

Highlights of Financial Operation

For CY 2012, the appropriations of the Municipality of Naujan for the General and Special Education Funds totaled P224,344,856.00 Obligations charged against these appropriations amounted to P149,129,494.00, as follows:

	Appropriations	Obligations
Current Appropriation		
General Fund	P167,572,787.00	P125,343,338.00
Special Education Fund	<u>3,170,000.00</u>	<u>2,682,516.00</u>
Total	<u>170,742,787.00</u>	<u>128,025,854.00</u>
Continuing Appropriation		
General Fund	53,183,632.00	20,912,311.00
Special Education Fund	<u>418,437.00</u>	<u>191,329.00</u>
Total	<u>53,602,069.00</u>	<u>21,103,640.00</u>
Grand Total	P224,344,856.00	P149,129,494.00

The assets, liabilities, equity, income and expenses of the Municipality compared with the preceding year are as follows:

	2012	2011	Increase (Decrease)
Assets	P 304,287,988.00	P285,879,436.00	P18,408,552.00
Liabilities	34,022,116.00	33,717,926.00	304,190.00
Equity	270,265,872.00	252,161,510.00	18,104,362.00
Income	153,725,097.00	153,958,398.00	(233,301.00)
Expenses	132,707,349.00	126,728,442.00	5,978,907.00

Scope of Audit

The audit covered the accounts and operations of the Municipality of Naujan for the year 2012 and was aimed at determining whether management presented fairly the financial statements in adherence to the generally accepted accounting principles in the Philippines; whether prevailing laws, rules and regulations have been complied with, and whether the funds were utilized in the most efficient, effective, and economical manner. Financial and compliance audit were conducted to achieve these audit objectives.

Auditor's Opinion on the Financial Statements

The auditor rendered an unqualified opinion on the consolidated financial statements as they present fairly the financial position of the Municipality of Naujan as of December 31, 2012 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Significant Observations and Recommendations

The following are the summary of significant observations and recommendations in the audit of the Municipality of Naujan for calendar year 2012:

- a. The proposed programs and projects to be funded from the Priority Development Assistance Fund (PDAF) amounting to ₱6.7 million remained unimplemented, thus defeating the specific purposes for which the fund was entrusted and depriving the intended beneficiaries of the socio-economic benefits that could be derived therefrom. Moreover, the receipts of PDAF were inconsistently treated in the books of accounts either as a trust liability (Due to Other National Government Agencies (NGAs) account) or as a liability (Other Payables account), under the General Fund.

We recommended that the Mayor and other concerned officials as project implementor of PDAF projects monitor the implementation of the various programs and projects funded out of PDAF. Further, we advised the Municipal Accountant to draw a Journal Entry Voucher to reclassify the erroneous recording of the PDAF under the General Fund to Trust Fund in compliance with NBC No. 476 dated September 20, 2001. See to it that all PDAF receipts are recorded under the Trust Fund books.

- b. The Municipality failed to fully implement the projects to be financed out of the 20% Development Fund for CY 2012 with an unutilized balance of ₱39,430,269.72 thus, affecting the optimal attainment of the desired social and economic development from the intended projects and depriving its constituents of the benefits accruing them.

We recommended and Management agreed that the Municipal officials and members of the Local Development Council properly plan, prioritize all activities, and appraise the socio-economic development programs and projects to be implemented during the year; and coordinate, monitor and evaluate the implementation of those projects to avoid delays and maximize the utilization of the 20 percent Local Development Fund in accordance with DILG and DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011.

c. The Due From (Receivable) and To Other Funds (Payable) account balances in the General Fund book of P335,040.00 and P456,232.93, respectively, were not supported by any balances of Due to and From Other Funds accounts in the Special Education Fund book, thus, resulting in the unreconciled Intra-agency Receivables and payables account balances.

We recommended and Management agreed that the Municipal Accountant prepare the necessary accounting entries in the Special Education Fund books of account for the share in the collected real property tax and the sound system paid under General Fund book to reconcile the intra-agency receivable and payable account balances.

The above observations and recommendations contained in the report were discussed with the concerned municipal officials and employees during the exit conference conducted on June 13, 2013. Management's views and reactions were considered in the report where appropriate.

Status of Implementation of Prior Year's Audit Recommendations

Out of the five prior years' audit recommendations contained in the CY 2011 Annual Audit Report, two were fully implemented, two were partially implemented while the other remained unimplemented.

TABLE OF CONTENTS

Part	Subject	Page
I	Audited Financial Statements	
	• Independent Auditor's Report	1
	• Statement of Management's Responsibility for Financial Statements	3
	• Consolidated Balance Sheet	4
	• Consolidated Statement of Income and Expenses	7
	• Consolidated Statement of Cash Flows	11
	• Notes to Financial Statements	12
II	Detailed Observations and Recommendations	18
III	Status of Implementation of Prior Year's Audit Recommendations	23
IV	Annexes	26
	• Annex A - Consolidated Balance Sheet (By Fund)	
	• Annex B - Consolidated Statement of Income and Expenses (By Fund)	
	• Annex C - Consolidated Statement of Cash Flows (By Fund)	
	• Annex D - Status of Appropriation, Allotments & Obligations-Current Legislative Appropriations	
	• Annex E - Status of Appropriation, Allotments & Obligations-Continuing Legislative Appropriations	
	• Annex F - Schedule of Unutilized Priority Development Assistance Fund	



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR'S REPORT

Hon. MARIA ANGELES C. CASUBUAN

Municipal Mayor

Naujan, Or. Mindoro

We have audited the accompanying financial statements of the Municipality of Naujan which comprise the Balance Sheet as at December 31, 2012 and the Statement of Income and Expenses and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles generally accepted in the Philippines and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted state auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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


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

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Municipality of Naujan as at December 31, 2012, and their financial performance and cash flows for the year then ended in accordance with state accounting principles generally accepted in the Philippines.

COMMISSION ON AUDIT

By:


Atty. EMMERLY JANE D. MASANGKAY
Audit Team Leader

June 13, 2013

Republic of the Philippines
Province of Oriental Mindoro

MUNICIPALITY OF NAUJAN

OFFICE OF THE MUNICIPAL MAYOR
Naujan 5204, Oriental Mindoro, Philippines



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, 2012 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
Consolidated Balance Sheet
As of December 31, 2012
(With Comparative Figures for CY 2011)

	2012	2011
ASSETS		
CURRENT ASSETS		
CASH		
Cash on Hand		
Cash in vault	P 8,823.66	P 2,116.00
Cash - Collecting officer	49,254.59	187,264.73
Cash in Bank-Local Currency		
Cash in Bank - Local Currency, Current Account	9,593,217.50	29,443,872.30
Cash in Bank - Local Currency, Time Deposits	97,100,946.39	79,100,946.39
Total Cash (Note 5)	106,752,242.14	108,734,199.42
RECEIVABLES		
Receivable Accounts		
Accounts Receivable	187,234.04	189,781.80
Real Property Tax Receivable	735,584.49	-
Special Education Tax Receivable	1,393,431.35	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	106,174.38	105,087.73
Total Receivables (Note 6)	4,416,436.96	2,858,632.33
INVENTORIES		
Office Supplies Inventory	237,378.81	237,378.81
Total Inventories	237,378.81	237,378.81
OTHER CURRENT ASSETS		
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
TOTAL CURRENT ASSETS	112,348,214.86	112,772,367.51
PROPERTY, PLANT AND EQUIPMENT (Net of Depreciation)		
LAND AND LAND IMPROVEMENT		
Land	6,655,365.46	6,655,365.46
Land Improvements	23,341,484.10	25,557,133.02
Electrification, Power and Energy Structures	12,671,941.25	8,691,404.67
Total Land and Land Improvements	42,668,790.81	40,903,903.15
BUILDINGS		
Office Buildings	29,697,070.82	29,682,129.27
School Buildings	12,892,742.19	13,179,236.13
Hospitals and Health Centers	3,458,740.45	2,365,464.97

Markets and Slaughterhouses	7,748,362.23	7,743,749.81
Other Structures	14,988,976.54	12,357,672.29
Total Buildings	<u>68,785,892.23</u>	<u>65,328,252.47</u>
OFFICE EQUIPMENT, FURNITURES AND FIXTURES		
Office Equipment	3,100,670.79	3,104,683.64
Furniture and fixtures	7,808,551.03	7,659,784.05
IT Equipment and Software	3,919,836.80	3,644,244.23
Library Books	9,715.67	6,235.43
Total Office Equipment, Furniture and Fixtures	<u>14,838,774.29</u>	<u>14,414,947.35</u>
MACHINERIES AND EQUIPMENT		
Agricultural, Fishery and Forestry Equipment	669,130.40	733,759.88
Communication Equipment	1,613,485.98	1,642,202.84
Construction and Heavy equipment	17,937,367.76	15,578,779.27
Firefighting Equipment and Accessories	3,630,557.80	64,614.82
Medical, Dental and Laboratory Equipment	99,153.11	116,673.11
Military and Police Equipment	10,840.20	14,209.38
Sports Equipment	14,356.25	16,606.25
Technical And Scientific Equipment	1,772,043.07	2,129,301.05
Other Machineries and Equipment	1,483,978.84	1,430,622.55
Total Machineries and Equipment	<u>27,230,913.41</u>	<u>21,726,769.15</u>
TRANSPORTATION EQUIPMENT		
Motor Vehicles	21,807,084.70	22,283,419.58
Watercrafts	2,267,020.33	442,374.03
Other Transportation Equipment	4,847.00	6,179.00
Total Transportation Equipment	<u>24,078,952.03</u>	<u>22,731,972.61</u>
OTHER PROPERTY, PLANT AND EQUIPMENT		
Other Property, Plant and Equipment	2,379,465.02	2,237,015.02
Total Other Property, Plant and Equipment	<u>2,379,465.02</u>	<u>2,237,015.02</u>
PUBLIC INFRASTRUCTURES		
Reforestation Project		
Reforestation- Upland	24,222.00	24,222.00
Total Reforestration Projects	<u>24,222.00</u>	<u>24,222.00</u>
CONSTRUCTION IN PROGRESS		
Construction in Progress - Roads, Highways and Bridges	3,618,116.50	1,528,420.00
Construction in Progress-Parks, Plazas and Monuments	193,755.00	193,755.00
Construction in Progress-Artesian Wells, Reservoirs, Pumping Stations and Conduits	2,877,882.85	2,714,517.35
Construction in Progress-Irrigations,Canals and Laterals	3,200,277.92	255,663.82
Construction in Progress-Flood Controls	844,936.50	844,936.50
Construction in Progress-Waterways,Aqueducts, Seawalls, River Walls and Others	1,064,924.97	69,825.00
Total Construction in Progress	<u>11,799,893.74</u>	<u>5,607,117.67</u>
Total Property, Plant and Equipment (Note 7)	<u>191,806,903.53</u>	<u>172,974,199.42</u>
OTHER ASSETS		
Other assets (Note 8)	132,869.56	132,869.56

Total Other Assets
TOTAL ASSETS

	<u>132,869.56</u>		<u>132,869.56</u>
P	<u>304,287,987.95</u>	P	<u>285,879,436.49</u>

LIABILITIES

CURRENT LIABILITIES

Payable Accounts

Accounts Payable	P	10,439,371.82	P	7,088,498.18
Due to Officers and Employees		1,411,993.88		1,442,983.30

Inter-Agency Payables

Due to National Treasury		6,005.30		8,504.95
Due to BIR		1,365,848.45		1,222,337.58
Due to GSIS		1,193,026.39		1,095,656.81
Due to PAGIBIG		188,597.45		212,201.86
Due to PHILHEALTH		86,781.03		17,257.03
Due to other NGAs		7,124,182.42		6,589,230.08
Due to other GOCCs		208,473.48		5,575.15
Due to LGUs		3,533,742.59		4,371,343.21

Intra-Agency Payables

Due to Other Funds		456,232.93		1,123,558.15
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Other Liability Accounts

Guaranty Deposits Payable		1,064,093.17		235,940.00
Performance/Bidders/Bail Bonds Payable		437,297.67		591,109.42
Other Payables		4,140,075.08		7,489,275.54

Total Current Liabilities (Note 9)

		<u>31,655,721.66</u>		<u>31,493,471.26</u>
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DEFERRED CREDITS

Deferred Real Property Tax Income		735,584.49		569,750.10
Deferred Special Education Tax Income		1,393,431.35		-
Other Deferred Credits		237,378.81		1,654,704.64
Total Deferred Credits		<u>2,366,394.65</u>		<u>2,224,454.74</u>

TOTAL LIABILITIES

		<u>34,022,116.31</u>		<u>33,717,926.00</u>
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EQUITY

Government Equity Beginning		247,742,387.04		234,372,334.87
Add: Retained Operating Surplus				
Current Operations		21,017,748.72		27,229,955.56
Prior Years' Adjustment		1,505,735.88		-
Total		<u>270,265,871.64</u>		<u>261,602,290.43</u>

Less: Transfer to Registry

Public Infrastructure		-		7,798,658.07
Prior Years' Adjustment		-		1,642,121.87

Government Equity End (Note 10)

		<u>270,265,871.64</u>		<u>252,161,510.49</u>
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TOTAL LIABILITIES AND EQUITY

	P	<u>304,287,987.95</u>	P	<u>285,879,436.49</u>
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Municipality of Naujan
Consolidated Statement of Income and Expenses
For the Year Ended December 31, 2012
(With Comparative Figures for CY 2011)

TAX REVENUE	2012	2011
Local Taxes		
Business Taxes	P 2,205,758.50	P 2,073,717.85
Community Tax	1,193,585.64	910,146.72
Franchise Tax	28,200.00	41,091.56
Real Property Tax	2,689,132.42	2,870,747.57
Discount on Real Property Taxes	(177,306.20)	(155,133.55)
Special Education Tax	4,041,170.01	2,937,351.62
Discount on Special Education tax	(233,718.19)	(167,697.16)
Tax on Sand, Gravel and Other Quarry Products	803,366.83	559,050.22
Fines and Penalties - Local Taxes	177,036.32	174,047.72
Total Local Taxes	<u>10,727,225.33</u>	<u>9,243,322.55</u>
GENERAL INCOME ACCOUNTS		
Internal Revenue Allotment	<u>131,800,242.00</u>	<u>135,681,156.00</u>
Permit and Licenses		
Fees on Weights and Measures	59,575.00	61,958.75
Permit Fees	1,310,910.24	1,154,685.12
Registration Fees	642,273.75	579,765.00
Total Permits and Licences	<u>2,012,758.99</u>	<u>137,477,564.87</u>
Service Income		
Clearance and Certification Fees	569,530.00	651,895.00
Garbage Fees	78,565.00	69,886.00
Inspection Fees	389,169.66	159,209.50
Other Services Income	207,485.55	103,884.78
Total Service Income	<u>1,244,750.21</u>	<u>984,875.28</u>
Business Income		
Income from Cemetery Operations	124,150.00	128,825.00
Income from Dormitory Operations	617,620.00	772,790.00
Income from Markets	1,143,854.25	1,012,544.00
Income from Slaughterhouses	727,711.50	673,766.40
Income from Transportation Systems	64,980.00	8,664.00
Land and Parking Fees	288,651.00	268,581.00
Rent Income	22,000.00	2,500.00
Tuition Fees	35,340.00	23,670.00
Other Business Income	296,603.00	317,842.75
Total Business Income	<u>3,320,909.75</u>	<u>3,209,183.15</u>
Other Income		
Income from Grants and Donations	1,800,000.00	-
Interest Income	1,577,682.22	1,449,583.73
Share from national Wealth	33,315.00	-
Share of PAGCOR/ PCSO	188,083.33	168,021.06
Miscellaneous Income	410,884.48	425,846.88
Total Other Income	<u>4,009,965.03</u>	<u>2,043,451.67</u>
TOTAL OPERATING INCOME	<u>153,115,851.31</u>	<u>152,958,397.52</u>

EXPENSES

PERSONAL SERVICES

Salaries and Wages		
Salaries and wages - Regular	36,549,368.54	32,880,441.44
Salaries and Wages - Casual	2,435,933.99	3,875,798.35
Other Compensation		
Personnel Economic Relief Allowance	4,313,994.37	4,259,867.46
Additional Compensation (ADCOM)	-	18,400.00
Representation Allowance(RA)	1,585,040.00	1,599,840.00
Transportation Allowance(TA)	1,436,400.00	1,456,200.00
Clothing/ Uniform Allowance	894,000.00	720,000.00
Subsistence, Laundry And Quarter Allowance	328,605.00	323,485.00
Productivity Incentive Allowance	314,000.00	306,000.00
Hazard Pay	1,379,411.55	1,270,481.51
Overtime and Night Pay	298,362.80	256,049.20
Cash Gift	1,010,625.00	1,138,250.00
Year End Bonus	3,115,908.32	3,018,923.66
Personal Benefits Contribution		
Life and Retirements Insurance Contributions	4,386,008.15	3,942,159.56
PAGIBIG Contributions	817,594.47	742,941.57
PHILHEALTH Contributions	411,399.50	416,100.00
ECC Contributions	206,263.66	201,533.72
Other Personnel Benefits		
Terminal Leave Benefits	439,482.17	725,648.52
Other Personnel Benefits	1,803,000.00	2,215,000.00
TOTAL PERSONAL SERVICES	61,725,397.52	59,367,119.99

MAINTENANCE AND OTHER OPERATING EXPENSES

Travelling Expenses		
Travelling Expenses - Local	1,971,528.99	2,544,805.57
Training and Scholarship Expenses		
Training Expenses	514,550.00	794,600.00
Supplies and Material Expenses		
Office Supplies Expenses	2,741,044.77	2,730,032.72
Accountable forms Expenses	172,096.00	149,735.83
Animal/Zoological Supplies Expenses	61,277.00	18,099.50
Drugs and Medicines Expenses	942,891.06	949,668.92
Medical, Dental and Laboratory Supplies Expense	398,193.30	449,109.00
Gasoline, Oil and Lubricants Expenses	8,222,906.76	8,487,486.47
Agricultural Supplies Expenses	173,584.00	339,258.50
Tetxbooks and Instructional materials Expense	1,393,877.75	785,860.28
Other Supplies Expenses	1,891,471.29	379,950.58
Utility Expenses		
Water Expenses	695,129.50	480,444.55
Electricity Expenses	3,967,015.28	3,348,201.33
Cooking Gas Expenses	3,729.00	29,581.14

Communication Expenses		
Postage and Deliveries	610.00	217.50
Telephone Expenses - Landline	212,052.26	222,765.68
Telephone Expenses- Mobile	838,765.04	760,019.01
Internet Expenses	81,480.42	65,112.80
Cable, Satellite, Telegraph, and Radio Expenses	20,305.60	24,864.00

Membership Dues and Contributions to Organizations	9,900.00	46,000.00
Advertising Expenses	265,000.00	290,760.00
Printing and Binding expense	257,400.00	309,050.00
Rent Expenses	-	-
Transportation and Delivery Expenses	-	550.00
Subscriptions Expenses	-	2,585.00
Professional Services		
Auditing Services	56,569.00	89,547.18
Environment/Sanitary Services	1,018,903.25	618,283.93
General Services	894,799.26	1,129,068.55
Janitorial Services	1,040,029.78	998,267.77
Security Services	586,904.55	354,614.75
Other Professional Services	1,900,539.14	1,691,913.15
Repairs and Maintenance		
Land and Improvements		
Repairs and Maintenance - Land Improvements	9,819.50	-
Repairs and Maintenance - Electrification, Power and energy Structures	113,723.50	210,710.00
Buildings		
Repairs and Maintenance - Office Buildings	227,649.59	296,999.41
Repairs and Maintenance - School Buildings	545,145.48	148,032.84
Repairs and Maintenance - Hospital and Health Centers	118,182.50	8,532.58
Repairs and Maintenance - Markets and Slaughterhouses	79,039.00	142,104.00
Repairs and Maintenance - Other Structures	630,430.08	532,705.23
Office Equipment, Furniture and Fixtures		
Repairs and Maintenance - Office Equipments	6,257.00	58,047.32
Repairs and Maintenance - Furniture and Fixtures	92,830.00	107,448.00
Repairs and Maintenance - IT equipment and Software	82,020.00	41,190.00
Machineries and Equipment		
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	30,000.00	33,343.00
Repairs and Maintenance - Communication Equipment	15,189.50	16,536.60
Repairs and Maintenance - Construction and Heavy Equipment	3,274,570.32	3,981,799.36
Repairs and Maintenance - Medical, Dental and Laboratory Equipment	2,900.00	-
Repairs and Maintenance - Other Machineries and Equipment	36,730.00	43,680.00
Transportation Equipment		
Repairs and Maintenance - Motor Vehicles	946,087.30	1,496,817.02
Repairs and Maintenance - Watercrafts	13,290.50	-
Repairs and Maintenance - Other Transportation Equipment	-	1,952.00
Public Infrastructures		
Repairs and Maintenance - Roads, Highways, and Bridges	2,485,188.47	2,385,733.96
Repairs and Maintenance - Parks, Plazas and Monuments	95,234.50	265,587.00
Repairs and Maintenance - Irrigation, Canals and Laterals	86,285.50	-
Repairs and Maintenance - Other Infrastructures	-	6,000.00
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses		
Confidential Expenses	42,651.00	41,376.00
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	28,742.16	11,414.68
Fidelity Bond Premiums	20,429.00	27,929.00
Insurance Expenses	470,596.33	437,522.75
Non-Cash Expenses		

Depreciation

Land Improvements

Depreciation- Land Improvements

2,362,177.92

2,357,547.60

Depreciation-Electrification, Power and Energy Structures

1,044,523.37

769,902.93

Buildings		
Depreciation-Office Buildings	698,653.12	680,512.23
Depreciation-School Buildings	381,422.94	358,150.28
Depreciation-Hospitals and Health Centers	43,755.64	36,652.32
Depreciation-Markets and Slaughterhouses	126,511.08	296,807.16
Depreciation-Other Structures	900,077.96	786,031.26
Office Equipment, furniture and Fixture		
Depreciation-Office Equipment	238,462.85	237,595.93
Depreciation-Furniture and Fixtures	435,258.02	387,472.02
Depreciation-IT Equipment	962,964.43	1,066,372.92
Depreciation-Library books	1,589.76	1,551.72
Machineries and Equipment		
Depreciation-Agricultural,Fishery and forestry Equipment	64,629.48	64,954.26
Depreciation-Communication Equipment	123,777.86	122,105.25
Depreciation-Construction and Heavy equipment	1,943,957.01	1,503,989.40
Depreciation-Firefighting Equipment and Accessories	49,057.02	21,944.52
Depreciation-Medical, Dental and Laboratory Equipment	17,520.00	17,520.00
Depreciation-Military and Police Equipment	3,369.18	3,976.68
Depreciation-Sports Equipment	2,250.00	2,250.00
Depreciation-Technical and Scientific Equipment	357,257.98	361,302.36
Depreciation-Other Machineries and Equipment	220,043.71	214,976.49
Transportation and Equipment		
Depreciation-Motor Vehicles	637,034.88	628,340.49
Depreciation-Watercrafts	65,153.70	42,994.44
Depreciation-Other Transportation Equipment	1,332.00	1,221.00
Other Property, Plant and Equipment		
Depreciation-Other Property, Plant and Equipment	245,903.50	123,218.95
Other Maintenance and Other Operating Expenses	9,677,140.04	12,573,417.90
TOTAL MAINTENANCE AND OTHER OPERATING EXPENSES	<u>60,389,367.68</u>	<u>61,046,722.57</u>
TOTAL OPERATING EXPENSES	<u>122,114,765.20</u>	<u>120,413,842.56</u>
INCOME FROM OPERATIONS	31,001,086.11	32,544,554.96
Add: Subsidy from Other National Government Agencies	609,246.00	1,000,000.00
Total	<u>31,610,332.11</u>	<u>33,544,554.96</u>
Less: Subsidy to Local Government Units	70,000.00	1,093,540.00
Subsidy to Other Funds	4,439,334.30	-
Subsidy to NGOs/Pos	-	75,000.00
Donations	6,083,249.09	5,146,059.40
NET INCOME	<u><u>P 21,017,748.72</u></u>	<u><u>P 27,229,955.56</u></u>

Municipality of Naujan
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2012
(With Comparative Figures for CY 2010)

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Cash Inflows		
Share from Internal Revenue Allotment	P 131,800,242.00	P 135,681,156.00
Collection from Taxpayers	29,250,501.90	27,443,147.01
Receipts from sale of goods and services	1,577,682.22	1,449,583.73
Other Receipts	11,661,444.84	24,793,066.87
Total Cash Inflows	<u>174,289,870.96</u>	<u>189,366,953.61</u>
Cash Outflows		
Payments to -		
Suppliers/Creditors	38,689,132.01	40,390,774.16
Employees	61,024,239.42	59,431,801.36
Other Disbursements	48,109,146.13	43,522,712.12
Total Cash Outflows	<u>147,822,517.56</u>	<u>143,345,287.64</u>
Cash Provided by Operating Activities	<u>26,467,353.40</u>	<u>46,021,665.97</u>
Cash Flows From Investing Activities:		
Cash Outflows		
Purchase of Property, Plant and Equipment and Public Infrastructures	28,449,310.68	26,344,508.09
Total Cash Outflows	<u>28,449,310.68</u>	<u>26,344,508.09</u>
Cash Provided by Investing Activities	<u>(28,449,310.68)</u>	<u>(26,344,508.09)</u>
Net Cash Provided By Operating, Investing & Financing Activities	(1,981,957.28)	19,677,157.88
Cash at the Beginning of the Period	108,734,199.42	89,057,041.54
Cash at the End of the Period	P <u>106,752,242.14</u> P	<u>108,734,199.42</u>

NOTES TO FINANCIAL STATEMENTS

1. Agency Profile

Naujan, previously called *Nauhang* by Europeans, was established as a town in 1639 by virtue of a Royal Decree promulgated by King Philip II of Spain. The Philippine Commission confirmed it on January 4, 1905 under Act No. 1280.

Naujan, 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 that is composed of 94,497 total population, based on the 2010 statistical data provided by NSO.

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 members of Sangguniang Bayan.

Like other LGUs, the Municipal Government of Naujan thrust on programs and projects that will continuously uphold the promotion of municipal-wide or countryside development aimed at uplifting the quality of life of its constituents. These priority projects are divided into sectoral components like economic sector, social services, infrastructure and local administration. Economic sector includes agriculture and livelihood projects, tourism, environment-related projects and those which are related to commerce and industry. Social services are focused on the needs of indigent families as victim of man-made and natural calamities. It also includes provision of quality health services, promote sanitation and nutrition in the grassroots level, provide facilities for sports and other recreational activities, and involvement of the youth and children to ensure the sustainability of Sports Development Program. On the other hand, Infrastructure includes various projects which will facilitate the transport of prime commodities from the barangay to the nearest commercial center; construction of school buildings for elementary and secondary as well as other structure necessary for the good of the community. Lastly, the Local Administration aims to ensure that the management provide effective fiscal management and administration.

The Municipality's fund is composed of the General , Special Education and Trust Funds. Under the General Fund are five special accounts, namely, the 20% Development Fund, Market, Slaughterhouse, Cemetery and Bahay Tuklasan.

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, Plants, 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:

	2012		2011	
General Fund				
Cash in Vault	P	8,820.53	P	2,116.00
Cash-Collecting Officer		49,254.59		187,264.73
Cash in Bank				
Local Currency, Current Account		1,957,395.85		20,446,656.18
Local Currency, Time Deposit Accounts		94,840,174.58		76,840,174.58
TOTAL		96,855,645.55		97,476,211.49
Special Education Fund				
Cash In Vault		3.13		-
Cash in Bank				
Local Currency, Current Account		3,003,121.88		1,968,562.24
Local Currency, Time Deposit Accounts		1,500,000.00		1,500,000.00
TOTAL		4,503,125.01		3,468,562.24
Trust Fund				
Cash in Bank				
Local Currency, Current Account		4,632,699.77		7,028,653.88
Local Currency, Time Deposit Accounts		760,771.81		760,771.81
TOTAL		5,393,471.58		7,789,425.69
TOTAL	P	106,752,242.14	P	108,734,199.42

Cash in Vault represents cash collections in the last days of December 2012 which were remitted and deposited in January 2013.

Cash Collecting Officer includes cash/income collected by the Office of the Provincial Treasurer for the account of the Municipality, which will eventually be transferred and be reclassified to Due from Other LGUs.

6. Receivables

This account includes the following:

	2012		2011	
General Fund	P	2,907,677.32	P	2,173,553.94
Special Education Fund		1,393,538.35		569,857.10
Trust Fund		115,221.29		115,221.29
TOTAL	P	4,416,436.96	P	2,858,632.33

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.

SEF Tax Receivable under the Special Education Fund of P1,393,431.35 represents the balance from the amount set-up at the beginning of the year

7. Property, Plant and Equipment

This account consists of the following:

		2012		2011
Land and Land Improvements				
General Fund	P	59,495,487.27	P	54,343,427.32
Special Education Fund		35,423.00		35,423.00
Trust Fund		27,200.00		27,200.00
Buildings				
General Fund		69,772,057.43		64,399,871.63
Special Education Fund		1,846,558.24		1,610,683.94
Trust Fund		7,631,597.24		7,631,597.24
Office Equipt.,Furnitures & Fixtures				
General Fund		21,687,565.48		19,930,293.48
Special Education Fund		3,028,032.45		2,723,202.45
Machineries & Equipment				
General Fund		40,767,067.52		32,531,311.02
Special Education Fund		101,193.00		50,943.00
Transportation and Equipment				
General Fund		27,062,318.12		25,011,818.12
Other Property, Plant and Equipment				
General Fund		3,013,216.66		2,624,863.18
Special Education Fund		69,700.00		69,700.00
Reforestation Projects				
General Fund		24,222.00		24,222.00
Construction in Progress				
General Fund		11,799,893.74		5,607,117.67
Gross Totals				
General Fund		233,621,828.22		204,472,924.42
Special Education Fund		5,080,906.69		4,489,952.39
Trust Fund		7,658,797.24		7,658,797.24
Totals		<u>246,361,532.15</u>		<u>216,621,674.05</u>
Less: Accumulated Depreciation				
General Fund		53,567,986.05		42,859,554.04
Special Education Fund		986,642.59		768,391.19
Total Accumulated Depreciation	P	<u>54,554,628.64</u>	P	<u>43,627,945.23</u>
NET BOOK VALUE:				
General Fund	P	180,053,842.19	P	161,613,370.38
Special Education Fund		4,094,264.10		3,721,561.20
Trust Fund		7,658,797.24		7,658,797.24
Totals	P	<u>191,806,903.53</u>	P	<u>172,993,728.82</u>

Increase in PPE was due to purchase of three units 6-wheeler brand new Hino dumptruck, one reconditioned Kubota backhoe, one Toyota Hi-Ace Commuter, procurement of seven units Motorcycle and two 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

		2012		2011
General Fund	P	132,869.56	P	132,869.56

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

This account consists of:

		2012		2011
General Fund	P	25,728,870.39	P	23,271,621.92
Special Education Fund		365,820.90		264,864.86
Trust Fund		5,561,030.37		7,956,984.48
Total	P	31,655,721.66	P	31,493,471.26

Included in this account are *Accounts Payable* of P10,439,371.82 to suppliers/creditors which payment were not effected during the year, mandatory employees payroll deductions payable to various government agencies such as GSIS, Pag-IBIG and Philhealth which will be remitted in January 2013, and *Due to Other NGAs/Other Payables* of P8,092,500.37 which represents amount received from various National Government Agencies allotted for various development projects.

10. Government Equity

Government Equity for CY 2012 is as follows:

		2012		2011
Government Equity, Beginning	P	247,742,387.04	P	234,372,334.87
Add: Current Operations		21,017,748.72		27,229,955.56
Prior Year's Adjustments		<u>1,505,735.88</u>		<u>0.00</u>
Total		<u>270,265,871.64</u>		<u>261,602,290.43</u>
Less: Transfer to Registry				
Public Infrastructures		0.00		7,798,658.07
Prior Year's Adjustment		<u>0.00</u>		<u>1,642,121.87</u>
Total		<u>0.00</u>		<u>9,440,779.94</u>
Government Equity, December 31	P	270,265,871.64	P	252,161,510.49

11. Income Accounts

These include the following:

	2012		2011	
General Fund	P	149,308,399.49	P	150,188,743.06
Special Education Fund		3,807,451.82		2,769,654.46
Total	P	153,115,851.31	P	152,958,397.52

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

These are composed of the following:

	2012		2011	
General Fund	P	130,251,157.40	P	124,830,356.15
Special Education Fund		2,456,191.19		1,898,085.81
Total	P	132,707,348.59	P	126,728,441.96

13. Local Disaster Risk Reduction and Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the Municipality to support its disaster risk management activities pursuant to Republic Act No. 10121, otherwise known as the "Philippine Disaster Risk Reduction and Management Act of 2010." The amount available and utilized during the year totaled P13,846,569.90 and P6,048,768.50, respectively, broken down as follows:

Particulars	Available	Amount Utilized	Balance
Current Year Appropriation			
Quick Response Fund (QRF) 30%	P 2,184,384.00	P 1,348,650.50	P 835,733.50
Mitigation Fund (MF) 70%			
MOOE	3,515,272.10	2,024,615.00	1,490,657.10
Capital Outlay	<u>1,581,623.90</u>	<u>0.00</u>	<u>1,581,623.90</u>
Subtotal	<u>7,281,280.00</u>	<u>3,373,265.50</u>	<u>3,908,014.50</u>
Continuing Appropriation:			
Special Trust Fund			
CY 2011			
MOOE	4,788,446.20	2,675,503.00	2,112,943.70
Capital Outlay	<u>1,776,843.70</u>	<u>0.00</u>	<u>1,776,843.70</u>
Subtotal	<u>6,565,289.90</u>	<u>2,675,503.00</u>	<u>3,889,787.40</u>
Total	P 13,846,569.90	P 6,048,768.50	P 7,797,801.90

DETAILED OBSERVATIONS AND RECOMMENDATIONS

We acknowledge and commend management for the prompt action in implementing the audit recommendations embodied in our Audit Observation Memorandum issued during the year, as follows:

- The Municipal Accountant booked-up in the Trust Fund book the unexpended balance of the Quick Response Fund (QRF) and the MOOE of the Mitigation Fund of the Disaster Risk Reduction Management Fund (DRRMF) amounting to P4,439,334.30.
- The Municipal Accountant reverted to Accounts Payable the stale checks in the General and Trust Fund totaling P87,024.81.

FINANCIAL AND COMPLIANCE AUDIT

- 1. The proposed programs and projects to be funded from the Priority Development Assistance Fund (PDAF) amounting to P6.7 million remained unimplemented, thus defeating the specific purposes for which the fund was entrusted and depriving the intended beneficiaries of the socio-economic benefits that could be derived therefrom. Moreover, the receipts of PDAF were inconsistently treated in the books of accounts either as a trust liability (Due to Other National Government Agencies (NGAs) account) or as a liability (Other Payables account), under the General Fund.**

Under Republic Act No. 10155, the General Appropriations Act (GAA) for Fiscal Year 2012, the amount appropriated for Priority Development Assistance Fund (PDAF) shall be used to fund priority programs and projects, such as (a) education, (b) health, (c) social protection, (d) financial assistance, (e) public infrastructure, (f) peace and order, and (g) arts and culture. It is given in the form of financial subsidy to Local Government Units (LGUs) and part of the lump-sum appropriation in the Annual General Appropriations Act to finance programs and projects of the priority sectors of legislative districts in the LGU.

Item No. 3.3 of Department of Budget and Management (DBM) National Budget Circular (NBC) No. 476 dated September 20, 2001 states that LGUs shall take up releases charged against the PDAF as trust account in their books of accounts.

The Municipality received from members of the Philippine Senate and House of Representatives financial subsidy in the form of PDAF intended to finance its various health, education, peace and order, and livelihood development programs and projects. The funds received were taken up in the books of accounts in the General Fund either as a trust liability (Due to Other NGAs account) or as a liability (Other Payables account), contrary to the above regulation.

As of year-end, the balances of the accounts in the General Fund totaled to P7,829,893.35, composed of the following:

<u>Account</u>	<u>Code</u>	<u>Amount</u>
Due to Other National Government Agencies (NGAs)	416	P 7,033,243.50
Other Payables	439	<u>796,649.85</u>
Total		P 7,829,893.35

Audit revealed that the unexpended balance stated above included prior and current years releases of PDAF which should have been utilized for specific programs and projects for intended beneficiaries. Out of the P14.8 million PDAF granted to the Municipality, only P6.9 million was utilized for various priority programs and projects leaving an unexpended balance of P7.8 million. Notably, some of the identified programs/projects amounting to P6.7 million remained unimplemented. These consist of fund releases to implement Alternative Learning System-Basic Literacy Program; small and medium enterprise/livelihood program such as animal raising for senior citizens and barangays; repair/construction/rehabilitation/renovation of public market and multi-purpose building; housing program; and the purchase of reconditioned multicab for the barangay. Details of the unutilized PDAF is attached as *Annex A*.

Failure of the concerned City Officials to give attention to the implementation of the proposed PDAF projects/programs defeats the specific purposes for which the fund was entrusted and deprives the intended beneficiaries of the socio-economic benefits that could be derived therefrom.

We recommended that the Mayor and other concerned officials as project implementor of PDAF projects monitor the implementation of the various programs and projects funded out of PDAF. Further, we advised the Municipal Accountant to draw a Journal Entry Voucher to reclassify the erroneous recording of the PDAF under the General Fund to Trust Fund in compliance with NBC No. 476 dated September 20, 2001. See to it that all PDAF receipts are recorded under the Trust Fund books.

The Municipal Mayor stated that the PDAF in the amount of P796,649.85 from Other Payable Account has been adjusted and reclassified to Due to Other NGAs account in the General Fund books. She likewise added that some of the projects/programs included in the schedule of unutilized PDAF are ongoing and are expected to be completed before the 3rd quarter of CY 2013. During the exit conference, the Municipal Treasurer and Accountant expressed their willingness to transfer all incoming PDAF receipts in the trust account of the Municipality, and transfer from the General Fund the unused balance of PDAF and all PDAF to be received in the Trust Fund book.

- 2. The Municipality failed to fully implement the projects to be financed out of the 20% Development Fund for CY 2012 with an unutilized balance of P39,430,269.72 thus,**

affecting the optimal attainment of the desired social and economic development from the intended projects and depriving its constituents of the benefits accruing them.

Section 287 of the Local Government Code of 1991 mandates the Municipality to appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects.

Corollarily, DILG and DBM Joint Memorandum Circular No. 1, s. 2005 dated September 20, 2005, as amended by DILG and DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011, set the guidelines on the appropriation and utilization of the 20 percent of the Annual Internal Revenue Allotment for development projects. Section 5 of the said Circular provides that it is the responsibility of every Municipal Mayor to ensure that the 20% of the IRA is optimally utilized to help achieve desirable socio-economic development and environmental outcomes.

In pursuance of the aforementioned guideline, the Municipality appropriated 20% Development Fund in the amount of P60,770,689.13 for various infrastructure projects. Review and comparison of the accomplishments with the targeted projects disclosed that out of the P27,939,446.00 appropriation for CY 2012, the Municipality spent only P8,104,887.52, leaving a balance of P19,834,558.48, or 71% of the appropriation unutilized. For the continuing appropriation of P32,831,243.13, only P13,235,531.89 was spent leaving a balance of P19,595,711.24, or 60% of the appropriation unutilized. In addition, no obligation has been recorded for the following despite the identification of the projects, hence, remained unimplemented during the year, to wit:

<u>Programs/Projects/Activities</u>	<u>Amount</u>
Purchase of Medical/Dental Equipment	P 500,000.00
Purchase of Land	9,000,000.00
Establishment of Women Livelihood Center	1,000,000.00
Installation of Streetlights	96,398.00
Purchase of Bulldozer/Backhoe	6,460,048.00
Riprapping of Tabang Creek	1,000,000.00
Electrification, Power, and Energy Structures	500,000.00
School Buildings	1,050,000.00
Artesian Wells, Reservoirs, Pumping Stations and Conduits	110,000.00
Land Improvements	3,942,514.00
Agricultural, Fishery and Forestry Equipment	900,000.00
Construction and Heavy Equipment	1,382,548.00
Communication Equipment	400,000.00
Medical, Dental and Laboratory Equipment	<u>400,000.00</u>
TOTALS	P 26,741,508.00

Consequently, the 20% development fund was not optimally utilized during the period intended contrary to DILG and DBM Joint Memorandum Circular No. 2011-1

dated April 13, 2011, thus, depriving the intended beneficiaries of the Municipality of the immediate use of the facilities and benefits that could be derived therefrom.

We recommended and Management agreed that the Municipal officials and members of the Local Development Council properly plan, prioritize all activities, and appraise the socio-economic development programs and projects to be implemented during the year; and coordinate, monitor and evaluate the implementation of those projects to avoid delays and maximize the utilization of the 20 percent Local Development Fund in accordance with DILG and DBM Joint Memorandum Circular No. 2011-1 dated April 13, 2011.

- 3. The Due From (Receivable) and To Other Funds (Payable) account balances in the General Fund book of P335,040.00 and P456,232.93, respectively, were not supported by any balances of Due to and From Other Funds accounts in the Special and Education Fund book, thus, resulting in the unreconciled Intra-agency Receivables and payables account balances.**

Due from Other Funds (Account Code 144) represents amounts due from other funds maintained by the agency while Due to Other Funds (Account Code 424) represents amount received/withheld for the account of other funds. Considering that these are intra-agency accounts, when a fund is transferred from one fund to another, a receivable is set up in the source fund and there should have a corresponding payable in the recipient fund.

Analysis of these accounts disclosed that the balances of Due To and from Other Funds in the General Fund books of account did not tally with the Due to and From Other Receivables of Special Education Fund book. The year-end balances of the intra-agency receivables and payables accounts were as follows:

Fund	Due From Other Funds	Due to Other Funds
General	P 335,040.00	P 456,232.93
Special Education	0.00	0.00

The Municipal Accountant record in the General Fund, as a receivable account with Special Education Fund, the payment for Sound System of P335,040.00 which should be chargeable to the appropriation and fund of the Special Education Fund. In addition, the share of the Special Education Fund for the collected real property tax totaling P456,232.93 was recorded as payable to Special Education Fund by the General Fund. Inasmuch as no accounting entries for the corresponding reciprocal accounts are recorded in the Special Education Fund books of account, the intra-agency receivables and payable accounts balances are not reconciled.

We recommended and Management agreed that the Municipal Accountant prepare the necessary accounting entries in the Special Education Fund books of account for the share in the collected real property tax and the sound system paid

under General Fund book to reconcile the intra-agency receivable and payable account balances.

The Municipal Budget Officer will allot budget corresponding to the purchase of sound system valued at P335,040.00 to eliminate the unreconciled intra-agency account.

UNSETTLED SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2012, the Municipality has unsettled disallowance of P747,416.50 covering the payment of the construction of concrete piles at Brgy. Estrella, Naujan. This the subject of a pending Appeal filed before the Commission on Audit, Regional Office No. IV.

COMPLIANCE WITH TAX LAWS

The Municipality of Naujan complied with the provisions of the Bureau of Internal Revenue (BIR) Regulation No. 2-98, dated April 17, 1998, as amended, and various issuances of the BIR, particularly on the withholding/deduction and remittance of the required taxes from the claims of various suppliers/contractors and other claimants including those from compensation of municipal officials and employees.

GENDER AND DEVELOPMENT IMPLEMENTATION

For the year 2012, the Municipality thru the Municipal Social Welfare and Development Office, Municipal Health Office, and the Office of the Mayor implemented various GAD related activities as outlined in their GAD Plan, as follows:

- a. Celebration of the National Women's Day
- b. Health Development Program
- c. Anti-smoking campaign
- d. Capability building Gender Sensitivity trainings
- e. Financial assistance to individual and family in crisis situation
- f. Construction of evacuation center
- g. Solid Waste Management Program
- h. Improvement of Public Market

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

As of December 31, 2012

Of the five (5) prior years' audit recommendations, two were fully implemented, two were partially implemented while the other remained unimplemented. Details are shown below:

Observation	Recommendation	Management Action	Status of Implementation	Reason for Partial/Non-Implementation
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.	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.	The Municipality, through the Municipal Inventory Committee is tasked to continuously conduct physical inventory of the Municipality's fixed assets. With only the Office of the Municipal Mayor and Municipal Engineering remaining, the physical inventory is expected to be finished before the end of second quarter of this year.	Partially Implemented	The Report on the Physical Count of Property, Plant and Equipment (RPCPPE) is not yet submitted to the Office of the Auditor.
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	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	The Municipality, through its Municipal Accountant has already expressed its willingness to abide by the recommendation. However, considering the unavailability of the records to support the transfer such PPEs to the General Fund	Not Implemented	Lack of pertinent records to determine the composition and nature of PPE accounts presented in the Trust Fund books.

<p>Accounting System (NGAS) for LGUs, Volume I.</p>	<p>provided under Section 104 of the NGAS Manual for LGUs in order to present accurate and reliable balances in the financial statements.</p>	<p>book, management reiterates its request seeking assistance as to what action or guidelines that the Municipality could actually undertake to comply with the recommendation.</p>		
<p>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</p>	<p>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 RA 9148.</p>	<p>The Municipality, in faithful compliance with the recommendation, undertakes measures relative to the strict screening and evaluation of all participating bidders. In fact, the Municipality's BAC has already refrained from transacting business with suppliers, whose proprietors are the employees of the Municipality as well as the latter's relatives.</p>	<p>Fully Implemented</p>	
<p>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,</p>	<p>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.</p>	<p>In its Appropriation Ordinance No. 08, Series of 2012, The Municipality's outstanding balance of account remaining in the books of accounts for more than two (2) years were already reverted to the unappropriated</p>	<p>Fully Implemented</p>	

<p>unnecessarily tying up the funds of the Municipality.</p> <p>5. 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.</p>	<p>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.</p>	<p>surplus account under Journal Entry Voucher No. 2012-12-005908.</p> <p>The Municipality's unserviceable property such as heavy equipment and service vehicles were already referred to the BAC for the preparation of necessary documents for proper disposal and the proceeds thereof will be allocated to implement the various Municipal programs and projects.</p>	<p>Partially Implemented</p>	<p>The Bids and Awards Committee already advertised the unserviceable property for public auction.</p>
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Municipality of Naujan
Consolidated Balance Sheet (By Fund)
As of December 31, 2012

	TOTAL	General Fund	SEF
ASSETS			
CURRENT ASSETS			
CASH			
Cash on Hand			
Cash in Vault	P 8,823.66 P	8,820.53 P	3.13 P
Cash-Collecting Officers	49,254.59	49,254.59	-
Cash in Banks-Local Currency			
Cash in Bank -Local Currency, Current Account	9,593,217.50	1,957,395.85	3,003,121.88
Cash in Bank -Local Currency, Time Deposits	97,100,946.39	94,840,174.58	1,500,000.00
Total Cash	<u>106,752,242.14</u>	<u>96,855,645.55</u>	<u>4,503,125.01</u>
RECEIVABLES			
Receivable Accounts			
Accounts Receivable	187,234.04	187,234.04	-
Real Property Tax Receivable	735,584.49	735,584.49	-
Special Education Tax Receivable	1,393,431.35	-	1,393,431.35
Inter-agency Receivables			
Due from NGAs	961,925.90	926,262.61	-
Due from LGUs	556,730.44	477,301.44	-
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	104,580.36	107.00
Other Receivables	106,174.38	106,174.38	-
Total Receivables	<u>4,416,436.96</u>	<u>2,907,677.32</u>	<u>1,393,538.35</u>
INVENTORIES			
Supplies			
Office Supplies Inventory	237,378.81	-	237,378.81
Total Inventories	<u>237,378.81</u>	<u>-</u>	<u>237,378.81</u>
OTHER CURRENT ASSETS			
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>	<u>-</u>
TOTAL CURRENT ASSETS	<u>112,348,214.86</u>	<u>100,705,479.82</u>	<u>6,134,042.17</u>
PROPERTY, PLANT AND EQUIPMENT (Net of Depreciation)			
LAND AND LAND IMPROVEMENTS			
Land	6,655,365.46	6,628,165.46	-
Land Improvements	23,341,484.10	23,322,540.98	18,943.12
Electrification, Power and Energy Structures	12,671,941.25	12,657,060.45	14,880.80
Total Land and Land Improvements	<u>42,668,790.81</u>	<u>42,607,766.89</u>	<u>33,823.92</u>
BUILDINGS			
Office Buildings	29,697,070.82	21,021,042.49	1,044,431.09
School Buildings	12,892,742.19	12,560,006.60	332,735.59
Hospitals and Health Centers	3,458,740.45	3,458,740.45	-
Markets and Slaughterhouses	7,748,362.23	7,748,362.23	-
Other Structures	14,988,976.54	14,752,635.93	236,340.61
Total Buildings	<u>68,785,892.23</u>	<u>59,540,787.70</u>	<u>1,613,507.29</u>

OFFICE EQUIPMENT, FURNITURE AND FIXTURES			
Office Equipment	3,100,670.79	1,290,947.92	1,809,722.87
Furniture and Fixtures	7,808,551.03	7,784,742.93	23,808.10
IT Equipment and Software	3,919,836.80	3,386,647.99	533,188.81
Library Books	9,715.67	9,715.67	-
Total Office Equipment, Furniture and Fixtures	<u>14,838,774.29</u>	<u>12,472,054.51</u>	<u>2,366,719.78</u>
MACHINERIES AND EQUIPMENT			
Agricultural, Fishery and Forestry Equipment	669,130.40	669,130.40	-
Communication Equipment	1,613,485.98	1,589,765.87	23,720.11
Construction and Heavy Equipment	17,937,367.76	17,937,367.76	-
Firefighting Equipment and Accessories	3,630,557.80	3,630,557.80	-
Medical, Dental and Laboratory Equipment	99,153.11	98,365.61	787.50
Military and Police Equipment	10,840.20	10,840.20	-
Sports Equipment	14,356.25	14,356.25	-
Technical and Scientific Equipment	1,772,043.07	1,772,043.07	-
Other Machineries and Equipment	1,483,978.84	1,435,900.34	48,078.50
Total Machineries and Equipment	<u>27,230,913.41</u>	<u>27,158,327.30</u>	<u>72,586.11</u>
TRANSPORTATION EQUIPMENT			
Motor Vehicles	21,807,084.70	21,807,084.70	-
Watercrafts	2,267,020.33	2,267,020.33	-
Other Transportation Equipment	4,847.00	4,847.00	-
Total Transportation Equipment	<u>24,078,952.03</u>	<u>24,078,952.03</u>	<u>-</u>
OTHER PROPERTY, PLANT AND EQUIPMENT			
Other Property, Plant and Equipment	2,379,465.02	2,371,838.02	7,627.00
Total Other Property, Plant and Equipment	<u>2,379,465.02</u>	<u>2,371,838.02</u>	<u>7,627.00</u>
REFORESTATION PROJECTS			
Reforestation - Upland	24,222.00	24,222.00	-
Total Reforestation Projects	<u>24,222.00</u>	<u>24,222.00</u>	<u>-</u>
CONSTRUCTION IN PROGRESS			
Public Infrastructures/Reforestation Projects			
Construction in Progress -Roads, Highways and Bridges	3,618,116.50	3,618,116.50	-
Construction in Progress -Plazas, Parks and Monuments	193,755.00	193,755.00	-
Construction in Progress -Artesian, Wells, Reservoirs, Pumping Stations and Conduits	2,877,882.85	2,877,882.85	-
Construction in Progress - Irrigation, Canals and Laterals	3,200,277.92	3,200,277.92	-
Construction in Progress - Flood Controls	844,936.50	844,936.50	-
Construction in Progress - Waterways, Aqueducts, Seawalls River Walls and Others	1,064,924.97	1,064,924.97	-
Total Construction in Progress	<u>11,799,893.74</u>	<u>11,799,893.74</u>	<u>-</u>
Total Property, Plant and Equipment	<u>191,806,903.53</u>	<u>180,053,842.19</u>	<u>4,094,264.10</u>
OTHER ASSETS			
Other Assets	132,869.56	132,869.56	-
Total Other Assets	<u>132,869.56</u>	<u>132,869.56</u>	<u>-</u>
TOTAL ASSETS	<u>P 304,287,987.95 P</u>	<u>280,892,191.57 P</u>	<u>10,228,306.27 P</u>

LIABILITIES

CURRENT LIABILITIES

Payable Accounts

Accounts Payable	P 10,439,371.82	P 10,077,675.54	P 361,696.28	P
Due to Officers and Employees	1,411,993.88	1,411,993.88	-	-

Inter-Agency Payables

Due to National Treasury	6,005.30	6,005.30	-	-
Due to BIR	1,365,848.45	1,355,883.28	4,124.62	-
Due to GSIS	1,193,026.39	1,193,026.39	-	-
Due to PAG-IBIG	188,597.45	188,597.45	-	-
Due to PHILHEALTH	86,781.03	86,781.03	-	-
Due to Other NGAs	7,124,182.42	7,038,138.74	-	-
Due to Other GOCCs	208,473.48	208,473.48	-	-
Due to LGUs	3,533,742.59	1,910,969.34	-	-

Intra-Agency Payables

Due to Other Funds	456,232.93	456,232.93	-	-
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Other Liability Accounts

Guaranty Deposits Payable	1,064,093.17	740,731.40	-	-
Performance/Bidders/Bail Bonds Payable	437,297.67	-	-	-
Other Payables	4,140,075.08	1,054,361.63	-	-

Total Current Liabilities

31,655,721.66	25,728,870.39	365,820.90
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DEFERRED CREDITS

Deferred Real Property Tax Income	735,584.49	735,584.49	-	-
Deferred Special Education Tax Income	1,393,431.35	-	1,393,431.35	-
Other Deferred Credits	237,378.81	-	237,378.81	-
Total Deferred Credits	2,366,394.65	735,584.49	1,630,810.16	-

EQUITY

Government Equity - Beg.	252,161,510.49	237,649,214.17	6,905,836.58	-
Add: Retained Operating Surplus:				
Current Operations	21,017,748.72	19,666,488.09	1,351,260.63	-
Prior Year's Adjustments	1,505,735.88	1,505,735.88	-	-
Total	274,684,995.09	258,821,438.14	8,257,097.21	-
Less: Transfer to Registry				
Public Infrastructures	4,419,123.45	4,393,701.45	25,422.00	-
Government Equity, End	270,265,871.64	254,427,736.69	8,231,675.21	-

TOTAL LIABILITIES AND EQUITY

P 304,287,987.95	P 280,892,191.57	P 10,228,306.27	P
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Trust Fund

-
-

4,632,699.77
760,771.81

5,393,471.58

-
-
-

35,663.29
79,429.00

-
-

129.00

115,221.29

-
-

-
-

5,508,692.87

27,200.00

27,200.00

7,631,597.24

7,631,597.24

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7,658,797.24

-
-

13,167,490.11

-

-

5,840.55

-

-

86,043.68

-

1,622,773.25

-

323,361.77

437,297.67

3,085,713.45

5,561,030.37

-

-

-

7,606,459.74

-

-

7,606,459.74

-

7,606,459.74

13,167,490.11

Municipality of Naujan
Consolidated Statement of Income and Expenses (By Fund)
For the Year Ended December 31, 2012

	<u>TOTAL</u>	General Fund	SEF
TAX REVENUE			
Local Taxes			
Amusement Tax			
Business Tax	P 2,205,758.50	P 2,205,758.50	P -
Community Tax	1,193,585.64	1,193,585.64	-
Franchise Tax	28,200.00	28,200.00	-
Real Property Tax	2,689,132.42	2,689,132.42	-
Less: Discount on Real Property Tax	177,306.20	177,306.20	-
Special Education Tax	4,041,170.01	-	4,041,170.01
Less: Discount on Special Education Tax	233,718.19	-	233,718.19
Tax on Sand, Gravel and Other Quarry Products	803,366.83	803,366.83	-
Fines and Penalties- Local Taxes	177,036.32	177,036.32	-
Total Local Taxes	<u>10,727,225.33</u>	<u>6,919,773.51</u>	<u>3,807,451.82</u>
GENERAL INCOME ACCOUNTS			
Internal Revenue Allotment	131,800,242.00	131,800,242.00	-
Permits and Licenses			
Fees on Weights and Measures	59,575.00	59,575.00	-
Permit Fees	1,310,910.24	1,310,910.24	-
Registration Fees	642,273.75	642,273.75	-
Total Permits and Licenses	<u>133,813,000.99</u>	<u>133,813,000.99</u> ##	<u>-</u>
Service Income			
Clearance and Certification Fees	569,530.00	569,530.00	-
Garbage Fees	78,565.00	78,565.00	-
Inspection Fees	389,169.66	389,169.66	-
Other Services Income	207,485.55	207,485.55	-
Total Service Income	<u>1,244,750.21</u>	<u>1,244,750.21</u> ##	<u>-</u>
Business Income			
Income from Cemetery Operations	124,150.00	124,150.00	-
Income from Dormitory Operations	617,620.00	617,620.00	-
Landing and Parking Fees	288,651.00	288,651.00	-
Income from Markets	1,143,854.25	1,143,854.25	-
Income from Slaughterhouse	727,711.50	727,711.50	-
Income from Transportation System	64,980.00	64,980.00	-
Rent Income	22,000.00	22,000.00	-
Tuition Fees	35,340.00	35,340.00	-
Other Business Income	296,603.00	296,603.00	-
Total Business Income	<u>3,320,909.75</u>	<u>3,320,909.75</u> ##	<u>-</u>
Other Income			
Income from Grants and Donations	1,800,000.00	1,800,000.00	-
Interest Income	1,577,682.22	1,577,682.22	-
Share from National Wealth	33,315.00	33,315.00	-
Share from PAGCOR/PCSO	188,083.33	188,083.33	-
Miscellaneous Income	410,884.48	410,884.48	-
Total Other Income	<u>4,009,965.03</u>	<u>4,009,965.03</u> ##	<u>-</u>
TOTAL OPERATING INCOME	P <u>153,115,851.31</u> P	<u>149,308,399.49</u> P	<u>3,807,451.82</u>
EXPENSES			
PERSONAL SERVICES			
Salaries and Wages			
Salaries and Wages - Regular	P 36,549,368.54	P 36,549,368.54	P -

Salaries and Wages - Casual	2,435,933.99	1,618,015.77	817,918.22
Other Compensation			
Personnel Economic Relief Allowance (PERA)	4,313,994.37	4,313,994.37	-
Representation Allowance (RA)	1,580,040.00	1,580,040.00	-
Transportation Allowance (TA)	1,436,400.00	1,436,400.00	-
Clothing/Uniform Allowance	899,000.00	899,000.00	-
Subsistence, Laundry and Quarter Allowance	328,605.00	328,605.00	-
Productivity Incentive Allowance	314,000.00	314,000.00	-
Hazard Pay	1,379,411.55	1,379,411.55	-
Overtime and Night Pay	298,362.80	298,362.80	-
Cash Gift	1,010,625.00	928,125.00	82,500.00
Year End Bonus	3,115,908.32	3,115,908.32	-
Personnel Benefits Contributions			
Life and Retirement Insurance Contributions	4,386,008.15	4,386,008.15	-
PAG-IBIG Contributions	817,594.47	817,594.47	-
PHILHEALTH Contributions	411,399.50	411,399.50	-
ECC Contributions	206,263.66	206,263.66	-
Other Personnel Benefits			
Terminal Leave Benefits	439,482.17	439,482.17	-
Other Personnel Benefits	1,803,000.00	1,803,000.00	-
Total Personal Services	<u>61,725,397.52</u>	<u>60,824,979.30</u> ##	<u>900,418.22</u>
MAINTENANCE AND OTHER OPERATING EXPENSES			
Travelling Expenses			
Travelling Expenses - Local	1,971,528.99	1,971,528.99	-
Training and Scholarship Expenses			
Training Expenses	514,550.00	514,550.00	-
Supplies and Material Expenses			
Office Supplies Expense	2,741,044.77	2,674,307.77	66,737.00
Accountable Forms Expenses	172,096.00	172,096.00	-
Animal/Zoological Supplies Expenses	61,277.00	61,277.00	-
Drugs and Medicines Expenses	942,891.06	942,891.06	-
Medical, Dental and Laboratory Supplies Expenses	398,193.30	398,193.30	-
Gasoline, Oil and Lubrication Expenses	8,222,906.76	8,222,906.76	-
Agricultural Supplies Expenses	173,584.00	173,584.00	-
Textbooks and Instructional Materials Expenses	1,393,877.75	1,393,877.75	-
Other Supplies Expenses	1,891,471.29	1,891,471.29	-
Utility Expenses			
Water Expenses	695,129.50	695,129.50	-
Electricity Expenses	3,967,015.28	3,926,053.42	40,961.86

Cooking Gas Expenses	3,729.00	3,729.00	-
Communication Expenses			
Postage and Deliveries	610.00	610.00	-
Telephone Expenses - Landline	212,052.26	212,052.26	-
Telephone Expenses - Mobile	838,765.04	838,765.04	-
Internet Expenses	81,480.42	81,480.42	-
Cable, Satellite, Telegraph and Radio Expenses	20,305.60	20,305.60	-
Membership Dues and Contributions to Organizations	9,900.00	9,900.00	-
Advertising Expense	265,000.00	265,000.00	-
Printing and Binding Expenses	257,400.00	257,400.00	-
Transportation and Delivery Expenses	-	-	-
Subscriptions Expenses	-	-	-
Total	24,834,808.02	24,727,109.16 ##	107,698.86
Professional Services			
Auditing Services	56,569.00	56,569.00	-
Environment/Sanitary Services	1,018,903.25	1,018,903.25	-
General Services	894,799.26	894,799.26	-
Janitorial Services	1,040,029.78	1,040,029.78	-
Security Services	586,904.55	586,904.55	-
Other Professional Services	1,900,539.14	1,900,539.14	-
Total Professional Services	5,497,744.98	5,497,744.98 ##	-
Repairs and Maintenance			
Land and Improvements			
Repairs and Maintenance - Land Improvements	9,819.50	-	9,819.50
Repairs and Maintenance - Electrification, Power and Energy Structures	113,723.50	113,723.50	-
Buildings			
Repairs and Maintenance - Office Buildings	227,649.59	227,649.59	-
Repairs and Maintenance - School Buildings	545,145.48	-	545,145.48
Repairs and Maintenance - Hospitals and Health Centers	118,182.50	118,182.50	-
Repairs and Maintenance - Markets and Slaughterhouses	79,039.00	79,039.00	-
Repairs and Maintenance - Other Structures	630,430.08	553,583.00	76,847.08
Office Equipment, Furniture and Fixtures			
Repairs and Maintenance - Office Equipment	6,257.00	6,257.00	-
Repairs and Maintenance - Furniture and Fixtures	92,830.00	92,830.00	-
Repairs and Maintenance - IT Equipment and Software	82,020.00	82,020.00	-
Machinery and Equipment			
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	30,000.00	30,000.00	-
Repairs and Maintenance - Communication Equipment	15,189.50	15,189.50	-
Repairs and Maintenance - Construction and Heavy Equipment	3,274,570.32	3,274,570.32	-
Repairs and Maintenance - Medical, Dental and Laboratory Equipment	2,900.00	2,900.00	-
Repairs and Maintenance - Other Machineries and Equipment	36,730.00	36,730.00	-
Transportation Equipment			
Repairs and Maintenance - Motor Vehicles	946,087.30	946,087.30	-
Repairs and Maintenance - Watercrafts	13,290.50	13,290.50	-
Public Infrastructures			
Repairs and Maintenance - Roads, Highways and Bridges	2,485,188.47	2,485,188.47	-
Repairs and Maintenance - Plazas, Parks and Monuments	95,234.50	95,234.50	-
Repairs and Maintenance - Irrigation Canals and Laterals	86,285.50	86,285.50	-
Total Repairs and Maintenance	8,890,572.74	8,258,760.68 ##	631,812.06

Confidential, Intelligence, Extraordinary and Miscellaneous Expenses			
Confidential Expenses	42,651.00	42,651.00	-
Taxes, Insurance Premiums and Other Fees			
Taxes, duties and Licenses	28,742.16	28,742.16	-
Fidelity Bond Premiums	20,429.00	20,429.00	-
Insurance Expenses	470,596.33	470,596.33	-
Total	<u>562,418.49</u>	<u>562,418.49</u>	<u>##</u>
Non-Cash Expenses			
Depreciation			
Land Improvements			
Depreciation - Land Improvements	2,362,177.92	2,361,592.04	585.88
Depreciation - Electrification, Power and Energy Structures	1,044,523.37	1,043,808.17	715.20
Buildings			
Depreciation - Office Buildings	698,653.12	671,968.12	26,685.00
Depreciation - School Buildings	381,422.94	359,654.16	21,768.78
Depreciation - Hospitals and Health Centers	43,755.64	43,755.64	-
Depreciation - Markets and Slaughterhouses	126,511.08	126,511.08	-
Depreciation -Other Structures	900,077.96	878,587.06	21,490.90
Office Equipment, Furniture and Fixtures			
Depreciation -Office Equipment	238,462.85	226,629.44	11,833.41
Depreciation -Furniture and Fixtures	435,258.02	428,103.98	7,154.04
Depreciation - IT Equipment	962,964.43	848,115.58	114,848.85
Depreciation -Library Books	1,589.76	1,589.76	-
Machineries and Equipment			
Depreciation - Machineries			
Depreciation - Agricultural, Fishery and Forestry Equipment	64,629.48	64,629.48	-
Depreciation -Communication Equipment	123,777.86	121,101.02	2,676.84
Depreciation -Construction and Heavy Equipment	1,943,957.01	1,943,957.01	-
Depreciation -Firefighting Equipment and Accessories	49,057.02	49,057.02	-
Depreciation - Medical, Dental and Laboratory Equipment	17,520.00	16,710.00	810.00
Depreciation - Military and Police Equipment	3,369.18	3,369.18	-
Depreciation - Sports Equipment	2,250.00	2,250.00	-
Depreciation - Technical and Scientific Equipment	357,257.98	357,257.98	-
Depreciation -Other Machineries and Equipment	220,043.71	215,200.21	4,843.50
Transportation and Equipment			
Depreciation - Motor Vehicles	637,034.88	637,034.88	-
Depreciation -Watercrafts	65,153.70	65,153.70	-
Depreciation -Other Transportation Equipment	1,332.00	1,332.00	-
Other Property, Plant and Equipment			
Depreciation- Other Property, Plant and Equipment	245,903.50	241,064.50	4,839.00
Total Non-Cash Expenses	<u>10,926,683.41</u>	<u>10,708,432.01</u>	<u>##</u> 218,251.40
Other Maintenance and Operating Expenses			
Other Maintenance and Operating Expenses	9,677,140.04	9,289,129.39	388,010.65
TOTAL OPERATING EXPENSES	<u>122,114,765.20</u>	<u>119,868,574.01</u>	<u>##</u> 2,246,191.19

INCOME FROM OPERATIONS	31,001,086.11	29,439,825.48	1,561,260.63
Add: Subsidy from Other National Government Agencies	609,246.00	609,246.00	-
Total	<u>31,610,332.11</u>	<u>30,049,071.48</u> ##	<u>1,561,260.63</u>
Less: Subsidy to National Government Agencies			
Subsidy to Local Government Units	70,000.00	70,000.00	-
Subsidy to Other Funds	4,439,334.30	4,439,334.30	-
Donations	6,083,249.09	5,873,249.09	210,000.00
Total	<u>10,592,583.39</u>	<u>10,382,583.39</u> ##	<u>210,000.00</u>
EXCESS OF INCOME OVER EXPENDITURES	<u><u>P 21,017,748.72</u></u>	<u><u>P 19,666,488.09</u></u>	<u><u>P 1,351,260.63</u></u>

MUNICIPALITY OF NAUJAN
STATEMENT OF CASH FLOWS BY FUND
For the Year Ended December 31, 2012

	<u>TOTAL</u>	<u>General Fund</u>	<u>SEF</u>
Cash Flows From Operating Activities:			
Cash Inflows			
Share from Internal Revenue Allotment	P 131,800,242.00 P	131,800,242.00 P	- P
Collection from Taxpayers	29,250,501.90	25,443,050.08	3,807,451.82
Receipts from sale of goods and services	1,577,682.22	1,577,682.22	-
Other Receipts	11,661,444.84	2,765,352.71	12,539.71
Total Cash Inflows	<u>174,289,870.96</u>	<u>161,586,327.01</u>	<u>3,819,991.53</u>
Cash Outflows			
Payments to -			
Suppliers/Creditors	38,689,132.01	32,517,216.68	833,147.24
Employees	61,024,239.42	57,915,656.31	863,885.08
Other Disbursements	48,109,146.13	43,930,187.50	482,918.22
Total Cash Outflows	<u>147,822,517.56</u>	<u>134,363,060.49</u>	<u>2,179,950.54</u>
Cash Provided by Operating Activities	<u>26,467,353.40</u>	<u>27,223,266.52</u>	<u>1,640,040.99</u>
Cash Flows From Investing Activities:			
Cash Outflows			
Purchase of Property, Plant and Equipment and Public Infrastructures	<u>28,449,310.68</u>	<u>27,843,832.46</u>	<u>605,478.22</u>
Total Cash Outflows	<u>28,449,310.68</u>	<u>27,843,832.46 ##</u>	<u>605,478.22 ##</u>
Cash Provided by Investing Activities	<u>(28,449,310.68)</u>	<u>(27,843,832.46)##</u>	<u>(605,478.22)##</u>
Net Cash Provided By Operating, Investing & Financing Activities	(1,981,957.28)	(620,565.94)##	1,034,562.77 ##
Cash at the Beginning of the Period	<u>108,734,199.42</u>	<u>97,476,211.49</u>	<u>3,468,562.24</u>
Cash at the End of the Period	<u>P 106,752,242.14 P</u>	<u>96,855,645.55 P</u>	<u>4,503,125.01 P</u>

Annex C

Trust Fund

-

-

8,883,552.42

8,883,552.42

5,338,768.09

2,244,698.03

3,696,040.41

11,279,506.53

(2,395,954.11)

-

-

-

(2,395,954.11)

7,789,425.69

5,393,471.58

MUNICIPALITY of NAUJAN
STATEMENT OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
CURRENT LEGISLATIVE APPROPRIATIONS
GENERAL FUND AND SPECIAL EDUCATION FUND
December 31, 2012

CODE	FUNCTION/ PROGRAM/PROJECT	APPROPRIATIONS	ALLOTMENTS	OBLIGATIONS	BALAN APPROPRIATIONS
I	CURRENT YEAR APPROPRIATIONS				
1000	GENERAL PUBLIC SERVICES				
	PS	35,773,140.19	35,773,140.19	35,494,387.93	0.00
	MOOE	44,358,034.10	44,358,034.10	34,416,766.84	0.00
	CO	2,881,973.90	2,881,973.90	400,041.00	0.00
	Sub-total	83,013,148.19	83,013,148.19	70,311,195.77	0.00
3000	EDUCATION, CULTURE, SPORT & MANPOWER DEVELOPMENT				
	PS	1,113,000.00	1,113,000.00	900,418.22	0.00
	MOOE	1,529,995.00	1,529,995.00	1,331,580.32	0.00
	CO	527,005.00	527,005.00	450,517.55	0.00
	Sub-total	1,529,995.00	1,529,995.00	1,331,580.32	0.00
4000	HEALTH SERVICES				
	PS	10,820,587.18	10,820,587.18	10,570,902.68	0.00
	MOOE	2,715,550.00	2,715,550.00	2,459,059.90	0.00
	Sub-total	13,536,137.18	13,536,137.18	13,029,962.58	0.00
7000	SOCIAL WELFARE SERVICES				
	PS	2,102,415.25	2,102,415.25	2,082,097.50	0.00
	MOOE	3,138,000.00	3,138,000.00	2,476,338.26	0.00
	CO	150,000.00	150,000.00	113,407.00	0.00
	Sub-total	5,390,415.25	5,390,415.25	4,671,842.76	0.00
8000	ECONOMIC SERVICES				
	PS	12,818,959.38	12,818,959.38	12,667,951.60	0.00
	MOOE	20,897,605.00	20,897,605.00	16,980,432.26	0.00
	CO	31,916,522.00	31,916,522.00	7,681,953.22	0.00
	Sub-total	65,633,086.38	65,633,086.38	37,330,337.08	0.00
	TOTAL CURRENT YEAR APPROPRIATIONS				
	PS	62,628,102.00	62,628,102.00	61,715,757.93	0.00
	MOOE	72,639,184.10	72,639,184.10	57,664,177.58	0.00
	CO	35,475,500.90	35,475,500.90	8,645,918.77	0.00
	TOTAL	170,742,787.00	170,742,787.00	128,025,854.28	0.00

Annex D

ICE OF

ALLOTMENTS

278,752.26
9,941,267.26
2,481,932.90
12,701,952.42

212,581.78
198,414.68
76,487.45
198,414.68

249,684.50
256,490.10
506,174.60

20,317.75
661,661.74
36,593.00
718,572.49

151,007.78
3,917,172.74
24,234,568.78
28,302,749.30

912,344.07
14,975,006.52
26,829,582.13
42,716,932.72

MUNICIPALITY of NAUJAN
STATEMENT OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND BALANCES
CONTINUING LEGISLATIVE APPROPRIATIONS
December 31, 2012

CODE	FUNCTION/ PROGRAM/PROJECT	APPROPRIATIONS	ALLOTMENTS	OBLIGATIONS	BALANCE APPROPRIATIONS
1000	GENERAL PUBLIC SERVICES				
	MOOE	4,788,446.70	4,788,446.70	2,675,503.00	0.00
	CO	4,488,622.12	4,488,622.12	932,519.00	0.00
	Sub-total	9,277,068.82	9,277,068.82	3,608,022.00	0.00
3000	EDUCATION, CULTURE, SPORT & MANPOWER DEVELOPMENT				
	CO	418,436.50	418,436.50	191,329.00	0.00
	Sub-total				
4000	HEALTH SERVICES				
	CO	78,203.00	78,203.00	28,000.00	0.00
	Sub-total	78,203.00	78,203.00	28,000.00	0.00
7000	SOCIAL WELFARE SERVICES				
	CO	49,360.00	49,360.00	21,750.00	0.00
	Sub-total	49,360.00	49,360.00	21,750.00	0.00
8000	ECONOMIC SERVICES				
	CO	43,779,001.34	43,779,001.34	17,254,539.45	0.00
	Sub-total	43,779,001.34	43,779,001.34	17,254,539.45	0.00
	TOTAL CONTINUING LEGISLATIVE APPROPRIATIONS				
	MOOE	4,788,446.70	4,788,446.70	2,675,503.00	0.00
	CO	48,813,622.96	48,813,622.96	18,428,137.45	0.00
	TOTAL	53,602,069.66	53,602,069.66	21,103,640.45	0.00

Annex E

CE OF

ALLOTMENTS

2,112,943.70

3,556,103.12

5,669,046.82

227,107.50

50,203.00

50,203.00

27,610.00

27,610.00

26,524,461.89

26,524,461.89

2,112,943.70

30,385,485.51

32,498,429.21

Municipality of Naujan
SCHEDULE OF UNUTILIZED PDAF
 As of December 31, 2012

SARO No.	Date	Proponent/Fund Source	Programs/Projects	Amount Granted	Amount Utilized	Unexpended Balance
Due to Other NGAs						
G-11-01989	13-Dec-11	Senator Fancis "Chiz" Escudero, PDAF Fund, FY 2011 GAA, RA 10147	Construction/repair/rehabilitation/renovation of Public Market	500,000.00	-	500,000.00
G-11-02197	22-Dec-11	FY 2011 Disbursement Acceleration Program as approved by the president, PDAF Fund, FY 2011 GAA, RA 10147	Livelihood assistance through soft loan among qualifies displaced families, women, farmers, and fishermen in the Municipality	1,000,000.00	78,186.00	921,814.00
G-11-02182	22-Dec-11	Senator Mauel Lapid, PDAF Fund, FY 2011 GAA, RA 10147	Implementation of Alternative Learning System-Basic Literacy Program	5,000,000.00	-	5,000,000.00
G-11-T04511	8-Dec-11	PDAF Fund, FY 2011 GAA, RA 10147	Construction of multi-purpose building in Barcenaga, Naujan	200,000.00	-	200,000.00
			Small and medium enterprise/livelihood (Animal Raising) for senior citizens of Arangin, Naujan	100,000.00	-	100,000.00
			Concreting of pathways in Barangay San Antonio and Herrera, Naujan	200,000.00	199,106.50	893.50
G-12-T02366	29-Mar-12	Congressman Rodolfo G. Valencia, PDAF Fund, FY 2012 GAA, RA 10155	Implementation of livelihood program (animal raising) in Barangay Barcenaga, Naujan	100,000.00	-	100,000.00
G-12-T-02816	26-Jun-12	PDAF Fund, FY 2012 GAA, RA 10155	Purchase of re-conditioned multicab	200,000.00		200,000.00
G-12-T03358	27-Jul-12	PDAF Fund, FY 2012 GAA, RA 10156	Implementation of inter-barangay basketball tournament (purchase of basketballs, officiating fees, food and refreshments, cash prizes, uniforms for players, purchase of trophies and medals) and open bikathon (cash prizes, purchase of trophies and medals and officiating fees at the Municipality	450,000.00	439,464.00	10,536.00
Total				7,750,000.00	716,756.50	7,033,243.50

Other Payables						
ROCS-07-07839	10-Oct-07	Congressman Rodolfo G. Valencia/PDAF, FY 2007 Budget, RA 9401	Priority Development and Projects in the 1st District of Oriental Mindoro	1,200,000.00	1,190,850.00	9,150.00
ROCS-08-03850			J	2,000,000.00	1,973,985.70	26,014.30

ROCS-08-03882			Not specified, No copy of SARO was attached	500,000.00	-	500,000.00
G-10-08237	2-Dec-10	Congressman Rodolfo G. Valencia/PDAF, FY 2010 Budget, RA 9970	Medical mission for the indigents residents of remote barangays of the Municipality specifically Tagumpay and Nalvar	1,200,000.00	1,198,655.65	1,344.35
G-11-T01876	29-Jun-11	Congressman Rodolfo G. Valencia/PDAF, FY 2011 Budget, RA 10147	Construction of Pathway in Barangay Antipolo	300,000.00	298,443.10	1,556.90
			Repair of multi purpose building in Barangay Aurora	100,000.00	99,165.20	834.80
			Completion of Multi-Purpose building in Barangay Sta. Cruz	50,000.00	49,161.50	838.50
			Construction of water system in Barangay Sampaguita	200,000.00	101,889.00	98,111.00
			Purchase of 4 units of multicab for Barangays Poblacion 2, Poblacion 3, Laguna and Melgar B	800,000.00	799,200.00	800.00
G-11-T01876	29-Jun-11	Congressman Rodolfo G. Valencia/PDAF, FY 2011 Budget, RA 10147	Purchase of 12 desktop computers for Santiago, Kalinisan, Nag-iba, J. Basa Memorial, Bancuro and Sampaguita Elementary Schools, and Barangays Inarawan, Gamao, Bayani, San Nicolas	440,000.00	432,000.00	8,000.00
			Burial assistance for indigent residents	111,200.00	111,200.00	-
G-11-T02123	25-Jul-11	Congressman Rodolfo G. Valencia/PDAF, FY 2011 Budget, RA 10147	Housing Program of 3 housing units at P50,000 per unit in Barangay Bancuro	150,000.00	-	150,000.00
Total				7,051,200.00	6,254,550.15	796,649.85
Grand Total				14,801,200.00	6,971,306.65	7,829,893.35