



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VII
Cebu City



ANNUAL AUDIT REPORT

ON THE

MUNICIPALITY OF VALLEHERMOSO

For the Year Ended December 31, 2024



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII
PROVINCE OF NEGROS ORIENTAL
PROVINCIAL SATELLITE AUDIT OFFICE
E.J. Blanco Drive, Piapi, Dumaguete City

Local Government Audit Sector
Audit Group LGAS – G (Negros Oriental 2)
Office of the Supervising Auditor

June 2, 2025

HONORABLE MARIANNE S. GUSTILO

Municipal Mayor
Municipality of Vallehermoso
Province of Negros Oriental



Dear Mayor Gustilo:

We are pleased to transmit the Annual Audit Report (AAR) of the Municipality of Vallehermoso, Province of Negros Oriental, for the calendar year (CY) 2024 pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

We conducted the audit in accordance with applicable International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provides a reasonable basis for our opinion.

We rendered a qualified opinion on the fairness of the presentation of the financial statements (FS) for the year then ended.

The audit observations and the recommended courses of action, which the Audit Team discussed with you and your staff in an exit conference on May 27, 2025, are discussed in detail in Part II of the report. Likewise, Management's comments are also incorporated in Part II, where appropriate. The Status of Implementation of Prior Years' Audit Recommendations are discussed in Part III of this report.

We request that the recommendations be immediately implemented, and we would appreciate being informed of the action(s) taken thereon by submitting the attached, duly accomplished Agency Action Plan and Status of Implementation (AAPSI) within 60 days from receipt of this Report.

We express our appreciation for the valuable support and cooperation extended by the officials and staff of the Municipality of Vallehermoso.

Very truly yours,



ENRIQUITO A. BULOS
Director III

Copy furnished:

1. The Honorable Sangguniang Bayan Members
Thru: The Secretary, Sangguniang Bayan
Municipality of Vallehermoso
2. The Regional Director
Department of Interior and Local Government
Quezon City
3. The Regional Director
Bureau of Local Government Finance
Quezon City
4. National Library (Soft Copy)
5. University of the Philippines (UP) Law Center (Soft Copy)
6. COA Commission Central Library (Soft Copy)

MUNICIPALITY OF VALLEHERMOSO

Province of Negros Oriental

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2024

As of _____

Ref.	Audit Observation	Audit Recommendation	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			

Prepared by:

Noted by:

Municipal Mayor

Note: Status of Implementation may either be (a) Fully Implemented (b) Ongoing (c) Not Implemented (d) Partially Implemented (e) Delayed



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII
PROVINCE OF NEGROS ORIENTAL
PROVINCIAL SATELLITE AUDIT OFFICE
E.J. Blanco Drive, Piapi, Dumaguete City

Local Government Audit Sector
Audit Group LGAS – G (Negros Oriental 2)
Office of the Auditor – Audit Team R7-03

May 29, 2025

ENRIQUITO A. BULOS

Supervising Auditor

LGAS G – Province of Negros Oriental 2

Dumaguete City

Sir:

In compliance with Section 2, Article IX-D of the Philippine Constitution, and pertinent sections of Presidential Decree No. 1445, we conducted a financial and compliance audit on the accounts and operations of the Municipality of Vallehermoso for the year ended December 31, 2024.

The audit was conducted to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

Our report consists of four parts: Part I presents the Audited Financial Statements, Part II presents the details of our significant Audit Observations and Recommendations, which were discussed with Management officials and staff on May 27, 2025, Part III presents the Status of Implementation of Prior Years' Audit Recommendations, and Part IV contains the Appendices.

In our opinion, except for the effects of the matters described in the Bases for Qualified Opinion paragraph in the Independent Auditor's Report, the combined financial statements present fairly, in all material respects, the financial position of the Municipality of Vallehermoso as of December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and we believe that it provides a reasonable basis for the results of the audit.

Very truly yours,

A handwritten signature in blue ink, appearing to read "MA Alcala".

MARIFE A. ALCALA

State Auditor IV

Audit Team Leader

EXECUTIVE SUMMARY

Introduction

Pursuant to Republic Act No. 7160, the Municipality of Vallehermoso, Province of Negros Oriental, like other local government units, enjoys total independence in managing, deciding, and planning its own administrative fiscal and development affairs in conformity with the national government's thrusts for sustainable social and economic growth. It exercises the powers expressly granted, those necessarily implied therefrom, as well as powers appropriate or incidental for its efficient and effective governance, and those essential to promoting the general welfare.

The municipal government also ensures and supports, among other things, the preservation and enrichment of culture, the promotion of health and safety, and the enhancement of the people's right to a balanced ecology. Likewise, it encourages and supports the development of appropriate, self-reliant, scientific, and technological capabilities, improves public morale, and enhances economic prosperity and social justice. It also aims to promote full employment among its residents, maintain peace, and preserve the comfort and convenience of the inhabitants.

During the survey conducted in the 4th Quarter of 2024 by Bayan Serbisyo at Kaunlaran (BSK) Advocates for Participatory Governance and Accountability, the Local Chief Executive of the Municipality was recognized as one of the Top Performing Municipal Mayors in Negros Oriental with a job performance rating of 86.05%.

As of December 31, 2024, the Municipality had a personnel complement of 512, as shown below:

<i>Nature of Appointment to Office</i>	<i>Quantity</i>
Elective Officials	12
Permanent/Regular Positions	83
Casual Plantilla	9
Job Orders	405
Contract of Service	3
TOTAL	512

Audit Objective

The objective of the audit is to (a) ascertain the fairness of the presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with prescribed rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations. The performance audit was likewise conducted to inform management where improvement can be instituted in the field of revenues, expenditures, and management of resources.

Audit Methodology

The Commission has been implementing a risk-based audit in the conduct of its audit services. However, to meet the evolving developments in public governance and fund management, the results-based approach in the audit was incorporated.

Scope of Audit

An audit was conducted on the accounts and operations of the Municipal Government of Vallehermoso for 2024. The audit consisted of a review of operating procedures, evaluation of the LGU's programs and projects, interview of concerned government officials and employees, verification, reconciliation, confirmation, inspection, and analysis of accounts, and such other procedures considered necessary.

Financial Highlights

A comparative analysis of the Statement of Financial Position, as illustrated below, showed increases in assets, liabilities, and equity:

Accounts	2024 (in ₱)	2023 (in ₱)	Increase (Decrease)
Statement of Financial Position			
Assets	513,479,676.76	471,980,147.81	41,499,528.95
Liabilities	88,347,505.74	64,738,222.32	23,609,283.42
Government Equity	425,132,171.02	407,241,925.49	17,890,245.53

On the other hand, the Statement of Financial Performance reflects decreases in revenue and surplus, as well as increases in expenses, as shown below:

Results of Operations			
Revenue	236,103,630.69	194,877,561.88	41,226,068.81
Personnel Services	60,993,266.35	59,643,348.91	1,349,917.44
Maintenance and Other Operating Expenses	112,865,113.99	71,256,599.94	41,608,514.05
Non-cash Expenses	35,509,342.87	30,145,066.65	5,364,276.22
Net Financial Assistance/ Subsidy	(111,936.90)	(3,460,923.33)	3,348,986.43
Non-operating Income	190,584.00	146,186.62	44,397.38
Net Surplus (Deficit)	26,814,554.58	30,517,809.67	(3,703,255.09)

The following table illustrates increases in the final budget or appropriations and actual amounts or obligations during the year:

Final Budget	238,302,521.08	220,104,514.93	18,198,006.15
Actual Amounts	179,032,277.21	166,202,083.58	12,830,193.63

Independent Auditor's Report on The Financial Statements

We rendered a qualified opinion on the fairness of the presentation of the financial statements for the year ended, taking exceptions to the effects of the following:

1. The Municipality did not effectively follow the guidelines and procedures on the one-time cleansing of PPE, thus affecting the fairness of presentation of the PPE accounts amounting to ₱375,535,879.35 in the financial statements at year-end and depriving the government of access to reliable and useful information for decision-making and accountability for these assets.
2. Biological Assets valued at ₱2,223,949.64 that have been in the books for more than five years, were not stated at fair value as of the reporting date due to the non-submission of the Inventory Report of Breeding Stocks and Other Biological Assets and the prevailing market price for each item by the Municipal Agriculturist and OIC-MENRO to the Municipal Accountant, thus, rendering the existence and valuation of the account presented in the financial statements doubtful and unreliable.

Significant Findings and Recommendations

In addition to the above-noted deficiencies, below are the significant audit observations and recommendations noted in the course of the audit:

1. **Collections amounting to ₱296,697.38 as of December 31, 2024, were not deposited with the authorized government depository bank (AGDB) daily or not later than the next banking day due to late remittance of Collecting Officers to the Municipal Treasurer, thereby posing a substantial risk to the municipality's financial integrity and exposing government funds to potential misappropriation or possible loss.**

We recommended that the Municipal Mayor direct the Municipal Treasurer to:

- a. Strictly comply with Items 1 and 4 of Section 69 of Presidential Decree (P.D.) No. 1445 and Section 32 of the NGAS Manual for LGUs by ensuring that all collections are deposited intact with the authorized depository bank at the end of each day or within the prescribed period;
- b. Regularly notify the Collecting Officers to remit their collections at the end of each working day or at least once a week if they are stationed in far-flung areas and to establish cut-off dates for collections and deposits, especially at year-end; and
- c. Designate a responsible accountable officer, in accordance with existing regulations, to deposit collections to the municipality's AGDB within the prescribed period during her absence or when she is not personally available to do so.

2. **The four municipal vehicles labeled “Ambulance” were not licensed by the Department of Health (DOH) to operate as ambulances; instead, they functioned as patient transport vehicles. Consequently, they were improperly marked, thereby endangering the safety of both patients and personnel on board.**

We recommended that the OIC - Municipal Health Officer comply with the requirements under DOH AO No. 2018-001 dated January 28, 2018, to obtain the DOH-LTO for the four vehicles.

3. **The unexpended balances of the LDRRMF from prior years amounting to ₱6,027,925.02 which were transferred to the Special Trust Fund (STF) were not considered and integrated into the LDRRMFIP for CY 2024 and may result in inefficiencies in allocating and utilizing funds for disaster risk reduction and management efforts, as well as missed opportunities for disaster resilience and preparedness initiatives.**

We recommended that the LDRRMO and the LDRRMC:

- a. Include PPAs that are chargeable against the prior years’ unexpended LDRRMF in the annual LDRRMFIP of the current year, in accordance with the format prescribed under Annex A of COA Circular No. 2012-002; and
 - b. Establish an efficient review and monitoring system to ensure that the LDRRMFIP complies with the requirements outlined in COA Circular No. 2012-002.
4. **The fuel purchased from the LDRRMF was used for purposes unrelated to disaster-related activities. This misuse undermines the intended purpose of the fuel purchase and reduces the funds available for disaster risk management, relief, rehabilitation, and recovery programs.**

We recommended that the LDRRMO-Designate:

- a. Adhere strictly to the provisions of DILG Memorandum Circular No. 2012-73 dated April 17, 2012, and NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013, on the utilization of the LDRRMF;
- b. Reimburse the LDRRMF from the General Fund for the cost of fuel used by non-LDRRM vehicles; and
- c. Ensure that the LDRRM motor vehicles and heavy equipment are exclusively used for disaster/calamity response and rescue/relief operations in conformity with DILG MC No. 2021-004 dated January 18, 2021. Otherwise, refund or replenish the LDRRMF for the cost of the subject motor vehicles and heavy equipment, the appropriations for which shall be taken from the General Fund.

Summary of Total Suspensions, Disallowances, and Charges as of Year-End

1. The reported audit suspensions, disallowances, and charges of the LGU as at December 31, 2024, were as follows:

Particulars	Beginning Balance (01/01/2024)	Issued this Period (1/1/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		NS/ND	NSSDC	
Suspension	₱ 969,463.00	0.00	0.00	₱ 969,463.00
Disallowance	0.00	0.00	0.00	0.00
Charge	0.00	0.00	0.00	0.00

2. These ending balances pertain to audit suspensions issued and received in the following years:

Year Issued	Balance as of 12/31/2024	Transaction Year	Remarks
Notice of Suspension (NS)			
2015	₱ 969,463.00	2014	₱958,133.00 - Lacking documents on BUB Tagbino - Guiba 50% ₱11,330.00 – Explanation for the extra labor and inconsistent documents
Total NS	₱ 969,463.00		

3. We would like to note that the aforesaid balances do not include Notices of Suspension, Disallowance, and Charge issued prior to the effectivity of the Rules and Regulations on Settlement of Accounts, which are still subject to reconciliation with the balances of the accounting record.

Status of Implementation of Prior Years’ Recommendations

Of the 29 audit recommendations, 5 were implemented and 24 were unimplemented.

TABLE OF CONTENTS

<u>Part</u>	<u>Subject</u>	<u>Page No.</u>
I	Audited Financial Statements	1
II	Audit Observations and Recommendations	31
III	Status of Implementation of Prior Years' Audit Recommendations	49
IV	Appendices	

PART I

AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. VII
M.J. Cuenco Avenue, Corner V. Sotto Street, 6000 Cebu City

INDEPENDENT AUDITOR'S REPORT

HONORABLE MARIANNE S. GUSTILO

Municipal Mayor
Municipality of Vallehermoso
Province of Negros Oriental

Qualified Opinion

We have audited the financial statements of the Municipality of Vallehermoso, Province of Negros Oriental, which comprise the statement of financial position as at December 31, 2024, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Bases of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality of Vallehermoso as at December 31, 2024, and its financial performance, its cash flows, and its comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Qualified Opinion

As contained in Part II of this Report:

1. The Municipality did not effectively follow the guidelines and procedures on the one-time cleansing of Property, Plant, and Equipment (PPE) due to the incomplete physical count of all its PPEs, thus affecting the fairness of presentation of the PPE accounts amounting to ₱375,535,879.35 in the financial statements at year-end and depriving the government's access to reliable and useful information for decision-making and accountability for these assets; and
2. Biological Assets valued at ₱2,223,949.64 that have been in the books for more than five years, were not stated at fair value as of the reporting date due to the non-submission of the Inventory Report of Breeding Stocks and Other Biological Assets and the prevailing market price for each item by the Municipal Agriculturist and OIC-MENRO to the Municipal Accountant, thus, rendering the existence and valuation of the account presented in the financial statements doubtful and unreliable.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our Report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Except for the matters described in the *Bases for Qualified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the LGU's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

COMMISSION ON AUDIT

BY:



MARIFE A. ALCALA
State Auditor IV
Audit Team Leader





Republic of the Philippines
Province of Negros Oriental
MUNICIPALITY OF VALLEHERMOSO
Vallehermoso, Negros Oriental
6224 Philippines

Statement of Management Responsibility for Financial Statements

The management of the Municipality of Vallehermoso is responsible for all information and representations contained in the Statement of Financial Position as of December 31, 2024 and the related Statements of Financial Performance, Cash Flows, Changes in Net Assets/Equity and Comparison of Budget and Actual Amounts for the year then ended. The financial statements have been prepared in conformity with International Public Sector Accounting Standards and reflect amounts that are based on best estimates and informed judgment 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 controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities recognized.


JOHN MICHAEL H. SALUTAN, CPA
Municipal Accountant


HON. MARIANNE S. GUSTILO
Municipal Mayor

February 14, 2025

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL POSITION
As of December 31, 2024
(With Comparative Figures for CY 2023)

	Note	2024	2023
ASSETS			
<i>Current Assets</i>			
Cash and Cash Equivalents	4	₱ 102,741,282.13	₱ 99,529,746.78
Investments	5	1,421.62	1,421.62
Receivables	6	30,082,866.55	28,799,299.22
Inventories	7	2,848,813.20	1,128,440.90
Payments and Deferred Charges	8	45,464.27	139,157.18
Total Current Assets		₱ 135,719,847.77	₱ 129,598,065.70
<i>Non-Current Assets</i>			
Property, Plant, and Equipment	9	₱ 375,535,879.35	₱ 340,158,132.47
Biological Assets	10	2,223,949.64	2,223,949.64
Total Non-Current Assets		₱ 377,759,828.99	₱ 342,382,082.11
Total Assets		₱ 513,479,676.76	₱ 471,980,147.81
LIABILITIES			
<i>Current Liabilities</i>			
Financial Liabilities	11	₱ 25,206,769.81	₱ 17,768,054.05
Inter – Agency Payables	12	9,067,167.64	12,453,577.05
Intra – Agency Payables	13	340,874.45	351,929.17
Trust Liabilities	14	12,052,662.56	7,691,215.10
Deferred Credits/Unearned Income	15	27,278,324.20	26,034,582.17
Other Payables	16	451,707.08	438,864.78
Total Current Liabilities		₱ 74,397,505.74	₱ 64,738,222.32
<i>Non-Current Liabilities</i>			
Financial Liabilities	11	₱ 13,950,000.00	₱ 0.00
Total Non-Current Liabilities		₱ 13,950,000.00	₱ 0.00
Total Liabilities		₱ 88,347,505.74	₱ 64,738,222.32
NET ASSETS/EQUITY			
Government Equity		₱ 425,132,171.02	₱ 407,241,925.49
Total Liabilities and Net Assets/Equity		₱ 513,479,676.76	₱ 471,980,147.81

See accompanying Notes to Financial Statements.

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

	Note	2024	2023
Revenue			
Tax Revenue	17	₱ 5,312,330.82	₱ 4,911,329.89
Share from Internal Revenue Collections	18	168,644,150.00	158,699,125.00
Service and Business Income	19	13,368,538.32	10,821,051.48
Shares, Grants, and Donations	21	48,778,611.55	20,446,055.51
Total Revenue		₱236,103,630.69	₱ 194,877,561.88
Less: Current Operating Expenses			
Personnel Services	22	₱ 60,993,266.35	₱ 59,643,348.91
Maintenance and Other Operating Expenses	23	112,865,113.99	71,256,599.94
Non-cash Expenses	24	35,509,342.87	30,145,066.65
Current Operating Expenses		₱209,367,723.21	₱ 161,045,015.50
Surplus (Deficit) From Current Operation		₱ 26,735,907.48	₱ 33,832,546.38
Add (Deduct):			
Transfer, Assistance, and Subsidy From	25	₱ 2,597,291.43	₱ 0.00
Transfer, Assistance, and Subsidy To	26	(2,709,228.33)	3,460,923.33
Net Financial Assistance/Subsidy		₱ (111,936.90)	₱ (3,460,923.33)
Other Non-Operating Income (Losses)			
Miscellaneous Income	20	₱ 190,584.00	₱ 146,186.62
Net Other Non-Operating Income (Losses)		₱ 190,584.00	₱ 146,186.62
Surplus (Deficit) for the period		₱ 26,814,554.58	₱ 30,517,809.67

See accompanying Notes to Financial Statements.

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Cash Flows from Operating Activities:		
Cash Inflows:		
Collection from Taxpayers	₱ 5,296,196.27	₱ 4,884,140.62
Share from Internal Revenue Allotment	168,644,150.00	158,699,125.00
Interest Income	32,250.45	32,697.94
Receipts from Business/Service Income	13,336,287.87	10,793,612.94
Other Receipts	59,893,560.01	37,767,971.93
Total Cash Inflow	₱ 247,202,444.60	₱ 212,177,548.43
Cash Outflows:		
Payment of expenses	₱ 36,763,238.11	₱ 36,081,799.09
Payment of Suppliers and Creditors	0.00	0.00
Payment of employees	60,672,348.81	61,011,620.21
Other Expenses	98,151,800.52	41,050,604.39
Total Cash Outflows	₱ 195,587,387.44	₱ 138,144,023.69
Net Cash from Operating Activities	₱ 51,615,057.16	₱ 74,033,524.74
Cash Outflows from Investing Activities		
Cash Outflows:		
Purchase/Construction of Property, Plant, and Equipment	₱ 48,403,521.81	₱ 49,896,319.20
Total Cash Outflows	₱ 48,403,521.81	₱ 49,896,319.20
Net Cash from Investing Activities	₱ (48,403,521.81)	₱ (49,896,319.20)
Total Cash Provided by Operating and Investing Activities	₱ 3,211,535.35	₱ 24,137,205.54
Cash, Beginning of the Period	99,529,746.78	75,392,541.24
Cash, end of the Period	₱ 102,741,282.13	₱ 99,529,746.78

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Balance at January 1, 2024	₱ 407,241,925.49	₱ 376,633,243.10
Add (Deduct)		
Changes in Accounting Policy	0.00	0.00
Prior Period Errors	109,221.96	90,872.72
Restated Balance	₱ 407,351,147.45	₱ 376,724,115.82
Add (Deduct) Charges in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equity	(9,033,531.01)	0.00
Surplus (Deficit) for the period	26,814,554.58	30,517,809.67
Balance at December 31, 2024	₱ 425,132,171.02	₱ 407,241,925.49

Municipality of Vallehermoso
Statement of Comparison of Budget and Actual Amounts
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

Particulars	Budgeted Amounts				Difference		Actual Amounts		Difference	
	Original		Final		Original and Final Budget				Final Budget and Actual	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
A. Local Sources										
1. Tax Revenue										
a. Tax Revenue - Property	787,225.46	908,103.97	787,225.46	908,103.97	-	-	886,997.92	1,019,7203.07	(99,772.46)	(111,619.10)
b. Tax Revenue - Goods and Services	2,210,000.00	1,603,586.20	2,210,000.00	1,603,586.20	-	-	3,872,219.95	3,182,259.94	(1,662,219.95)	(1,578,673.74)
c. Other Local Taxes	510,000.00	428,772.51	510,000.00	428,772.51	-	-	553,112.95	709,346.88	(43,112.95)	(280,574.37)
Total Tax Revenue	3,507,225.46	2,940,462.68	3,507,225.46	2,940,462.68	-	-	5,312,330.82	4,911,329.89	(1,805,105.36)	(1,970,867.21)
2. Non-Tax Revenue										
a. Service Income	1,325,000.00	1,366,677.74	1,325,000.00	1,366,677.74	-	-	2,317,427.87	2,653,538.60	(92,427.87)	(1,286,860.86)
b. Business Income	6,255,000.00	4,712,629.12	6,255,000.00	4,712,629.12	-	-	11,018,860.00	8,140,074.34	(4,763,860.00)	(3,427,445.22)
c. Other Income and Receipts	350,000.00	538,334.43	350,000.00	538,334.43	-	-	5,221,646.00	173,625.16	(4,871,646.00)	364,709.27
Total Non-Tax Revenue	7,930,000.00	6,617,641.29	7,930,000.00	6,617,641.29	-	-	18,557,933.87	10,967,238.10	(10,627,933.87)	(4,349,596.81)
B. External Sources										
1. Share from the National Internal Revenue Taxes (IRA)	168,615,222.00	158,728,222.00	168,615,222.00	158,728,222.00	-	-	168,644,150.00	158,699,125.00	(28,928.00)	29,097.00
2. Share from GOCCs										
3. Other Shares from National Tax Collections		-		-				-		-
a. Share from Ecozone										-
b. Share from EVAT										-
c. Share from National Wealth										-
d. Share from Tobacco Excise Tax										-
4. Other Receipts		-		-				-		-
a. Grants and Donations										-
b. Other Subsidy Income										-
5. Inter-local Transfer										-
6. Capital /Investment Receipts		-		-				-		-
a. Sale of Capital Assets										-
b. Sale of Investments										-
c. Proceeds from Collections of Loan Receivables										-
C. Receipts from Borrowings										-
Total Revenue and Receipts	180,052,447.46	168,286,325.97	180,052,447.46	168,286,325.97		-	192,514,414.69	174,577,692.99	(12,461,967.23)	(6,291,367.02)

Expenditures										
Current Appropriations										
General Public Services										
Personal Services	47,027,554.00	44,083,545.77	46,659,754.52	46,446,447.31	367,799.48	(2,362,901.54)	45,899,930.34	44,937,895.59	759,824.18	1,508,551.72
Maintenance and Other Operating Expenses	60,140,865.54	51,073,535.85	66,901,083.33	65,083,433.95	(6,760,217.79)	(14,009,898.10)	55,568,373.11	50,345,577.73	11,332,710.22	14,737,856.22
Capital Outlay	640,000.00	900,000.00	23,770,307.90	7,113,371.40	(23,130,307.90)	(6,213,371.40)	11,551,341.50	5,461,771.93	12,218,966.40	1,651,599.47
Education										
Personal Services						-				-
Maintenance and Other Operating Expenses	431,913.56	470,000.00	671,913.56	470,000.00	(240,000.00)	-	671,492.00	469,971.05	421.56	28.95
Capital Outlay		88,103.97		88,103.97		-		32,810.52		55,293.45
Health, Nutrition and Population Control										
Personal Services						-				-
Maintenance and Other Operating Expenses						-				-
Capital Outlay						-				-
Labor and Employment										
Personal Services						-				-
Maintenance and Other Operating Expenses						-				-
Capital Outlay						-				-
Housing and Community Development										
Personal Services						-				-
Maintenance and Other Operating Expenses						-				-
Capital Outlay						-				-
Social Services and Social Welfare										
Personal Services	12,817,052.00	12,752,820.00	9,585,968.18	10,311,243.26	3,231,083.82	2,441,576.74	8,792,367.51	8,046,686.29	793,600.67	2,264,556.97
Maintenance and Other Operating Expenses	1,030,500.00	1,669,214.00	1,474,420.00	1,669,214.00	(443,920.00)	-	980,514.15	998,063.34	493,905.85	671,150.66
Capital Outlay	50,000.00	100,000.00	50,000.00	100,000.00	-	-	4,800.00		45,200.00	100,000.00
Economic Services										
Personal Services	7,448,418.00	8,654,824.00	7,311,691.30	8,733,499.20	136,726.70	(78,675.20)	6,300,968.50	6,658,767.03	1,010,722.80	2,074,732.17
MOOE	7,647,935.00	7,746,399.36	8,886,192.76	8,095,398.35	(1,238,257.76)	(348,998.99)	6,919,732.92	5,251,918.26	1,966,459.84	2,843,480.09
Capital Outlay	75,000.00	581,927.52	75,000.00	199,427.52	-	382,500.00	25,000.00	80,990.00	50,000.00	118,437.52
Other Purposes:										
Debt Service										
Financial Expense	6,262.93	5,099.69	6,262.93	5,099.69	-	-	-	-	6,262.93	5,099.69
Amortization						-				-
LDRRMF										
Maintenance and Other Operating Expenses	5,694,228.33	5,986,411.10	6,008,355.83	5,771,607.68	(314,127.50)	-	6,008,355.83	214,803.42	-	5,771,607.68

Capital Outlay	3,286,532.77	2,400,000.00	3,286,532.77	2,800,000.00	-	-	-	(400,000.00)	3,286,532.77	2,400,000.00
20% Development Fund										
Maintenance and Other Operating Expenses	-	2,800,000.00	-	1,600,000.00	-	-	-	1,200,000.00	-	270,000.00
Capital Outlay	33,723,044.40	28,945,644.40	33,723,044.40	30,145,644.40	-	-	20,920,930.09	(1,200,000.00)	12,802,114.31	18,660,178.54
Share from National Wealth										
Maintenance and Other Operating Expenses										-
Capital Outlay										-
Allocation for Senior Citizens and PWD										
Maintenance and Other Operating Expenses										-
Capital Outlay										-
Others										
Personal Services										-
Maintenance and Other Operating Expenses	27,829.03	28,800.31	27,829.03	28,800.31	-	-	15,000.00	15,000.00	12,829.03	13,800.31
Capital Outlay										-
Total Current Appropriations	180,047,135.56	168,286,325.97	208,438,356.51	188,661,291.04	(28,391,220.95)	(20,374,965.07)	163,658,805.95	149,401,237.96	44,779,550.56	39,260,053.08
Continuing Appropriations										
General Public Services										
Capital Outlay	9,438,184.36	19,034,854.97	9,438,184.36	19,034,854.97	-	-	3,438,485.45	11,497,697.60	5,999,698.91	7,537,157.37
Education										
Capital Outlay	585,577.67	942,068.45	585,577.67	942,068.45	-	-	410,090.25	411,784.23	175,487.42	530,284.22
Health, Nutrition and Population Control										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Labor and Employment										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Housing and Community Development										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Social Services and Social Welfare										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Economic Services										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Other Purposes:										
LDRRMF (Capital Outlay)	434,035.80	160,535.80	434,035.80	160,535.80	-	-	-	126,500.00	434,035.80	34,035.80
20% Capital Outlay	19,406,366.74	11,305,764.67	19,406,366.74	11,305,764.67	-	-	11,524,895.56	4,764,863.79	7,881,471.18	6,540,900.88
Total Continuing Appropriations	29,864,164.57	31,443,223.89	29,864,164.57	31,443,223.89	-	-	15,373,471.26	16,800,845.62	14,490,693.31	14,642,378.27
Total Appropriations	209,911,300.13	199,729,549.86	238,302,521.08	220,104,514.93	(28,391,220.95)	(20,374,965.07)	179,032,277.21	166,202,083.58	59,270,243.87	53,902,431.35

Note 1 - Profile

The Municipality of Vallehermoso was established under Executive Order No. 84 by Gilbert Newton, through Governor Felipe Tayko, on January 1, 1913. The Municipality is comprised of fifteen (15) Barangays with a total land area of 10,218.8672 hectares. It is classified as third (3rd) class Municipality as per Department Order No. 23-08, dated July 29, 2011. The Municipality's major sources of income are agriculture and economic enterprise (water).

The Municipality formulated plans and programs to socially and economically improve the lives of the constituents. Funds were allocated for the promotion of basic services and qualities to include social welfare services, agriculture, infrastructure facilities, public market, tourism facilities and other attractions.

Note 2 - The Local Government Unit's (LGU's) consolidated financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS). The consolidated financial statements are presented in pesos, the LGU's functional and reporting currency. The accounting policies have been applied starting the year 2015.

Note 3 -Summary of significant accounting policies

3.1 Basis of accounting

The consolidated financial statements are prepared on an accrual basis in accordance with the IPSAS.

3.2 Consolidation

The controlled entities (funds) are all those over which the controlling entity has the power to govern the financial and operating policies. The LGU maintains special accounts under the General Fund for the following economic enterprises it operates:

- Operation of Markets
- Operation of Waterworks

3.3 Revenue Recognition

Revenue from non-exchange transactions

Taxes, fees, and fines

The LGU recognizes revenues from taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, liability is recognized instead of revenue. Other non-exchange revenues are recognized when it is improbable that the future economic benefit or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the LGU and can be measured reliably.

Revenue from exchange transactions

Rendering of services

The LGU recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the LGU.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

3.4 Property, plant, and equipment (PPE)

All PPE are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant PPE parts are equipment are required to be replaced at intervals, the LGU recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the asset's useful life.

Depreciation is charged at rates calculated to allocate cost or valuation of the asset less any estimated residual value over its remaining useful life:

Public Infrastructures were not previously recognized in the books. The LGU availed of the 5-year transitional provision for the recognition of the Public Infrastructure for the first year of implementation of the IPSAS.

3.5 Leases

LGU as a lessor

Leases in which the LGU does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The LGU determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings.

The LGU's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.7 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- a) Raw materials: purchase cost using the weighted average cost method; and
- b) Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when they are deployed for utilization or consumption in the ordinary course of LGU operations.

The LGU does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

3.8 Changes in accounting policies and estimates

The LGU recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The LGU recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

3.9 Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of PPE. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further, borrowing costs are charged to the statement of financial performance.

3.10 Service concession arrangements

The LGU analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the LGU recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the LGU also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

3.11 Budget information

The annual budget is prepared on the modified cash basis, that is, all planned costs and income are presented in a single statement to determine the LGU's needs. As a result of the adoption of the Modified cash basis for budgeting purposes, there are basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

3.12 Significant judgments and sources of estimation uncertainty

Judgments

In the process of applying the LGU's accounting policies, Management has made judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Operating lease commitments – LGU as lessor

The LGU has entered into property leases of certain of its properties. The LGU has determined, based on an evaluation of the terms and conditions of the arrangements, (such as the lease term not constituting a substantial portion of the economic life of the commercial property) that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The LGU based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the LGU. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the LGU;

- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- c) The nature of the processes in which the asset is deployed; and
- d) Changes in the market in relation to the asset.

Receivables

Receivables are amounts owed by consumers and are presented net of impairment losses. The LGU has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The LGU is compelled, by its constitutional mandate, to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies, and processes for managing and measuring the risk during the year under review.

The LGU’s maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance. The LGU has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area.

The LGU establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

Capital management

The primary objective of managing the LGU’s capital is to ensure sufficient cash available to support the LGU’s funding requirements, including capital expenditure, so that the LGU remains financially sound. The LGU monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. In a capital-intensive industry, a gearing ratio of 54.5% or less can be considered reasonable. Included in net debt are interest-bearing loans and borrowings, payables, less investments.

Note 4: Cash and Cash Equivalents			
		2024	2023
Cash on Hand			
Cash – Local Treasury	₱	296,697.38	155,288.85
Cash in Bank – Local Currency			
Cash in Bank – Local Currency, Current Account		102,444,584.75	99,374,457.93
Total Cash and Cash Equivalents	₱	102,741,282.13	99,529,746.78

Cash in banks earns interest based on the prevailing bank deposit rates. Short-term deposits are made for varying periods, depending on the LGU’s immediate cash requirements, and earn interest at the respective short-term deposit rate.

Cash – Local Treasury account includes ₱281,697.38 and ₱15,000.00, which consist of General Fund and Trust Fund collections, respectively, not yet deposited as of December 31, 2024, to be deposited in the following month.

Note 5: Investments			
		<u>2024</u>	<u>2023</u>
Financial Assets - Others			
Guaranty Deposits	₱	1,421.62	1,421.62
Total Investments	₱	<u>1,421.62</u>	<u>1,421.62</u>

Guaranty Deposits existed for more than 10 years and could not be traced due to a lack of documents.

Note 6: Receivables			
Loans and Receivable Accounts			
Accounts Receivable	₱	56,162.11	56,162.11
Real Property Tax Receivable		13,597,963.60	12,976,092.59
Special Education Tax Receivable		13,597,963.60	12,976,092.58
Total Loans and Receivable Accounts		<u>27,252,089.31</u>	<u>26,008,347.28</u>
Inter-Agency Receivable			
Due from National Government Agencies		8,025.91	8,025.91
Due from Local Government Units		108,697.04	108,697.04
Total Inter-Agency Receivables		<u>116,722.95</u>	<u>116,722.95</u>
Intra-Agency Receivable			
Due from Other Funds		998,038.42	1,009,093.14
Total Intra-Agency Receivables		<u>998,038.42</u>	<u>1,009,093.14</u>
Advances			
Advances for Operating Expenses		158,578.46	12,078.46
Advances for Payroll		645,129.26	645,129.26
Advances for Officers and Employees		400,218.83	416,946.83
Total Advances		<u>1,203,926.55</u>	<u>1,074,154.55</u>
Other Receivables			
Receivables – Disallowances/Charges		68,022.11	68,022.11
Due from Officers and Employees		0.00	0.00
Other Receivables		444,067.21	522,959.19
Total Other Receivables		<u>512,089.32</u>	<u>590,981.30</u>
Total Receivables	P	<u>30,082,866.55</u>	<u>28,799,299.22</u>

The Advances for Operating Expenses and Advances for Payroll of ₱12,078.46 and ₱645,129.26, respectively, are accountabilities of Mrs. Mia Theresa Dingding, former disbursing officer. A request for Relief from Accountability was filed and awaiting resolution from COA. The Advances for Operating Expenses of ₱146,500.00 represent the accountability of Mrs. Maria Cristina G. Pescante, the new disbursing officer since April 16, 2024. The amount represents Cash Advances of the unclaimed Senior Citizen Financial Assistance in December 2024 and will be refunded in January 2025.

Transfers from other government agencies represent those funds received for specific projects undertaken by the LGU for a specific purpose. These funds were received based on the project budgets submitted. Accordingly, the LGU is contractually bound to spend these funds only in connection with the projects. Furthermore, the contracts stipulate that the funds received for the project may only be applied to the costs incurred for the project, as and when the phases of the project are certified as complete. The conditions remaining therefore represent phases of the projects that are yet to be certified as complete. Return of the unspent portion of the fund is subject to the conditions stated in the respective Memoranda of Agreement executed between the LGU and the proponent government agencies.

2024					
	Total	Neither past due nor impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
Accounts Receivable	56,162.11	0.00	0.00	0.00	56,162.11
Real Property Tax Receivable	13,597,963.60	0.00	0.00	0.00	13,597,963.60
Special Education Tax Receivable	13,597,963.60	0.00	0.00	0.00	13,597,963.60
Due from National Govt Agencies	8,025.91	0.00	0.00	0.00	8,025.91
Due from Local Government Units	108,697.04	0.00	0.00	0.00	108,697.04
Due from Other Funds	998,038.42	0.00	16,134.55	0.00	981,903.87
Advances for Operating Expenses	158,578.46	0.00	146,500.00	0.00	12,078.46
Advances for Payroll	645,129.26	0.00	0.00	0.00	645,129.26
Advances for Officers and Employees	400,218.83	0.00	0.00	0.00	400,218.83
Receivables – Disallowances/Charges	68,022.11	0.00	0.00	0.00	68,022.11
Due from Officers and Employees	0.00	0.00	0.00	0.00	0.00
Other Receivables	444,067.21	0.00	3,200.00	0.00	440,867.21
Total	<u>30,082,866.55</u>		<u>165,834.55</u>		<u>29,917,032.00</u>

2023					
	Total	Neither past due nor impaired	Past due but not impaired		
			<30 days	30-60 days	>60 days
Accounts Receivable	56,162.11	0.00	0.00	0.00	56,162.11
Real Property Tax Receivable	12,976,092.59	0.00	0.00	0.00	12,976,092.59
Special Education Tax Receivable	12,976,092.58	0.00	0.00	0.00	12,976,092.58
Due from National Govt Agencies	8,025.91	0.00	0.00	0.00	8,025.91
Due from Local Government Units	108,697.04	0.00	0.00	0.00	108,697.04
Due from Other Funds	1,009,093.14	0.00	27,189.27	0.00	981,903.87
Advances for Operating Expenses	12,078.46	0.00	0.00	0.00	12,078.46
Advances for Payroll	645,129.26	0.00	0.00	0.00	645,129.26
Advances for Officers and Employees	416,946.83	0.00	0.00	0.00	416,946.83
Receivables – Disallowances/Charges	68,022.11	0.00	0.00	0.00	68,022.11
Due from Officers and Employees	0.00	0.00	0.00	0.00	0.00
Other Receivables	522,959.19	0.00	0.00	76,791.98	446,167.21
Total	28,799,299.22	0.00	27,189.27	76,791.98	28,695,317.97

The balance of ₱16,134.55 under less than 30 days represents the RPT receivables for the SEF December 2024 share. The Advances for Operating Expenses of ₱146,500.00 represent the accountability of Mrs. Maria Cristina G. Pescante, the new disbursing officer starting April 16, 2024. The amount represents Cash Advances of the unclaimed Senior Citizen Financial Assistance in December 2024 and will be refunded in January 2025. The balance of ₱3,200.00 under 30-60 days of other receivables represents the amount to be refunded by Harvey T. Villegas from his wages as Job Order.

Note 7: Inventories			
		2024	2023
Inventories Held for Consumption			
Accountable Forms, Plates, and Stickers	₱	171,509.00	0.00
Drugs and Medicines Inventory		892,472.85	258,062.10
Fuel, Oil, and Lubricants Inventory		1,784,831.35	870,378.80
Total Cash and Cash Equivalents	₱	2,848,813.20	1,128,440.90

The balance of Fuel Inventory represents unused fuel as of January 1, 2025, onwards, per the last delivery of fuel in the rented storage minus Trip Tickets issued by the GSO as of December 31, 2024. The balance of Drugs and Medicines Inventory represents unconsumed and unissued Drugs and Medicines delivered in November and December 2024, less all Requisition Issued Slips issued by the GSO and RHU as of December 31, 2024, and the balance per ending inventory of GSO and RHU. The balance of Accountable Forms

Inventory represents the unused and unissued accountable forms per the inventory of Municipal Treasurer as of December 31, 2024.

Note 8: Prepayments and Deferred Charges			
		2024	2023
Prepayments			
Advances to Contractors	₱	0.00	93,692.91
Prepaid Rent		38,183.92	38,183.92
Deferred Charges			
Discount on Advance Payments		7,280.35	7,280.35
Total Prepayments and Deferred Charges	₱	<u>45,464.27</u>	<u>139,157.18</u>

The Prepaid Rent and Discounts on Advance Payments are assets no longer verifiable due to the absence of documents.

Note 9: Property, Plant, and Equipment			
Land			
Land	₱	4,513,818.03	4,513,818.03
Total Land	₱	4,513,818.03	4,513,818.03
Land Improvement			
Other Land Improvements	₱	58,399.57	58,399.57
Total Land Improvements	₱	58,399.57	58,399.57
Infrastructure Assets			
Road Networks	₱	71,567,627.57	77,371,264.49
Flood Control Systems		18,735,948.06	17,175,559.83
Water Supply Systems		47,685,212.17	47,320,854.71
Power Supply Systems		7,081,242.97	7,472,427.57
Seaport Systems		1,116,623.09	1,202,517.18
Other Infrastructure Assets			
Total Infrastructure Assets	₱	146,186,653.86	150,542,623.78
Building and Other Structures			
Buildings	₱	44,231,512.60	5,986,437.33
School Buildings		3,404,107.41	2,615,846.25
Hospitals and Health Centers		1,722,309.77	1,890,834.37
Markets		1,805,840.22	1,993,945.18
Other Structures		82,331,621.90	80,806,850.45
Total Building and Other Structures	₱	133,495,391.90	93,293,913.58
Machinery and Equipment			
Machinery	₱	36,325,174.01	339,961.78
Office Equipment		2,039,005.08	1,334,097.44
Information and Communication Technology Equipment		338,579.47	410,108.77
Agricultural and Forestry Equipment		24,925.50	41,256.00

		2024	2023
Communication Equipment		134,425.08	149,463.58
Construction and Heavy Equipment		33,007,327.81	32,420,103.13
Disaster Response and Rescue Equipment		2,873,360.50	11,395,696.70
Medical Equipment		411,091.81	541,289.12
Other Machinery and Equipment		27,565.53	27,565.53
Total Machinery and Equipment	₱	75,181,454.79	46,659,542.05
Transportation Equipment			
Motor Vehicles	₱	8,846,362.51	6,977,469.06
Water Crafts		31,700.00	31,700.00
Total Transportation Equipment	₱	8,878,062.51	7,009,169.06
Furniture, Fixtures, and Books			
Furniture and Fixtures	₱	169,375.00	197,875.00
Books		3,000.00	3,000.00
Total Furniture, Fixtures, and Books	₱	172,375.00	200,875.00
Construction in Progress			
Construction in Progress – Infrastructure Assets	₱	402,643.25	1,912,198.31
Construction in Progress – Buildings and Other Structures		3,974,009.05	35,538,716.53
Total Construction in Progress	₱	4,376,652.30	37,450,914.84
Other Property, Plant, and Equipment			
Work/Zoo Animals			
Other Property, Plant, and Equipment	₱	2,673,071.39	428,876.56
Total Other Property, Plant, and Equipment		2,673,071.39	428,876.56
Total Property, Plant, and Equipment (net)	₱	<u>375,535,879.35</u>	<u>340,158,132.47</u>

The land account of the LGU did not include 68 parcels of land with a total area of 271,173 sq.m. with a market value of ₱87,454,310.00 as per Municipal Assessor Office records. Ownership thereto was covered with Tax Declarations only.

The LGU adjusted its PPE recognition in accordance with COA Circular 2022-004, or the ₱50,000.00 threshold capitalization. The LGU measured the residual value of all items of property, plant, and equipment, but does not expect a residual value of these assets, because these will be utilized for their entire economic lives and do not have a significant scrap value. During the current financial year, the LGU reviewed the estimated useful lives and residual values of property, plant, and equipment, where appropriate. For the Registry of Public Infrastructures now recognized, since the COA did not issue an official circular on the estimated useful life of these assets, per consultation with the Resident Auditor, the estimated useful life used to depreciate said assets is based on RA 9184 section 62.2.3.2. Likewise,

salvage value is now recognized at 5% per IPSAS 17 and 0% salvage for infrastructures per DPWH D.O. 176 series of 2015. Thus, there are significant changes in the prior year adjustment concerning PPE. All the previous balance or 100% of the Registry of Public Infra had already been booked back to the books of the Municipality.

Note 10: Biological Assets			
		<u>2024</u>	<u>2023</u>
Bearer Biological Assets			
Breeding Stocks	₱	298,000.00	298,000.00
Plants and Trees		755,685.93	755,685.93
Aquaculture		1,170,263.71	1,170,263.71
Total Bearer Biological Assets	₱	<u>2,223,949.64</u>	<u>2,223,949.64</u>

The breeding stocks existed in the books 10 years ago. The new Municipal Treasurer/Agricultural Officer and Municipal Accountant could no longer validate the existence of these breeding stocks due to the absence of stock cards and work, other animals and breeding stock ledger cards, respectively, and other documents that would establish their existence. Plants and trees were upland reforestation in Barangay Tagbino and Pinocauan, while Aquaculture was mangrove reforestation from Barangay Molobolo to Macapso shoreline, all existing in those barangays.

The above balances are stated in net recoverable value. Write-downs were treated as an expense in the current year.

Note 11: Financial Liabilities					
		<u>2024</u>		<u>2023</u>	
Financial Liabilities		Current	Non-current	Current	Non-current
Accounts Payables	₱	11,673,883.64	0.00	17,374,866.73	0.00
Finance Lease Payable		13,000,000.00	13,950,000.00	0.00	0.00
Due to Officers and Employees		532,886.17	0.00	393,187.32	0.00
Total Financial Liabilities	₱	<u>25,206,769.81</u>	<u>13,950,000.00</u>	<u>17,768,054.05</u>	<u>0.00</u>

The Accounts Payable represents expenses already incurred or delivered by suppliers and other Maintenance and Other Operating Expenses that are on account for the year ended 2024. The Finance Lease Payable represents the Lease-to-Own Agreement of Advance Waste Solution with Environmental Pollution Control Device from Suki Trading Corporation, amounting to ₱38,500,000.00 payable for 3 years starting this year to 2026 with annual payments of ₱11,550,000.00, ₱13,000,000.00, and ₱13,950,000.00, respectively. The Due to Officers and Employees represents expenses due for reimbursement and unpaid

personnel services expenses to officials and employees in relation to their official functions.

Note 12: Inter-Agency Payables					
		2024		2023	
Inter-Agency Payables		Current	Non-current	Current	Non-current
Due to BIR	₱	920,614.93	0.00	1,473,782.44	0.00
Due to GSIS		166,896.81	0.00	149,199.59	0.00
Due to PAG-IBIG		4,200.00	0.00	400.00	0.00
Due to PHILHEALTH		119,038.90	0.00		0.00
Due NGA's		4,180,805.38	0.00	8,320,654.34	0.00
Due to GOCC's			0.00	0.00	0.00
Due to LGU's		3,675,611.62	0.00	2,509,540.68	0.00
Total Inter-Agency Payables	₱	<u>9,067,167.64</u>	<u>0.00</u>	<u>12,453,577.05</u>	<u>0.00</u>

The first four accounts represent the amounts deducted from the salaries of officials and employees and are remitted to the respective government agencies immediately in the month following the month for which these were deducted. The remaining accounts represent balances of funds received by the LGU for specific purposes. These funds were received based on the project budgets submitted.

Note 13: Intra-Agency Payables					
Intra-Agency Payables		Current	Non-current	Current	Non-current
Due to Other Funds	₱	340,874.45	0.00	351,929.17	0.00
Total Intra-Agency Payables	₱	<u>340,874.45</u>	<u>0.00</u>	<u>351,929.17</u>	<u>0.00</u>

This account is the reciprocal account of Due from Other Funds. However, a difference between these two related accounts existed, totaling ₱657,163.97. This difference could no longer be verified because of the absence of documents.

Note 14: Trust Liabilities					
Trust Liabilities		Current	Non-current	Current	Non-current
Trust Liabilities	₱	509,643.65	0.00	506,942.93	0.00
Trust Liabilities – Disaster Risk Reduction and Management Fund		10,197,398.35	0.00	6,027,925.02	0.00
Guaranty/Security Deposits Payable		1,345,620.56	0.00	1,156,347.15	0.00
Total Trust Liabilities	₱	<u>12,052,662.56</u>	<u>0.00</u>	<u>7,691,215.10</u>	<u>0.00</u>

Trust Liabilities were receipts of amounts held in trust for a specific purpose. Trust Liabilities-DRRMF was balances from MOOE & QRF 2024 and Special Trust 2022-2029 balance amounting to **₱4,169,473.33** and **₱6,027,925.02**, respectively. Guaranty/Security Deposits Payables are balances from Bid Security, Performance Security, Warranty Security, and Retentions related to procurements from bidders or suppliers.

Note 15: Deferred Credits and Unearned Income					
		2024		2023	
Deferred Credits / Unearned Income		Current	Non-current	Current	Non-current
Deferred Credits					
Deferred Real Property Tax	₱	13,597,963.60	0.00	12,976,092.59	0.00
Deferred Special Education Tax		13,597,963.60	0.00	12,976,092.58	0.00
Other Deferred Credits		82,397.00	0.00	82,397.00	0.00
Total Deferred Credits / Unearned Income	₱	<u>27,278,324.20</u>	<u>0.00</u>	<u>26,034,582.17</u>	<u>0.00</u>

This amount refers to uncollected prior Real Property Tax taken as a Liability account. The Deferred Real Property Tax is the reciprocal account of Real Property Tax Receivable.

Note 16: Other Payables					
		Current	Non-Current	Current	Non-Current
Other Payables	₱	451,707.08	0.00	438,864.78	0.00
Total Other Payables	₱	<u>451,707.08</u>	<u>0.00</u>	<u>438,864.78</u>	<u>0.00</u>

This amount refers mostly to the Trust Fund Account's interest income during the period and prior years.

Note 17: Tax Revenue			
		2024	2023
Tax Revenue – Individual and Corporate			
Community Tax	₱	535,839.53	565,595.48
Tax Revenue – Property			
Real Property Tax – Basic		394,221.41	453,210.31
Special Education Tax		492,776.51	566,512.76
Tax Revenue – Goods and Services			
Business Tax		3,736,491.44	3,182,259.94
Tax Revenue – Fines and Penalties			
Tax Revenue – Fines and Penalties – Taxes on Goods and Services		135,728.51	122,816.77

		2024	2023
Tax Revenue – Fines and Penalties – Other Taxes		17,273.42	20,934.63
Total Tax Revenue	₱	<u>5,312,330.82</u>	<u>4,911,329.89</u>

Note 18: Share from Internal Revenue Collections

Share from National Taxes			
Share from Internal Revenue Collection (IRA)	₱	168,644,150.00	158,699,125.00
Total Share from Internal Revenue Collections	₱	<u>168,644,150.00</u>	<u>158,699,125.00</u>

Note 19: Service and Business Income

Service Income			
Permit Fees	₱	1,857,659.87	1,484,908.10
Registration Fees		433,816.00	526,823.00
Clearance and Certification Fees		567,715.00	531,067.50
Fees for Sealing and Licensing of Weights and Measures		3,502.00	3,640.00
Business Income			
Rent Income		1,672,847.94	1,888,715.41
Waterworks System Fees		7,395,764.06	5,888,897.93
Receipts from Market Operations		286,963.00	313,861.00
Receipts from Slaughterhouse Operations		950,070.00	0.00
Receipts from Cemetery Operations		31,850.00	36,450.00
Sales Revenue		22,450.00	12,150.00
Garbage Fees		113,650.00	107,100.00
Interest Income		32,450.00	27,438.54
Total Service and Business Income	₱	<u>13,368,538.32</u>	<u>10,821,051.48</u>

Note 20: Miscellaneous Income

Miscellaneous Income	₱	190,584.00	146,186.62
Total Miscellaneous Income	₱	<u>190,584.00</u>	<u>146,186.62</u>

Note 21: Shares, Grants, and Donations

Shares, Grants, and Donations			
Grants and Donations in Cash	₱	43,779,800.00	11,762,938.51
Grants and Donations in Kind		4,998,811.55	8,683,117.00
Total Shares, Grants, and Donations	₱	<u>48,778,611.55</u>	<u>20,446,055.51</u>

Note 22: Personnel Services

Salaries and Wages			
Salaries and Wages – Regular	₱	35,429,268.49	34,032,432.50
Salaries and Wages – Casual/Contractual		1,138,298.22	1,000,171.52
Other Compensation			
Personal Economic Relief Allowance (PERA)		2,381,636.38	2,313,545.47
Representation Allowance (RA)		1,769,850.00	1,551,700.00
Transportation Allowance (TA)		1,769,850.00	1,551,700.00

		2024	2023
Clothing/Uniform Allowance	₱	714,000.00	582,000.00
Subsistence Allowance		180,600.00	173,125.00
Laundry Allowance		18,818.18	18,620.00
Productivity Incentive Allowance		510,500.00	466,000.00
Hazard Pay		996,691.09	925,551.75
Year End Bonus		8,106,744.10	7,745,813.60
Cash Gift		515,250.00	485,500.00
Personnel Benefit Contributions			
Retirement and Life Insurance Premiums		4,389,108.86	4,204,963.12
PAG-IBIG Contributions		225,900.00	112,150.00
Philhealth Contributions		679,686.54	541,837.56
Employees' Compensation Insurance Premiums		119,600.00	115,981.79
Other Personnel Benefits			
Terminal Leave Benefits		1,253,907.01	1,140,270.28
Other Personnel Benefits		793,557.48	2,681,986.32
Total Personnel Services	₱	<u>60,993,266.35</u>	<u>59,643,348.91</u>

Note 23: Maintenance and Other Operating Expenses			
Traveling Expenses			
Traveling Expenses – Local	₱	2,405,068.15	2,033,966.94
Training and Scholarship Expenses			
Training Expenses		479,811.28	282,000.00
Scholarship Grants / Expenses			458,000.00
Supplies and Materials Expenses			
Office Supplies Expenses		914,114.95	813,213.09
Accountable Forms Expenses		122,520.00	224,053.00
Drugs and Medicines Expenses		3,295,645.90	2,620,999.30
Medical, Dental, and Laboratory Supplies Expenses		1,158,925.55	1,069,127.45
Fuel, Oil, and Lubricants Expenses		7,983,934.83	6,644,191.39
Agricultural and Marine Supplies Expenses		10,525.00	0.00
Semi-Expandable Machinery and Equipment Expenses		408,630.00	0.00
Semi-Expandable Furniture, Fixtures and Books Expenses		1,353,620.00	0.00
Other Supplies and Materials Expenses		3,995,272.89	5,356,894.90
Utility Expenses			
Water Expenses		608,845.00	420,922.50
Electricity Expenses		7,043,388.15	6,208,968.11
Communication Expenses			
Internet Subscription Expenses		111,588.41	122,958.02
Confidential, Intelligence, and Extraordinary Expenses			
Extraordinary and Miscellaneous Expenses		364,001.00	120,000.00

		<u>2024</u>	<u>2023</u>
General Services			
Environment / Sanitary Services	₱	772,665.00	876,855.25
Security Services		1,334,442.00	1,152,000.00
Other General Services		11,815,690.99	10,760,376.51
Repairs and Maintenance			
Repair and Maintenance – Infrastructure Assets		93,500.00	20,400.00
Repair and Maintenance – Buildings and Other Structures			430,531.81
Repair and Maintenance – Machinery and Equipment		40,189.00	66,657.00
Repair and Maintenance – Transportation Equipment		951,007.05	762,798.71
Taxes, Insurance Premiums, and Other Fees			
Taxes, Duties, and Licenses		99,498.00	108,943.00
Fidelity Bond Premiums		41,883.75	36,352.50
Insurance Expenses		682,947.16	492,554.44
Other Maintenance and Operating Expenses			
Printing and Publication Expenses		89,063.00	2,500.00
Rent Expenses		434,800.00	208,800.00
Membership Dues and Contributions to Organizations		0.00	46,400.00
Other Maintenance and Operating Expenses		66,253,536.53	29,916,136.02
Total Maintenance and Other Operating Expenses	₱	<u>112,865,113.99</u>	<u>71,256,599.94</u>

Note 24: Non-Cash Expenses			
Non-Cash Expenses			
Depreciation			
Depreciation – Land Improvements	₱	0.00	37,974.01
Depreciation – Infrastructure Assets		16,294,444.51	15,606,806.56
Depreciation – Building and Other Structures		7,374,861.52	5,603,650.46
Depreciation – Machinery and Equipment		9,734,625.12	6,424,725.67
Depreciation – Transportation Equipment		1,576,106.55	1,798,119.28
Depreciation – Furniture, Fixtures, and Books	₱	28,500.00	28,500.00
Depreciation – Other Property, Plant and Equipment		500,805.17	645,290.67
Total Non-Cash Expenses	₱	<u>35,509,342.87</u>	<u>30,145,066.65</u>

Note 25: Transfers, Assistance, and Subsidy From			
		2024	2023
Subsidy from Other Local Government Units	₱	2,597,291.43	0.00
Total Transfers, Assistance, and Subsidy From	₱	<u>2,597,291.43</u>	<u>0.00</u>

Note 26: Transfers, Assistance, and Subsidy To			
Subsidy to Other Local Government Units	₱	(15,000.00)	(15,000.00)
Transfers of Unspent Current Year DRRM Funds to the Trust Funds		(2,694,228.33)	(2,515,923.33)
Transfers for Project Equity Share/LGU Counterpart		0.00	(930,000.00)
Total Transfers, Assistance, and Subsidy To	₱	<u>(2,709,228.33)</u>	<u>(3,460,923.33)</u>

Note 27: Local Disaster Risk Reduction Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121, otherwise known as the "Philippine Disaster Risk Reduction and Management Act of 2010." The amount available and utilized during the year totaled ₱15,756,849.42 and ₱1,838,882.50, respectively, broken down as follows:

Particulars	A m o u n t		
	Available	Utilized	Balance
Current Year Appropriation:			
Quick Response Fund (QRF)	2,694,228.33	0.00	2,694,228.33
Mitigation Fund (MF)			
MOOE	3,314,127.50	1,838,882.50	1,475,245.00
Capital Outlay	3,286,532.77	0.00	3,286,532.77
Sub-Total	P9,294,888.60	P1,838,882.50	P7,456,006.10
Continuing Appropriation:	434,035.80	0.00	434,035.80
Special Trust Fund			
CY 2019-2022	465,422.34	0.00	465,422.34
CY 2023	5,562,502.68	0.00	5,562,502.68
Sub-Total	6,027,925.02	0.00	6,027,925.02
Grand Total	P15,756,849.42	P1,838,882.50	P13,917,966.92

Note 28: Road Network System

The LGU has a total of **62.297** kilometers of roads with a total cost of **₱125,945,772.54**. For the year ended, the agency spent a total of **₱4,270,038.45** for local road additions, no major repairs and regular maintenance were made or incurred during the year. There were no reductions recorded due to derecognition. There was no impairment recorded and no reversal of impairment in the year ended for this asset.

Note 29: Reconciliation of Actual Amounts and the Statement of Financial Performance

Reconciliation between actual amounts on a comparable basis as presented in this statement and the Statement of Financial Performance for the Year Ended December 31, 2024					
	Income	Personnel Services	MOOE	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	192,514,414.69	60,993,266.35	70,163,468.01	0.00	47,875,542.85
Entity Differences	0.00	0.00	0.00	0.00	0.00
Basis Differences:	0.00	0.00	0.00	0.00	0.00
Income not considered budgetary items	0.00	0.00	0.00	0.00	0.00
Transfers, Assistance and Subsidy To	0.00	0.00	(2,709,228.33)	0.00	0.00
Non-cash income	0.00	0.00	0.00	0.00	0.00
Gain on Sale of Assets	0.00	0.00	0.00	0.00	0.00
Income/Expense from Trust Fund	43,779,800.00	0.00	44,656,356.21	0.00	0.00
Receipts not considered as income	0.00	0.00	0.00	0.00	0.00
Sale of capital assets	0.00	0.00	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00	0.00	0.00
Non-cash expenses:	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00
Amortization – Intangible Assets	0.00	0.00	0.00	0.00	0.00
Impairment Loss	0.00	0.00	0.00	0.00	0.00
Losses	0.00	0.00	0.00	0.00	0.00
Debt Service (Loan Amortization, Retirement of Debt Instruments)	0.00	0.00	0.00	0.00	0.00
Interest Expenses capitalized	0.00	0.00	0.00	0.00	0.00
Capital Expenditures	0.00	0.00	1,792,605.00	0.00	(47,875,542.85)
Capital Expenditures-Refund of General Fund to LDRRM Fund	0.00	0.00	0.00	0.00	0.00
Timing Differences:	0.00	0.00	0.00	0.00	0.00
Prepayments charged to current appropriations (Cash Advance)	0.00	0.00	0.00	0.00	0.00
Prepayments charged to current appropriations and refunded(Cash Advance Refund)	0.00	0.00	0.00	0.00	0.00
Unconsumed Inventories charged to current appropriations	0.00	0.00	(2,166,527.80)	0.00	0.00
Consumed Inventories and deferred charges charged to prior period appropriations	0.00	0.00	1,128,440.90	0.00	0.00
Other Adjustments	0.00	0.00	0.00	0.00	0.00
Per Statement of Financial Performance	236,294,214.69	60,993,266.35	112,865,113.99	0.00	0.00

PART II

**AUDIT OBSERVATIONS AND
RECOMMENDATIONS**

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AUDIT

Property, Plant, and Equipment

1. **The Municipality of Vallehermoso did not effectively follow the guidelines and procedures specified in COA Circular No. 2020-006 dated January 31, 2020, regarding the one-time cleansing of PPE, thus affecting the fairness of presentation of the PPE accounts amounting to ₱375,535,879.35 in the financial statements (FS) at year-end and depriving the government’s access to reliable and useful information for decision-making and accountability for these assets.**

- 1.1. COA Circular No. 2020-006 dated January 31, 2020, was issued to prescribe guidelines and procedures for inventory-taking, recognizing existing items at the station, and addressing the disposition of nonexistent or missing Property, Plant, and Equipment (PPE) items. The objective of this one-time cleansing of PPE accounts for government agencies is to establish verifiable PPE balances as to existence, condition, and accountability.
- 1.2. As of December 31, 2024, the FS showed a PPE balance of ₱375,535,879.35, as follows:

Account	Cost	Accumulated Depreciation	Net Book Value
Immovable Properties			
Land	₱ 4,513,818.03	₱ 0.00	₱ 4,513,818.03
Land Improvements	1,167,991.36	1,109,591.79	58,399.57
Infrastructure Assets	239,105,902.24	92,919,248.38	146,186,653.86
Buildings and Other Structures	169,704,019.21	36,208,627.31	133,495,391.90
Construction in Progress	4,376,652.30	0.00	4,376,652.30
Subtotal – Immovable Properties	₱418,868,383.14	₱130,237,467.48	₱288,630,915.66
Movable Properties			
Machinery and Equipment	₱120,014,018.28	₱ 44,832,563.49	₱ 75,181,454.79
Transportation Equipment	30,157,214.22	21,279,151.71	8,878,062.51
Furniture, Fixtures, and Books	360,000.00	187,625.00	172,375.00
Other Property, Plant, and Equipment	7,391,177.85	4,718,106.46	2,673,071.39
Subtotal – Movable Properties	₱157,922,410.35	₱ 71,017,446.66	₱ 86,904,963.69
Total PPE	₱576,790,793.49	₱201,254,914.14	₱375,535,879.35

- 1.3. Our review of the LGU's compliance with the said circular revealed the following points that need to be addressed:

Incomplete physical count of PPE

- 1.3.1. Our verification of the Municipality's Agency Action Plan and Status of Implementation (AAPSI) of audit recommendations as of December 31, 2024, showed that the Inventory Committee has not yet completed the inventory of the PPE owned by the Municipality.
- 1.3.2. We interviewed the Assistant Municipal Accountant, who is also a member of the Inventory Committee, regarding the completion of their physical count for CY 2024, and the following points were noted:
 - 1.3.2.1. The Inventory Committee has conducted the preliminary activities for the count and prepared the Physical Inventory Plan (PIP);
 - 1.3.2.2. The physical count began in December 2024 and could not be completed at year-end due to insufficient manpower and the fact that the Inventory Committee members were not temporarily relieved from their regular duties; and
 - 1.3.2.3. No report was prepared to document the partial count conducted because the members of the Inventory Committee who were not relieved from their regular duties could not prioritize the preparation thereof due to their current workload.
- 1.3.3. While the Audit Team appreciates the LGU's efforts in conducting preliminary activities for the physical count of property in CY 2024, the inability to verify the existence of PPE and the accuracy of book balances totaling ₱375,535,879.35 as of December 31, 2024, raises significant concerns about the fair presentation of these accounts in the FS.

Non-adoption of unique property numbers for PPE and absence of property stickers

- 1.3.4. On February 26, 2025, the Audit Team conducted an ocular inspection of the agency's PPE. However, we observed that property stickers with a unique Property Number for PPE had not yet been attached to each PPE item because the Municipality was not able to have the stickers printed before conducting the inventory count. As a result, accountability and control over the custody and use of PPE could not be established. Furthermore, the existence and condition of all PPE owned by the agency could not be ascertained.

Physical count not recorded or documented daily in a standard Inventory Count Form (ICF)

- 1.3.5. To date, the Inventory Committee has not prepared the ICF for the partial count conducted in CY 2024 because they could not prioritize the preparation thereof due to their current workload. Therefore, there is no evidence to demonstrate that a partial count was conducted, rendering the Committee's initial efforts and accomplishments ineffective.
- 1.4. The LGU's non-compliance with the provisions outlined in COA Circular No. 2020-006 dated January 31, 2020, negatively impacts the fairness of the financial statements' presentation and may also deprive the government of access to reliable and useful information in decision-making and accountability for these assets.
- 1.5. **We reiterated our recommendation that the Inventory Committee comply with the guidelines and procedures in COA Circular No. 2020-006 dated January 31, 2020, for the one-time cleansing of PPE accounts to ensure that the PPE account balances are verifiable as to existence, condition, and accountability by observing the following:**
 - 1.5.1. **Strictly follow the guidelines and procedures for conducting the physical count of PPE. This includes recognizing PPE items found at the station and disposing of items that are non-existent or missing. The Accountant and Property Officer should reconcile their records based on the results of the actual physical count and make any necessary adjustments;**
 - 1.5.2. **Ensure that the Inventory Committee has enough members who are temporarily relieved of all their regular duties to devote their full time to the physical inventory process until its completion;**
 - 1.5.3. **Adopt a uniform numbering system for PPE property numbers and require the Property Unit to update the property stickers according to the prescribed format and include all the necessary information as specified in Sections 5.6 and 5.7 of COA Circular No. 2020-006 dated January 31, 2020; and**
 - 1.5.4. **Record and document the physical count daily using the standard ICF prescribed in Annex A of COA Circular No. 2020-006 dated January 31, 2020.**
- 1.6. In his written reply, the GSO-Designate assured the Audit Team that the Inventory Committee will submit a partial report after the 2nd Quarter of CY 2025.

Biological Assets

2. Biological Assets valued at ₱2,223,949.64 that have been in the books for more than five years, were not stated at fair value as of the reporting date due to the non-submission of the Inventory Report of Breeding Stocks and Other Biological Assets and the prevailing market price for each item by the Municipal Agriculturist and OIC-MENRO to the Municipal Accountant, contrary to Section 4.5.1 of COA Circular 2016-004 dated September 30, 2016, and the pertinent provisions of the IPSAS 27, thus, rendering the existence and valuation of the account presented in the FS doubtful and unreliable.

2.1. Paragraphs 16 and 19 of International Public Sector Accounting Standards (IPSAS) No. 27 provide the recognition and measurement of biological assets, to quote:

“ 16. A biological asset shall be measured on initial recognition and at each reporting date at its fair value less cost to sell, xxx.

19. The determination of fair value for a biological asset or agricultural produce may be facilitated by grouping biological assets or agricultural produce according to significant attributes; for example, by age or quality. An entity selects the attributes corresponding to the attributes used in the markets as a basis for pricing.”

2.2. Further, paragraph 34 of the same Standard states that, “There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or values are not available, and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. xxx”

2.3. Anent thereto, COA Circular No. 2016-004 dated September 30, 2016, provides guidelines for the preparation of the FS, consistent with the adoption of IPSAS in LGUs.

2.4. Section 4.5 thereof states that the Local Agriculturist shall provide the Local Accountant with the following reports so that the biological asset accounts in the FS are fairly presented in accordance with the IPSAS:

“4.5.1 Provide the inventory of breeding stocks and other biological assets, and the prevailing market price for each item as of reporting date; and

4.5.2 Provide information on the prevailing cost to sell of the biological assets.”

- 2.5. Examination of the FS showed that the biological assets balance of ₱2,223,949.64 remains the same for the six years ending December 31, 2024. This information was also disclosed by Management in its Notes to FS for CY 2024. The biological assets of the Municipality are composed of the following:

Account Title	Account Code	Amount
Breeding Stocks	10801010	₱ 298,000.00
Plants and Trees	10801020	755,685.93
Upland Reforestation Project (CY 2010)		292,160.00
Upland Reforestation Project (CY 2011)		169,874.85
Upland Reforestation Project (CY 2014)		97,022.30
Upland Reforestation Project (CY 2015)		139,700.00
Purchase of seeds (CY 2015)		56,928.78
Aquaculture	10801030	1,170,263.71
Mangroves Representation Projects (CY 2010)		267,200.00
Bagawines Representation Projects (CY 2011)		330,125.15
Mangroves Representation Projects (CY 2014)		297,938.56
Mangroves Representation Projects (CY 2015)		275,000.00
Total		₱ 2,223,949.64

- 2.6. Being dormant for six years is unusual for these accounts since the fair value of the animals should be regularly monitored based on physical and price changes.
- 2.7. Furthermore, review of the Schedule of Biological Assets as of December 31, 2024, showed that the inventories of biological assets of the Municipality lacked necessary data such as but not limited to – a) type of breeding stock, b) description, c) quantity, d) unit cost, and e) purchase, birth, death, transfers, and sale of the animals.
- 2.8. Inquiry with the Municipal Accountant disclosed that he could not provide the data for the biological assets since they could no longer locate the documents related to the recorded balances. His office was also unable to reflect each biological asset owned by the Municipality at fair value less costs to sell at the end of every reporting period because the Municipal Agricultural Office (MAO) and Municipal Environment and Natural Resources Office (MENRO) did not submit the necessary reports as the basis for them to adjust the recorded biological assets in the books of accounts of the Municipality.
- 2.9. In another inquiry made by the Audit Team to the MAO and MENRO, the respective department heads of the said offices confirmed on its inability to prepare and submit the Updated Schedule of Biological Assets at the end of every reporting period to the Municipal Accounting Office due to non-conduct of inventory and unavailability of records as these transactions transpired prior to their appointment as heads of the departments. Therefore, changes in market values, additions through birth, and reductions through deaths and distributions, especially for breeding stocks, were not recorded in the books of accounts.

- 2.10. Due to the foregoing, the existence and condition of these biological assets cannot be ascertained. Furthermore, the said accounts were not reported at fair value less cost to sell as of December 31, 2024, in consonance with the aforementioned IPSAS, thereby not presenting fairly the balances of the Breeding Stocks and Plants and Trees accounts.
- 2.11. **We recommended and the Municipal Agriculturist and OIC-MENRO agreed to:**
- 2.11.1. **Conduct an inventory of breeding stocks and plants and trees as of the end of each year and thereafter render a report including the fair market value of these items to the Municipal Accountant, for proper recording in the books of the LGU; and**
- 2.11.2. **Keep a systematic record of the Municipality’s breeding stocks and trees, reporting births, deaths, and disposal, and in case of death and disposal, facilitate request for relief of accountability in accordance with COA Circular No. 92-386 dated October 20, 1992, to appropriately drop the amount from the books.**
- 2.12. **We further recommended and the Municipal Accountant agreed to further disclose the composition of the Biological Assets account in the Notes to the Financial Statements in accordance with IPSAS 27 to provide relevant information that may affect the fairness of the presentation of the FS.**

B. OTHER FINANCIAL-RELATED ISSUES

Collections Not Deposited Intact

3. **Collections amounting to ₱296,697.38 as of December 31, 2024, were not deposited with the authorized government depository bank (AGDB) daily or not later than the next banking day due to late remittance of Collecting Officers to the Municipal Treasurer, contrary to Items 1 and 4 of Section 69 of PD No. 1445 and Section 32 of the NGAS Manual for LGUs, Volume I, thereby posing a substantial risk to the municipality’s financial integrity and exposing government funds to potential misappropriation or possible loss.**

- 3.1. Section 69 of Presidential Decree (PD) No. 1445 provides that:

“(1) Public officers authorized to receive and collect moneys arising from taxes, revenues, or receipts of any kind **shall remit or deposit intact the full amounts so received and collected by them to the treasury of the agency concerned and credited to the particular accounts to which the said moneys belong.** Xxx.

Xxx

(4) The respective treasuries of these agencies shall in turn **deposit with the proper government depository the full amount of the collections not later than the following banking day.**” (Emphasis ours)

- 3.2. Similarly, Section 32 of the NGAS Manual for LGUs, Volume I, states that “The Treasurer/Cashier shall deposit intact all his collections as well as all collections turned over to him by the collectors/tellers with the authorized depository bank daily or not later than the next banking day. Xxx”
- 3.3. Verification of the CY 2024 financial statements of the Municipality showed that the Cash Local Treasury account had a reported total balance as of December 31, 2024, of ₱296,697.38, as shown:

Account	Balances as of December 31, 2024			TOTAL
	General Fund	Special Education Fund	Trust Fund	
Cash Local Treasury	₱ 281,697.38	0.00	₱ 15,000.00	₱ 296,697.38

- 3.4. Analysis of the Report on Collections and Deposits disclosed that the cash-on-hand balance at the end of the year was not deposited intact on the next banking day. An interview with the Municipal Treasurer (MT) disclosed that she was on leave on December 27, 2024, the last working day of the year, and returned to the office on January 2, 2025. According to her, the reasons for the delayed deposit of the year-end collections are as follows:

Fund	Collections		Date Deposited	Remarks
	Date	Amount		
General Fund	Dec. 26, 2024	₱ 64,134.05	Jan. 3, 2025	Collections for these days were not remitted and deposited on the next banking day because the MT was on leave. Nobody in the office is authorized to receive collections on her behalf, thus collections were remitted on January 2, 2025.
General Fund	Dec. 27, 2024	115,276.65	Jan. 3, 2025	
General Fund	Dec. 31, 2024	83,683.90	Jan. 3, 2025	Cash was only remitted by the Collecting Officer (CO) to the MT on January 2, 2025.
General Fund	Dec. 31, 2024	15,093.61	Jan. 7, 2025	The COs remitted their collections on January 6, 2025, because the MT forgot to follow up on their remittances.
General Fund	Dec. 31, 2024	3,509.59	Jan. 31, 2025	This represents the liquidation of excess cash from the

Fund	Collections		Date Deposited	Remarks
	Date	Amount		
				Disbursing Officer, which was deposited only on January 31, 2025, because the MT forgot to deposit it immediately.
	Sub-total	₱ 281,697.80*	<i>*with over deposit of ₱0.42 from previous month</i>	
Trust Fund	Dec. 26, 2024	15,000.00	Jan. 6, 2025	These collections were deposited together with tax revenues to LBP – Guihulngan City to save on transportation cost.
	Sub-total	15,000.00		
	Grand total	₱ 296,697.38		

- 3.5. Based on the foregoing reasons provided by the MT for the delayed deposit of collections, it can be inferred that the Municipality still lacks adequate internal controls over cash management.
- 3.6. Section 123 of P.D. No. 1445 defines internal control as “the plan of organization and all the coordinated methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies.”
- 3.7. Internal controls on collections and deposits are crucial for safeguarding assets, ensuring the accuracy and reliability of financial information, deterring fraud, and promoting overall efficiency within the Municipal Treasurer’s Office in particular and the municipality in general. Without proper internal controls, there is an increased risk of financial errors, mismanagement of funds, and potential fraud.
- 3.8. Some internal control measures for collections that could help address the issues of delayed turnover or remittance by collectors to the Municipal Treasurer, as well as prevent the delayed deposit or non-deposit of collections intact, are as follows:
- 3.8.1. Collection reminders or notifications sent to collectors for turnover of their collections to the Municipal Treasurer;
 - 3.8.2. Establishing cut-off dates for collections and deposits, especially at year-end;
 - 3.8.3. Segregation of duties by assigning different individuals to be responsible for collecting funds, recording transactions, and depositing funds.

- 3.9. By implementing sound internal control measures, the municipality can enhance accountability, improve efficiency, mitigate the risks associated with delayed turnover or remittance by collectors, prevent delayed deposits, and ensure that all collections are deposited intact and accurately.
- 3.10. Finally, we are reminding management that as provided in Section 2 of P.D. No. 1445, the fiscal responsibility to ensure that the resources of government are managed, expended, or utilized in accordance with laws and regulations and safeguarded against loss or wastage to ensure efficient, economic and effective operations “rests directly with the chief or head of the government agency concerned”.
- 3.11. **We recommended that the Municipal Mayor direct the Municipal Treasurer to:**
- 3.11.1. **Strictly comply with Items 1 and 4 of Section 69 of P.D. No. 1445 and Section 32 of the NGAS Manual for LGUs by ensuring that all collections are deposited intact with the AGDB at the end of each day or within the prescribed period;**
 - 3.11.2. **Regularly notify the Collecting Officers to remit their collections at the end of each working day or at least once a week if they are stationed in far-flung areas and to establish cut-off dates for collections and deposits, especially at year-end;**
 - 3.11.3. **Designate a responsible accountable officer, in accordance with existing regulations, to deposit collections to the municipality’s AGDB within the prescribed period during her absence or when she is not personally available to do so.**
- 3.12. In her written reply, the Municipal Treasurer stated that the collectors regularly observe the practice of remitting their collections between 4:00 p.m. and 4:30 p.m. daily. Moreover, additional accountable forms are not issued to them unless the remaining pages are reduced to ten or fewer.
- 3.13. She added that the field collectors had already been issued an updated Memorandum directing them to remit their collections every Monday and Friday, or immediately once the total collections reach Five Thousand Pesos (₱5,000.00). On the other hand, an accountable officer had already been assigned to deposit daily collections.

Ambulances

4. The four municipal vehicles labeled “Ambulance” were not licensed by the Department of Health (DOH) to operate as ambulances; instead, they functioned as patient transport vehicles. Consequently, they were improperly marked, contrary to DOH AO No. 2018-001 dated January 28, 2018, thereby endangering the safety of both patients and personnel on board.

4.1. On January 28, 2018, the DOH issued Administrative Order (AO) No. 2018-0001 to establish rules and regulations that outline the updated minimum standards and requirements for the licensure of land ambulances and ambulance service providers to protect the public and ensure the safety of both patients and personnel.

4.2. Item IV.10 of the aforementioned AO defines a land ambulance as a vehicle specifically designed and equipped with Basic Life Support (BLS) or Advanced Life Support (ALS) to transport patients to, from, and between treatment locations by land. Additionally, a patient transport vehicle (PTV) refers to any type of land vehicle intended for transporting patients whose condition is non-life-threatening, as specified in Item IV.13 of the AO. PTVs do not have BLS or ALS capabilities.

4.3. Anent thereto, Item V.3 of the DOH AO expressly states:

“3. No land vehicle of any kind shall bear on its body the label or marking of the word “AMBULANCE” unless it has been duly licensed and categorized as a land ambulance by the Department of Health.”

4.4. As of December 31, 2024, the Municipality owned four vehicles designated as ambulances for transporting patients with medical emergencies or life-threatening conditions requiring immediate intervention by competent personnel or referral to hospitals. These are as follows:

Unit No.	Date of Purchase	Particulars	Acquisition Cost
1	06/20/2024	Medical Ambulance – Toyota Hiace Commuter Deluxe	₱3,445,000.00
2	04/29/2019	Ambulance - Nissan NV350 Urvan 2.5 Van	2,590,000.00
3	12/29/2016	Ambulance – Mitsubishi L300 FB Deluxe	1,399,500.00
4	12/16/2016	Ambulance – Toyota Hiace Commuter	1,995,800.00

4.5. On February 26, 2025, the Audit Team conducted an ocular inspection of the vehicles purchased by the Municipality in CY 2024, including the ambulance acquired in the same year. It was observed that its body displayed the "AMBULANCE" marking. Additionally, we have obtained photos for Units 2-4 from the OIC-Municipal Health Officer and noted that these were also labeled “AMBULANCE.”

- 4.6. We inquired with the OIC - Municipal Health Officer about the Department of Health License to Operate (DOH-LTO) for the four ambulances owned by the Municipality and were informed that they do not possess the required DOH-LTO. Instead, the three units acquired in calendar years 2019 and 2016 were registered as PTVs, while the DOH registration for the new unit as a PTV became effective in January 2025.
- 4.7. Our interview with the personnel at the Municipal Health Office responsible for vehicle licensing revealed that since CY 2016, they chose to register the vehicles as PTVs instead of land ambulances due to the extensive requirements needed to obtain the DOH-LTO, including the following:
 - 4.7.1. Medical personnel's training in the Standard First Aid (SFA) and Emergency Medical Technician (EMT);
 - 4.7.2. Drivers' accreditation; and
 - 4.7.3. Ventilation and airway equipment (e.g., suction apparatus), including the medicines and supplies outlined in Annex C of DOH AO No. 2018-0001.
- 4.8. As a result, they are considering changing the vehicle's marking from "Ambulance" to "Patient Transport Vehicle."
- 4.9. We would like to highlight that securing the DOH-LTO for all ambulances ensures that each ambulance meets the following essential standards:
 - 4.9.1. Ambulance Body – has appropriate markings and provides sufficient space for patients, required personnel, and equipment;
 - 4.9.2. Personnel – staffed by a qualified and trained team to ensure the effective and efficient delivery of quality ambulance services;
 - 4.9.3. Equipment, Medicines, and Supplies - equipped with the necessary equipment, medicines, and supplies, along with a contingency plan for potential equipment breakdowns or malfunctions;
 - 4.9.4. Service Delivery - ensures services provided meet the quality standards set in the ambulance licensing assessment tool, including documented policies for standard operating procedures (SOP); and
 - 4.9.5. Information Management - includes a system for communication, documentation, and reporting on patients' conditions, in accordance with the Electronic Commerce Act (R.A. 8792) and the Data Privacy Act (R.A. 10173); and
 - 4.9.6. Environmental Management- the ambulance is properly ventilated and disinfected, and wastes, toxic, and hazardous substances are properly disposed of.

- 4.10. In the absence of the DOH-LTO, the assurance that vehicles marked “AMBULANCE” operate with competent personnel and proper equipment to respond to medical emergencies, provide quality care, and ensure patient safety may not be fully attained, thereby endangering the safety of both patients and personnel on board.
- 4.11. **We recommended that the OIC - Municipal Health Officer comply with the requirements under DOH AO No. 2018-001 dated January 28, 2018, to obtain the DOH-LTO for the four vehicles.**
- 4.12. In a letter dated April 3, 2025, the OIC-Municipal Health Officer expressed their intention to comply but emphasized that additional time is required due to the following reasons:
- 4.12.1. The necessity to hire and train additional personnel as qualified Emergency Medical Team (EMT);
 - 4.12.2. The need to submit a request to the DOH to schedule training for the personnel; and
 - 4.12.3. The drivers still had to undergo training alongside the EMT.
- 4.13. Moreover, the process requires budget allocation from the LGU. In the meantime, the MHO has instructed the GSO to update the vehicle markings from "Ambulance" to "Patient Transport Vehicle."
- 4.14. She stated further that LDRRMO and the MHO are committed to working together to ensure the DOH-LTO for the four vehicles, enabling them to operate as “Ambulances.”

Local Disaster Risk Reduction and Management Fund (LDRRMF)

5. **The unexpended balances of the LDRRMF from prior years amounting to ₱6,027,925.02 which were transferred to the Special Trust Fund (STF) were not considered and integrated into the LDRRMFIP for CY 2024, contrary to Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002 dated September 12, 2012, and may result in inefficiencies in allocating and utilizing funds for disaster risk reduction and management efforts, as well as missed opportunities for disaster resilience and preparedness initiatives.**

- 5.1. Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002 dated September 12, 2012, provide:
- “5.1.2 A LDRRMFIP for the DRRM program shall be prepared annually. It shall present the 30% allocation for QRF in lumpsum and the allocation for disaster mitigation, prevention and preparedness with details as to projects and activities to be funded. The LDRRMFIP shall also include under a separate caption, the list of projects and activities charged to the unexpended LDRRMF of previous years. Xxx.

5.1.15 The LDRRMFIP shall be reviewed and updated annually to include the activities to be funded from the unexpended QRF and DRRMF-MOOE of the previous years which were transferred to the Special Trust Fund.”

5.2. The Local Disaster Risk Reduction and Management Council (LDRRMC) shall monitor and evaluate the use and disbursement of the LDRRMF based on the Local Disaster Risk Reduction and Management Fund Investment Plan (LDRRMFIP), which shall be incorporated into the local development plans and annual work and financial plan and included in the Annual Investment Plan.

5.3. On June 9, 2023, the Local Disaster Risk Reduction and Management Council approved Resolution No. 2023-04, formulating the programs/projects/activities (PPAs) of the LDRRMF for CY 2024, amounting to ₱8,980,761.10. However, we noted that the unexpended LDRRMF from previous years was not included in the approved resolution nor in the approved CY 2024 LDRRMFIP, which is contrary to the above-mentioned regulations.

5.4. Our review of the monthly Fund Utilization Reports of the LDRRMF for the Municipality showed that as of December 31, 2024, the available current and prior years’ unexpended balances transferred to the STF total ₱12,036,280.85, as shown:

Year	Quick Response Fund	Mitigation Fund – MOOE	Total Available Appropriation	Per LDRRMFIP CY 2024	Difference
Current Appropriation:					
2024	2,694,228.33	3,314,127.50	6,008,355.83	6,008,355.83	0.00
Continuing Appropriations Transferred to the Trust Fund:					
2023	0.00	465,422.34	465,422.34	0.00	465,422.34
2022	2,515,923.33	3,046,579.35	5,562,502.68	0.00	5,562,502.68
Sub-total	2,515,923.33	3,512,001.69	6,027,925.02	0.00	6,027,925.02
TOTAL	5,210,151.66	6,826,129.19	12,036,280.85	6,008,355.83	6,027,925.02

5.5. In comparison, the CY 2024 LDRRMFIP only showed the current appropriation of ₱6,008,355.83 as a source of funds for the Municipality’s disaster risk reduction and prevention programs and activities, resulting in a significant difference of ₱6,027,925.02.

5.6. The LDRRM Officer explained that they inadvertently omitted the inclusion of the PPAs chargeable to the STF while preparing the annual LDRRMFIP. Consequently, these PPAs were not incorporated into the AIP.

5.7. It is emphasized that the unutilized prior years’ LDRRMF in the STF may only be released and utilized upon the inclusion of its PPAs in the annually prepared LDRRMFIP, which serves as the basis for the AIP preparation, to be approved by the Sangguniang Bayan. This necessitates an annual review and update of the LDRRMFIP to include PPAs to be funded from the current and unexpended balances of the LDRRMF from previous years.

5.8. The non-inclusion of the unexpended LDRRMF balances in the LDRRMFIP and AIP for CY 2024 may lead to inefficiencies in allocating and utilizing funds for disaster risk reduction and management efforts. It could also result in missed opportunities for disaster resilience and preparedness initiatives, considering that a substantial amount of funds could have been made available to the Municipality had the unexpended balances from previous years been considered.

5.9. **We recommended and the LDRRMO and the LDRRMC agreed to:**

5.9.1. **Include PPAs that are chargeable against the prior years' unexpended LDRRMF in the annual LDRRMFIP of the current year, in accordance with the format prescribed under Annex A of COA Circular No. 2012-002; and**

5.9.2. **Establish an efficient review and monitoring system to ensure that the LDRRMFIP complies with the requirements outlined in COA Circular No. 2012-002.**

6. The fuel purchased from the LDRRMF was used for purposes unrelated to disaster-related activities, in violation of Section 5.0 of NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013, and DILG MC No. 2012-73 dated April 17, 2012. This misuse undermines the intended purpose of the fuel purchase and reduces the funds available for disaster risk management, relief, rehabilitation, and recovery programs.

6.1. National Disaster Risk Reduction and Management (NDRRMC), Department of Budget and Management (DBM), and Department of the Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, serves as guidelines in allocating and utilizing the LDRRMF. It provides the necessary measures to avoid, lessen, or limit potential adverse impacts of hazards and related disasters. Section 5.0 provides the projects and activities that can be programmed to utilize the LDRRMF, which can either be for disaster prevention and mitigation, preparedness, rescue and response, or rehabilitation and recovery.

6.2. Likewise, DILG MC No. 2012-73 dated April 17, 2012, provides the list of PPAs for which LDRRMF may be utilized.

6.3. Our post-audit of the CY 2024 disbursement vouchers revealed that the Municipality purchased fuel amounting to ₱1,498,752.50 charged to the LDRRMF under the following references and particulars:

Check No.	Date	Payee	Particulars	Amount	Date of Delivery
90669645	03/21/2024	Godspeed Gas Station	To purchase the following: Diesel – 23,950 liters at 59.95/liter Gasoline – 1,000 liters at 62.95/liter	1,498,752.50	<u>02/10/2024</u> Diesel – 10,000 liters Gasoline – 1,000 liters <u>03/18/2024</u> Diesel -13,950 liters

6.4. Our review of the trip tickets related to the above procurement showed that the fuel was issued to the following vehicles:

6.4.1. *Non-LDRRM vehicles*

6.4.1.1. For CY 2024, we noted that 6,185 liters of the 23,950 liters of diesel and 120 liters of the 1,000 liters of gasoline were issued to non-LDRRM vehicles, as shown:

Vehicle	Department	Qty. of Fuel Issued
Diesel		
Fuso Fighter CAI 2210	Municipal Engineer's Office	1,230
HOWO 7053	Municipal Engineer's Office	1,140
L300 Ambulance - 131204	Municipal Planning & Development Office	2,115
Nissan Ambulance - 070106	Municipal Mayor's Office	1,700
Total		6,185
Gasoline		
Toyota Sedan – SJT 518	Municipal Mayor's Office	1,000
Total		1,000

6.4.1.2. In our interview with the LDRRMO-Designate, he explained that the issuance of diesel and gasoline to non-LDRRMF vehicles was authorized to meet the departments' urgent fuel needs. He also noted that these departments did not replenish the quantity they were issued.

6.4.1.3. Management is reminded that the fuel was purchased specifically for disaster-related activities, including prevention and mitigation, preparedness, rescue and response, and rehabilitation and recovery. Therefore, it is inappropriate to charge the fuel costs of non-LDRRM vehicles to the LDRRMF.

6.4.2. *LDRRM vehicles for purposes unrelated to disaster rescue or response activities*

6.4.2.1. Our review of the Requisition and Issue Slips (RIS) relating to the fuel procured under LDRRMF showed that in CY 2024, 17,280 liters of diesel and 880 liters of gasoline were issued to LDRRM vehicles. However, we noted that 8,145 liters of diesel and 680 liters of gasoline were issued to LDRRM vehicles for purposes other than disaster/calamity response and rescue/relief operations, including the following activities:

- 6.4.2.1.1. Transport Municipal officials and employees to attend meetings, conferences, and seminars;
- 6.4.2.1.2. Transport medical practitioners for circumcision operations and barangay consultations;
- 6.4.2.1.3. Rescue individuals involved in vehicle accidents;
- 6.4.2.1.4. Transport patients to the hospital;
- 6.4.2.1.5. Convey discharged patients from the hospital to their homes;
- 6.4.2.1.6. Provide transportation for people attending burial services; and
- 6.4.2.1.7. Transport non-biodegradable and hazardous wastes to San Carlos City.

6.4.2.2. A phone inquiry with the LDRRMO-Designate confirmed that they have been accustomed to utilizing LDRRM vehicles for the aforementioned purposes. However, he assured the Audit Team that the LDRRM vehicles would be used specifically for disaster rescue or response activities.

6.4.2.3. The use of LDRRM motor vehicles and heavy equipment for the Municipality's routine operations can lead to damage or wear and tear due to daily use and exposure. As a result, these vehicles and equipment may quickly deteriorate, making them unsuitable for use during a disaster or calamity, thus defeating the purpose for which they were acquired.

6.4.2.4. May we remind Management of the provisions of Section 5.2.1.1.1 of DILG MC No. 2014-155 dated January 18, 2021, which reiterates that funds for motor vehicle purchases may be sourced from the “Local Disaster Risk and Reduction Management Fund provided, that it shall be utilized in the acquisition of motor vehicles and heavy equipment to be **exclusively used for response and rescue/relief activities** x x x.” (Emphasis ours)

6.4.2.5. Ultimately, considering that the subject motor vehicles, heavy equipment, and the related fuel were purchased from LDRRMF, the use thereof should have been limited only to disaster prevention and mitigation, preparedness, rescue and response, or rehabilitation and recovery, pursuant to the above-cited DILG Circular.

6.4.2.6. It is worth emphasizing that the law treats LDRRMF as a specific fund that can only be utilized for specific purposes. Charging the aforementioned expenditure to the LDRRMF reduces the funds available for disaster risk management, relief, rehabilitation, and recovery programs.

6.5. We recommended that LDRRMO-Designate:

- 6.5.1. Adhere strictly to the provisions of DILG Memorandum Circular No. 2012-73 dated April 17, 2012, and NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1 dated March 25, 2013, on the utilization of the LDRRMF;
- 6.5.2. Reimburse the LDRRMF from the General Fund for the cost of fuel used by non-LDRRM vehicles; and
- 6.5.3. Ensure that the LDRRM motor vehicles and heavy equipment are exclusively used for disaster/calamity response and rescue/relief operations in conformity with DILG MC No. 2021-004 dated January 18, 2021. Otherwise, refund or replenish the LDRRMF for the cost of the subject motor vehicles and heavy equipment, the appropriations for which shall be taken from the General Fund.

6.6. During the exit conference, Management informed the Audit Team that they had already convened and agreed to allocate an amount from the General Fund to reimburse the cost of fuel used by non-LDRRM vehicles, as well as LDRRM vehicles utilized for non-disaster-related activities.

C. OTHER MANDATORY AREAS

Compliance with Mandatory Deductions and Tax Laws

7.1 The Municipality of Vallehermoso complied with tax laws by withholding taxes from salaries, wages, and other services, and Value-Added Tax from purchases of goods and services, which were remitted to the Bureau of Internal Revenue regularly within the regulatory period. The outstanding balance amounting to ₱4,874.85 as of December 31, 2024, was remitted in January 2025, detailed as follows:

Due to BIR Balance	Amount Remitted to BIR	Date of Remittance
₱ 920,614.93	₱ 915,740.08	January 8, 2025 <i>*Excess deduction of withholding taxes amounting to ₱4,874.85; Employees were refunded on January 22, 2025</i>

7.2 As of December 31, 2024, the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth had balances of ₱166,896.81, ₱4,200.00, and ₱119,038.90.00, respectively, and were remitted to the respective agencies, as follows:

Account	Balance as of December 31, 2024	Amount Remitted	Date of Remittance
Due to GSIS	₱ 166,896.81	₱ 37,139.533	January 17, 2025

Account	Balance as of December 31, 2024	Amount Remitted	Date of Remittance
			<i>* P129,757.28 still had to be traced and reconciled by the agency;</i>
Due to Pag-IBIG	₱ 4,200.00	₱ 4,200.00	January 13, 2025 January 22, 2025 February 20, 2025
Due to PhilHealth	119,038.90	119,038.90	January 3, 2025

D. SETTLEMENT OF ACCOUNTS

- 8.1. The reported audit suspensions, disallowances, and charges of the LGU as at December 31, 2024, were as follows:

Particulars	Beginning Balance (01/01/2024)	Issued this Period (1/1/2024 to 12/31/2024)		Ending Balance (12/31/2024)
		NS/ND	NSSDC	
Suspension	₱ 969,463.00	0.00	0.00	₱ 969,463.00
Disallowance	0.00	0.00	0.00	0.00
Charge	0.00	0.00	0.00	0.00

- 8.2. These ending balances pertain to audit suspensions issued and received in the following years:

Year Issued	Balance as of 12/31/2024	Transaction Year	Remarks
Notice of Suspension			
2015	₱ 969,463.00	2014	₱958,133.00 - Lacking documents on BUB Tagbino - Guiba 50% ₱11,330.00 – Explanation for the extra labor and inconsistent documents
Total NS	₱ 969,463.00		

- 8.3. We would like to note that the aforesaid balances do not include Notices of Suspension, Disallowance, and Charge issued prior to the effectivity of the Rules and Regulations on Settlement of Accounts, which are still subject to reconciliation with the balances of the accounting record.

E. OTHER MATTERS

9. We have audited the other areas included in the Focus Areas on the Audit of the CY 2024 Accounts of the Local Government Units covered under the COA Local Government Audit Sector Unnumbered Memoranda dated October 30, 2024. However, we have not yet obtained sufficient and competent evidence on other matters to warrant the inclusion of audit observations in this Report.

PART III
STATUS OF IMPLEMENTATION OF PRIOR
YEARS' AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEARS’ AUDIT RECOMMENDATIONS

Of the remaining 29 audit recommendations, 5 were implemented and 24 were unimplemented, as shown in the results of validations presented below:

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
AAR 2023	The Municipality of Vallehermoso did not take advantage of the guidelines and procedures of COA Circular No. 2020-006 dated January 31, 2020, on the one-time cleansing of Property, Plant, and Equipment (PPE), thus adversely affecting the fairness of presentation of its financial position in the financial statements and may deprive the government of reliable and useful information in decision-making and accountability for these assets.	<p>We recommended and Management agreed to:</p> <ol style="list-style-type: none"> 1. Strictly follow the guidelines and procedures in the conduct of physical count of PPE, Recognition of PPE items found at the station, and disposition of inexistent/missing PPE items, and require the Accountant and Property Officer to reconcile their records based on the results of the actual physical inventory and effect necessary adjustments; 2. Adopt the uniform numbering system for property numbers of PPE and require the Property Unit to update the property stickers based on the prescribed format and to include the required information under Sections 5.6 and 5.7 of COA Circular No. 2020-006 dated January 31, 2020; 	<p>The Inventory Committee had already started the inventory count per office last Dec. 13, 2024. However, they had not submitted any report to the Audit Team. The Committee planned to wrap up our count in the 1st semester of the CY 2025.</p> <p>Management had already assigned property numbers to PPE as reflected in the Schedule of PPE; however, the items still had no property stickers.</p>	<p>Not Implemented</p> <p>Not Implemented</p>

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
		<p>3. Submit the approved PIP to the COA Audit Team within the prescribed period;</p> <p>4. Conduct the required preliminary activities prior to inventory taking; and</p> <p>5. Record/document the physical count daily in a standard ICF prescribed in Annex A of COA Circular No. 2020-006 dated January 31, 2020.</p>	<p>Management had already submitted the approved PIP thru email on 01/23/2025, while a hard copy was submitted on 01/28/2025.</p> <p>The Inventory Committee had not submitted any report to the Audit Team as proof of the preliminary activities conducted.</p> <p>The Inventory Committee had not prepared any report after the partial count was conducted.</p>	<p>Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>
AAR 2023	Due to insufficient budget allocation, the Municipality was only able to fully implement 31 out of the 58 projects programmed under the 20% Development Fund (DF), delaying the achievement of desirable socio-economic development and environmental outcomes, contrary to Section 4.0 of DBM, DOF, and DILG Joint Memorandum Circular No. 1, dated November 4, 2020.	6. We recommended and Management agreed to plan and evaluate their priority projects for the year and allocate a budget sufficient to complete these projects within the target completion period.	Out of the 31 unimplemented projects as at year-end, six remained unimplemented and nine were reprogrammed to other projects in CY 2024.	Not Implemented
AAR 2023	Delinquent Real Property Taxes (RPT) and Special Education Taxes (SET), including penalties accruing thereon, which have accumulated to ₱25,952,185.17, remained uncollected as of December 31, 2023, thus depriving the Municipality of a	7. We recommended that the Municipal Treasurer post a notice of the delinquency at the main entrance of the Municipal Hall and in a publicly accessible and conspicuous place in each barangay of the local government unit concerned as well	The Municipal Treasurer still had to post the Notice of Delinquency at the Municipal Main Entrance and in 15 barangays under their jurisdiction by the 1 st week of March 2025.	Not Implemented

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
	substantial amount of income that could have been utilized to finance the implementation of various development projects or other major programs, projects, and activities (PPAs).	<p>as publish the notice once a week two consecutive weeks in a newspaper of general circulation in the municipality.</p> <p>8. Should these strategies fail, we recommended that the Municipality enforce the collection of delinquent real property taxes by availing of the remedies provided under the Local Government Code, specifically Sections 254 to 269 of R.A. No. 36 7160, either by administrative action through levy on real property or by judicial action.</p>	Management had not taken any action.	Not Implemented
AAR 2023	The position of Local DRRM Officer, a mandatory plantilla item in the establishment of Local DRRM Offices (LDRRMOs) prescribed under NDRRMC-DILG-DBM-CSC Joint Memorandum Circular No. 2014-1 dated April 4, 2014, remained vacant due to lack of qualified and interested applicants thus, leaving the Municipality without a responsible person to direct the development, coordination, and implementation of its disaster risk management projects and activities.	9. We recommended that Management advertise the vacancy in local newspapers and social media, as well as post the notice of vacancy in public places such as the Municipal Hall, Capitol, and Public Markets to attract applicants.	Ongoing court litigation.	Not Implemented
AAR 2023	The Trust Fund was used to remit employees' loan payments to a private cooperative, totaling ₱554,642.00.	10. We recommended that Management strictly adhere to the provision of Section 4(6) of P.D. No. 1445 and	Management had already provided the Audit Team with a copy of the Authorization Letter prepared by	Implemented

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
	without the necessary supporting documents, such as a Memorandum of Agreement (MOA) or written authorization from the employees allowing the deduction of loan payments from their salaries, in contravention of Section 4(6) of P.D. No. 1445. As a result, the roles and responsibilities of the parties involved could not be established, which compromises accountability and objective evaluation of fund utilization.	refrain from remitting personal loan payments on behalf of the LGU employees without a written MOA or authority from the employees allowing the deduction of loan payments from their salaries.	the employees, allowing the LGU to deduct and remit bonuses as payment for their loans.	
AAR 2023	Registration fees totaling ₱35,000.00 paid by two Sangguniang Bayan members in connection with their attendance at the 2023 PCL National Convention conducted by the PCL were not acknowledged by government official receipts (Accountable Form No. 51), contrary to Section 505(b) of R.A. No. 7160 or the Local Government Code of 1991 and Sections 42 and 44, Chapter 7, Title I(B) Book V of the Administrative Code of 1991, effectively preventing the accounting and audit thereof.	11. We recommended and Management agreed to request the Philippine Councilors League Incorporated to acknowledge their payments with government Official Receipts (Accountable Form No. 51) in compliance with Section 505(b) of R.A. No. 7160 and Sections 42 and 44, Chapter 7, Title I(B) Book V of the Administrative Code of 1987.	The Municipal Councilors still had to submit the Official Receipts (AF No. 51) as proof of the registration fees paid.	Not Implemented
AAR 2022 ML 2015	The consolidated balances of reciprocal accounts, Due from Other Funds and Due to Other Funds for CY 2022, showed an unreconciled difference of ₱657,163.97, indicating some neglect by the Accounting Office in monitoring	12. We recommended that the Municipal Accountant reconcile the balances of the reciprocal accounts under the three funds and book the necessary adjustments to bring their balances into agreement. The	Management had already requested the write-off for the Due from accounts that are dormant for 10 years and above on 06/09/2023 and refiled the same on 07/28/2023. However, Management still had to	Not Implemented

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
	and reconciling the accounts, thus rendering both accounts unreliable.	Municipal Accountant should closely monitor transactions affecting reciprocal accounts and ensure that these are recorded in the different funds simultaneously to avoid any error or omission.	apply the guidelines and procedures in COA Circular 2023-008 dated August 17, 2023, in requesting the write-off of dormant and untraceable accounts.	
AAR 2021	Six (6) Job order personnel assigned in the Office of the Municipal Treasurer that undertake the duties and responsibilities of a collecting officer/agent were not properly bonded as required contrary to the provisions in Section 101 (2) of P.D. No. 1445 and Item 4.1.2 of Treasury Circular No. 02-2019 dated April 25, 2019.	13. We strongly recommended that Management ensure that all accountable officers of the LGU, especially Job Order personnel, shall always be properly bonded pursuant to the provisions in Section 101 (2) of P.D. No. 1445 and Item 4.1.2 of Treasury Circular No. 02-2019 dated April 25, 2019. 14.	Management had already submitted the Confirmation Letters of the bonded officials, including the List of Accountable Officers for CY 2024.	Implemented
AAR 2018	Funds transferred to other LGUs amounting to ₱108,697.04 recorded under the account Due from other LGUs were not properly recorded in subsidiary ledgers nor was the liquidation thereof followed up, thus have remained dormant since their recognition in CY 2003 while the debtors thereof could not be identified, adversely affecting the fairness of presentation of assets in the financial statements.	14. We recommended that the Municipal Accountant review the 2003 journals and ledgers to identify the local government units to whom the amounts had been transferred and to demand liquidation thereof. If these efforts prove futile, the municipality may request the write-off of the receivables in accordance with COA Circular No. 2016-005 dated December 19, 2016.	Management had already requested the write-off for the account on 06/09/2023 and refiled the same on 07/28/2023. However, Management still had to apply the guidelines and procedures in COA Circular 2023-008 dated August 17, 2023, in requesting the write-off of dormant and untraceable accounts.	Not Implemented
AAR 2018	GSIS premiums amounting to ₱357,675.20 aged one month to over five years remained unremitted as of December 31, 2018 contrary to	15. We recommended that the officials and employees whose premiums remain unremitted be made to immediately comply	Management still had to locate the supporting documents related to the employees' GSIS premiums.	Not Implemented

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
	Section 6(b) of R.A. 8291 which requires agencies to remit premiums directly to the GSIS within the first ten days of the following month, to the disadvantage of employees to whom the premiums pertain while incurring interest charges on the delayed remittance.	with the documentary requirements set by GSIS so that the premium payments would be finally accepted. 16. We also recommended that the Municipal Accountant identify members whose GSIS premiums remain unremitted by tracing entries in the subsidiary ledgers to the disbursement vouchers/payrolls and remit the same as soon as possible.		Not Implemented
AAR 2017	The Municipality paid additional compensation to the local election officer, to its personnel designated to other positions in the LGU or as Chairman and members of the Bids and Awards Committee, Technical Working Group and Secretariat in the form of Communication Allowance or Extra Service Allowance which do not have any basis in law or regulations thereby resulting to irregular expenditures amounting to ₱335,950.00.	17. We recommended that payment of honoraria in violation of existing rules and regulations be immediately stopped and that the officials and personnel who received payment in violation of regulations be required to refund the amounts collected upon receipt of the Notices of Disallowance.	Management still had to collect from the persons responsible.	Not Implemented
AAR 2016	13. Expenses incurred in connection with the holding of the Miss Vallehermoso 2016 & Kanglambat	18. We further recommended the immediate refund of the payments made for the beauty	Management still had to collect from the persons responsible.	Not Implemented

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
	Festival Queen beauty pageants, live band and t-shirts were charged to government funds contrary to Sections 335 and 343 of R.A. 7160 and COA Circular Nos. 85-55-A and 2012-003, thus resulting to irregular and unnecessary expenditures amounting to ₱290,745.00.	pageants as these are disallowed in audit.		
2015 ML	The municipality utilized the KALAHI CIDSS Funds for monthly additional services payments and daily wage payrolls totaling ₱854,959.00 despite the lack of compliance with the reglementary and documentary requirements under DBM BC No. 2007-2 and COA Circular No. 2012-001, hence the validity of said payments could not be ascertained. Moreover, various personnel received both additional and extra time services that constitute excessive payments prohibited under COA Circular No. 2012-003.	<p>We recommended that Management:</p> <p>19. Evaluate the necessity of granting additional service payments to personnel, giving consideration to the source of fund, the PS cap, employment status for entitlement and the requirements of DBM Budget Circular (BC) No. 2007-2 in case of special projects;</p> <p>20. Formulate and adopt internal rules and procedures on the rendition of overtime services of personnel and ensure that the documentary requirements stipulated under Section 5.10 of COA Circular No. 2012-001 are complied with;</p> <p>21. Refund the payment of extra time services to personnel simultaneously granted with additional services upon</p>	<p>Management no longer granted honoraria for special projects.</p> <p>Management had already followed the guidelines on granting overtime pay and honoraria and duly supported them with the required documents.</p> <p>The officials and employees concerned are no longer connected with the LGU.</p>	<p>Implemented</p> <p>Implemented</p> <p>Not Implemented</p>

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
		<p>determination that the latter is valid, otherwise refund the payment of the latter; and</p> <p>Submit the following documents to enable us to make a decision in audit:</p> <p>22. legal basis for the grant of additional services to personnel;</p> <p>23. certification as to the employment status of the personnel granted payments for additional services;</p> <p>24. PS cost of CY 2015 and compliance with the 55% PS cap;</p> <p>25. specific details/Program of Work on the project undertaken for which the daily wages were incurred, and the status of work accomplishment thereon; and</p> <p>26. Explanation of the rendition of extra time services for straight periods and the required documents proving the accomplishment of the expressed necessity.</p>	<p>The officials and employees concerned are no longer connected with the LGU.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>
2015 ML	Several lots of the municipality with a total market value of ₱34,019,860.00 were not recorded in the books of	27. We recommended that management require the Municipal Assessor, as well as the Municipal Treasurer, to	Management had not allocated any funds for the land titling in CY 2024.	Not Implemented

Ref.	Audit Observation	Audit Recommendation	Management Comment/Action	Status of Implementation
	accounts in violation of Section 72 of the New Government Accounting System (NGAS) Manual for LGUs, Volume II, thus, understating the assets of the municipality. Moreover, lots owned by the local government unit have no certificates of title, which contravenes Section 148 of COA Circular No. 92-386.	<p>convene the Provincial Appraisal Committee to immediately act in the determination of the value of the unrecorded lots. Also, direct them to process the titling of the lots owned by the municipality and for the Municipal Budget Officer to allocate funds for the titling thereof.</p> <p>28. Likewise, instruct the Municipal Accountant to review the land account and record in the books of accounts those lots that are owned by the municipality. Moreover, the value of the lots, which will be determined by the Provincial Appraisal Committee, shall also be recorded in the books of accounts to avoid understatement of assets.</p>		Not Implemented
2015 ML	The Municipal Treasurer failed to reconcile the Cash-Other Local Government Treasury (account 101) amounting to ₱9,839.42 with the records of the Provincial Treasury as required under Section 16 of COA Circular No. 92-382 dated July 3, 1992, thus the municipality could not withdraw its deposits thereby depriving the municipality of its use.	29. Require the municipal treasurer to follow up on the schedule to be set by the Provincial Accounting Office to reconcile Cash-Other Local Government Treasury with the corresponding account in the Provincial Treasury in pursuance of Section 16 of COA Circular No. 92-382 dated July 3, 1992. Thereafter, she is enjoined to withdraw the amount so that the municipality can use it for other projects.	The MTO still had to clarify to the Provincial Accounting Office the account's existence. Once confirmed, Management intended to withdraw the deposited amount from the Provincial Treasury to the Municipal Account.	Not Implemented

PART IV
APPENDICES

PART IV

APPENDICES

I. Financial Statements by Fund	
Statement of Financial Position as of December 31, 2024 General Fund Special Education Fund Trust Fund	A.1 A.2 A.3
Statement of Financial Performance for the Year Ended December 31, 2024 General Fund Special Education Fund Trust Fund	B.1 B.2 B.3
Statement of Changes in Net Assets/Equity as of December 31, 2024 General Fund Special Education Fund Trust Fund	C.1 C.2 C.3
Statement of Cash Flows for the Year Ended December 31, 2024 General Fund Special Education Fund Trust Fund	D.1 D.2 D.3
Statement of Comparison of Budget and Actual Amount General Fund Special Education Fund	E.1 E.2

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL POSITION
 General Fund
 As of December 31, 2024
 (With Comparative Figures for CY 2023)

	2024	2023
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	89,849,770.58	81,577,084.58
Investments	1,421.62	1,421.62
Receivables	22,046,503.65	21,062,817.11
Inventories	2,166,527.80	1,128,440.90
Payments and Deferred Charges	45,464.27	139,157.18
Total Current Assets	114,109,687.92	103,908,921.39
<i>Non-Current Assets</i>		
Property, Plant, and Equipment	374,572,817.83	339,598,166.47
Biological Assets	2,223,949.64	2,223,949.64
Total Non-Current Assets	376,796,767.47	341,822,116.11
Total Assets	490,906,455.39	445,731,037.50
LIABILITIES		
<i>Current Liabilities</i>		
Financial Liabilities	25,023,162.44	11,427,623.98
Inter-Agency Payables	1,538,403.75	1,697,645.82
Intra-Agency Payables	339,074.45	350,129.17
Trust Liabilities	5,932,236.06	7,100,859.70
Deferred Credits/Unearned Income	20,396,945.40	19,464,138.88
Other Payables	452.23	0.00
Total Current Liabilities	53,230,274.33	40,040,397.55
<i>Non-Current Liabilities</i>		
Financial Liabilities	13,950,000.00	0.00
Total Non-Current Liabilities	13,950,000.00	0.00
Total Liabilities	67,180,274.33	40,040,397.55
NET ASSET/EQUITY		
Government Equity	423,726,181.06	405,690,639.95
Total Liabilities and Net Assets/Equity	490,906,455.39	445,731,037.50

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL POSITION
Special Education Fund
As of December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	440,924.96	1,019,874.22
Investments	0.00	0.00
Receivables	6,887,168.13	6,587,287.34
Inventories	0.00	0.00
Payments and Deferred Charges	0.00	0.00
Total Current Assets	7,328,093.09	7,607,161.56
<i>Non-Current Assets</i>		
Property, Plant, and Equipment	963,061.52	559,966.00
Biological Assets	0.00	0.00
Total Non-Current Assets	963,061.52	559,966.00
Total Assets	8,291,154.61	8,167,127.56
LIABILITIES		
<i>Current Liabilities</i>		
Financial Liabilities	0.00	40,086.83
Inter-Agency Payables	870.95	870.95
Intra-Agency Payables	0.00	0.00
Trust Liabilities	2,914.90	4,440.95
Deferred Credits/Unearned Income	6,881,378.80	6,570,443.29
Other Payables	0.00	0.00
Total Current Liabilities	6,885,164.65	6,615,842.02
<i>Non-Current Liabilities</i>		
Financial Liabilities	0.00	0.00
Total Non-Current Liabilities	0.00	0.00
Total Liabilities	6,885,164.65	6,615,842.02
NET ASSET/EQUITY		
Government Equity	1,405,989.96	1,551,285.54
Total Liabilities and Net Assets/Equity	8,291,154.61	8,167,127.56

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL POSITION
Trust Fund
As of December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
ASSETS		
<i>Current Assets</i>		
Cash and Cash Equivalents	12,450,586.59	16,932,787.98
Investments	0.00	0.00
Receivables	1,149,194.77	1,149,194.77
Inventories	682,285.40	0.00
Payments and Deferred Charges	0.00	0.00
Total Current Assets	14,282,066.76	18,081,982.75
<i>Non-Current Assets</i>		
Property, Plant, and Equipment	0.00	0.00
Biological Assets	0.00	0.00
Total Non-Current Assets	0.00	0.00
Total Assets	14,282,066.76	18,081,982.75
LIABILITIES		
<i>Current Liabilities</i>		
Financial Liabilities	183,607.37	6,300,343.24
Inter-Agency Payables	7,527,892.94	10,755,060.28
Intra-Agency Payables	1,800.00	1,800.00
Trust Liabilities	6,117,511.60	585,914.45
Deferred Credits/Unearned Income	0.00	0.00
Other Payables	451,254.85	438,864.78
Total Current Liabilities	14,282,066.76	18,081,982.75
<i>Non-Current Liabilities</i>		
Financial Liabilities	0.00	0.00
Total Non-Current Liabilities	0.00	0.00
Total Liabilities	14,282,066.76	18,081,982.75
NET ASSET/EQUITY		
Government Equity	0.00	0.00
Total Liabilities and Net Assets/Equity	14,282,066.76	18,081,982.75

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL PERFORMANCE
 General Fund
 For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Revenue		
Tax Revenue	4,819,554.31	4,344,817.13
Share from Internal Revenue Collections	168,644,150.00	158,699,125.00
Service and Business Income	13,368,210.51	10,820,643.25
Shares, Grants, and Donations	4,998,811.55	8,683,117.00
Other Income	190,584.00	146,186.62
Total Revenue	192,021,310.37	182,693,889.00
Less: Current Operating Expenses		
Personnel Services	60,993,266.35	59,643,348.91
Maintenance and Other Operating Expenses	67,537,265.78	59,023,690.38
Non-cash Expenses	35,502,348.14	30,139,437.90
Current Operating Expenses	164,032,880.27	148,806,477.19
Surplus (Deficit) from Current Operation	27,988,430.10	33,887,411.81
Add (Deduct):		
Transfers, Assistance, and Subsidy From	0.00	0.00
Transfers, Assistance, and Subsidy To	(2,709,228.33)	(3,460,923.33)
Surplus(Deficit) for the period	25,279,201.77	30,426,488.48

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL PERFORMANCE
Special Education Fund
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Revenue		
Tax Revenue	492,776.51	566,512.76
Share from Internal Revenue Collections	0.00	0.00
Service and Business Income	327.81	408.23
Shares, Grants, and Donations	0.00	0.00
Other Income	0.00	0.00
Total Revenue	493,104.32	566,920.99
Less: Current Operating Expenses		
Personnel Services	0.00	0.00
Maintenance and Other Operating Expenses	671,492.00	469,971.05
Non-cash Expenses	6,994.73	5,628.75
Current Operating Expenses	678,486.73	475,599.80
Surplus (Deficit) from Current Operation	(185,382.41)	91,321.19
Add (Deduct):		
Transfers, Assistance, and Subsidy From	0.00	0.00
Transfers, Assistance, and Subsidy To	0.00	0.00
Surplus(Deficit) for the period	(185,382.41)	91,321.19

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF FINANCIAL PERFORMANCE
Trust Fund
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Revenue		
Tax Revenue	0.00	0.00
Share from Internal Revenue Collections	0.00	0.00
Service and Business Income	0.00	0.00
Shares, Grants, and Donations	43,779,800.00	11,762,938.51
Other Income	0.00	0.00
Total Revenue	43,779,800.00	11,762,938.51
Less: Current Operating Expenses		
Personnel Services	0.00	0.00
Maintenance and Other Operating Expenses	44,656,356.21	11,762,938.51
Non-cash Expenses	0.00	0.00
Current Operating Expenses	44,656,356.21	11,762,938.51
Surplus (Deficit) from Current Operation	(876,556.21)	0.00
Add (Deduct):		
Transfers, Assistance, and Subsidy From	2,597,291.43	0.00
Transfers, Assistance, and Subsidy To	0.00	0.00
Surplus(Deficit) for the period	1,720,735.22	0.00

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
 General Fund
 As of December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Balance at January 1, 2024	405,690,639.95	375,173,278.75
Add (Deduct)		
Change in Accounting Policy	0.00	0.00
Prior Period Errors	69,135.13	90,872.72
Restated Balance	405,759,775.08	375,264,151.47
Add (Deduct) Changes in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equity	(7,312,795.79)	0.00
Surplus (Deficit) for the period	25,279,201.77	30,426,488.48
Total recognized revenue and expenses for the period	17,966,405.98	30,426,488.48
Balance at December 31, 2024	423,726,181.06	405,690,639.95

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
Special Education Fund
As of December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Balance at January 1, 2024	1,551,285.54	1,459,964.35
Add (Deduct)		
Change in Accounting Policy	0.00	0.00
Prior Period Errors	40,086.83	0.00
Restated Balance	1,591,372.37	1,459,964.35
Add (Deduct) Changes in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equity	0.00	0.00
Surplus (Deficit) for the period	(185,382.41)	91,321.19
Total recognized revenue and expenses for the period	(185,382.41)	91,321.19
Balance at December 31, 2024	1,405,989.96	1,551,285.54

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
Trust Fund
As of December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Balance at January 1, 2024	0.00	0.00
Add (Deduct)		
Change in Accounting Policy	0.00	0.00
Prior Period Errors	0.00	0.00
Restated Balance	-	-
Add (Deduct) Changes in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equity	(1,720,735.22)	0.00
Surplus (Deficit) for the period	1,720,735.22	0.00
Total recognized revenue and expenses for the period	0.00	0.00
Balance at December 31, 2024	0.00	0.00

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CASH FLOWS
 General Fund
 For the Year Ended December 31, 2024
 (With Comparative Figures for CY 2023)

	2024	2023
Cash Inflows		
Collection from Taxpayers	4,819,554.31	4,344,817.13
Share from Internal Revenue Allotment	168,644,150.00	158,699,125.00
Receipts from Business/Service Income	13,336,287.87	10,793,612.94
Interest Income	31,922.64	27,030.31
Dividend Income	0.00	0.00
Other Receipts	7,069,846.31	14,435,064.39
Total Cash Inflows	193,901,761.13	188,299,649.77
Cash Outflows		
Payment of Expenses	36,763,238.11	36,081,799.09
Payments to Suppliers and Creditors	0.00	0.00
Payments to Employees	60,672,348.81	61,011,620.21
Interest Expense	0.00	0.00
Other Expenses	45,198,868.20	33,614,947.94
Total Cash Outflows	142,634,455.12	130,708,367.24
Net Cash Flows from Operating Activities	51,267,306.01	57,591,282.53
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sale of Investment Property	0.00	0.00
Proceeds from Sale/Disposal of Property, Plant, and Equipment	0.00	0.00
Proceeds from Sale of Non-Current Investments	0.00	0.00
Collection of Principal on Loans to Other Entities	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Purchase/Construction of Investment Property	0.00	0.00
Purchase/Construction of Property, Plant, and Equipment	42,994,620.01	41,702,224.45
Investment	0.00	0.00
Purchase of Bearer Biological Assets	0.00	0.00
Purchase of Intangible Assets	0.00	0.00
Grant of Loans	0.00	0.00
Total Cash Outflows	42,994,620.01	41,702,224.45
Net Cash Flows from Investing Activities	(42,994,620.01)	(41,702,224.45)
Cash Flows from Financing Activities		
Cash Inflows		
Proceeds from Issuance of Bonds	0.00	0.00
Proceeds from Loans	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Payment of Long-Term Liabilities	0.00	0.00
Retirement/Redemption of Debt Securities	0.00	0.00
Payment of Loan Amortization	0.00	0.00
Total Cash Outflows	0.00	0.00
Net Cash Flows from Financing Activities	0.00	0.00
Total Cash Provided by Operating, Investing, and Financing Activities	8,272,686.00	15,889,058.08
Add: Cash at the Beginning of the Year	81,577,084.58	65,688,026.50
Cash Balance at the End of the Year	89,849,770.58	81,577,084.58

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CASH FLOWS
Special Education Fund
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)

	2024	2023
Cash Inflows		
Collection from Taxpayers	476,641.96	539,323.49
Share from Internal Revenue Allotment	0.00	0.00
Receipts from Business/Service Income	0.00	0.00
Interest Income	327.81	408.23
Dividend Income	0.00	0.00
Other Receipts	25,663.22	19,305.10
Total Cash Inflows	502,632.99	559,036.82
Cash Outflows		
Payment of Expenses	0.00	0.00
Payments to Suppliers and Creditors	0.00	0.00
Payments to Employees	0.00	0.00
Interest Expense	0.00	0.00
Other Expenses	671,492.00	469,971.05
Total Cash Outflows	671,492.00	469,971.05
Net Cash Flows from Operating Activities	(168,859.01)	89,065.77
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sale of Investment Property	0.00	0.00
Proceeds from Sale/Disposal of Property, Plant, and Equipment	0.00	0.00
Proceeds from Sale of Non-Current Investments	0.00	0.00
Collection of Principal on Loans to Other Entities	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Purchase/Construction of Investment Property	0.00	0.00
Purchase/Construction of Property, Plant, and Equipment	410,090.25	444,094.75
Investment	0.00	0.00
Purchase of Bearer Biological Assets	0.00	0.00
Purchase of Intangible Assets	0.00	0.00
Grant of Loans	0.00	0.00
Total Cash Outflows	410,090.25	444,094.75
Net Cash Flows from Investing Activities	(410,090.25)	(444,094.75)
Cash Flows from Financing Activities		
Cash Inflows		
Proceeds from Issuance of Bonds	0.00	0.00
Proceeds from Loans	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Payment of Long-Term Liabilities	0.00	0.00
Retirement/Redemption of Debt Securities	0.00	0.00
Payment of Loan Amortization	0.00	0.00
Total Cash Outflows	0.00	0.00
Net Cash Flows from Financing Activities	0.00	0.00
Total Cash Provided by Operating, Investing, and Financing Activities	(578,949.26)	(355,028.98)
Add: Cash at the Beginning of the Year	1,019,874.22	1,374,903.20
Cash Balance at the End of the Year	440,924.96	1,019,874.22

Province of Negros Oriental
Municipality of Vallehermoso
STATEMENT OF CASH FLOWS

Trust Fund

For the Year Ended December 31, 2024

(With Comparative Figures for CY 2023)

	2024	2023
Cash Inflows		
Collection from Taxpayers	0.00	0.00
Share from Internal Revenue Allotment	0.00	0.00
Receipts from Business/Service Income	0.00	0.00
Interest Income	0.00	5,259.40
Dividend Income	0.00	0.00
Other Receipts	52,798,050.48	23,313,602.44
Total Cash Inflows	52,798,050.48	23,318,861.84
Cash Outflows		
Payment of Expenses	0.00	0.00
Payments to Suppliers and Creditors	0.00	0.00
Payments to Employees	0.00	0.00
Interest Expense	0.00	0.00
Other Expenses	52,281,440.32	6,965,685.40
Total Cash Outflows	52,281,440.32	6,965,685.40
Net Cash Flows from Operating Activities	516,610.16	16,353,176.44
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sale of Investment Property	0.00	0.00
Proceeds from Sale/Disposal of Property, Plant, and Equipment	0.00	0.00
Proceeds from Sale of Non-Current Investments	0.00	0.00
Collection of Principal on Loans to Other Entities	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Purchase/Construction of Investment Property	0.00	0.00
Purchase/Construction of Property, Plant, and Equipment	4,998,811.55	7,750,000.00
Investment	0.00	0.00
Purchase of Bearer Biological Assets	0.00	0.00
Purchase of Intangible Assets	0.00	0.00
Grant of Loans	0.00	0.00
Total Cash Outflows	4,998,811.55	7,750,000.00
Net Cash Flows from Investing Activities	(4,998,811.55)	(7,750,000.00)
Cash Flows from Financing Activities		
Cash Inflows		
Proceeds from Issuance of Bonds	0.00	0.00
Proceeds from Loans	0.00	0.00
Total Cash Inflows	0.00	0.00
Cash Outflows		
Payment of Long-Term Liabilities	0.00	0.00
Retirement/Redemption of Debt Securities	0.00	0.00
Payment of Loan Amortization	0.00	0.00
Total Cash Outflows	0.00	0.00
Net Cash Flows from Financing Activities	0.00	0.00
Total Cash Provided by Operating, Investing, and Financing Activities	(4,482,201.39)	8,603,176.44
Add: Cash at the Beginning of the Year	16,932,787.98	8,329,611.54
Cash Balance at the End of the Year	12,450,586.59	16,932,787.98

Municipality of Vallehermoso, Negros Oriental
 Statement of Comparison of Budget and Actual Amounts
General Fund
 For the Year Ended December 31, 2024
 (With comparative figures for CY 2023)

Particulars	Budgeted Amounts				Difference		Actual Amounts		Difference	
	Original		Final		Original and Final Budget				Final Budget and Actual	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
A. Local Sources										
1. Tax Revenue										
a. Tax Revenue - Property	350,000.00	350,000.00	350,000.00	350,000.00	-	-	394,221.41	453,210.31	(44,221.41)	(103,210.31)
b. Tax Revenue - Goods and Services	2,210,000.00	1,603,586.20	2,210,000.00	1,603,586.20	-	-	3,872,219.95	3,182,259.94	(1,662,219.95)	(1,578,673.74)
c. Other Local Taxes	510,000.00	428,772.51	510,000.00	428,772.51	-	-	553,112.95	709,346.88	(43,112.95)	(280,574.37)
Total Tax Revenue	3,070,000.00	2,382,358.71	3,070,000.00	2,382,358.71	-	-	4,819,554.31	4,344,817.13	(1,749,554.31)	(1,962,458.42)
2. Non-Tax Revenue										
a. Service Income	1,325,000.00	1,366,677.74	1,325,000.00	1,366,677.74	-	-	2,317,427.87	2,653,538.60	(992,427.87)	(1,286,860.86)
b. Business Income	6,255,000.00	4,712,629.12	6,255,000.00	4,712,629.12	-	-	11,018,860.00	8,140,074.34	(4,763,860.00)	(3,427,445.22)
c. Other Income and Receipts	350,000.00	538,334.43	350,000.00	538,334.43	-	-	5,221,318.19	173,216.93	(4,871,318.19)	365,117.50
Total Non-Tax Revenue	7,930,000.00	6,617,641.29	7,930,000.00	6,617,641.29	-	-	18,557,606.06	10,966,829.87	(10,627,606.06)	(4,349,188.58)
B. External Sources										
1. Share from the National Internal Revenue Taxes (IRA)	168,615,222.00	158,728,222.00	168,615,222.00	158,728,222.00	-	-	168,644,150.00	158,699,125.00	(28,928.00)	29,097.00
2. Share from GOCCs	-	-	-	-	-	-	-	-	-	-
3. Other Shares from National Tax Collections	-	-	-	-	-	-	-	-	-	-
a. Share from Ecozone	-	-	-	-	-	-	-	-	-	-
b. Share from EVAT	-	-	-	-	-	-	-	-	-	-
c. Share from National Wealth	-	-	-	-	-	-	-	-	-	-
d. Share from Tobacco Excise Tax	-	-	-	-	-	-	-	-	-	-
4. Other Receipts	-	-	-	-	-	-	-	-	-	-
a. Grants and Donations	-	-	-	-	-	-	-	-	-	-
b. Other Subsidy Income	-	-	-	-	-	-	-	-	-	-
5. Inter-local Transfer	-	-	-	-	-	-	-	-	-	-
6. Capital/Investment Receipts	-	-	-	-	-	-	-	-	-	-
a. Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
b. Sale of Investments	-	-	-	-	-	-	-	-	-	-
c. Proceeds from Collections of Loan Receivables	-	-	-	-	-	-	-	-	-	-
C. Receipts from Borrowings										
Total Revenue and Receipts	179,615,222.00	167,728,222.00	179,615,222.00	167,728,222.00	-	-	192,021,310.37	174,010,772.00	(12,406,088.37)	(6,282,550.00)
Expenditures										
Current Appropriations										
General Public Services										
Personal Services	47,027,554.00	44,083,545.77	46,659,754.52	46,446,447.31	367,799.48	(2,362,901.54)	45,899,930.34	44,937,895.59	759,824.18	1,508,551.72
Maintenance and Other Operating Expenses	60,140,865.54	51,073,535.85	66,901,083.33	65,083,433.95	(6,760,217.79)	(14,009,898.10)	55,568,373.11	50,345,577.73	11,332,710.22	14,737,856.22
Capital Outlay	640,000.00	900,000.00	23,770,307.90	7,113,371.40	(23,130,307.90)	(6,213,371.40)	11,551,341.50	5,461,771.93	12,218,966.40	1,651,599.47
Education										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Health, Nutrition and Population Control										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Labor and Employment										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Housing and Community Development										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Social Services and Social Welfare										
Personal Services	12,817,052.00	12,752,820.00	9,585,968.18	10,311,243.26	3,231,083.82	2,441,576.74	8,792,367.51	8,046,686.29	793,600.67	2,264,556.97
Maintenance and Other Operating Expenses	1,030,500.00	1,669,214.00	1,474,420.00	1,669,214.00	(443,920.00)	-	980,514.15	998,063.34	493,905.85	671,150.66
Capital Outlay	50,000.00	100,000.00	50,000.00	100,000.00	-	-	4,800.00	-	45,200.00	100,000.00
Economic Services										
Personal Services	7,448,418.00	8,654,824.00	7,311,691.30	8,733,499.20	136,726.70	(78,675.20)	6,300,968.50	6,658,767.03	1,010,722.80	2,074,732.17
Maintenance and Other Operating Expenses	7,647,935.00	7,746,399.36	8,886,192.76	8,095,398.35	(1,238,257.76)	(348,998.99)	6,919,732.92	5,251,918.26	1,966,459.84	2,843,480.09
Capital Outlay	75,000.00	581,927.52	75,000.00	199,427.52	-	382,500.00	25,000.00	80,990.00	50,000.00	118,437.52
Other Purposes:										
Debt Service	-	-	-	-	-	-	-	-	-	-
Financial Expense	6,262.93	5,099.69	6,262.93	5,099.69	-	-	-	-	6,262.93	5,099.69
Amortization	-	-	-	-	-	-	-	-	-	-
LDRRMF										
Maintenance and Other Operating Expenses	5,694,228.33	5,986,411.10	6,008,355.83	5,771,607.68	(314,127.50)	214,803.42	6,008,355.83	5,771,607.68	3,286,532.77	400,000.00
Capital Outlay	3,286,532.77	2,400,000.00	3,286,532.77	2,800,000.00	-	(400,000.00)	-	2,400,000.00	-	-
20% Development Fund										
Maintenance and Other Operating Expenses	-	2,800,000.00	-	1,600,000.00	-	1,200,000.00	-	270,000.00	-	1,330,000.00
Capital Outlay	33,723,044.40	28,945,644.40	33,723,044.40	30,145,644.40	-	(1,200,000.00)	20,920,930.09	18,660,178.54	12,802,114.31	11,485,465.86
Share from National Wealth										
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Allocation for Senior Citizens and PWD										
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Others										
Personal Services	27,829.03	28,800.31	27,829.03	28,800.31	-	-	15,000.00	15,000.00	12,829.03	13,800.31
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Current Appropriations	179,615,222.00	167,728,222.00	207,766,442.95	188,103,187.07	(28,151,220.95)	(20,374,965.07)	162,987,313.95	148,898,456.39	44,779,129.00	39,204,730.68
Continuing Appropriations										
General Public Services										
Capital Outlay	9,438,184.36	19,034,854.97	9,438,184.36	19,034,854.97	-	-	3,438,485.45	11,497,697.60	5,999,698.91	7,537,157.37
Education										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Health, Nutrition and Population Control										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Labor and Employment										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Housing and Community Development										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Social Services and Social Welfare										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Economic Services										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Other Purposes:										
LDRRMF (Capital Outlay)	434,035.80	160,535.80	434,035.80	160,535.80	-	-	-	126,500.00	434,035.80	34,035.80
20% Capital Outlay	19,406,366.74	11,305,764.67	19,406,366.74	11,305,764.67	-	-	11,524,895.56	4,764,863.79	7,881,471.18	6,540,900.88
Total Continuing Appropriations	29,278,586.90	30,501,155.44	29,278,586.90	30,501,155.44	-	-	14,963,381.01	16,389,061.39	14,315,205.89	14,112,094.05
Total Appropriations	208,893,808.90	198,229,377.44	237,045,029.85	218,604,342.51	(28,151,220.95)	(20,374,965.07)	177,950,694.96	165,287,517.78	59,094,334.89	53,316,824.73

Municipality of Vallehermoso, Negros Oriental
 Statement of Comparison of Budget and Actual Amounts
Special Education Fund
 For the Year Ended December 31, 2024
 (With comparative figures for CY 2023)

Particulars	Budgeted Amounts				Difference		Actual Amounts		Difference	
	Original		Final		Original and Final Budget				Final Budget and Actual	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue										
A. Local Sources										
1. Tax Revenue										
a. Tax Revenue - Property	437,225.46	558,103.97	437,225.46	558,103.97	-	-	492,776.51	566,512.76	(55,551.05)	(8,408.79)
b. Tax Revenue - Goods and Services	-	-	-	-	-	-	-	-	-	-
c. Other Local Taxes	-	-	-	-	-	-	-	-	-	-
Total Tax Revenue	437,225.46	558,103.97	437,225.46	558,103.97	-	-	492,776.51	566,512.76	(55,551.05)	(8,408.79)
2. Non-Tax Revenue										
a. Service Income	-	-	-	-	-	-	-	-	-	-
b. Business Income	-	-	-	-	-	-	-	-	-	-
c. Other Income and Receipts	-	-	-	-	-	-	327.81	408.23	(327.81)	(408.23)
Total Non-Tax Revenue	-	-	-	-	-	-	327.81	408.23	(327.81)	(408.23)
B. External Sources										
1. Share from the National Internal Revenue Taxes (IRAs)	-	-	-	-	-	-	-	-	-	-
2. Share from GOCCs	-	-	-	-	-	-	-	-	-	-
3. Other Shares from National Tax Collections	-	-	-	-	-	-	-	-	-	-
a. Share from Ecozone	-	-	-	-	-	-	-	-	-	-
b. Share from EVAT	-	-	-	-	-	-	-	-	-	-
c. Share from National Wealth	-	-	-	-	-	-	-	-	-	-
d. Share from Tobacco Excise Tax	-	-	-	-	-	-	-	-	-	-
4. Other Receipts	-	-	-	-	-	-	-	-	-	-
a. Grants and Donations	-	-	-	-	-	-	-	-	-	-
b. Other Subsidy Income	-	-	-	-	-	-	-	-	-	-
5. Inter-local Transfer	-	-	-	-	-	-	-	-	-	-
6. Capital/Investment Receipts	-	-	-	-	-	-	-	-	-	-
a. Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
b. Sale of Investments	-	-	-	-	-	-	-	-	-	-
c. Proceeds from Collections of Loan Receivables	-	-	-	-	-	-	-	-	-	-
C. Receipts from Borrowings										
Total Revenue and Receipts	437,225.46	558,103.97	437,225.46	558,103.97	-	-	493,104.32	566,920.99	(55,878.86)	(8,817.02)
Expenditures										
Current Appropriations										
General Public Services										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Education										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	431,913.56	470,000.00	671,913.56	470,000.00	(240,000.00)	-	671,492.00	469,971.05	421.56	28.95
Capital Outlay	-	88,103.97	-	88,103.97	-	-	-	32,810.52	-	55,293.45
Health, Nutrition and Population Control										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Labor and Employment										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Housing and Community Development										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Social Services and Social Welfare										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Economic Services										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Other Purposes:										
Debt Service	-	-	-	-	-	-	-	-	-	-
Financial Expense	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-
LDRRMF										
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
20% Development Fund										
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Share from National Wealth										
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Allocation for Senior Citizens and PWD										
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Others										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Current Appropriations	431,913.56	558,103.97	671,913.56	558,103.97	(240,000.00)	-	671,492.00	502,781.57	421.56	55,322.40
Continuing Appropriations										
General Public Services										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Education										
Capital Outlay	585,577.67	942,068.45	585,577.67	942,068.45	-	-	410,090.25	411,784.23	175,487.42	530,284.22
Health, Nutrition and Population Control										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Labor and Employment										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Housing and Community Development										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Social Services and Social Welfare										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Economic Services										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Other Purposes:										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Continuing Appropriations	585,577.67	942,068.45	585,577.67	942,068.45	-	-	410,090.25	411,784.23	175,487.42	530,284.22
Total Appropriations	1,017,491.23	1,500,172.42	1,257,491.23	1,500,172.42	(240,000.00)	-	1,081,582.25	914,565.80	175,908.98	585,606.62