



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

ANNUAL AUDIT REPORT

ON THE

MUNICIPALITY OF MABINAY
PROVINCE OF NEGROS ORIENTAL

For the Year Ended December 31, 2024



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
PROVINCIAL SATELLITE AUDIT OFFICE
NEGROS ORIENTAL

E.J. Blanco Drive, Piapi, Dumaguete City 6200

LOCAL GOVERNMENT AUDIT SECTOR
AUDIT GROUP LGAS – G (NEGROS ORIENTAL II)
OFFICE OF THE SUPERVISING AUDITOR

June 20, 2025

HONORABLE ERNIE T. UY

Municipal Mayor
Municipality of Mabinay
Province of Negros Oriental



Dear Mayor Uy:

We are pleased to transmit the Annual Audit Report (AAR) of the Municipality of Mabinay, 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.

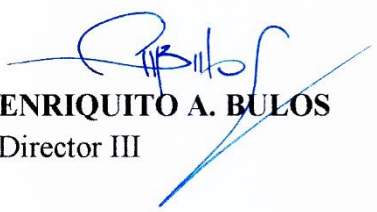
We rendered a qualified opinion on the fairness of the presentation of the financial statements (FS) for the year then ended.

The audit observations, together with the recommended courses of action, which were discussed by the Audit Team with you and your staff in an exit conference on June 10, 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 is 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 Mabinay.

Very truly yours,



ENRIQUITO A. BULOS
Director III

Copy furnished:

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

MUNICIPALITY OF MABINAY
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:

Municipal Treasurer

Municipal Accountant

Noted by:

Local Chief Executive

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

EXECUTIVE SUMMARY

Introduction

The Municipality of Mabinay was created by virtue of Republic Act No. 2496, under the sponsorship of then-Congressman Lorenzo G. Teves on June 21, 1956. It is located in the central part of Negros Island with a total land area of 319.44 square kilometers, composed of 32 barangays. Being an interior town, Mabinay is about 87 kilometers northwest of the Provincial Capitol, located in Dumaguete City. Based on the CY 2020 census, its population was reported at 82,953. It is presently classified as a first-class municipality.

As of December 31, 2024, it had a personnel complement of:

| Nature of Appointment to Office | No. of Personnel | |
|---------------------------------|------------------|------------|
| | 2024 | 2023 |
| Elective Officials | 12 | 13 |
| Permanent Positions | 144 | 139 |
| Coterminous | 2 | 2 |
| Temporary | 0 | 0 |
| Casual/Contractual | 135 | 114 |
| Job Orders | 565 | 409 |
| Total | 858 | 677 |

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 with the objective of informing 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 Mabinay 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 and equity and a decrease in liabilities:

| Accounts | 2024 (in ₱) | 2023 (in ₱) | Increase (Decrease) |
|-----------------|------------------------|------------------------|--------------------------------|
| Assets | 1,775,149,622.87 | 1,524,532,651.23 | 250,616,971.64 |
| Liabilities | 737,286,210.08 | 570,123,611.97 | 167,162,598.11 |
| Equity | 1,037,863,412.79 | 954,409,039.26 | 83,454,373.53 |

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

| Accounts | 2024 (in ₱) | 2023 (in ₱) | Increase (Decrease) |
|---|------------------------|------------------------|--------------------------------|
| Revenue | 361,336,958.10 | 335,326,788.64 | 26,010,169.46 |
| Personnel Services | 138,535,631.46 | 126,468,329.99 | 12,067,301.47 |
| MOOE | 191,513,645.68 | 132,521,692.07 | 58,991,953.61 |
| Non-Cash Expenses | 14,940,283.25 | 15,278,052.75 | (337,769.50) |
| Financial Expenses | 25,257,855.47 | 17,413,044.45 | 7,844,811.02 |
| Transfers, Assistance, and Subsidy From | 54,925,546.69 | 15,909,102.93 | 39,016,443.76 |
| Transfers, Assistance, and Subsidy To | 5,459,465.90 | 10,212,701.00 | (4,753,235.10) |
| Net Surplus/(Deficit) | 40,555,623.03 | 49,342,071.31 | (8,786,448.28) |

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

| Particulars | 2024 (in ₱) | 2023 (in ₱) | Increase (Decrease) |
|--------------------|------------------------|------------------------|--------------------------------|
| Final Budget | 464,592,010.59 | 576,590,365.03 | (111,998,354.44) |
| Actual Amounts | 362,726,021.22 | 473,247,783.87 | (110,521,762.65) |

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 then ended taking exception to the effects of the following:

1. The entire Loans Payable – Domestic account amounting to ₱385,608,730.24 was incorrectly classified as a non-current liability despite including amortizations due for 2026, thereby understating current liabilities by ₱40,132,228.49, overstating the non-current liabilities by the same amount, and affecting the fair presentation and reliability of the financial statements as of year-end;
2. The correctness of Loans Payable balance per books in the amount of ₱385,608,730.24 as of December 31, 2023 could not be ascertained due to unreconciled amounts between the financial statements and confirmed bank balances, resulting in an understatement of the Loans Payable account of ₱1,879,315.04 affecting the fair presentation of the account in the Financial Statement as of year-end; and
3. The balances of Cash – Local Treasury account per ledger and per cashbook showed a variance of ₱5,180,087.16 due to the non-conduct of at least a quarterly reconciliation of records, thereby preventing the prompt determination of accountability, which could also hinder the discovery of shortages or errors, if any, while adversely affecting the reliability of the balance presented in the financial statements.

Significant Observations 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. Cash advances totaling ₱4,209,529.72 remained unliquidated as of December 31, 2024, thus, expenses were not properly recognized on periods these were incurred, affecting the fair presentation of the financial statements at year-end.

We reiterated our recommendation that the Municipal Accountant pursue the immediate liquidation of all outstanding cash advances by issuing final demand letters to the accountable officers concerned. In cases where liquidation is still not effected within the prescribed period despite due notice, the appropriate sanctions should be enforced, including the withholding of salaries in accordance with existing rules and regulations.

Furthermore, we recommended that the Municipal Accountant conduct regular monitoring and timely reporting of unliquidated cash advances to the Local Chief Executive, to ensure proper oversight and to facilitate appropriate administrative actions as necessary.

- The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer’s Office (MTO) showed a difference of ₱90,418,239.18 due to the non-reconciliation of their records thus, the RPT/SET Receivable and Deferred Income accounts, as presented in the financial statements, are deemed unreliable.

We recommended that the Municipal Mayor instruct the Municipal Accountant and Municipal Treasurer to reconcile the difference amounting to ₱90,418,239.18 between the Real Property Tax (RPT) and Special Education Tax (SET) Receivables account balances.

To prevent the further accumulation of unreconciled differences, we further recommended that they, in coordination with the Municipal Assessor, conduct regular and timely reconciliations of the total collectibles from the Basic and Special Education Taxes against the recorded RPT and SET Receivables account balances.

Additionally, to promote transparency and ensure full disclosure, we recommended that any remaining unreconciled differences be properly reported in the Notes to the Financial Statements.

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

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 (01/01/2024 to 12/31/2024) | | Ending Balance (12/31/2024) |
|---------------|-----------------------------------|--|---------------|--------------------------------|
| | | NS/ND/NC | NSSDC | |
| Suspension | ₱ 150,700.00 | ₱ 0.00 | ₱ 0.00 | ₱ 150,700.00 |
| Disallowances | 1,066,560.00 | 0.00 | 0.00 | 1,066,560.00 |
| Charges | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | ₱ 1,217,260.00 | ₱ 0.00 | ₱ 0.00 | ₱ 1,217,260.00 |

Status of Implementation of Prior Years’ Audit Recommendations

Out of the 43 recommendations embodied in the previous years’ Annual Audit Reports, 14 were implemented and the remaining 29 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 | 30 |
| III | Status of Implementation of Prior Years' Audit Recommendations | 42 |
| IV | Appendices | 63 |

PART I

AUDITED FINANCIAL STATEMENTS



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

INDEPENDENT AUDITOR'S REPORT

HONORABLE ERNIE T. UY

Municipal Mayor
Municipality of Mabinay
Province of Negros Oriental

Qualified Opinion

We have audited the financial statements of the Municipality of Mabinay, 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 Mabinay as at December 31, 2024, and its financial performance, its cash flows, and its statement of comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Bases for Qualified Opinion

As discussed in Part II of this report, the entire Loans Payable – Domestic account amounting to ₱385,608,730.24 was incorrectly classified as a non-current liability despite including amortizations due for 2026, thereby understating current liabilities by ₱40,132,228.49, overstating the non-current liabilities by the same amount, and affecting the fair presentation and reliability of the financial statements as of year-end.

Moreover, the correctness of Loans Payable balance per books in the amount of ₱385,608,730.24 as of December 31, 2024 could not be ascertained due to unreconciled amounts between the financial statements and confirmed bank balances, resulting in an understatement of the Loans Payable account of ₱1,879,315.04 affecting the fair presentation of the account in the Financial Statement as of year-end.

Furthermore, the balances of Cash – Local Treasury account per ledger and per cashbook showed a variance of ₱5,180,087.16 due to the non-conduct of at least a quarterly reconciliation of records, thereby preventing the prompt determination of accountability,

which could also hinder the discovery of shortages or errors, if any, while adversely affecting the reliability of the balance presented in the financial statements.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *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 bases for our qualified opinion.

Key Audit Matters

Except for the matter 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 IPSAS, and for such internal control as Management determines 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 Municipality of Mabinay'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 a 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:


VERA Y. ALJAS
State Auditor IV
Audit Team Leader

June 20, 2025



"Go Mabinay – A Green and More Organized Municipality"

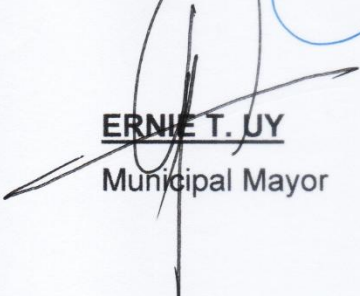
STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the **Local Government Unit of Mabinay** is responsible for all information and representation contained in the Consolidated Statement of Financial Position as of December 31, 2024 and the related Consolidated Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Comparison of Budget and Actual Amounts and Statements of Cash Flows for the year then ended. The Financial Statements have been prepared in conformity with Philippines Sector Accounting Standards (PPSAS) 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.


KAREN JEAN ANFONE – LOBOS

Municipal Accountant


ERNIE T. UY

Municipal Mayor

Republic of the Philippines
Province of Negros Oriental
Municipality of Mabinay

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

1. Profile

The LGU was created by virtue of Republic Act No. 2496 dated June 21, 1956. Mabinay is situated roughly in the central part of Negros Island abutting the western side of the province boundary with land area approximately 36,226.35 hectares and is subdivided into 32 barangays. It is about 87 kilometers north-west of the provincial capital, Dumaguete City and can be reached via the circumferential but well-paved National Road that cuts across the middle of the province from Bais City to Kabankalan City, Negros Occidental. Mabinay is a first class municipality in the province of Negros Oriental, Philippines. According to the 2010 census, it has a population of 74,187 people. Its location roughly halfway between Bacolod and Dumaguete makes it the regional center of the Negros Island Region, along with neighboring Kabankalan City to its north-west in Negros Occidental. Mabinay is known for its caves. Aside from the caves, natural spring is located at the heart of the municipality, the Mabinay Spring Resort.

The Municipality of Mabinay was a recipient of the following awards, among others:

1. 2022 Gawad Kalasag Seal of Excellence Award – Beyond Compliant (National and Regional Level)
2. 2022 The Good Financial Housekeeping Award
3. 2021 High Functional Municipal Peace and Order Council Award
4. 2021 High Functional Municipal Anti-Drug Abuse Council Award
5. 2021 Outstanding Provincial Community Empowerment Thru Science and Technology Award
6. 2021 TIMBAYAYONG AWARD for Outstanding LGU and NGO/PO Partnership

2. Financial Statement Presentation

The consolidated financial statements of the LGU have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS). The consolidated financial statements are presented in pesos, which is the functional and reporting currency of the LGU. The accounting policies have been applied starting the year 2015.

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 International Public Sector Accounting Standards (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. Inter-group transaction, balances and unrealized gains and losses on transactions between entities and funds are eliminated in full. The LGU maintains special accounts under the General Fund for the following economic enterprises it operates:

- Market Operations
- Slaughterhouse Operation
- Cemetery Operations

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.

The LGU availed of the 5 – year transitional provision for the recognition of Tax Revenue- Real Property and Special Education Tax. For the first year, there will be no change in policy for the recognition of the aforementioned tax revenue.

Revenue from exchange transactions

Rendering of services

The LGU recognizes revenue from 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.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

3.4 Property, plant, and equipment

All property, plant and equipment 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 parts of property, plant and 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 useful life of the asset.

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. In the first year of implementation of the PPSAS, the LGU did not recognize the Public Infrastructure in the books of accounts.

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 groups financial liabilities including trade and other payables, 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 held for trading and 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank. 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.

3.6 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.

Contingent liabilities

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.

Contingent assets

The LGU does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LGU in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.7 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.

3.8 Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. 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.

3.9 Related parties

The LGU regards a related party as a person or an entity with the ability to exert control individually or jointly, or exercise significant influence over the LGU, or vice versa. Members of key management are regarded as related parties and comprise the Governor, Mayors, Vice-Governors and Vice-Mayors, Sanggunian Members, Committee Officials and Members, Accountants, Treasurers, Budget Officers, General Services and all Chiefs of Departments/Divisions.

3.10 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 needs of the LGU. 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 under spending on line items.

3.11 Significant judgments and sources of estimation uncertainty

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.

4. Cash and Cash Equivalents

This account consists of the following:

| Cash on Hand | 2024 | 2023 |
|---|-------------------------|-------------------------|
| Cash – Local Treasury | ₱ 6,492,382.56 | ₱ 1,864,789.34 |
| Cash in Bank – Local Currency | | |
| Cash in Bank – Local Currency, Current Account | 298,747,966.02 | 312,608,534.54 |
| Total Cash and Cash Equivalents | ₱ 305,240,348.58 | ₱ 314,473,323.88 |

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

5. Receivables

This account consists of the following:

| Loans and Receivable Accounts | 2024 | 2023 |
|---|-------------------------|-------------------------|
| Real Property Tax Receivable | ₱ 129,497,430.88 | ₱ 72,310,724.01 |
| Special Education Tax Receivable | 72,237,355.90 | 76,815,678.47 |
| Inter-Agency Receivables | | |
| Due from NGAs | 20.00 | 20.00 |
| Due from GOCCs | 78,126.77 | 78,126.77 |
| Due from LGUs | 1,734,170.00 | 530,170.00 |
| Intra-Agency Receivables | | |
| Due from Other Funds | 0.00 | 0.00 |
| Advances | | |
| Advances for Operating Expenses | 11,179.08 | 11,179.08 |
| Advances for Payroll | 1,387,627.94 | 1,384,017.19 |
| Advances to Officers and Employees | 2,810,722.70 | 2,438,662.46 |
| Other Receivables | | |
| Receivables – Disallowances/Charges | 21,914.00 | 36,914.00 |
| Due from Officers and Employees | 3.00 | 13,250.88 |
| Other Receivables | 49,225.63 | 49,225.63 |
| Total | ₱ 207,827,775.90 | ₱ 153,667,968.49 |
| Less: Due from Other Funds (eliminated) | 0.00 | 0.00 |
| Total Receivables, Net | ₱ 207,827,775.90 | ₱ 153,667,968.49 |

Transfers from other government agencies represent those funds received for specific projects undertaken by the LGU for specific purpose. These funds were received on the basis of 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. Returned of the unspent portion of the fund is subject to the conditions stated in the respective Memorandum of Agreements executed between the LGU and the proponent government agencies.

Due from Other Funds is the reciprocal account of Due to Other Funds and are offsetting each other.

As of December 31, 2023, the ageing analysis of current accounts receivable is as follows:

| | Total | Neither past due or impaired | Past due but not impaired | | |
|-------------------------------------|-------------------------|------------------------------|---------------------------|---------------|-------------------------|
| | | | <30 days | 30-60 days | >60 days |
| Real Property Tax Receivable | ₱ 129,497,430.88 | ₱ 0.00 | ₱ 0.00 | ₱ 0.00 | ₱ 129,497,430.88 |
| Special Education Tax Receivable | 72,237,355.90 | 0.00 | 0.00 | 0.00 | 72,237,355.90 |
| Due from GOCCs | 78,126.77 | 0.00 | 0.00 | 0.00 | 78,126.77 |
| Due from LGUs | 1,734,170.00 | 0.00 | 0.00 | 0.00 | 1,734,170.00 |
| Due from NGAs | 20.00 | 0.00 | 0.00 | 0.00 | 20.00 |
| Advances for Operating Expenses | 11,179.08 | 0.00 | 0.00 | 0.00 | 11,179.08 |
| Advances for Payroll | 1,387,627.94 | 0.00 | 0.00 | 0.00 | 1,387,627.94 |
| Advances for Officers and Employees | 2,810,722.70 | 0.00 | 0.00 | 0.00 | 2,810,722.70 |
| Receivables – Disallowances/Charges | 21,914.00 | 0.00 | 0.00 | 0.00 | 21,914.00 |
| Due form Officers & Employees | 3.00 | 0.00 | 0.00 | 0.00 | 3.00 |
| Other Receivables | 49,225.63 | 0.00 | 0.00 | 0.00 | 49,225.63 |
| Total | ₱ 207,827,775.90 | ₱ 0.00 | ₱ 0.00 | ₱ 0.00 | ₱ 207,827,775.90 |

6. Inventories

This account consists of the following:

| Inventory Held for Consumption | 2024 | 2023 |
|--|--------------|--------------|
| Accountable Forms, Plates and Stickers | ₱ 162,287.00 | ₱ 155,171.60 |
| Other Supplies and Materials Inventory | 389,318.75 | 389,318.75 |
| Semi-Expendable Machinery and Equipment | | |
| Semi-Expendable Machinery | 56,445.00 | 0.00 |
| Semi-Expendable Office Equipment | 397,623.50 | 0.00 |
| Semi-Expendable Information and Communication Technology Equipment | 929,256.70 | 0.00 |
| Semi-Expendable Agricultural and Forestry Equipment | 29,980.00 | 0.00 |

| Semi-Expendable Machinery and Equipment | 2024 | 2023 |
|---|-----------------------|---------------------|
| Semi-Expendable Marine and Fishery Equipment | ₱ 41,400.00 | ₱ 0.00 |
| Semi-Expendable Communication Equipment | 48,518.50 | 0.00 |
| Semi-Expendable Disaster Response and Rescue Equipment | 806,203.61 | 0.00 |
| Semi-Expendable Military, Police, and Security Equipment | 47,940.00 | 0.00 |
| Semi-Expendable Medical, Dental, and Laboratory Equipment | 89,475.00 | 0.00 |
| Semi-Expendable Other Machinery and Equipment | 53,698.20 | 0.00 |
| Semi-Expendable Machinery and Equipment | | |
| Semi-Expendable Furniture and Fixtures | 1,049,546.10 | 0.00 |
| Semi-Expendable Books | 39,000.00 | 0.00 |
| Total | ₱ 4,140,692.36 | ₱ 544,490.35 |

7. Prepayments and Deferred Charges

This account consists of advances to contractors amounting to ₱64,158,375.55 and ₱42,923,732.29 for CY 2024 and CY 2023, respectively.

8. Property, Plant, and Equipment

This account consists of the following:

| | | |
|---|----------------|----------------|
| Land | | |
| Land | ₱ 1,576,407.12 | ₱ 1,576,407.12 |
| Land Improvements | | |
| Land Improvements, Aquaculture Structures | 54,769,253.51 | 48,006,554.23 |
| Other Land Improvements | 59,500.00 | 59,500.00 |
| Infrastructure Projects | | |
| Road Networks | 19,221,651.59 | 19,221,651.59 |
| Flood Control Systems | 468,269.00 | 468,269.00 |
| Water Supply Systems | 28,710,154.51 | 28,710,154.51 |
| Power Supply Systems | 19,234,890.10 | 15,908,362.02 |
| Parks, Plazas, and Monuments | 330,710.00 | 330,710.00 |
| Other Infrastructure Assets | 342,094.00 | 342,094.00 |

| Buildings and Other Structures | 2024 | 2023 |
|---|---------------------------|---------------------------|
| Buildings | ₱ 36,433,999.12 | ₱ 36,433,999.12 |
| School Buildings | 10,814,643.95 | 10,814,643.95 |
| Hospital and Health Centers | 3,423,149.65 | 3,423,149.65 |
| Markets | 25,407,365.50 | 25,407,365.50 |
| Other Structures | 36,499,710.03 | 36,494,635.03 |
| Machinery and Equipment | | |
| Machinery | 2,383,088.00 | 2,383,088.00 |
| Office Equipment | 4,708,672.10 | 4,520,672.10 |
| Information and Communication Technology | 19,680,577.55 | 19,253,777.55 |
| Agriculture and Forestry Equipment | 5,989,500.00 | 5,989,500.00 |
| Communication Equipment | 1,330,476.20 | 1,282,676.20 |
| Construction and Heavy Equipment | 79,207,970.09 | 79,207,970.09 |
| Disaster Response and Rescue Equipment | 11,476,926.62 | 7,677,805.62 |
| Medical Equipment | 2,359,818.00 | 1,938,618.00 |
| Sports Equipment | 582,743.00 | 582,743.00 |
| Technical and Scientific Equipment | 1,685,977.00 | 1,685,977.00 |
| Other Machinery and Equipment | 11,270,506.90 | 10,807,553.15 |
| Motor Vehicles | 59,257,587.59 | 54,094,115.89 |
| Other Transportation Equipment | 2,532,032.00 | 2,532,032.00 |
| Furniture, Fixtures, and Books | | |
| Furniture and Fixtures | 13,435,968.17 | 13,377,588.17 |
| Books | 287,109.95 | 287,109.95 |
| Construction in Progress | | |
| Construction in Progress – Land Improvements | 41,914,180.86 | 29,852,613.28 |
| Construction in Progress – Infrastructures Assets | 413,063,234.57 | 335,527,799.56 |
| Construction in Progress – Buildings and Other Structures | 448,880,744.98 | 363,480,198.87 |
| Service Concession Assets | | |
| Service Concession Assets | 2,852,168.49 | 2,852,168.49 |
| Other Property, Plant and Equipment | | |
| Other Property, Plant and Equipment | 2,869,757.24 | 2,869,757.24 |
| Total | ₱ 1,363,060,837.39 | ₱ 1,167,401,259.88 |
| Less: Accumulated Depreciation | (188,948,552.95) | (174,008,269.70) |
| Net Book Value | ₱ 1,174,112,284.44 | ₱ 993,392,990.18 |

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.

9. Biological Assets

This account consists of the following:

| Bearer Biological Assets | 2024 | 2023 |
|---------------------------------|------------------------|------------------------|
| Breeding Stocks | ₱ 14,809,632.00 | ₱ 14,669,632.00 |
| Plants and Trees | 4,860,514.04 | 4,860,514.04 |
| Total Biological Assets | ₱ 19,670,146.04 | ₱ 19,530,146.04 |

The above balances are stated in net recoverable value.

10. Financial Liabilities

This account consists of the following:

| | | |
|--------------------------------------|-------------------------|-------------------------|
| Current Liabilities | | |
| Accounts Payable | ₱ 20,845,369.16 | ₱ 17,647,917.85 |
| Due to Officers and Employees | 4,868,671.43 | 4,630,002.34 |
| Total Current Liabilities | ₱ 25,714,040.59 | ₱ 22,277,920.19 |
| Non-Current Liabilities | | |
| Loans Payable – Domestic | ₱ 385,608,730.24 | ₱ 310,985,854.88 |
| Total Non-Current Liabilities | ₱ 385,608,730.24 | ₱ 310,985,854.88 |

11. Inter-Agency Payables

This account consists of the following:

| | | |
|-------------------|------------------------|------------------------|
| Due to BIR | ₱ 1,476,560.87 | ₱ 2,476,823.15 |
| Due to GSIS | 2,693,228.27 | 2,549,031.57 |
| Due to Pag-IBIG | 104,560.63 | 51,884.94 |
| Due to PhilHealth | 812,843.98 | 578,167.79 |
| Due to NGAs | 70,683,014.46 | 39,958,254.26 |
| Due to GOCCs | 137,886.90 | 182,069.66 |
| Due to LGUs | 7,613,384.87 | 4,327,270.24 |
| Total | ₱ 83,521,479.98 | ₱ 50,123,501.61 |

The first four accounts represent the amount deducted from the salaries of officials and employees and is remitted to the respective government agencies immediately on the month following the month for which these were deducted. While part of the PhilHealth and the remaining accounts represents balances of funds received by the LGU for specific purposes. During the immediately succeeding month i.e January 2025, the following remittances were made:

| PAYEE | CHECK NO. | DATE | PARTICULARS | TOTAL |
|------------------|-----------|-----------|--------------------------|--------------|
| BIR Commissioner | 908890 | 1/10/2025 | Remittance to BIR | 57,177.92 |
| BIR Commissioner | 908891 | 1/10/2025 | Remittance to BIR | 735,184.95 |
| BIR Commissioner | 908892 | 1/10/2025 | Remittance to BIR | 302,748.91 |
| GSIS | ADA | 1/3/2025 | Remittance to GSIS | 2,224,003.98 |
| HDMF (Pag-ibig) | 908894 | 1/8/2025 | Remittance to Pag-ibig | 57,600.00 |
| HDMF (Pag-ibig) | 908893 | 1/10/2025 | Remittance to Pag-ibig | 29,856.68 |
| PhilHealth | ADA | 1/8/2025 | Remittance to Philhealth | 308,019.45 |

Transfers from other government agencies represent those received for specific projects undertaken by the LGU for specific purpose. These funds were received on the basis of 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 Memorandum of Agreements executed between the LGU and the proponent government agencies.

12. Trust Liabilities

This account consists of the following:

| | 2024 | 2023 |
|---|------------------------|------------------------|
| Trust Liabilities | ₱ 390.00 | ₱ 390.00 |
| Trust Liabilities – Disaster Risk Reduction and Management Fund | 10,294,430.00 | 6,221,971.85 |
| Bail Bonds Payable | 29,710.00 | 29,710.00 |
| Guaranty/Security Deposits Payable | 29,944,842.47 | 30,939,464.06 |
| Total Trust Liabilities | ₱ 40,269,372.47 | ₱ 37,191,535.91 |

13. Other Payables

Other Payables amounted to ₱178,160.02 and ₱158,756.90 for CY 2024 and CY 2023, respectively.

14. Deferred Credits/Unearned Income

This account consists of the following:

| | 2024 | 2023 |
|--------------------------------|-------------------------|-------------------------|
| Deferred Real Property Tax | ₱ 129,497,430.88 | ₱ 72,310,724.01 |
| Deferred Special Education Tax | 72,237,355.90 | 76,815,678.47 |
| Other Deferred Credits | 259,640.00 | 259,640.00 |
| Total | ₱ 201,994,426.78 | ₱ 149,386,042.48 |

15. Tax Revenue

This account consists of the following:

| | | |
|---|------------------------|------------------------|
| Tax Revenue – Individual and Corporation | | |
| Community Tax | ₱ 857,169.24 | ₱ 942,590.52 |
| Tax Revenue – Property | | |
| Real Property Tax – Basic | 1,831,372.53 | 1,611,752.38 |
| Special Education Tax | 4,578,322.57 | 2,294,531.93 |
| Tax Revenue – Goods and Services | | |
| Business Tax | 6,028,657.64 | 5,552,361.19 |
| Tax on Sand, Gravel and Other Quarry Products | 0.00 | 58,000.00 |
| Amusement Tax | 56,558.00 | 35,635.00 |
| Franchise Tax | 190,300.00 | 304,500.00 |
| Tax Revenue – Fines and Penalties | | |
| Tax Revenue – Fines and Penalties – Taxes on Goods and Services | 89,773.61 | 79,752.51 |
| Total Tax Revenue | ₱ 13,632,153.59 | ₱ 10,879,123.53 |

16. Share from Internal Revenue Allotment

Share from Internal Revenue Collections amounted to ₱319,692,576.00 and ₱300,844,080.00 for CY 2024 and CY 2023, respectively.

17. Service and Business Income

This account consists of the following:

| Service Income | 2024 | 2023 |
|-------------------|----------------|----------------|
| Permit Fees | ₱ 2,125,430.14 | ₱ 1,906,034.32 |
| Registration Fees | 1,054,193.00 | 1,164,252.00 |

| Service Income | 2024 | 2023 |
|--|------------------------|------------------------|
| Registration Plates, Tags, and Stickers Fees | ₱ 40,350.00 | ₱ 41,625.00 |
| Clearance and Certificate Fees | 778,857.61 | 653,438.46 |
| Inspection Fees | 181,543.80 | 175,950.00 |
| Fees for Sealing and Licensing of Weights and Measures | 13,200.00 | 12,200.00 |
| Fines and Penalties – Service Income | 19,693.75 | 19,787.50 |
| Business Income | | |
| Rent Income | 207,800.00 | 158,825.00 |
| Receipts from Operation of Hostels/Dormitories and Other Like Facilities | 1,484,395.50 | 1,769,112.55 |
| Receipt from Market Operations | 12,668,370.56 | 11,290,112.79 |
| Receipt from Slaughterhouse Operations | 263,201.00 | 346,254.50 |
| Receipt from Cemetery Operations | 183,572.00 | 113,774.00 |
| Garbage Fees | 652,725.00 | 535,787.00 |
| Hospital Fees | 750,600.00 | 555,050.00 |
| Interest Income | 236,818.60 | 287,018.96 |
| Fines and Penalties – Business Income | 66,372.75 | 63,185.29 |
| Other Business Income | 4,597,743.07 | 3,960,455.00 |
| Total Service and Business Income | ₱ 25,324,866.78 | ₱ 23,052,862.37 |

18. Grants and Donations

Grants and Donations consisted of grants and donations in kind amounting to ₱2,174,000.00 for CY 2024.

19. Personnel Services

This account consists of the following:

| Salaries and Wages | | |
|---|-----------------|-----------------|
| Salaries and Wages – Regular | ₱ 59,983,438.21 | ₱ 54,602,930.80 |
| Salaries and Wages – Casual/Contractual | 16,568,059.61 | 15,161,592.39 |
| Other Compensation | | |
| Personal Economic Relief Allowance | 6,553,943.66 | 5,922,000.00 |
| Representation Allowance | 2,599,987.50 | 2,332,075.00 |
| Transportation Allowance | 2,312,887.50 | 1,958,125.00 |
| Clothing/Uniform Allowance | 1,837,000.00 | 1,494,000.00 |
| Subsistence Allowance | 689,100.00 | 625,800.00 |
| Laundry Allowance | 70,200.00 | 63,375.00 |
| Productivity Incentive Allowance | 1,392,500.00 | 1,222,500.00 |

| Other Compensation | 2024 | 2023 |
|---|-------------------------|-------------------------|
| Honoraria | ₱ 733,966.20 | ₱ 1,994,437.90 |
| Hazard Pay | 4,146,087.27 | 3,707,110.72 |
| Overtime and Night Pay | 967,822.34 | 1,105,566.09 |
| Year-End Bonus | 6,602,085.60 | 5,760,724.00 |
| Cash Gift | 1,400,500.00 | 1,223,122.00 |
| Other Bonuses and Allowances | 18,286,711.00 | 15,426,430.00 |
| Personnel Benefits Contributions | | |
| Retirement and Life Insurance Premiums | 8,645,585.69 | 7,907,894.50 |
| Pag-IBIG Contribution | 326,606.61 | 147,600.00 |
| PhilHealth Contribution | 1,839,485.64 | 1,324,506.26 |
| Employees Compensation Insurance Premiums | 318,993.87 | 289,775.01 |
| Other Personnel Benefits | | |
| Terminal Leave Benefits | 1,433,167.44 | 2,267,303.74 |
| Other Personnel Benefits | 1,827,503.32 | 1,931,461.58 |
| Total | ₱ 138,535,631.46 | ₱ 126,468,329.99 |

20. Maintenance and Other Operating Expenses

This account consists of the following:

| | | |
|---|----------------|----------------|
| Traveling Expenses | | |
| Traveling Expenses – Local | ₱ 3,775,180.53 | ₱ 3,944,562.73 |
| Training and Scholarship Expenses | | |
| Training Expenses | 5,315,515.40 | 5,476,838.14 |
| Supplies and Materials Expenses | | |
| Office Supplies Expense | 2,450,870.23 | 2,196,224.98 |
| Accountable Forms Expenses | 411,816.60 | 517,023.80 |
| Animal/Zoological Supplies Expenses | 806,670.00 | 652,140.00 |
| Food Supplies Expenses | 2,083,158.00 | 1,186,600.55 |
| Welfare Goods Expenses | 857,860.50 | 823,761.00 |
| Drugs and Medicines Expenses | 4,132,424.97 | 3,234,485.42 |
| Medical, Dental, and Laboratory Supplies Expenses | 1,972,458.15 | 1,538,346.21 |
| Fuel, Oil, and Lubricant Expenses | 11,127,605.48 | 12,600,662.66 |
| Agriculture and Marine Supplies Expenses | 4,030,763.00 | 2,602,800.00 |
| Military, Police, and Traffic Supplies Expenses | 182,455.40 | 167,575.40 |
| Chemical and Filtering Supplies Expenses | 441,075.00 | 407,354.00 |
| Semi-Expendable Machinery and Equipment | 854,356.00 | 0.00 |
| Semi-Expendable Furniture and Fixtures | 133,675.70 | 0.00 |

| Supplies and Materials Expenses | 2024 | 2023 |
|---|----------------|----------------|
| Other Supplies and Materials Expenses | ₱ 5,269,438.59 | ₱ 5,906,597.03 |
| Utility Expenses | | |
| Water Expenses | 1,700,816.00 | 1,429,051.00 |
| Electricity Expenses | 10,767,303.79 | 10,144,621.78 |
| Communication Expenses | | |
| Postage and Courier Services | 5,810.00 | 5,540.00 |
| Telephone Expenses | 776,426.94 | 776,444.83 |
| Internet Subscription Expenses | 571,194.08 | 568,339.01 |
| Cable, Satellite, Telegraph, and Radio Expenses | 9,300.00 | 21,800.00 |
| Generation, Transmission & Distribution General Services | | |
| Generation, Transmission & Distribution General Services | 30,315.00 | 0.00 |
| Confidential, Intelligence and Extraordinary Expenses | | |
| Extraordinary and Miscellaneous Expenses | 0.00 | 25,996.34 |
| Professional Services | | |
| Other Professional Services | 0.00 | 117,000.00 |
| General Services | | |
| Security Services | 783,750.00 | 680,000.00 |
| Repairs and Maintenance | | |
| Repairs and Maintenance – Infrastructure Assets | 781,174.97 | 248,953.50 |
| Repairs and Maintenance – Buildings and Other Structures | 2,042,232.47 | 1,115,897.52 |
| Repairs and Maintenance – Machinery and Equipment | 3,383,926.20 | 2,789,983.50 |
| Repairs and Maintenance – Transportation Equipment | 4,412,493.78 | 2,348,102.04 |
| Repairs and Maintenance – Other Property, Plant, and Equipment | 192,140.00 | 0.00 |
| Taxes, Insurance Premiums and Other Fees | | |
| Taxes, Duties and Licenses | 9,952.00 | 18,897.00 |
| Fidelity Bond Premiums | 72,487.50 | 60,000.00 |
| Insurance Expenses | 995,497.05 | 970,506.93 |
| Other Maintenance and Operating Expenses | | |
| Representation Expenses | 81,200.00 | 0.00 |
| Transportation and Delivery Expenses | 0.00 | 44,700.00 |
| Rent Expenses | 0.00 | 29,240.00 |

| Other Maintenance and Operating Expenses | 2024 | 2023 |
|---|-------------------------|-------------------------|
| Membership Dues and Contributions to Organizations | ₱ 13,600.00 | ₱ 0.00 |
| Donations | 50,00.00 | 109,963.00 |
| Other Maintenance and Operating Expenses | 120,988,672.35 | 69,761,683.70 |
| Total Maintenance and Other Operating Expenses | ₱ 191,513,645.68 | ₱ 132,521,692.07 |

21. Financial Expenses

This account consists of the following:

| | | |
|-------------------------|------------------------|------------------------|
| Interest Expenses | ₱ 23,877,859.97 | ₱ 17,220,036.45 |
| Bank Charges | 3,600.00 | 0.00 |
| Other Financial Charges | 1,376,395.50 | 193,008.00 |
| Total | ₱ 25,257,855.47 | ₱ 17,413,044.45 |

22. Non-Cash Expenses

This account consists of the following:

| | | |
|--|------------------------|------------------------|
| Depreciation – Land Improvements | ₱ 477,974.79 | ₱ 327,993.38 |
| Depreciation – Infrastructure Assets | 1,038,111.53 | 1,585,235.90 |
| Depreciation – Buildings and Other Structure | 3,385,838.14 | 3,391,166.57 |
| Depreciation – Machinery and Equipment | 6,518,224.15 | 6,183,194.35 |
| Depreciation – Transportation Equipment | 3,064,353.56 | 2,885,316.20 |
| Depreciation – Furniture, Fixtures and Book | 455,781.08 | 905,146.35 |
| Total | ₱ 14,940,283.25 | ₱ 15,278,052.75 |

23. Transfers, Assistance and Subsidy From

This account consists of the following:

| | | |
|--------------------------------------|------------------------|------------------------|
| Subsidy from National Government | ₱ 50,521,094.67 | ₱ 9,665,624.32 |
| Subsidy from Local Government Units | 4,404,452.02 | 4,851,325.80 |
| Transfer from Other Local Government | 0.00 | 1,392,152.81 |
| Total | ₱ 54,925,546.69 | ₱ 15,909,102.93 |

24. Transfers, Financial Assistance/Subsidy To

This account consists of the following:

| | 2024 | 2023 |
|---|-----------------------|------------------------|
| Subsidy to NGAs | ₱ 0.00 | ₱ 500,000.00 |
| Subsidy to Other Local Government Units | 432,00.00 | 712,000.00 |
| Transfers of Unspent Current Year DRRM Funds to the Trust Funds | 5,027,465.90 | 6,173,771.00 |
| Transfers for Project Equity Share/LGU Counterpart | 0.00 | 2,826,930.00 |
| Total | ₱ 5,459,465.90 | ₱ 10,212,701.00 |

25. Other Non-Operating Income

Other Non-Operating Income consisted of miscellaneous income amounting to ₱513,361.73 and ₱550,722.74 for CY 2024 and CY 2023 respectively.

26. Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

| | | |
|--|------------------------|------------------------|
| Surplus/(Deficit) | ₱ 40,555,623.03 | ₱ 49,342,071.31 |
| Non-cash Transactions | | |
| Depreciation | 14,940,283.25 | 15,278,052.75 |
| Increase/(Decrease) in Payables | 5,641,414.74 | 56,211,360.08 |
| (Increase)/Decrease in Current Assets | (6,690,234.57) | (21,246,661.46) |
| Increase in Provisions Relating to Employee Cost | 12,067,300.87 | (2,069,764.17) |
| Net Cash from Operating Activities | ₱ 66,514,387.32 | ₱ 97,515,058.51 |

27. Reconciliation between actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual amounts and in the Statement of Financial Performance for the Year Ended December 31, 2024

See page 29 for details.

28. Local Disaster Risk Reduction and 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 ₱42,386,277.90 and ₱24,268,696.95, respectively, broken down as follows:

| Particular | Amount Available | Amount Utilized | Balance |
|-------------------------------------|-------------------------|------------------------|-----------------------|
| Current Year Appropriations: | | | |
| Quick Response Fund (QRF) | | | |
| MOOE | ₱ 5,274,673.55 | ₱ 0.00 | ₱ 5,274,673.55 |
| Mitigation Fund (MF) | | | |
| MOOE | 5,277,571.60 | 5,202,204.66 | 75,366.94 |
| Capital Outlay | 7,030,000.00 | 7,025,626.09 | 4,373.91 |
| Subtotal | ₱17,582,245.15 | ₱12,227,830.75 | ₱ 5,354,414.40 |
| Continuing Appropriations | ₱13,554,595.00 | ₱11,085,858.45 | ₱ 2,468,736.55 |
| Special Trust Fund: | | | |
| CY 2023 | ₱ 5,027,465.90 | ₱ 0.00 | ₱ 5,027,465.90 |
| CY 2022 | 5,907,246.54 | 640,282.44 | 5,266,964.10 |
| CY 2021 | 274,578.21 | 274,578.21 | 0.00 |
| CY 2019 | 40,147.10 | 40,147.10 | 0.00 |
| Subtotal | ₱11,249,437.75 | ₱ 955,007.75 | ₱10,294,430.00 |
| TOTAL | ₱42,386,277.90 | ₱24,268,696.95 | ₱18,117,580.95 |

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AND COMPLIANCE AUDIT

Loans Payable

1. **The entire Loans Payable – Domestic account amounting to ₱385,608,730.24 was incorrectly classified as a non-current liability despite including amortizations due for 2026, which does not align with Section 80 of IPSAS 1 – Presentation of Financial Statements, thereby understating current liabilities by ₱40,132,228.49, overstating the non-current liabilities by the same amount and affecting the fair presentation and reliability of the financial statements as of year-end.**

- 1.1. Section 80 of the International Public Sector Accounting Standard (IPSAS) 1- Presentation of Financial Statements states that:

“A liability shall be classified as current when it satisfies any of the following criteria:

- (a) It is expected to be settled in the entity’s normal operating cycle;
- (b) It is held primarily for the purpose of being traded;
- (c) It is due to be settled within twelve months after the reporting date;
- or
- (d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities shall be classified as non-current.”

- 1.2. Our verification of the Municipality’s year-end financial statements revealed that, as of December 31, 2024, the account Loans Payable – Domestic, classified under Current Liabilities, reflected a balance of ₱0.00, and Loans Payable – Domestic classified under Non-Current Liabilities, had a balance of ₱385,608,730.24.

- 1.3. This amount represents loans obtained by the Local Government Unit (LGU) from the Land Bank of the Philippines to finance the purchase, construction or rehabilitation of the following projects:

- 1.3.1. Mabinay Spring Resort
- 1.3.2. Construction of 2-Storey Commercial Building
- 1.3.3. Construction of People’s Park with Commercial Stalls
- 1.3.4. Improvement and Expansion of Wet Market and Vegetable Building
- 1.3.5. Government Center
- 1.3.6. Construction and Rehabilitation of Farm to Market Road
- 1.3.7. Water Works System
- 1.3.8. Heavy Equipments
- 1.3.9. Government Center Site Development

1.3.10. Acquisition of LED Wall

1.3.11. Establishing of Waterworks for various barangays

- 1.4. These loans are authorized by SB Resolution No. 81, s. 2017, SB Resolution No. 46 with Ordinance No. 5, s. 2017 and SB Resolution No. 375 with Ordinance No. 99-A, s. 2021. The various loans are subject to thirty-two (32) and fifty-six (56) equal quarterly amortizations and will mature in CY 2029, CY 2037, and CY 2039.
- 1.5. In support of this, the bank confirmation dated December 31, 2024, received from the Land Bank of the Philippines confirmed that the Local Government Unit (LGU) had availed of the following loan facilities.
- 1.6. Our review of the Loan Profile and the schedule of loan payments due for CY 2025 submitted by the Municipal Accountant provided a basis for the audit team to examine and validate the amount of the loan to be classified as current and non-current portions of the loans as shown below: (See **Appendix 1** for details)

| Particulars | Outstanding Balance As of 12/31/2024 | Amortization | |
|--|--|----------------------|-----------------------|
| | | Current | Non-Current |
| Terminal Bus Complex | ₱ 0.00 | ₱ 0.00 | ₱ 0.00 |
| Mabinay Spring Resort | 50.11 | 50.11 | 0.00 |
| Rehabilitation of Farm to Market Roads | 4,478.52 | 4,478.52 | 0.00 |
| Heavy Equipments | 0.00 | 0.00 | 0.00 |
| Construction of 2-Storey Commercial Building | 24,252,036.28 | 5,100,416.32 | 19,151,619.96 |
| Construction of People's Park with Commercial Stalls | 15,881,494.76 | 3,340,656.36 | 12,540,838.40 |
| Improvement and Expansion of Wet Market and Vegetable Building | 17,425,232.49 | 3,691,688.92 | 13,733,543.57 |
| Government Center | 121,375,722.25 | 9,978,022.08 | 111,397,700.17 |
| Const. & Rehab. Of Farm to Markets | 83,248,560.81 | 6,838,323.24 | 76,410,237.57 |
| Water Works System | 22,019,406.63 | 1,808,666.48 | 20,210,740.15 |
| Heavy Equipments | 27,966,403.00 | 6,650,750.00 | 21,315,653.00 |
| Acquisition of Led Wall | 1,999,586.00 | 399,917.20 | 1,599,668.80 |
| Improvement of Mabinay Spring Resort | 20,025,681.70 | 715,202.92 | 19,310,478.78 |
| Establishment of Water Works for Various Barangays | 6,496,500.00 | 0.00 | 6,496,500.00 |
| Government Center - Site Developmment (Phase II) | 44,913,577.69 | 1,604,056.34 | 43,309,521.35 |
| TOTAL | 385,608,730.24 | 40,132,228.49 | 345,476,501.75 |

- 1.7. Based on the amortization schedule, ₱40,132,228.49 of the loan is due within twelve months from year-end and should be classified as current liabilities, while ₱345,476,501.75 should be classified as non-current liabilities.
 - 1.8. The Municipal Accountant acknowledged that the misclassification of the loans payable in the financial statements was unintentional. She assured the audit team that the appropriate classification between current and non-current portions will be duly reflected and corrected in the preparation of the financial statements for Calendar Year 2025.
 - 1.9. Proper classification of liabilities is fundamental to the fair presentation of an entity's financial position. Section 80 of IPSAS 1 clearly distinguishes between current and non-current liabilities based on whether they are due to be settled within twelve months after the reporting period. Misclassifying long-term obligations as current distorts key financial indicators such as working capital, liquidity ratios, and overall financial health.
 - 1.10. This may also affect budget planning, risk assessment, and the entity's perceived ability to meet short-term obligations, thereby misleading stakeholders on the LGU's liquidity position, and potentially influencing creditworthiness and decision-making of management.
 - 1.11. Finally, the current liabilities were understated by ₱40,132,228.49 and the non-current liabilities was overstated by the same amount, thereby affecting the fair presentation and reliability of the financial statements as of year-end.
 - 1.12. This observation was communicated to Management through Audit Observation Memorandum No. 2025-03(2024)-Mabinay dated May 13, 2025.
 - 1.13. We recommended and Management agreed that the Municipal Accountant thoroughly review and reclassify the Loans Payable account in accordance with Section 80 of IPSAS 1 – Presentation of Financial Statements, by properly segregating the current and non-current portions based on the loan amortization schedules. Specifically, only the portion of the loan due within twelve months from the reporting date should be classified under Current Liabilities, while the remaining balance must be presented under Non-Current Liabilities.**
2. **The correctness of Loans Payable balance per books in the amount of ₱385,608,730.24 as of December 31, 2023 could not be ascertained due to unreconciled amounts between the financial statements and confirmed bank balances which is not in accordance with Section 74 of P.D. 1445 resulting in an understatement of the Loans Payable account of ₱1,879,315.04 affecting the fair presentation of the account in the Financial Statement as of year-end.**

2.1. Section 74 of P.D.1445, otherwise known as the Government Auditing Code of the Philippines, states that:

“At the close of each month, depositories shall report to the agency head, in such form as he may direct, the condition of the agency account standing on their books. The head of the agency shall see to it that a reconciliation is made between the balance shown in the reports and the balance found in the books of the agency.”

2.2. To establish the existence and accuracy of the Loans Payable account, the audit team sent out bank confirmation letters to the authorized government depository banks within the Province. Confirmation from third parties like depository banks is an important audit procedure because evidence obtained from independent sources outside an entity may provide greater reliability assurance.

2.3. The results of the bank confirmation revealed that the Municipality had an outstanding loan balance with the Land Bank of the Philippines amounting to ₱387,488,045.28 as of December 31, 2024. However, the Loans Payable account reflected in the financial statements showed a balance of only ₱385,608,730.24, resulting in a difference of ₱1,879,315.04. The details of this variance are presented as follows:

| Term Loan No. | Description | Balance per Books | Balance per Bank Confirmation | Overstated/ (Understated) |
|----------------------|--|--------------------------|--------------------------------------|----------------------------------|
| 3 | Mabinay Spring Resort | ₱ 50.11 | ₱ 0.00 | ₱ 50.11 |
| 3 | Rehabilitation of FMR | 4,478.52 | 0.00 | 4,478.52 |
| 5 | Construction of 2-Storey Commercial Building | 24,252,036.28 | 24,226,977.45 | 25,058.83 |
| 6 | Construction of People’s Park with Commercial Stalls | 15,881,494.76 | 15,868,117.75 | 13,377.00 |
| 7 | Improvement and Expansion of Wet Market and Vegetable Building | 17,425,232.49 | 17,535,522.49 | (110,290.00) |
| 8 | Construction of Government Center | 121,375,722.25 | 122,230,770.25 | (855,048.00) |
| 9 | Construction and Rehabilitation of FMR | 83,248,560.81 | 83,769,459.81 | (520,899.00) |
| 10 | Water Works System | 22,019,406.63 | 22,156,164.63 | (136,758.00) |
| 11 | Heavy Equipments | 27,966,403.00 | 28,265,687.50 | (299,284.50) |
| 12 | Government Center-Site Development | 44,913,577.69 | 44,913,577.69 | 0.00 |
| 13 | Improvement of Mabinay Spring Resort | 20,025,681.70 | 20,025,681.70 | 0.00 |
| 14 | Acquisition of LED Wall | 1,999,586.00 | 1,999,586.00 | 0.00 |

| Term Loan No. | Description | Balance per Books | Balance per Bank Confirmation | Overstated/ (Understated) |
|---------------|--|------------------------|-------------------------------|---------------------------|
| 15 | Establishment of Water Works for Various Barangays | ₱ 6,496,500.00 | ₱ 6,496,500.00 | ₱ 0.00 |
| TOTAL | | ₱385,608,730.24 | ₱387,488,045.28 | ₱(1,879,315.04) |

- 2.4. The audit team inquired with the Municipal Accountant regarding the differences in the loan account balances. She explained that the reported balance of loans payable represents the total recorded loan amounts less the payments as of December 31, 2024. She assured the audit team that a confirmation with the Land Bank of the Philippines will be secured prior to making any adjustments to the account. Additionally, she committed to conducting regular reconciliations of the loan account to ensure the accuracy and reliability of the recorded balances.
- 2.5. The difference in balances resulted in an understatement of the loans payable account by balance by P1,879,315.04, thus affecting the fair presentation of the account in the financial statements as of year-end.
- 2.6. This observation was communicated to Management through Audit Observation Memorandum No. 2025-02(2024)-Mabinay dated May 8, 2025.
- 2.7. We recommended that Management direct the Municipal Accountant to reconcile the records per books with the results of the bank confirmation and to prepare the necessary adjusting entries in the books of accounts to present the correct balance of the loans payable account in the financial statements.**
- 2.8. During the exit conference, the Municipal Accountant disclosed that she traced the difference to unrecorded documentary stamps. She agreed to prepare the necessary adjusting entries in the current year.

Cash – Local Treasury

- 3. The balances of Cash – Local Treasury account per ledger and per cashbook showed a variance of ₱5,180,087.16 due to the non-conduct of at least a quarterly reconciliation of records, thereby preventing the prompt determination of accountability, which could also hinder the discovery of shortages or errors, if any, while adversely affecting the reliability of the balance presented in the financial statements in consonance with Paragraph 27 of IPSAS I.**
- 3.1. Paragraph 27 of the International Public Sector Accounting Standards (IPSAS) I, provides that financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in

accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSASs.

- 3.2. Further, Section 7, Chapter II of the Revised Cash Exam Manual, emphasizes that an accountable officer shall reconcile her cashbook with the accounting records at least quarterly, unless the agency requires a more frequent reconciliation.
- 3.3. We have verified the Cash-Local Treasury account as of December 31, 2024, and observed that the balance per general ledger remained unreconciled with the balance per cashbook, as shown below:

| Account | Balance per Books | Balance per Cashbook | Difference |
|---------------------|--------------------------|-----------------------------|-------------------|
| Cash-Local Treasury | ₱6,492,382.56 | ₱1,312,295.40 | ₱5,180,087.16 |

- 3.4. It is worth noting that an audit observation on the unreconciled balance was already issued during the Calendar Year (CY) 2023 audit. However, our current review revealed that the discrepancy between the general ledger and the cashbook has further increased by ₱4,536,214.55 compared to last year's balance, as illustrated below:

| Account | CY 2024 | CY 2023 | Increase (Decrease) |
|----------------------|----------------|----------------|----------------------------|
| Balance per Books | ₱6,492,382.56 | ₱1,864,789.34 | ₱4,627,593.22 |
| Balance per Cashbook | 1,312,295.40 | 1,220,916.73 | 91,378.67 |
| Difference | ₱5,180,087.16 | ₱643,872.61 | ₱4,536,214.55 |

- 3.5. Inquiries with the Municipal Treasurer and Municipal Accountant disclosed that regular reconciliation between the general ledger and the cashbook was not performed at least quarterly as per regulations. The Municipal Accountant asserted that she informs the Municipal Treasurer whenever discrepancies are noted so these may be addressed promptly. However, the latter also informed the audit team that all cash transactions are completely submitted to the Municipal Accountant. The Municipal Accountant assured the audit team that she would trace the causes of the increased unreconciled balance, especially those that pertain to CY 2024 transactions.
- 3.6. The negligence in the periodic reconciliation of both records not only contravenes existing rules and regulations but could likewise hamper the determination of accountability at any given time and the prompt discovery of shortages or errors, if any. Moreover, the continued existence of the unreconciled balance amounting to ₱5,180,087.16 materially affects the fair presentation of the cash balance in the financial statements.
- 3.7. This observation was communicated to Management through Audit Observation Memorandum No. 2025-01(2024)-Mabinay dated May 7, 2025.

- 3.8. We recommended and Management agreed that the Municipal Accountant and the Municipal Treasurer immediately investigate and account for the difference, and reconcile their records to reflect the accurate cash balance as of year-end.
- 3.9. We further recommended and Management agreed that going forward, at least quarterly reconciliations be strictly implemented to detect and correct any discrepancies in a timely manner, thereby ensuring the accuracy and reliability of financial reporting.

Unliquidated Cash Advances

4. Cash advances totaling ₱4,209,529.72 remained unliquidated as of December 31, 2024, which is not consistent with Section 89 of PD 1445 and COA Circular No. 97-002 dated February 10, 1997, thus, expenses were not properly recognized on periods these were incurred, affecting the fair presentation of the financial statements at year-end.
 - 4.1. Section 89 of Presidential Decree (PD) No. 1445 states, “No cash advance shall be given unless for a legally authorized specific purpose. **A cash advance shall be reported on and liquidated as soon as the purpose for which it was given has been served.** No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made.” (Emphasis ours)
 - 4.2. This provision of law is further reiterated under COA Circular No. 97-002 dated February 10, 1997, which provides the general guidelines for the grant, use, and liquidation of cash advances. Item 5 thereof specifically provides liquidation of cash advances as follows:
 - “ 5.1.1 Salaries, wages, etc. – within five (5) days after each fifteen (15) day/end of the month pay period.
 - 5.1.2 Petty Operating Expenses and Field Operating Expenses – within twenty (20) days after the end of the year; subject to replenishment as frequently as necessary during the year.
 - 5.1.3 Official Travel- within sixty (60) days after return to the Philippines in the case of foreign travel or within thirty (30) days after return to his permanent official station in the case of local travel, x x x”
 - 4.3. Further, Section 5.8 of the same Circular requires that “**All cash advances shall be fully liquidated at the end of each year.** Except for petty cash fund, the AO shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipt.” (Emphasis ours)

4.4. Our review of the financial statements and the aging of unliquidated cash advances as of December 31, 2024, disclosed a substantial amount of unliquidated cash advances totaling ₱4,209,529.72, as shown in the table below: (See **Appendix 2** for details)

| Account Name | General Fund | Special Education Fund | Trust Fund | Total |
|------------------------------------|----------------------|------------------------|---------------------|----------------------|
| Advances for Operating Expenses | ₱ 3,896.15 | ₱ 1,555.44 | ₱ 5,727.49 | ₱ 11,179.08 |
| Advances for Payroll | 1,387,627.94 | 0.00 | 0.00 | 1,387,627.94 |
| Advances to Officers and Employees | 2,484,319.30 | 197,853.40 | 128,550.00 | 2,810,722.70 |
| Total | ₱3,875,843.39 | ₱199,408.84 | ₱ 134,277.49 | ₱4,209,529.72 |

4.5. Our verification of the aging schedule of the Advances to Officers and Employees account disclosed that ₱3,596,303.87 out of ₱4,209,529.72 or 85% of the total cash advances remained unliquidated for over five to 10 years.

4.6. Our inquiry with the Municipal Accountant revealed that demand letters have been issued to local government officials and employees with outstanding unliquidated cash advances. Consequently, salary deductions have been implemented as a means of settlement.

4.7. Despite these efforts to enforce liquidation and recover the advances, the unliquidated balance remains significantly high, totaling ₱4,209,529.72 as of year-end. This indicates the need for more stringent monitoring and enforcement measures to ensure full compliance with existing regulations.

4.8. As a result of the non-settlement of cash advances, the receivable and expense accounts have been overstated and understated, respectively, because these may have already been expended, considering the lapse of time and the remote possibility of settlement.

4.9. This observation was communicated to Management through Audit Observation Memorandum No. 2025-05(202)-Mabinay dated May 28, 2025.

4.10. We reiterated our recommendation and Management agreed that the Municipal Accountant pursue the immediate liquidation of all outstanding cash advances by issuing final demand letters to the accountable officers concerned. In cases where liquidation is still not effected within the prescribed period despite due notice, the appropriate sanctions should be enforced, including the withholding of salaries in accordance with existing rules and regulations.

4.11. Furthermore, we recommended and Management agreed that the Municipal Accountant conduct regular monitoring and timely reporting of unliquidated cash advances to the Local Chief Executive, to ensure proper oversight and to facilitate appropriate administrative actions as necessary.

Real Property Tax/Special Education Tax Receivables

5. The balances of the Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable accounts as of December 31, 2024, between the records of the Municipal Accounting Office (MAO) and the Municipal Treasurer’s Office (MTO) showed a difference of ₱90,418,239.18 due to the non-reconciliation of their records thus, the RPT/SET Receivable and Deferred Income accounts, as presented in the financial statements, are deemed unreliable.

5.1. Basic accounting principles dictate the reconciliation of records to ensure that financial data is accurate, complete, and consistent. Reconciliation is the process of comparing two sets of records to verify that the figures match and to identify any discrepancies. In practice, regular reconciliation (monthly, quarterly, or annually) promotes sound financial management, supports decision-making, and ensures compliance with standards and policies.

5.2. Our review of the List of Real Property Tax Delinquencies from the Municipal Treasurer’s Office (MTO) and the RPT and SET Receivable accounts from the Municipal Accounting Office (MAO) as of December 31, 2024, revealed the following balances:

| Account | Per MTO | Per MAO | Difference |
|----------------|------------------------|------------------------|-----------------------|
| RPT Receivable | ₱55,658,614.00 | ₱129,497,430.88 | ₱ 73,838,816.88 |
| SET Receivable | 55,657,933.60 | 72,237,355.90 | 16,579,422.30 |
| Total | ₱111,316,547.60 | ₱201,734,786.78 | ₱90,418,239.18 |

5.3. As shown in the table above, there is a significant difference of ₱ 90,418,239.18 between the RPT Receivable and SET Receivable account balances between the MTO and MAO records as of December 31, 2024.

5.4. Our verification revealed that the Municipal Accountant records the RPT and SET Receivables at the beginning of the year based on the Real Property Tax Potential Report from the Municipal Treasurer.

5.5. On the other hand, the Municipal Accountant confirmed that reconciliation between the records of the Municipal Accountant’s Office (MAO) and the Municipal Treasurer’s Office (MTO) was conducted at the end of the year; however, it was not reconciled because most of the differences were from prior years’ records.

- 5.6. It is important to emphasize that reconciling the Municipal Accountant and Treasurer's records for RPT and SET receivables is crucial for ensuring the accuracy and integrity of financial records. When these records are not reconciled, significant discrepancies can lead to financial misstatements.
- 5.7. In this particular case, there is a significant difference of ₱90,418,239.18 between the MAO and MTO records as of December 31, 2024. Therefore, the RPT and SET receivable account balances, along with their corresponding Deferred RPT and SET Income accounts shown in the financial statements at the reporting date, are unreliable.
- 5.8. This observation was communicated to Management through Audit Observation Memorandum No. 2025-04(2024)-Mabinay dated May 27, 2025.
- 5.9. We recommended that the Municipal Mayor instruct the Municipal Accountant and Municipal Treasurer to reconcile the difference amounting to ₱90,418,239.18 between the Real Property Tax (RPT) and Special Education Tax (SET) Receivables account balances.**
- 5.10. To prevent the further accumulation of unreconciled differences, we further recommended that they, in coordination with the Municipal Assessor, conduct regular and timely reconciliations of the total collectibles from the Basic and Special Education Taxes against the recorded RPT and SET Receivables account balances.**
- 5.11. Additionally, to promote transparency and ensure full disclosure, we recommended that any remaining unreconciled differences be properly reported in the Notes to the Financial Statements.**
- 5.12. During the exit conference, the Municipal Accountant explained that upon tracing the records, she found that recording has been done every beginning of the year but for the whole amount and not just for the current year, resulting in the bloated amount.
- 5.13. The Audit Team recommended that only the current year's receivables will be recorded as a setup in the beginning of the year since the delinquent tax receivables had already been recorded in prior years. The Municipal Accountant assured the Audit Team that she will prepare the appropriate adjusting entries.

B. OTHER MANDATORY AREAS

Compliance with Mandatory Deductions and Tax Laws

- 6.1. Taxes withheld during the year from salaries, wages and other services, including Value-Added Taxes withheld from suppliers and contractors were remitted to the Bureau of Internal Revenue pursuant to existing Revenue Regulations. Of the current outstanding balance of the Due to BIR account as of December 31, 2024 amounting to ₱1,476,560.87, ₱1,095,111.78 was remitted in January 2025 while the remaining balance is still subject to further verification, detailed as follows:

| Due to BIR Balance | Date of Remittance | Check No. | Amount |
|---------------------------|---------------------------|------------------|-----------------------|
| ₱ 1,476,560.87 | 01/10/2025 | 908890 | 57,177.92 |
| 1,419,382.95 | 01/10/2025 | 908891 | 735,184.95 |
| 684,198.00 | 01/10/2025 | 908892 | 302,748.91 |
| 381,449.09 | | | |
| Total Remittances | | | ₱ 1,095,111.78 |

- 6.2. Salary deductions recorded under the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth had balances of ₱2,693,228.27, ₱104,560.63, and ₱812,843.98, respectively, which are still subject to further verification. Remittances for the month of December amounted to ₱2,047,432.30, ₱31,989.53, and, ₱220,565.52, for the accounts Due to GSIS, Due to Pag-IBIG, and Due to PhilHealth, respectively, detailed as follows:

| Due to GSIS Balance | Date of Remittance | Check No. | Amount |
|----------------------------------|---------------------------|------------------|-----------------------|
| ₱ 2,693,228.27 | 01/03/2025 | ADA | ₱ 2,224,003.98 |
| 469,224.29 | | | |
| Total Remittances | | | ₱ 2,224,003.98 |
| Due to Pag-IBIG Balance | Date of Remittance | Check No. | Amount |
| ₱ 104,560.63 | 01/08/2025 | 908894 | ₱ 57,600.00 |
| 46,960.63 | 01/10/2025 | 908893 | 29,856.68 |
| 17,103.95 | | | |
| Total Remittances | | | ₱ 87,456.68 |
| Due to PhilHealth Balance | Date of Remittance | Check No. | Amount |
| ₱ 812,843.98 | 01/08/2025 | ADA | ₱ 308,019.45 |
| 504,824.53 | | | |
| Total Remittances | | | ₱ 308,019.45 |

C. STATUS OF SETTLEMENT OF ACCOUNTS

7.1. The Notices of Suspension and Disallowance showed the following balances as of December 31, 2024:

| Particulars | Beginning Balance (01/01/2024) | Issued this Period (01/01/2024 to 12/31/2024) | | Ending Balance (12/31/2024) |
|---------------|-----------------------------------|--|---------------|--------------------------------|
| | | NS/ND/NC | NSSDC | |
| Suspension | ₱ 150,700.00 | ₱ 0.00 | ₱ 0.00 | ₱ 150,700.00 |
| Disallowances | 1,066,560.00 | 0.00 | 0.00 | 1,066,560.00 |
| Charges | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | ₱ 1,217,260.00 | ₱ 0.00 | ₱ 0.00 | ₱ 1,217,260.00 |

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

| Year Issued | Balance as of 12/31/2024 | Transaction Year | Remarks |
|-----------------------------|-----------------------------|---------------------|---------|
| Notice of Suspension (NS) | | | |
| Undated | ₱ 118,300.00 | Undated | None |
| 2017 | 27,400.00 | 2017 | None |
| 2017 | 5,000.00 | 2016 | None |
| Total NS | ₱ 150,700.00 | | |
| Notice of Disallowance (ND) | | | |
| 2011 | 174,720.00 | 2009 - 2011 | None |
| 2015 | 885,000.00 | 2014 | None |
| 2016 | 6,320.00 | 2014 | None |
| 2017 | 520.00 | 2014 | None |
| Total ND | ₱ 1,066,560.00 | | |

D. OTHER MATTERS

8. We have audited the other audit areas specified under COA Local Government Audit Sector (LGAS) Unnumbered Memorandum dated October 30, 2024. However, we have not yet obtained sufficient and competent evidence on these 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 43 prior years' recommendations 14 were implemented and 29 were unimplemented as shown in the results of validations presented below:

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|---|--|--|---|--------------------------|
| 2023 AAR, AO No. 2, page 32 2015 AAR, AO No. 1, page 28; 2010 AAR, AO No. 5 | The correctness of the Cash in Bank balance per book in the amount of ₱312,608,534.54 as of December 31, 2023, could not be ascertained due to unreconciled amounts between the financial statements and confirmed bank balances, which is not in accordance with Section 74 of Presidential Decree (PD) No. 1445, resulting in the possible overstatement of the Cash in Bank Balance of ₱1,328,436.62. | 1. We recommended that the Municipal Accountant reconcile the records per book with the results of the bank confirmation and prepare the necessary adjusting entries in the books of accounts to present the correct Cash in Bank account balance. | Adjusting entries had been made on August 5, 2024. | Implemented |
| 2023 AAR, AO No. 3, page 34 | Fifty checks totalling ₱213,969.62 which have remained outstanding for over six months to more than seven years from the date of issue have not been cancelled, contrary to Section 59 of the NGAS | 2. We recommended that the Municipal Treasurer cancel the stale checks and send written notices of the cancellation to the respective payees and conform with the provisions set forth in | Stale checks have not been cancelled yet and written notices are yet to be sent to the respective payees. | Unimplemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|-----------------------------|---|---|--|--------------------------|
| | Manual for LGUs, Vol. I, and Section 97 of P.D. No. 1445, thus adversely affecting the accuracy of the Cash in Bank account balances. | Section 59 of the NGAS Manual for LGUs. 3. We further recommended and the Municipal Treasurer agreed to monitor the age of unclaimed checks, send written notices to the payees at least one month before the checks become stale, and coordinate with the Municipal Accountant for the necessary adjustments in the books of account. | No monitoring had been done. | Unimplemented |
| 2023 AAR, AO No. 4, page 36 | The Municipality placed ₱21,805,435.28 under the General Fund and Trust Fund in time deposit, which could not be established as idle funds due to a lack of authority from the Local Sanggunian and approval from the Local Chief Executive. These funds could have been used for purposes that would benefit the | 4. We recommended and Management agreed that the Municipal Treasurer secure authority from the Sanggunian Bayan to support any investment of idle general funds in time deposits and discontinue the placement of funds in time deposits unless they are explicitly determined | SB Resolution No. 156 dated June 25, 2024 was authorized the closure of savings accounts and transfer of the same to current accounts. | Implemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|--|--|---|---|---|
| | constituents. | to be idle. | | |
| 2023 AAR, AO No. 5, page 37; 2021 AAR, AO No. 3, page 35 | The Municipality is only able to collect 50% of the target Real Property Tax (RPT)/Special Education Tax (SET) due to ineffective tax campaigns and enforcement of tax collection remedies, resulting in delinquent taxes totaling ₱97,234,143.16 as of December 31, 2023, contrary to pertinent provisions of Republic Act (R.A.) No. 7160, thus depriving the Municipality of gaining potential revenue, which could have been used to finance its various programs, projects, and activities. | We recommended that the Municipal Treasurer 5. develop an effective tax collection campaign program to enhance the collection of RPT/SET Receivables; 6. publish the notice of delinquency in a newspaper of general circulation once a week for two (2) consecutive weeks; and 7. enforce remedies in the collection of real property subject through the issuance of a warrant on or before, or simultaneously with, the institution of the civil action for the collection of the delinquent tax. | Tax collection campaign programs were developed and effectively implemented during various activities of the Municipality. The notices of delinquencies had been sent to the taxpayers and also published in the bulletin boards in each barangay. No action. | Implemented Implemented Unimplemented |
| 2022 AAR, AO No. 1, page 30; | The one-time cleansing of the Property, Plant, and Equipment (PPE) account | We recommended that: 8. Management, thru the | The Inventory Committee | Implemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
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| <p>2020 AAR, AO No. 1, page 29; 2014 AAR, AO No. 2, page 18; 2013 AAR, AO No. 2, page 17; 2012 AAR, AO No. 5, page 22; 2011 AAR</p> | <p>amounting to ₱258,133,067.73 as of December 31, 2022, was not yet implemented by the Municipality due to their failure to conduct the physical count and to reconcile the count with the books, contrary to pertinent provisions of COA Circular No. 2020-006 dated January 31, 2020, thereby the existence of movable properties amounting to ₱112,496,262.11 and the accuracy of the PPE balances could not be ascertained, affecting the fair presentation of these accounts in the financial statements.</p> | <p>Inventory Committee prioritize the conduct of the physical count of all properties and submit to the auditor the RPCPPE/Inventory Report, to be done annually henceforth;</p> <p>9. The Municipal Accountant and the General Services Officer be required to maintain and subsequently update the Ledger Cards and Stock and PCs in order that the reconciliation of the physical count against book balances can be facilitated; and</p> <p>10. The Municipal Accountant and the General Services Officer reconcile the accounting and property records and make the necessary adjustments so that the accounts can be fairly</p> | <p>had completed the physical count and the RPCPPE had been submitted.</p> <p>Stock and property cards have been maintained by the GSO and the Municipal Accountant maintains an excel file of all PPEs. However, since the dropping of unserviceable properties had not yet been done, ledger cards had not been updated yet.</p> <p>Final reconciliation between the records of the Municipal Accountant and the General Services Officer was still pending.</p> | <p>Unimplemented</p> <p>Unimplemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
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| | | each year. The RPCLRN shall be reconciled with the accounting records, and the necessary adjusting entries prepared before the statement date. | | |
| 2022 AAR, AO No. 4, page 39 | The Municipality failed to remit GSIS, Pag-IBIG, and PhilHealth contributions, amounting to ₱378,759.06, ₱22,265.41, and ₱275,404.19 respectively, contrary to the provisions of the Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 8291, R.A. No. 9679, and R.A. No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606, which may result in the imposition of interests and penalties and may deprive the employees of the benefits due them. | <p>We recommended that Management:</p> <p>13. particularly the Municipal Accountant, coordinate with GSIS, Pag-IBIG, and PhilHealth to determine the outstanding premium contributions of each employee in their records;</p> <p>14. ensure that mandatory contributions are remitted in accordance with the provisions of R.A. No. 8291, R.A. No. 9679, and R.A. No. 7875 as amended by R.A. No. 9241 and R.A. No. 10606 and its IRRs to</p> | <p>No coordination had been made with GSIS, Pag-IBIG, and PhilHealth.</p> <p>Current-year mandatory contributions had been remitted accordingly, but unreconciled balances from prior years still existed.</p> | <p>Unimplemented</p> <p>Unimplemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|---|--|---|--|--------------------------|
| | | <p>avoid the incurrence of interest and penalties; and</p> <p>X x x</p> | | |
| <p>2021 AAR, AO No. 1, page 29; 2018 AAR, AO No. 1, page 27</p> | <p>The balances of accounts Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable as of December 31, 2021 per records of the Municipal Accounting Office (MAO) and Municipal Treasurer's Office (MTO) showed a difference of ₱99,795,415.38, which could not be reconciled because the MAO and MTO did not maintain subsidiary ledgers and RPT Account Registers/Taxpayer's index cards, respectively, contrary to Section 20, Volume I of the Manual on the New Government Accounting System (NGAS) and Section 10, Volume II of the same Manual, thus, RPT/SET Receivable and Deferred</p> | <p>We recommended that:</p> <p>15. The Municipal Accountant and Municipal Treasurer reconcile the difference between the RPT and SET Receivables account balances totaling ₱99,795,415.38 and henceforth, conduct periodic reconciliation, together with the Municipal Assessor, of the total collectibles from the Basic and Special Education Tax with the balances of the RPT Receivables and SET Receivables accounts to avoid accumulation of unreconciled differences;</p> <p>X x x</p> | <p>Adjusting entries had been made to correct the amount set-up for RPT and SET Receivables.</p> | <p>Implemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|-----------------------------|---|---|--|--------------------------|
| | RPT/SET Income accounts as presented in the financial statements could not be relied upon. | | | |
| 2021 AAR, AO No. 4, page 38 | The accuracy and reliability of the reported Property, Plant and Equipment (PPE) accounts could not be relied upon due to the incorrect basis of recording depreciation charges contrary to Philippine Application Guidance (PAG) 6 of International Public Sector Accounting Standard (IPSAS) 17 – Property, Plant and Equipment, resulting in the overstatement of the PPE accounts. Furthermore, subsidiary ledgers were not maintained for all PPE accounts contrary to Section 10 of the NGAS Manual for LGUs, thus, rendering the said accounts unreliable. | 16. We recommended and Management agreed that the Municipal Accounting Office adjust the balances related to the PPE account as a change in accounting policy and, subsequently, to record depreciation based on 5% residual value in compliance with PAG 6 of IPSAS 17. X x x | Depreciation had been adjusted based on 5% residual value. | Implemented |
| 2021 AAR, AO No. 6, page 44 | Expenses totaling ₱1,768,545.82 were paid through reimbursement which included payments for | 17. We recommended that Management instruct the Municipal Treasurer and the disbursement officer | The practice of paying regular and recurring expenses through cash advance by the disbursing | Unimplemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|------------------------------|--|---|--|--------------------------|
| | regular and recurring expenses and disbursements which were not supported with complete documentation, contrary to COA Circular No. 97-002 and COA Circular No. 2012-001, thereby rendering the validity of the charges doubtful. | to avoid using the cash advance for petty operating expenses to pay for regular and recurring expenses. X x x | officer had not been stopped. | |
| 2021 AAR, AO No. 7, page 48 | Due to inadequate planning and monitoring, the Municipality only fully implemented 12 out of 212 projects programmed under the current and continuing appropriations of the 20% Development Fund, delaying the achievement of desirable socio-economic development and environmental outcomes, contrary to Section 5 of DILG-DBM Joint Memorandum Circular (JMC) No. 2011-1. | X x x 18. We recommended that the Municipal Engineer provide complete and accurate information on the Quarterly Report on the Status of PPAs to ensure their proper monitoring in accordance with DILG-DBM JMC No. 2011-1. | The municipal engineer had not regularly submitted the Quarterly Report on the Status of PPAs. | Unimplemented |
| 2021 AAR, AO No. 10, page 55 | Management failed to prepare and submit the fully accomplished Agency Action Plan and Status of | 19. We recommended and Management agreed that the Local Chief Executive direct all | The AAPSI had been submitted within 60 days upon receipt of the AAR. | Implemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|------|---|---|--|--------------------------|
| | <p>Implementation (AAPSI) of the audit recommendations contained in the 2020 Annual Audit Report (AAR) contrary to Section 89 of the General Provisions of R.A. No. 11465 for Fiscal Year (FY) 2020, precluding the Auditor from monitoring and validating the actions taken to implement audit recommendations. Hence, there is a risk that deficiencies may continue to exist and, thus, affect the fairness of the presentation of the Municipality's financial statements as well as its operational efficiency that may render the entire Municipality ineligible for the FY 2021 Performance-Based Bonus (PBB).</p> | <p>department heads concerned through the issuance of a memo to submit their respective duly accomplished AAPSI within a specific time frame and assign a focal person to consolidate the same for submission to the Auditor at the soonest possible time, not later than 60 days upon receipt of the AARs for the succeeding years.</p> <p>20. We further recommended and Management agreed that pertinent documents to support the Actions Taken also be submitted to facilitate validation of the responses.</p> | <p>Submission was only the AAPSI without the supporting documents attached to show implementation of the recommendations despite being indicated as implemented. Gradual submission of supporting documents was only done during validation, causing delay in the process.</p> | <p>Unimplemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
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| 2020 AAR, AO No. 3, page 34; 2016 AAR, AO No. 2, page 30 | Copies of perfected contracts with the supporting documents of three infrastructure projects under the 20% Development Fund which were started in CY 2020 with a total project cost of ₱4,000,000.00 were not submitted to the auditor for review, as required under COA Circular No. 2009-001 dated February 12, 2009, thus, determination of the reasonableness of contract prices and initial evaluation that the contractual covenants were not disadvantageous to the Municipality could not be conducted. | X x x 21. Moreover, Management is required to adhere strictly to the provisions of COA Circular No. 2009-001 dated February 12, 2009. | Copies of perfected contracts with their supporting documents still had not been submitted to the Audit Team. | Unimplemented |
| 2020 AAR, AO No. 4, page 35 | Disbursements totaling ₱11,094,822.60 for projects and purchases charged against the 20% DF were lacking documentary requirements contrary to the Revised Implementing Rules and Regulations of RA 9184 and COA Circular No. 2012- | 22. We recommended and Management agreed to direct the Municipal Accountant to furnish the Auditor the lacking documentary requirements and that, henceforth, all transactions be supported | No copies of the lacking supporting documents had been submitted. | Unimplemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|-----------------------------|---|--|---|---|
| | 001 dated June 14, 2012, thus, casting doubt as to the legality, validity, and propriety of the transactions. | with the complete documentary requirements prior to disbursement and that the provisions of the Revised IRR of RA 9184 and COA Circular No. 2012-001 dated June 14, 2012 be strictly adhered to. | | |
| 2020 AAR, AO No. 5, page 35 | Due to the absence of internal control mechanism on inventories, the Municipality failed to properly monitor and recognize the receipts, recording, issuances, and management of food items procured for relief distribution in relation to the COVID-19 pandemic totaling ₱20,451,728.75 contrary to Item No. 5, Section IV of COA Circular No. 2014-002 dated April 15, 2014. | <p>We recommended that the Management</p> <p>23. render proper accounting of the difference noted from the purchased and distributed food items;</p> <p>X x x</p> <p>24. require the MDRRMO or property officer to prepare reports on the inventory and monitoring of all procured and donated supplies, materials, equipment, and relief goods in accordance with COA Circular No. 2014-002</p> | <p>No proper accounting had been submitted.</p> <p>For CY 2023, the MSWDO and MDRRMO had jointly prepared reports on the distribution of items purchased. However, the figures on the same do not match the quantities purchased. No subsequent submission had been made for CY 2024.</p> | <p>Unimplemented</p> <p>Unimplemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|-----------------------------|---|---|--|--------------------------|
| | | dated April 15, 2014; and X x x | | |
| 2020 AAR, AO No. 6, page 38 | The absence of adequate documentation and appropriate profiling of beneficiaries in the implementation of the Emergency Subsidy Program through the Social Amelioration Program (SAP) of the Department of Social Welfare and Development (DSWD) resulted in the failure to comply with the pertinent provisions of DSWD Memorandum Circular No. 2020-09, hence, the eligibility of beneficiaries and the propriety and authenticity of the payments could not be verified. | We recommended that: X x x 25. Management to establish a system in the distribution of SAP and similar cash assistance programs wherein the guidelines issued by the DSWD are followed and that proper validation and appropriate profiling of beneficiaries are performed before disbursement. | A system for distribution of cash assistance had been established. | Implemented |
| 2020 AAR, AO No. 7, page 44 | The procurement of food items for meals of persons under monitoring (PUMs) amounting to ₱2,705,221.42 were not supported with activity design to be served as one of the necessary | 26. We recommended that Management submit the activity design related to the procurement activity, copies of the daily monitoring sheets of the PUMs, and copies of | No submission. | Unimplemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|------------------------------|---|--|--|------------------------------------|
| | documents in the procurement activity contrary to Section 7.3.2 (f) of the 2016 Revised IRR of R. A. No. 9184, thus, the quantities of food items purchased could not be validated. | DTRs of LGU personnel provided with meals in order to validate the usage thereof. X x x | | |
| 2020 AAR, AO No. 11, page 52 | The grant of financial assistance to four barangays of the Municipality as border checkpoints totaling ₱200,000.00 was not properly supported with documentary requirements prescribed under Section 3.1.1 of COA Circular No. 2012-001 dated June 14, 2012, hence, the propriety and validity of the transaction could not be ascertained. | 27. We recommended that Management require the recipient barangays to liquidate the funds by submitting the documentary requirements prescribed under Section 3.1.1 of COA Circular No. 2012-001 dated June 14, 2012, and 28. Henceforth, comply with the documentary requirements on fund transfers. | No submission. Subsidies to barangays were not supported by the documentary requirements and were treated as outright expenses. | Unimplemented Unimplemented |
| 2020 AAR, AO No. 12, page 54 | The Municipality did not prepare the Annual Procurement Plan (APP) in accordance with the | We recommended that Management: X x x | | |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
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| | <p>provisions of Republic Act No. 9184 and its Revised Implementing Rules and Regulations as well as the standards prescribed by the Government Procurement Policy Board (GPPB), thus, relevance and usefulness of APP as a planning and control tool was not attained, resulting in uncoordinated procurements that do not promote efficiency, economy and transparency. The APP was likewise not submitted to the GPPB and posted in accordance with Section 1(1) of Executive Order (EO) No. 662, series of 2007, as amended.</p> | <p>29. Require the BAC through the BAC Secretariat to consolidate the PPMPs into a comprehensive, workable, and realistic APP, which will serve as basis for procurement, in accordance to the applicable provisions of RA No. 9184 using the prescribed format under GPPB Circular No. 07-2015; and</p> <p>30. Submit the duly approved copy of the APP to the GPPB in accordance with AO No. 46, series of 2015, Executive Order (EO) No. 662, series of 2007, as amended, and standards prescribed by the GPPB.</p> | <p>For CY 2023, the APP submitted only pertains to the APP for common-use supplies and equipment and not a consolidation of all the PPMPs. Additionally, the procurement method had not been indicated. Furthermore, the prescribed format under GPPB Circular No. 07-2015 had not been used. The APP for CY 2024 had not been submitted.</p> <p>There had been no indication that the APP had been submitted to the GPPB.</p> | <p>Unimplemented</p> <p>Unimplemented</p> |
| <p>2019 AAR, AO No. 3, page 32</p> | <p>The Municipality paid all of its 45 Public Health Workers (PHWs), a Market Inspector (MI) and an Agricultural</p> | <p>31. We recommended that the Municipal Accountant require all PHWs and other entitled</p> | <p>Certification had been submitted.</p> | <p>Implemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|------------------------------------|---|---|--|--------------------------|
| | <p>Technician (AT) hazard pay at fixed rates of 21% of their basic monthly salary, except for the Municipal health Officer (MHO) who was paid at a fixed rate of 10% and did not support the payroll with the required proof of actual exposure to hazards and hardships as required under DBM-DOH Joint Circular No. 1, series of 2012 dated November 29, 2012, as amended, and the Revised IRR of RA No. 7305, as well as the documentary requirements prescribed under COA Circular No. 2012-001 dated June 14, 2012, thus the validity and propriety of the payments could not be determined.</p> | <p>personnel to support their claims for hazard pay with proof of actual exposure to specific health hazards and occupational risks, certifications from appropriate agencies and the documents required under Section 5.8 of COA Circular No. 2012-001 dated June 14, 2012 in order to establish validity of payments.</p> | | |
| <p>2019 AAR, AO No. 4, page 34</p> | <p>Financial assistance given to barangays for the celebration of cultural events and to Mabinay Medicare Community Hospital and the Negros Oriental State</p> | <p>32. We recommended that the grants be henceforth treated as advances to recipient agencies, subject to liquidation and covered by Memoranda</p> | <p>The other documents required under COA Circular No. 2012-001 had not been submitted, particularly:</p> <p>1. Approved project</p> | <p>Unimplemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|------------------------------------|--|---|--|--------------------------|
| | <p>University for their medicare and operating expenses totaling ₱675,000.00 were not covered by Memoranda of Agreement and Sangguniang Bayan resolutions nor required to be liquidated but were treated as outright expenses contrary to Section 33 of the Local Government Code and COA Circular No. 2012-001, thereby dispensing with the liquidation and accounting thereof and depriving the Municipality of a means of monitoring whether the funds had been applied for their intended purpose.</p> | <p>of Agreement and other supporting documents.</p> <p>X x x</p> | <p>expenditures or estimated expenses indicating project objective and expected outputs;</p> <p>2. Certification by the Accountant that funds previously transferred to the Implementing Agency (IA) has been liquidated, post-audited, and accounted for in the books; and</p> <p>3. Copy of the OR issued by the IA to the Source Agency acknowledging receipt of funds transferred.</p> | |
| <p>2018 AAR, AO No. 3, page 32</p> | <p>Expenses for meals and snacks amounting to ₱236,008.00 and fireworks worth ₱146,500.00 incurred in connection with the celebration of the Municipality's Christmas festivity, cultural activities and other events, meetings and conferences were</p> | <p>33. We recommended that Management desist from charging to municipal funds expenses for meals and snacks served in connection with cultural and religious festivities/ events and anniversaries and to charge to the Extraordinary and</p> | <p>No action taken.</p> | <p>Unimplemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|-----------------------------|---|--|---|---------------------------------------|
| | charged to Other Maintenance and Operating Expenses instead of appropriations for Extraordinary/ Miscellaneous expenses and Representation Allowances contrary to Sec. 343 of RA 7160 and Sec. 43 of the General Provisions of the CY 2018 General Appropriations Act, thereby resulting to waste of government funds. | Miscellaneous Expenses and to Representation Allowance the food served during meetings and entertainment of visitors pursuant to Sec. 343 of RA No. 7160 and the pertinent provision of the applicable General Appropriations Act. | | |
| 2018 AAR, AO No. 7, page 40 | The Municipality has not established or set up a Gender and Development database to serve as basis for gender-responsive planning, programming and policy formulation as required under Section 36(c) of R.A. No. 9710, nor established a GAD Monitoring and Evaluation (M&E) System as required under Secs. 3.4 and 5.1 of PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-01, which could adversely affect the | <p>34. We recommended that the Municipal Mayor require the Municipal Planning and Development Officer to establish and maintain a GAD database in order to provide the data necessary to properly plan GAD projects and activities.</p> <p>35. We further recommended that the Municipal Mayor create a gender-responsive Monitoring</p> | <p>The GAD database had been established and updated.</p> <p>A gender-responsive Monitoring and Evaluation System had been created and properly maintained.</p> | <p>Implemented</p> <p>Implemented</p> |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|-----------------------------|--|---|---|--------------------------|
| | direction of its GAD policies and programs and hinder the assessment of the success or failure thereof. | and Evaluation System in order that GAD projects and activities will be properly planned and implemented and its results assessed to ensure its success. | | |
| 2014 AAR, AO No. 4, page 21 | The grant of CY 2014 Productivity Enhancement Incentive of ₱10,000.00 each to the municipal officials and employees exceeded the amount of ₱5,000.00 allowed under Executive Order No. 80 dated July 20, 2012 as implemented by Budget Circular No. 2013-3 dated November 21, 2013 resulting to an overpayment of ₱885,000.00. | 36. We recommended that Management require all employees concerned to refund the overpayment of Productivity Enhancement Incentive for CY 2014 and to henceforth observe strictly the applicable regulations on the grant of any fringe benefits. | Refund ongoing. | Unimplemented |
| AAR 2009 | The Municipality of Mabinay granted increases in Representation and Transportation Allowances (RATA) to all its elective officials and department heads in the total amount of ₱134,210.00 for CY 2009 even though it had already | 37. Required the officials and employees concerned to refund in full the amount received by them, as they are in violation of the provisions of the aforementioned laws and regulations. | Current employees had refunded the amount they received but balance still exists. | Unimplemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|----------|--|--|---|---------------------------------------|
| | exceeded its Personal Services Limitation in violation of Local Budget Circular No. 2019-01 dated March 27, 2009 and Section 325 of R.A. 7160, thus, the said increases are disallowed in audit. | <p>38. Moreover, subsequent claims for increases in RATA shall also be disallowed in audit until the requirements for the PS cap have been met.</p> <p>39. Direct the department heads and all officials concerned to refrain collecting the proposed RATA increases in 2010. Direct also the Municipal Accountant and the Municipal Budget Officer to be vigilant and not to certify disbursements which go beyond the provisions of the law.</p> | <p>PS limitation met.</p> <p>RATA increases within PS limitation.</p> | <p>Implemented</p> <p>Implemented</p> |
| AAR 2007 | Several lots of the Municipality with a total market value of ₱58,968,097.00 were not recorded in the books of accounts in violation of Section 72 of the New Government Accounting | 40. Required the Municipal Assessor, as well as, the Municipal Treasurer to convene the Provincial Appraisal Committee to immediately act in the determination of the value of the unrecorded | No action. | Unimplemented |

| Ref. | Observation | Recommendations | Management Comments/Actions | Status of Implementation |
|------|---|--|---|--|
| | <p>System (NGAS) Manual for LGUs, Volume II, thus, understating the assets of the Municipality.</p> <p>Moreover, these lots have no certificates of title which contravenes section 148 of COA Circular No. 92-386.</p> | <p>lots.</p> <p>41. 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>42. Likewise, instruct the Municipal Accountant to review the land account and record only in the books of accounts those lots that are owned by the Municipality.</p> <p>43. 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> | <p>Eight titles had been released under the name of the Municipality of Mabinay and seven had been on process for Special Patent at DENR, Dumaguete City.</p> <p>No action.</p> <p>No action.</p> | <p>Unimplemented</p> <p>Unimplemented</p> <p>Unimplemented</p> |

Four audit recommendations appearing in the PY AAR were revised and included in Paragraphs 3.8, 3.9, 4.10, and 4.11 Part II/A of this report.

PART IV
APPENDICES

PART IV

APPENDICES

| Title | Ref |
|---|-----|
| I. Financial Statements by Fund | |
| A. Statement of Financial Position | |
| General Fund | A.1 |
| Special Education Fund | A.2 |
| Trust Fund | A.3 |
| B. Statement of Financial Performance | |
| General Fund | B.1 |
| Special Education Fund | B.2 |
| Trust Fund | B.3 |
| C. Statement of Changes in Net Assets/Equity | |
| General Fund | C.1 |
| Special Education Fund | C.2 |
| D. Statement of Cash Flows | |
| General Fund | D.1 |
| Special Education Fund | D.2 |
| Trust Fund | D.3 |
| E. Statement of Comparison of Budget and Actual Amounts | |
| General Fund | E.1 |
| Special Education Fund | E.2 |
| II. Other Appendices | |
| Schedule of Loans Payable | 1 |
| Aging of Advances | 2 |