



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VII
Barangay Tinago, 6000 Cebu City

ANNUAL AUDIT REPORT

ON THE

CITY OF GUIHULNGAN

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

OFFICE OF THE SUPERVISING AUDITOR
LGAS-G PROVINCE OF NEGROS ORIENTAL 2

June 26, 2025

VISITACION Q. MENDOZA

Regional Director
COA Regional Office No. VII
M.J. Cuenco Avenue Corner V. Sotto Street
Cebu City

Madam:

In compliance with 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, we conducted a Financial and Compliance Audit on the accounts and operations of the City Government of Guihulngan, Province of Negros Oriental, for the year ended December 31, 2024.

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

Our attached report consists of four (4) parts, Part I- Audited Financial Statements, Part II- Audit Observations and Recommendations, Part III - Status of Implementation of Prior Years' Audit Recommendations (SIPYAR) and Part IV- Appendices.

Our comments and observations were communicated to Management through Audit Observation Memoranda and were discussed in an exit conference conducted on May 28, 2025, with agency personnel. Their comments were incorporated in this Report, where appropriate.

We have looked into the audit areas which resulted from our risk assessments during the year as well as those contained in the General Audit Instructions (GAIs) dated 30 October 2024 of the Office of the Assistant Commissioner, Local Government Sector and in the Specific Audit

Instructions (SAIs) dated 11 November 2024 of the Office of the Regional Director, Local Government Audit Sector. Attached is the Status of Implementation of the GAIs and SAIs as of June 25, 2025 for references on the areas audited.

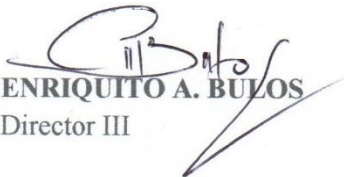
GAI/SAI Focus Area	Remarks
A. Financial Audit	
<ul style="list-style-type: none"> Cash 	With bank reconciliation and bank confirmation
<ul style="list-style-type: none"> Accounts/Loans Receivables 	No audit finding
<ul style="list-style-type: none"> Cash Advances, Fund Transfer and Other Receivables 	With audit finding - AO No. 7
<ul style="list-style-type: none"> Inventories 	Not audited in CY 2024 With audit finding No. 1 in Part III (CY 2023)
<ul style="list-style-type: none"> Property, Plant, and Equipment/CIP 	With audit finding - AO No. 5
<ul style="list-style-type: none"> Liabilities/Trust Liabilities 	No audit finding
<ul style="list-style-type: none"> Revenues 	Not audited in CY 2024 – Due to lack of material time.
<ul style="list-style-type: none"> Significant Expenses 	With audit finding - AO No. 3
<ul style="list-style-type: none"> Programs, Projects and Activities 	With audit finding – AO No. 4
B. Subsequent Events and Going Concern issues	No significant event that may affect the FS.
C. Outstanding Legal Cases	None
D. Other Financial Related Issues	
<ul style="list-style-type: none"> Taxes withheld from employees and suppliers and remittances to the Bureau of Internal Revenue (BIR) in accordance with RA No. 8424 and its IRR under BIR RR No. 02798 	With preliminary information however, audit could not be completed for lack of material time.
<ul style="list-style-type: none"> Premium contributions and loan amortization to the Government Service Insurance System and Home Development Mutual Fund in accordance with RA No. 8291 and RA No. 9679, respectively 	With preliminary information however, audit could not be completed for lack of material time.
<ul style="list-style-type: none"> Required annual inventory and insurance of all insurable assets and interest of the government with the Government Service Insurance System in accordance with R.A. No. 656, Property Insurance Law, as amended by Presidential Decree No. 245 (COA Circular No. 2018-002 dated May 31, 2018); 	With preliminary information however, audit could not be completed for lack of material time.
<ul style="list-style-type: none"> Premium contributions and remittance to PhilHealth in accordance with RA No. 7875, as amended 	With preliminary information however, audit could not be completed for lack of material time.
<ul style="list-style-type: none"> Audit of Official Development Assistance (ODA) in accordance with RA No. 8182 	No ODA received in CY 2024
<ul style="list-style-type: none"> LGSF - Support to the Barangay Development Program of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) 	With preliminary information however, audit could not be completed for lack of material time.
<ul style="list-style-type: none"> 20 Per Cent Development Fund 	With audit finding – AO No. 4

GAI/SAI Focus Area	Remarks
<ul style="list-style-type: none"> Payment to Casuals, Job Order, Contractuals and Consultants vis-à-vis the requirements of COA Memorandum No. 2012-010 dated October 17, 2012, and COA Resolution No. 2021-044 dated December 28, 2021 	Not audited in CY 2024 With audit finding Nos. 2 & 3 in Part III (CY 2023)
<ul style="list-style-type: none"> Local Disaster Risk Reduction and Management Fund (LDRRMF) 	With audit finding – AO No. 1 & 6
<ul style="list-style-type: none"> Compliance with Joint Circular No. 2012-01 of the Philippine Commission on Women/ NEDA/ DBM and the General Appropriations Act (GAA) on the use of Gender and Development (GAD) Funds 	Not audited in CY 2024 – Due to lack of material time.
<ul style="list-style-type: none"> Conformity of procurement with the process required in R.A. No. 9184, Government Procurement Reform Act, and its 2016 Revised IRR. 	With audit finding – AO No. 9 & 10
<ul style="list-style-type: none"> National Task Force to End Local Communist Armed Conflict (NTF-ELCAC) Funds 	No NTF-ELCAC Funds received in CY 2024

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

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.

Very truly yours,



ENRIQUITO A. BULOS
 Director III



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

E.J. Blanco Drive, Piapi, Dumaguete City

LGAS-G – Negros Oriental 2
Office of the Auditor – Team R7-02

June 25, 2025

DIR. ENRIQUITO A. BULOS

Director III

LGAS-G - Negros Oriental II

COA PSAO, E. J. Blanco Drive, Piapi

Dumaguete City

Sir:

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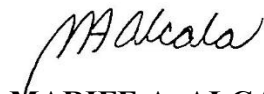
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We rendered a qualified opinion on the fairness of the presentation of the financial statements (FS) for the year then ended.

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.

Very truly yours,



MARIFE A. ALCALA

State Auditor IV

Audit Team Leader

EXECUTIVE SUMMARY

Introduction

Republic Act (RA) No. 9409, converting the Municipality of Guihulngan into a component city, lapsed into law on March 29, 2007, after President Gloria Macapagal-Arroyo failed to sign it. It was ratified on July 14, 2007. Fifteen months later, however, Guihulngan lost its cityhood, along with 15 other cities, after the Supreme Court of the Philippines granted a petition filed by the League of Cities of the Philippines declaring the cityhood law (RA No. 9409), which had allowed the town to acquire its city status, unconstitutional. On December 22, 2009, the Supreme Court reversed its earlier ruling, and the cityhood status of Guihulngan was restored. The League of Cities filed a motion for reconsideration. However, the Supreme Court decided with finality in December 2010, declaring the cityhood law as constitutional. Thus, together with the 13 other LGUs aspiring for cityhood, Guihulngan is now officially recognized as a newly created city. It has a total land area of 42,275 hectares and a population of 102,656, based on the CY 2020 census. It is presently classified as a third-class city.

Pursuant to RA No. 7160, known as the Local Government Code of 1991, Guihulngan City, like other local government units, enjoys total independence in managing, deciding, and planning its own administration, fiscal, and development affairs in conformity with the national government's thrust for sustainable social and economic growth.

As of 31 December 2024, it had a personnel complement of 3,535, as shown below:

Nature of Appointment to Office	Number
Elective Officials	14
Permanent Positions	389
Temporary	1
Coterminous	8
Casual Plantilla	145
Contract of Service	81
Job Orders	<u>2,897</u>
Total	<u>3,535</u>

Audit Objectives

The objectives of the audit are to (a) ascertain the fairness of 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.

Audit Methodology

The Commission has been implementing 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 audit was incorporated.

Scope of Audit

An audit was conducted on the accounts and operations of the City of Guihulngan 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, and analysis of accounts, and other procedures considered necessary.

Financial Highlights

The financial condition and results of operation of the City Government of Guihulngan as of December 31, 2024, with comparative figures for 2023 are summarized, as follows:

Statement of Financial Position			
	2024	2023	Increase/(Decrease)
Assets	₱3,817,177,128.55	₱3,773,591,015.59	₱43,586,112.96
Liabilities	1,085,290,867.66	973,589,330.41	111,701,537.25
Equity	2,731,886,260.89	2,800,001,685.18	(68,115,424.29)

Results of Operations			
	2024	2023	Increase/(Decrease)
Revenue	₱1,111,565,131.13	₱1,049,986,573.82	₱61,578,557.31
Personal Services	295,528,862.06	262,416,634.46	33,112,227.60
MOOE	632,390,299.00	543,721,694.25	88,668,604.75
Non-Cash Expenses	100,349,763.70	74,707,674.97	25,642,088.73
Financial Expenses	40,853,750.71	28,582,402.57	12,271,348.14
Transfers, Assistance, and Subsidy From	81,008,162.62	65,931,447.68	15,076,714.94
Transfers, Assistance, and Subsidy To	85,504,650.06	59,994,617.94	25,510,032.12
Net Profit/(Loss)	37,945,968.22	146,494,997.31	(108,549,029.09)

Independent Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements for the year then ended due to the exception as discussed in Part II of the Report on the non-reconciliation of the Property, Plant and Equipment (PPE) account resulting to a net difference amounting to ₱40,304,574.47.

Summary of Significant Audit Observations and Recommendations

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

1. The City was not able to recoup advance payments made to contractors amounting to ₱5,072,122.24 for completed and terminated projects, thus resulting to possible loss of government funds.

We recommended that Management efficiently and effectively monitor the recoupment of advances made to contractors, ensuring that these are repaid accordingly and likewise initiate the procedures on the forfeiture of performance bond posted by the defaulting contractors in case of non-completion, delay or termination of contracts.

2. Several projects under the 20 per cent development fund with total appropriations of ₱69,256,081.62 were considered to be not well-planned and not procurement-and-implementation ready affecting the optimal utilization of the said funds which could have contributed to the attainment of desirable socio-economic targets and outcomes of the City.

We recommended that Management, through the City Engineering Office and City Planning and Development Office, and other concerned offices such as the end-users, to formulate collectively a comprehensive and realistic plan to expedite the procurement and implementation of all identified priority development projects under the 20 per cent DF.

3. Nine permanent employees of the Local Disaster Risk Reduction Management Office (LDRRMO) were included in the Group Life Insurance for community disaster volunteers, thus reducing the funds available for disaster risk management, relief, rehabilitation, and recovery programs.

We recommended that the LDRRMO adhere strictly to the provisions outlined in National Disaster Risk Reduction Management Council-Memorandum Circular NO. 64, s. 2021 on the protection of accredited community Disaster Volunteers (ACDVs) so that the LDRRMF would only be used for its intended purpose.

4. The Waterworks System's operation incurred losses over the three-year period ending December 31, 2024 amounting to ₱1,024,411.69, ₱536,465.56 and ₱3,245,152.41, respectively.

We recommended that Management conduct a comprehensive operational review of the Operation of the Waterworks System to become self-reliant and avoid losses so that it can contribute to sustainable development and community empowerment.

5. Payment of ₱5,964,085.88 corresponding to 83.88 per cent of the contract for the purchase of drugs and medicines for City Health Unit (CHU) I was made even without the certification by the Head of Procuring Entity that the goods have been delivered in accordance with the terms of the contract, thus undermining good governance in the procurement process

We recommended that Management: (a) Enforce the terms and conditions of the contract, particularly on full delivery requirements before payment, unless partial delivery is explicitly authorized and clearly provided for and stipulated in the contract, including delivery and payment schedules; (b) Impose liquidated damages, in accordance with the contract and RA 9184, in all instances of delayed or incomplete delivery, unless a valid reason supported by documentation is accepted and approved by the HOPE; and (c) Develop and adopt standard guidelines on the handling of partial deliveries and payments to ensure consistency, legal compliance, and alignment with government procurement principles of transparency, efficiency, and accountability.

6. Drugs and medicines were accepted by the City even though the items delivered did not conform to the specifications stipulated in the contract agreement, as listed in the Request for Quotation (RFQ) submitted by the winning bidder, thereby compromising the integrity of the procurement process of 40 items or 41 per cent of the goods delivered amounting to ₱1,830,982.88.

We recommended that Management enforce compliance with the terms and specifications stated in the contract and the Request for Quotation (RFQ), such that items delivered exactly match the descriptions, brand names, and specifications indicated therein, unless a formal amendment of the contract is duly signed by both parties prior to delivery.

7. Due to the extensive requirements to secure a Department of Health License to Operate (DOH-LTO) land ambulances, the five vehicles owned by the City were operating as a Patient Transport Vehicle instead of ambulances as marked on its body, thus the assurance that the ambulances operate with competent personnel and appropriate equipment to respond to medical emergencies, provide quality care, and ensure patient safety may not be fully attained.

We recommended that Management secure the DOH-LTO for the five vehicles marked with “AMBULANCE” otherwise, register them as Patient Transport Vehicle (PTV) and change the labels accordingly pursuant DOH AO No. 2018-001 dated January 28, 2018.

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

The reported audit suspensions and disallowances of the City Government of Guihulngan as of December 31, 2024, were as follows:

	Ending Balance (12/31/2023)	NS/ND/NC Issued from 01/01/2024 to 12/31/2024	NS/ND/NC Settled from 01/01/2024 to 12/31/2024	Ending Balance (As of 12/31/24)
Notice of Suspension	₱ 3,437,511.00	₱ 0.00	₱ 0.00	₱ 3,437,511.00
Notice of Disallowance	₱ 3,342,730.63	₱ 0.00	₱ 1,724,203.82	1,618,526.81
Total	₱ 6,780,241.63	₱ 0.00	₱1,724,203.82	₱ 5,056,037.81

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)			
2021	₱3,437,511.00	2020	Foodstuff for meals and snacks of PUMs
Notice of Disallowance (ND)			
2015	1,003,126.81	2014	Overpayment of PEI
2016	615,400.00	2015	T-shirts for Charter Day Celebration
Total NS and ND	₱5,056,037.81		

Status of Prior Years' Audit Recommendations

Of the 26 prior years' audit recommendations in the Annual Audit Reports (AARs), 15 were implemented and 11 were not implemented.

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PART I
AUDITED FINANCIAL STATEMENTS



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

INDEPENDENT AUDITOR'S REPORT

HON. FILOMENO L. REYES

City Mayor
City of Guihulngan
Province of Negros Oriental

Qualified Opinion

We have audited the financial statements of the City of Guihulngan, Province of Negros Oriental, which comprise the statement of financial position as of 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 *Basis for Qualified Opinion* section of our Report, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Guihulngan as at December 31, 2024, and its financial performance, its cash flows, and its comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Qualified Opinion

As contained in Part II of this Report, the accuracy of the Property, Plant and Equipment (PPE) account totaling ₱2,460,632,084.90 were unreliable due to the non-reconciliation of PPE resulting to a net difference of ₱40,304,574.47 between the General Ledger balance and the Inventory Count Forms while PPE totaling ₱19,531,243.91 could not be located, thus casted doubt on the validity and reliability of PPE account.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide bases for our qualified opinion.

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

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


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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not 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:


ENRIQUITO A. BULOS
Director III

June 10, 2025



Republic of the Philippines
PROVINCE OF NEGROS ORIENTAL
CITY OF GUIHULNGAN



Statement of Management Responsibility for Financial Statements

The Management of the GUIHULNGAN CITY GOVERNMENT is responsible for all information and representation contained in the accompanying Statement of Financial Position as of December 31, 2024 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The Financial Statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted accounting principles 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.


06/25/2025
MARIA JOFerdine Y. CUI, CPA, CESE
City Accountant 


06/25/2025
MAYOR FILOMENO L. REYES
City Mayor

Republic of the Philippines
Province of Negros Oriental
City of Guihulngan
Statement of Financial Position
As of December 31, 2024
(With Comparative Figures for CY 2023)
(in Philippine Peso)

	<u>Note</u>	<u>2 0 2 4</u>	<u>2 0 2 3</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	1,177,713,719.63	1,303,052,152.94
Receivables	5	22,503,539.76	26,758,515.97
Inventories	6	97,840,671.69	155,484,267.35
Prepayments and Deferred Charges	7	12,243,753.64	12,352,035.65
Total Current Assets		<u>1,310,301,684.72</u>	<u>1,497,646,971.91</u>
Non-Current Assets			
Receivables	5	1,081,668.77	1,545,834.66
Property, Plant and Equipment	8	2,478,847,594.39	2,270,898,209.02
Intangible Assets	10	3,500,000.00	3,500,000.00
Total Non-Current Assets		<u>2,483,429,263.16</u>	<u>2,275,944,043.68</u>
Total Assets		<u>3,793,730,947.88</u>	<u>3,773,591,015.59</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	11	264,369,557.63	184,820,035.75
Inter-Agency Payables	12	59,915,657.11	74,730,389.64
Intra-Agency Payables	13	0.00	599.97
Trust Liabilities	14	133,643,700.61	131,534,569.08
Deferred Credits/Unearned Income	15	1,543,335.56	1,799,843.75
Other Payables	16	54,264.91	68,789.96
Total Current Liabilities		<u>459,526,515.82</u>	<u>392,954,228.15</u>
Non-Current Liabilities			
Financial Liabilities	11	602,318,171.17	580,635,102.26
Total Non-Current Liabilities		<u>602,318,171.17</u>	<u>580,635,102.26</u>
Total Liabilities		<u>1,061,844,686.99</u>	<u>973,589,330.41</u>
NET ASSETS/EQUITY			
Government Equity		<u>2,731,886,260.89</u>	<u>2,800,001,685.18</u>
Total Liabilities and Net Assets/Equity		<u>3,793,730,947.88</u>	<u>3,773,591,015.59</u>

See accompanying Notes to the Financial Statements.

Republic of the Philippines
Province of Negros Oriental
City of Guihulngan

Statement of Financial Performance
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)
(in Philippine Peso)

	Note	2 0 2 4	2 0 2 3
Revenue			
Tax Revenue	18	18,416,392.65	17,607,816.27
Share from Internal Revenue Collections	19	1,064,551,584.00	1,004,076,369.00
Service and Business Income	20	28,466,463.46	27,612,963.38
Shares, Grants and Donations	21	129,066.50	665,570.00
Other Income	22	1,624.52	23,855.17
Losses	23	(4,838,014.16)	0.00
Total Revenue		<u>1,106,727,116.97</u>	<u>1,049,986,573.82</u>
Less: Current Operating Expenses			
Personal Services	24	295,528,862.06	262,416,634.46
Maintenance and Other Operating Expenses	25	632,390,299.00	543,721,694.25
Non-Cash Expenses	26	95,511,749.54	74,707,674.97
Financial Expenses	27	40,853,750.71	28,582,402.57
Current Operating Expenses		<u>1,064,284,661.31</u>	<u>909,428,406.25</u>
Surplus (Deficit) from Current Operation		42,442,455.66	140,558,167.57
Add (Deduct) :			
Transfers, Assistance and Subsidy From	28	81,008,162.62	65,931,447.68
Transfers, Assistance and Subsidy To	29	(85,504,650.06)	(59,994,617.94)
Surplus (Deficit) for the Period		<u><u>37,945,968.22</u></u>	<u><u>146,494,997.31</u></u>

See accompanying Notes to the Financial Statements.

Republic of the Philippines
Province of Negros Oriental
City of Guihulngan

Statement of Changes in Net Assets/Equity
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)
(in Philippine Peso)

	2 0 2 4	2 0 2 3
Balance at January 1	2,800,001,685.18	2,695,516,922.36
Add (deduct):		
Changes in Accounting Policy		
Prior Period Adjustment	(144,795,665.93)	(110,438,299.09)
Restated Balance	2,655,206,019.25	2,585,078,623.27
 Add (deduct) Changes in Net Assets/Equity during the year:		
Adjustment of net revenue recognized directly in net assets/equity	38,734,273.42	68,428,064.60
Surplus (Deficit) for the period	37,945,968.22	146,494,997.31
Total recognized revenue and expenses for the period	76,680,241.64	214,923,061.91
Balance at December 31	2,731,886,260.89	2,800,001,685.18

Republic of the Philippines
Province of Negros Oriental
City of Guihulngan
Statement of Condensed Cash Flows
For the Year Ended December 31, 2024
(With Comparative Figures for CY 2023)
(in Philippine Peso)

	Note	<u>2 0 2 4</u>	<u>2 0 2 3</u>
Cash Flows from Operating Activities			
<i>Cash Inflows</i>			
Collection from taxpayers		18,416,392.65	17,607,816.27
Share from Internal Revenue Allotment		1,064,551,584.00	1,004,076,369.00
Receipts from business/service income		27,908,630.87	26,993,332.48
Interest Income		557,832.59	619,630.90
Other Receipts		178,210,997.45	138,802,664.99
Total Cash Inflows		<u>1,289,645,437.56</u>	<u>1,188,099,813.64</u>
<i>Cash Outflows</i>			
Payment of expenses		632,390,299.00	543,721,694.25
Payments to employees		295,528,862.06	262,416,634.46
Interest Expense		40,825,550.71	28,548,402.57
Other Expenses		185,711,714.59	160,079,332.24
Total Cash Outflows		<u>1,154,456,426.36</u>	<u>994,766,063.52</u>
Net Cash Flows from Operating Activities	30	<u>135,189,011.20</u>	<u>193,333,750.12</u>
Cash Flows from Investing Activities			
<i>Cash Inflows</i>			
Proceeds from Sale of PPE		2,088,983.86	0.00
Total Cash Inflows		<u>2,088,983.86</u>	<u>0.00</u>
<i>Cash Outflows</i>			
Purchase/Construction of PPE		339,685,402.10	518,089,072.47
Total Cash Outflows		<u>339,685,402.10</u>	<u>518,089,072.47</u>
Net Cash Flows from Investing Activities		<u>(337,596,418.24)</u>	<u>(518,089,072.47)</u>
Cash Flows from Financing Activities			
<i>Cash Inflows</i>			
Proceeds from Loans		77,068,973.73	149,698,406.29
Total Cash Inflows		<u>77,068,973.73</u>	<u>149,698,406.29</u>
<i>Cash Outflows</i>			
Payment of loan amortization		0.00	24,897,411.65
Total Cash Outflows		<u>0.00</u>	<u>24,897,411.65</u>
Net Cash Flows from Financing Activities		<u>77,068,973.73</u>	<u>124,800,994.64</u>
Total Cash Provided by Operating, Investing and Financing Activities		<u>(125,338,433.31)</u>	<u>(199,954,327.71)</u>
Add: Cash at the Beginning of the Year		<u>1,303,052,152.94</u>	<u>1,503,006,480.65</u>
Cash Balance at the End of the Year	4	<u>1,177,713,719.63</u>	<u>1,303,052,152.94</u>

See accompanying Notes to the Financial Statements.

Republic of the Philippines
Province of Negros Oriental
CITY OF GUIHULNGAN
Statement of Comparison of Budget and Actual Amounts
For the Year Ended December 31, 2024
(With comparative figures for CY 2023)
(in Philippine Peso)

Particulars	Budgeted Amounts				Difference Original and Final Budget		Actual Amounts		Difference Final Budget and Actual	
	Original		Final		2024	2023	2024	2023	2024	2023
	2024	2023	2024	2023						
Revenue										
A. Local Sources										
1. Tax Revenue										
a. Tax Revenue - Individual and Corporation	-	-	-	-	-	-	1,636,516.06	1,711,928.51	(1,636,516.06)	(1,711,928.51)
b. Tax Revenue - Property	5,400,000.00	5,400,000.00	5,400,000.00	5,400,000.00	-	-	5,446,422.14	5,602,745.44	(46,422.14)	(202,745.44)
c. Tax Revenue - Goods and Services	8,500,000.00	7,500,000.00	8,500,000.00	7,500,000.00	-	-	10,803,289.89	9,574,665.79	(2,303,289.89)	(2,074,665.79)
d. Other Local Taxes	3,100,000.00	3,100,000.00	3,100,000.00	3,100,000.00	-	-	530,164.56	718,476.53	2,569,835.44	2,381,523.47
Total Tax Revenue	17,000,000.00	16,000,000.00	17,000,000.00	16,000,000.00	-	-	18,416,392.65	17,607,816.27	(1,416,392.65)	(1,607,816.27)
2. Non-Tax Revenue										
a. Service Income	2,700,000.00	2,500,000.00	2,700,000.00	2,500,000.00	-	-	5,277,401.06	5,748,380.05	(2,577,401.06)	(3,248,380.05)
b. Business Income	25,500,000.00	22,800,000.00	25,500,000.00	22,800,000.00	-	-	22,566,340.95	21,461,752.33	2,933,659.05	1,338,247.67
c. Other Income and Receipts	500,000.00	470,000.00	500,000.00	470,000.00	-	-	622,721.45	426,686.17	(122,721.45)	43,313.83
Total Non-Tax Revenue	28,700,000.00	25,770,000.00	28,700,000.00	25,770,000.00	-	-	28,466,463.46	27,636,818.55	233,536.54	(1,866,818.55)
B. External Sources										
1. Share from the National Tax Allotment (NTA)	1,066,370,326.00	1,007,331,234.00	1,066,370,326.00	1,007,331,234.00	-	-	1,064,551,584.00	1,004,076,369.00	1,818,742.00	3,254,865.00
2. Share from GOCCs	-	-	-	-	-	-	-	-	-	-
3. Other Shares from National Tax Collections	-	-	-	-	-	-	-	-	-	-
a. Share from Ecozone	-	-	-	-	-	-	-	-	-	-
b. Share from EVAT	-	-	-	-	-	-	-	-	-	-
4. Other Receipts	-	-	-	-	-	-	130,691.02	665,570.00	(130,691.02)	(665,570.00)
a. Grants and Donations	-	-	-	-	-	-	129,066.50	665,570.00	(129,066.50)	(665,570.00)
b. Other Subsidy Income	-	-	-	-	-	-	-	-	-	-
c. Gains	-	-	-	-	-	-	1,624.52	-	(1,624.52)	-
C. Receipts from Borrowings	-	-	-	-	-	-	76,490,956.23	148,575,662.29	(76,490,956.23)	(148,575,662.29)
Total Revenue and Receipts	1,112,070,326.00	1,049,101,234.00	1,112,070,326.00	1,049,101,234.00	-	-	1,188,056,087.36	1,198,562,236.11	(75,985,761.36)	(149,461,002.11)

Particulars	Budgeted Amounts				Difference Original and Final Budget		Actual Amounts		Difference Final Budget and Actual	
	Original		Final		2024	2023	2024	2023	2024	2023
	2024	2023	2024	2023						
Expenditures:										
Current Appropriations										
General Public Services										
Personal Services	164,529,884.05	158,489,179.16	174,103,120.67	163,158,716.31	(9,573,236.62)	(4,669,537.15)	170,196,833.78	155,715,287.33	3,906,286.89	7,443,428.98
Maintenance and Other Operating Expenses	181,818,099.74	181,301,726.15	223,921,847.20	239,129,527.63	(42,103,747.46)	(57,827,801.48)	188,637,743.77	176,110,850.71	35,284,103.43	63,018,676.92
Capital Outlay	10,421,100.00	-	12,661,100.00	17,882,372.09	(2,240,000.00)	(17,882,372.09)	10,301,310.00	8,765,113.72	2,359,790.00	9,117,258.37
Education										
Personal Services	237,235.48	237,235.48	251,599.79	237,235.48	(14,364.31)	-	251,575.68	236,863.36	24.11	372.12
Maintenance and Other Operating Expenses	19,790,628.02	16,676,314.57	27,846,328.02	22,083,296.30	(8,055,700.00)	(5,406,981.73)	23,735,765.84	20,010,590.19	4,110,562.18	2,072,706.11
Capital Outlay	3,000,000.00	7,444,152.34	3,000,000.00	14,644,152.34	-	(7,200,000.00)	-	-	3,000,000.00	14,644,152.34
Health, Nutrition and Population Control										
Personal Services	49,521,280.60	49,043,021.28	48,345,465.00	43,486,919.96	1,175,815.60	5,556,101.32	47,110,459.91	41,842,943.79	1,235,005.09	1,643,976.17
Maintenance and Other Operating Expenses	38,211,383.00	32,032,447.86	39,194,146.80	43,760,980.00	(982,763.80)	(11,728,532.14)	34,108,116.32	33,830,530.23	5,086,030.48	9,930,449.77
Capital Outlay	850,000.00	498,500.00	524,414.44	5,004,854.54	325,585.56	(4,506,354.54)	360,000.00	580,980.00	164,414.44	4,423,874.54
Labor and Employment										
Personal Services	18,984,240.00	14,002,560.00	20,525,175.00	14,215,740.00	(1,540,935.00)	(213,180.00)	20,070,910.09	13,888,662.55	454,264.91	327,077.45
Maintenance and Other Operating Expenses	147,315,392.88	140,446,363.84	231,867,597.88	213,163,606.68	(84,552,205.00)	(72,717,242.84)	221,727,883.76	188,760,658.69	10,139,714.12	24,402,947.99
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Social Services and Social Welfare										
Personal Services	11,209,550.56	10,351,258.48	11,918,418.08	10,557,297.84	(708,867.52)	(206,039.36)	11,454,466.48	10,081,374.14	463,951.60	475,923.70
Maintenance and Other Operating Expenses	37,874,721.26	29,846,000.00	74,130,853.48	65,896,636.11	(36,256,132.22)	(36,050,636.11)	68,302,615.05	56,370,724.55	5,828,238.43	9,525,911.56
Capital Outlay	12,797,429.60	9,843,929.00	11,647,210.30	13,545,882.00	1,150,219.30	(3,701,953.00)	11,470,159.03	7,789,729.00	177,051.27	5,756,153.00
Economic Services										
Personal Services	44,416,370.44	43,571,086.68	45,971,633.01	42,656,694.52	(1,555,262.57)	914,392.16	45,515,189.48	39,048,320.88	456,443.53	3,608,373.64
Maintenance and Other Operating Expenses	65,857,473.00	60,841,278.00	69,154,518.00	82,380,100.60	(3,297,045.00)	(21,538,822.60)	65,979,894.81	70,214,328.28	3,174,623.19	12,165,772.32
Capital Outlay	-	1,000,000.00	1,868,000.00	3,539,720.00	(1,868,000.00)	(2,539,720.00)	858,552.00	235,688.00	1,009,448.00	3,304,032.00
Other Purposes:										
Debt Service										
Financial Expense	-	-	-	-	-	-	-	-	-	-
Amortization	74,592,417.11	94,562,633.77	74,141,012.33	94,562,633.77	451,404.78	-	25,007,002.68	41,894,265.24	49,134,009.65	52,668,368.53
LDRRMF										
Maintenance and Other Operating Expenses	29,238,516.30	25,700,061.70	29,238,516.30	26,900,061.70	-	(1,200,000.00)	29,238,516.30	26,900,061.70	-	-
Capital Outlay	26,210,000.00	26,600,000.00	30,249,488.00	42,571,946.56	(4,039,488.00)	(15,971,946.56)	6,715,255.80	-	23,534,232.20	42,571,946.56
20% Development Fund										
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	164,140,055.55	126,481,600.26	250,213,906.00	170,832,737.84	(86,073,850.45)	(44,351,137.58)	25,616,072.70	31,221,701.23	224,597,833.30	139,611,036.61

Particulars	Budgeted Amounts				Difference Original and Final Budget		Actual Amounts		Difference Final Budget and Actual	
	Original		Final		2024	2023	2024	2023	2024	2023
	2024	2023	2024	2023						
Allocation for Senior Citizens and PWD										
Maintenance and Other Operating Expenses	18,057,876.43	21,259,000.00	44,779,000.00	43,477,000.00	(26,721,123.57)	(22,218,000.00)	42,894,042.00	43,035,818.95	1,884,958.00	441,181.05
Capital Outlay	100,000.00	-	100,000.00	-	-	-	-	-	100,000.00	-
Others										
Personal Services	-	-	-	-	-	-	-	-	-	-
Maintenance and Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Current Appropriations	1,119,173,654.02	1,050,228,348.57	1,425,653,350.30	1,373,688,112.27	(306,479,696.28)	(323,459,763.70)	1,049,552,365.48	966,534,492.54	376,100,984.82	407,153,619.73
Continuing Appropriations										
General Public Services										
Capital Outlay	39,191,474.55	78,288,383.77	24,368,510.61	38,003,105.18	14,822,963.94	40,285,278.59	11,675,237.64	7,928,889.00	12,693,272.97	30,074,216.18
Education										
Capital Outlay	27,672,835.41	35,150,039.62	17,100,929.84	13,628,224.20	10,571,905.57	21,521,815.42	5,715,536.87	599,541.13	11,385,392.97	13,028,683.07
Health, Nutrition and Population Control										
Capital Outlay	6,759,658.98	3,436,977.98	1,771,000.00	2,829,764.44	4,988,658.98	607,213.54	229,000.00	493,980.00	1,542,000.00	2,335,784.44
Labor and Employment										
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Housing and Community Development										
Capital Outlay	12,914,825.00	12,914,825.00	12,564,825.00	12,914,825.00	350,000.00	-	693,715.81	-	11,871,109.19	12,914,825.00
Social Services and Social Welfare										
Capital Outlay	33,229,676.56	33,531,455.86	26,629,602.70	28,022,548.55	6,600,073.86	5,508,907.31	8,962,439.07	549,024.99	17,667,163.63	27,473,523.56
Economic Services										
Capital Outlay	39,465,371.84	103,781,326.69	24,527,339.36	81,429,115.78	14,938,032.48	22,352,210.91	4,471,401.31	45,267,775.94	20,055,938.05	36,161,339.84
20% Development Fund										
Capital Outlay	437,249,044.93	501,973,847.27	352,517,280.26	476,953,648.40	84,731,764.67	25,020,198.87	163,017,388.31	179,315,640.08	189,499,891.95	297,638,008.32
Other Purposes:										
LDRRMF	107,995,160.49	91,503,692.87	103,954,672.49	91,503,692.87	4,040,488.00	-	27,003,355.76	26,080,478.94	76,951,316.73	65,423,213.93
Loan Payment	101,668,132.23	79,432,360.18	98,351,444.97	60,551,312.68	3,316,687.26	18,881,047.50	21,645,329.94	11,551,548.98	76,706,115.03	48,999,763.70
Loans and Borrowings	413,638,115.83	537,236,615.98	413,638,115.83	611,936,405.72	-	(74,699,789.74)	77,068,973.73	198,298,289.89	336,569,142.10	413,638,115.83
Total Continuing Appropriations	1,219,784,295.82	1,477,249,525.22	1,075,423,721.06	1,417,772,642.82	144,360,574.76	59,476,882.40	320,482,378.44	470,085,168.95	754,941,342.62	947,687,473.87
Total	2,338,957,949.84	2,527,477,873.79	2,501,077,071.36	2,791,460,755.09	(162,119,121.52)	(263,982,881.30)	1,370,034,743.92	1,436,619,661.49	1,131,042,327.44	1,354,841,093.60

CITY OF GUIHULNGAN

Notes to Condensed Financial Statements

(All amounts in Philippine Peso unless otherwise stated)

Note 1 - Profile

The City of Guihulngan is composed of 33 barangays with a total land area of 422.75 square kilometers and a population of 102,656 based on the 2020 Census of Population.

Guihulngan was converted into a component city on March 29, 2007 by virtue of Republic Act No. 9409 when it lapsed into law upon failure of then President Gloria Macapagal-Arroyo to sign it. The law was ratified on July 14, 2007 through a plebiscite.

In November 2008, Guihulngan lost its cityhood, along with 15 other LGUs. It then gained it back in December 2009, lost it again in August 2010, and finally got it back in February 2011. The Supreme Court declared its ruling on the cityhood as final on June 28, 2011.

The City envisions to become the handicraft and livestock trade giant of Negros Oriental. It aims to become a holistic city characterized by a progressive and diversified economy, ecologically balanced and peaceful environment, a self-reliant, disaster-resilient, healthy and God-centered community, well planned infrastructures, governed by proactive leaders.

The City Government of Guihulngan has made it its mission to effectively and efficiently deliver basic services and facilities to the people towards upliftment of human and economic resources for sustainable development.

Note 2 - Statement of Compliance and Basis of Preparation of Financial Statements

The consolidated financial statements of the LGU have been prepared in accordance with the Philippine Public Sector Accounting Standards (PPSAS). The consolidated financial statements are presented in pesos, which is the functional and reporting currency of the LGU. The accounting policies have been applied since CY 2015.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Comparison of Budget and Actual Amounts and the Notes to FS are attached components of the FS of the City. The Statement of Cash Flows is prepared using the direct method.

Note 3 - Summary of significant accounting policies

3.1 Basis of accounting

The combined financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

3.2 Combination/Consolidation

The consolidated financial statements reflect all the assets, liabilities, revenues, and expenses of the City covering all funds. These funds include the General Fund, Special Education Fund (SEF) and Trust Fund (TF). The General Fund is composed of the following:

- General Fund Proper
- 20% Economic Development Fund
- Market Operations
- Slaughterhouse
- Operation of Waterworks System
- Other Special Account - Loans

3.3 Presentation of Financial Statements

In accordance with the PPSAS transitional provisions, comparative financial statements for CY 2024 and 2023 were presented.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank; on-call deposits and highly liquid investments with an original maturity of three months or less, which are readily convertible to cash and present insignificant risk of changes in value because of changes in interest rates.

Petty Cash Fund (PCF) is maintained on an imprest system wherein replenishment is charged to the expense account. The PCF is not used to purchase regular inventory items for stock.

3.5 Investments

The LGU limits its exposure to risk by investing only in government-issued securities through Authorized Government Depository Banks.

3.6 Receivables

Receivables represent amounts collectible from various constituents, taxpayers, other local government units, national government agencies, city officials and employees arising from claims for money lent, real property taxes due the local government unit and cash advances granted for travel and for payment of salaries, wages, allowances, honoraria and other operating expenses.

3.7 Inventories

Inventories were recognized and measured at cost upon initial recognition.

Inventories were recognized as expense when issued for utilization or consumption in the ordinary course of operation.

3.8 Prepayments and Deferred Charges

Prepayments were recorded using the asset method. Adjusting entries were prepared at the end of the year to record the portion of the prepayment representing the expense incurred during the current accounting period.

3.9 Property, Plant and Equipment

Property, Plant and Equipment (PPE) were recognized at cost. The cost includes the purchase price and expenditures directly attributable to the acquisition of the asset. PPEs are classified as such in the books when the acquisition costs are at least Fifty Thousand Pesos (₱50,000.00) per unit, in accordance with COA Circular No. 2022-004 issued on May 31, 2022. After recognition, PPE were stated at cost less accumulated depreciation.

The straight-line method was adopted in the computation of depreciation over the useful life of the asset, assigning a residual value of at least 10%. The estimated useful life of the asset is based on the estimated useful life of PPE by classification issued by COA. Depreciation starts on the month following the date of the purchase.

The City calculates depreciation of property, plant and equipment based on the following estimated useful life (in years):

Property, Plant and Equipment	Estimated useful life in years
Land Improvements	
Land Improvements	10
Runways/taxiways	20
Railways	40
Electrification, Power and Energy Structures	10
Buildings- those that are predominantly	-
Wood	10
Mixed	20
Concrete	30
Leasehold Improvements*	
Land	10
Buildings	
Wood	10
Mixed	20
Concrete	30
Office Equipment, Furniture and Fixtures	
Office Equipment	5
Furniture and Fixtures	10

Property, Plant and Equipment	Estimated useful life in years
IT Equipment-Hardware	5
Library Books	5
Machineries and Equipment	
Machineries	10
Agricultural, Fishery and Forestry	10
Airport Equipment	10
Communication Equipment	10
Construction and Heavy Equipment	10
Firefighting Equipment and Accessories	7
Hospital Equipment	10
Medical, Dental and Laboratory Equipment	10
Military and Police Equipment	10
Sports Equipment	10
Technical and Scientific Equipment	10
Other Machineries and Equipment	10
Transportation Equipment	
Motor Vehicles	7
Trains	10
Aircraft and Aircraft Ground Equipment	10
Watercrafts	10
Other Transportation Equipment	10
Other Property, Plant and Equipment	5

*The estimated useful life shall depend on the length of the lease. It shall be the period of the lease or the estimated useful life of the assets, as given, whichever is shorter.

The LGU derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the surplus or deficit.

Public Infrastructures are recognized in the books as Property, Plant and Equipment, in compliance with the PPSAS.

3.10 Financial liabilities

The LGU's financial liabilities include payables and borrowings which the City is committed to pay for goods or services received. It also includes amounts entrusted/withheld from outside sources/offices and personnel for which the City is acting as a trustee or administrator.

Payables were recognized and recorded in the books of accounts only upon acceptance of goods and rendition of services to the City.

Loans contracted by the City were recognized upon receipt of the proceeds from creditors.

3.11 Equity

Equity represents the difference between the assets and liabilities. The amount available for operations is computed by deducting the following from the ending balance of Government Equity:

- a. equity set aside to finance capital projects with appropriations provided in the previous years (continuing appropriations);
- b. obligated allotments of which no liability had been recognized;
- c. portion pertaining to property, plant and equipment including public infrastructures in process;
- d. amount reserved for Local Disaster Risk Reduction & Management Fund, and
- e. equity set aside to settle existing obligations.

3.12 Correction of Fundamental Errors

Fundamental errors of prior years and adjustments related to prior years' transactions are corrected and accounted for by using the Prior Years' Adjustment account. Payment of expenses incurred in prior years is also accounted as debit to Prior Years' Adjustment. Errors affecting current year's operations were charged to the current year's accounts.

Note 4 – Cash and Cash Equivalents

Cash and Cash Equivalents account with a balance of ₱1,177,713,719.63 as of December 31, 2024 represents 88% of the total current assets. It is composed of the following accounts:

	2024	2023
Cash on Hand		
Cash-Local Treasury	₱ 179.80	₱ 518,480.87
Cash in Bank–Local Currency		
Cash in Bank-Local Currency, Current Account	1,177,713,539.83	1,302,533,672.07
Total Cash and Cash Equivalents	<u>₱ 1,177,713,719.63</u>	<u>₱ 1,303,052,152.94</u>

Cash in Bank represents various funds – General Fund, 20% Economic Development Fund, Special Education Fund, Trust Fund Regular and various Special Trust Funds, Market and Slaughterhouse and Waterworks. The funds are deposited in both the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP).

Note 5 - Receivables

This account consists of the following:

	2024	2023
<i>Current:</i>		
Real Property Tax Receivable	₱ 1,245,109.02	₱ 1,336,813.76
Special Education Tax Receivable	298,226.54	463,029.99
Loans Receivable-Local Government Units	172,000.00	214,087.96
Loans Receivable-Others	9,314,677.23	9,498,046.27
Due from NGAs	200,460.00	200,460.00
Due from Local Government Units	7,536,700.00	6,616,910.23
Due from Other Funds	18,951,772.50	36,195,180.29
Due from Special Accounts	4,494,408.17	59,869.52
Advances to Special Disbursing Officer	220,845.00	44,035.00
Advances for Officers and Employees	19,750.00	44,826.00
Receivables-Disallowances/Charges	1,597,349.23	2,199,849.23
Due from Officers and Employees	1,029,154.96	5,305,522.65
Due from NGOs/POs	474,999.17	429,166.27
Other Receivables	394,268.61	405,768.61
Total Current Receivables	<u>₱45,949,720.43</u>	<u>₱ 63,013,565.78</u>
Less: Off-set		
Due to Other Funds	₱ 18,951,772.50	₱ 36,195,180.29
Due to Special Accounts	4,494,408.17	59,869.52
	<u>₱ 23,446,180.67</u>	<u>₱ 36,255,049.81</u>
Net Current Receivables	<u>₱ 22,503,539.76</u>	<u>₱ 26,758,515.97</u>
<i>Non-Current:</i>		
Other Receivables		-
Due from NGOs/POs	₱ 1,081,668.77	₱ 1,545,834.66
Total Non-current Receivables	<u>₱ 1,081,668.77</u>	<u>₱ 1,545,834.66</u>

The balances of Real Property Tax (RPT) Receivable and Special Education Tax (SET) Receivable as of December 31, 2023 were closed at the beginning of CY 2024. At the same time, Receivables from RPT and SET for 2024 were set up based on the Certified List of Taxpayers provided by the City Treasurer.

The ₱172,000.00 balance of Loans Receivable –Local Government Units represents the capitalization for the Bigasang Barangay outlets in 31 barangays to address the city-wide rice shortage in 2008. It was a joint project of the National Food Authority and the City Government. The loans were granted to the Barangays without interest.

Loans Receivable – Others account includes the Loans Receivable set up in January 2018 for the Swine Feeds Program granted in CYs 2014 and 2015 under the General Fund. Outstanding balance as of December 31, 2024 was ₱9,314,677.23.

Due from Local Government Units includes aid/assistance to barangays which are yet to be liquidated.

Due from Other Funds amounting to ₱18,951,772.50 was offset against Due to Other Funds under Intra-Agency Payables (Note 13).

Due from Special Accounts amounting to ₱4,494,408.17 was offset against Due to Other Funds under Intra-Agency Payables (Note 13).

Receivables –Disallowances/Charges account is composed mainly of PEI released in 2014. The amount of ₱500.00 is collected every month from active officials and employees, decreasing the balance from ₱7,051,500.00 to ₱1,002,626.81 as of December 31, 2024. The disallowance for the Charter Day 2015 T-Shirts amounting to ₱615,400.00 was booked in 2018 based on the Notice of Finality of Decision issued by the Commission on Audit on July 16, 2018. Balance as of December 31, 2024 was ₱387,580.00. The remainder consists of disallowed extra cash gifts of previous years amounting to ₱7,142.42.

Payments for the PEI disallowance in CY 2024 amounting to ₱385,500.00 were booked as Trust Liabilities – Disallowances/Charges (Note 14 – Trust Liabilities). This amount shall be deducted from Receivables –Disallowances/Charges upon receipt of Notice of Settlement of Suspension/Disallowance/Charge from the Commission on Audit, in accordance with COA Circular No. 2022-002 dated January 24, 2022.

Payments for the Charter Day 2015 T-Shirts disallowance in CY 2024 and prior years amounting to ₱200,000.00 were booked as Trust Liabilities – Disallowances/Charges (Note 14 – Trust Liabilities).

Due from Non-Government Organizations/POs – The amount of ₱1,556,667.94 represents outstanding balance of loans granted to associations to fund their livelihood activities, in accordance with Ordinance No. 2018-17: Guidelines of the Guihulngan City Livelihood Program:

Current Portion	-	₱ 474,999.17
Non-current Portion	-	<u>1,081,668.77</u>
Total Outstanding Balance		<u>₱ 1,556,667.94</u>

In accordance with the Commission on Audit’s decisions on the City’s requests for write-off of long-outstanding dormant receivable accounts, the following dormant receivables were written-off in FY 2021:

Due from Officers and Employees	₱ 163,726.28	COA RSAO NIS Decision No.2021-016
Advances for Officers and Employees	3,640.00	COA Decision No. 2021-001
Other Receivables	<u>1,476.00</u>	COA Decision No. 2021-001
Total Receivables Written-off	<u>₱ 168,842.28</u>	

Note 6 – Inventories

This account consists of the following:

Inventories	January 1, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2024
<i>Inventory Held for Distribution</i>									
Food Supplies for Distribution		2,996,973.00			2,996,973.00		2,996,973.00		0.00
Welfare Goods for Distribution	15,470,826.00				15,470,826.00	11,715,000.00	6,744,975.00		20,440,851.00
Agricultural & Marine Supplies for Distribution	24,469,074.00	18,108,801.00	7,566,214.00		35,011,661.00	26,266,665.36	35,011,661.00		26,266,665.36
Agricultural Produce for Distribution	2,147,328.00				2,147,328.00		2,147,328.00		0.00
Property and Equipment for Distribution		13,714,937.50			13,714,937.50			13,714,937.50	0.00
Other Supplies & Materials for Distribution	14,402,220.00	18,719,118.50			33,121,338.50	12,535,738.50	27,454,519.50		18,202,557.50
<i>Inventory Held for Consumption</i>									
Office Supplies Inventory	5,417,024.10	700,601.20	2,196,443.10		3,921,182.20	6,507,566.80	8,027,692.60		2,401,056.40
Accountable Forms, Plates and Stickers	803,088.00	509,512.00	994,000.00		318,600.00	1,177,912.50	1,496,512.50		0.00
Non-Accountable forms Inventory	59,325.00	52,675.00	32,000.00		80,000.00	13,800.00	93,800.00		0.00
Animal Zoological Supplies Inventory	679,455.00	2,731,774.45	53,332.60		3,357,896.85	797,955.00	4,155,851.85		0.00
Food Supplies Inventory	1,937,118.00	5,231,449.55	4,355,765.80		2,812,801.75	2,663,330.02	5,476,131.77		0.00
Drugs and Medicines Inventory	16,700,345.18	18,749,416.58	87,911.45		35,361,850.31	20,601,475.08	54,619,226.80		1,344,098.59
Medical, Dental & Laboratory Supplies Inventory	5,517,804.90		3,595,887.06		1,921,917.84	3,834,271.80	4,343,700.34		1,412,489.30
Fuel, Oil & Lubricants Inventory	108,000.00	33,644,672.77	33,644,672.77		108,000.00		108,000.00		0.00

Inventories	January 1, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2024
Agricultural and Marine Supplies Inventory	960,143.00		511,167.00		448,976.00	49,965.00	498,941.00		0.00
Chemical & Filtering Supplies Inventory	119,400.00	295,670.00	119,400.00		295,670.00	295,050.00	590,720.00		0.00
Other Supplies & Materials Inventory	6,524,064.00	1,396,279.30	3,526,034.90		4,394,308.40	3,908,398.20	6,744,275.10		1,558,431.50
<i>Semi-Expendable Machinery and Equipment</i>									
Semi-Expendable Office Equipment						1,453,409.00	48,000.00		1,405,409.00
Semi-Expendable Information and Technology Equipment						9,133,911.30	-		9,133,911.30
Semi-Expendable Agricultural and Forestry Equipment						187,003.00			187,003.00
Semi-Expendable Communications Equipment						13,440.00			13,440.00
Semi-Expendable Disaster Response and Rescue Equipment						2,104,647.44			2,104,647.44
Semi-Expendable Medical, Dental and Laboratory Equipment						1,653,687.00			1,653,687.00
Semi-Expendable Printing Equipment									-
Semi-Expendable Sports Equipment						211,192.00			211,192.00
Semi-Expendable Technical and Scientific Equipment						1,051,637.00			1,051,637.00
Semi-Expendable Other Machinery and Equipment						6,605,482.50			6,605,482.50
<i>Semi-Expendable Machinery and Equipment</i>									
Semi-Expendable Furniture and Fixtures						3,848,112.80			3,848,112.80
TOTAL	95,315,215.18	116,851,880.85	56,682,828.68	0.00	155,484,267.35	116,629,650.30	160,558,308.46	13,714,937.50	97,840,671.69

Note 7 – Prepayments and Deferred Charges

This account consists of the following:

	2024	2023
<i>Prepayments</i>		
Advances to Contractors	₱ 6,546,232.31	₱ 6,230,395.33
Prepaid Insurance	2,541,272.77	2,746,238.09
Other Prepayments	3,156,248.56	3,375,402.23
Total	<u>₱ 12,243,753.64</u>	<u>₱ 12,352,035.65</u>

The account Advances to Contractors represents the advance payment made to contractors which is equivalent to 15% of the contract amount.

The balance of the Prepaid Insurance account represents the unexpired portion of the insurance premiums of the City vehicles and the newly constructed Mega Market. Expired portion amounting to ₱4,776,406.27 was charged to Insurance Expense.

Other Prepayments include the ₱5,000,000.00 deposit with Corazon Loacin Memorial Hospital (CLMH) in CY 2018, based on the Memorandum of Agreement between the City Government and CLMH. It is intended to pay for the hospital bills of indigent constituents endorsed by the City Government to CLMH for treatment/confinement. A total of ₱1,843,751.44 in validated billings from CLMH was debited from the account from CY 2019 to CY 2024. Balance per books was ₱3,156,248.56 as of December 31, 2024.

Note 8 - Property, Plant, and Equipment

This account consists of the following:

Property, Plant & Equipment	January 1, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2024
Land									
Land	490,554,785.21	8,142,794.00		12,765,957.45	485,931,621.76	128,920.00	468,336.74		485,592,205.02
Land Improvements									
Land Improvements, Aquaculture Structures	101,281.44				101,281.44		51,281.44		50,000.00
Other Land Improvements	63,338,259.36	3,447,879.10		62,656,611.52	4,129,526.94	363,750.92	163,867.36		4,329,410.50
Infrastructure Assets									
Road Networks	345,925,325.32	180,426,017.48		4,655,167.88	521,696,174.92	108,544,438.14	4,668,928.30		625,571,684.76
Flood Control Systems	53,024,098.57	31,619,293.63		408,055.46	84,235,336.74	5,284,588.67	183,075.65		89,336,849.76
Water Supply Systems	120,595,462.68	30,571,248.87		6,739,588.07	144,427,123.48	11,257,365.49	8,291,870.47		147,392,618.50
Power Supply Systems	53,971,102.41	80,026,954.68		2,372,189.66	131,625,867.43	45,931,957.40			177,557,824.83
Communication Networks	0.00	181,787.49			181,787.49		181,787.49		-
Seaport Systems	0.00	208,507.51			208,507.51		208,507.51		-
Parks, Plazas and Monuments	12,101,411.47	16,929,007.46		534,024.00	28,496,394.93				28,496,394.93
Other Infrastructure Assets	13,807,121.40	29,356,226.98		270,841.00	42,892,507.38	29,135,434.10			72,027,941.48
Buildings and Other Structures									
Buildings	276,298,565.69	6,246,347.56		11,718,695.75	270,826,217.50	7,265,899.53	8,674,106.05		269,418,010.98
School Buildings	18,448,474.45	8,626,241.13		2,173,660.70	24,901,054.88	1,200,000.00	716,237.91		25,384,816.97
Hospitals & Health Centers	8,849,656.95	2,297,478.88		257,148.27	10,889,987.56				10,889,987.56
Markets	21,384,137.42			426,686.27	20,957,451.15				20,957,451.15
Slaughterhouses	5,151,701.79	23,721.60		33,421.60	5,142,001.79				5,142,001.79
Hostels and Dormitories	2,969,884.26				2,969,884.26				2,969,884.26
Other Structures	73,580,870.43	20,360,367.41		4,001,907.70	89,939,330.14	7,591,910.29			97,531,240.43

Property, Plant & Equipment	January 1, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2024
<i>Machinery and Equipment</i>									
Machinery	412,746.00	19,713,500.00		262,766.00	19,863,480.00				19,863,480.00
Office Equipment	19,232,205.11	1,275,206.00		8,651,341.55	11,856,069.56	1,413,400.00	2,103,555.21		11,165,914.35
Information & Communication Technology Equipment	29,361,258.11	2,303,188.00		19,920,508.65	11,743,937.46	7,127,984.58	1,274,102.50		17,597,819.54
Agricultural and Forestry Equipment	11,125,180.00			660,180.00	10,465,000.00		2,195,000.00		8,270,000.00
Marine Fishery Equipment	319,520.00			319,520.00	-				-
Communication Equipment	15,769,747.80			8,609,185.80	7,160,562.00				7,160,562.00
Construction and Heavy Equipment	175,264,300.00				175,264,300.00	14,945,000.00	35,296,000.00		154,913,300.00
Disaster Response and Rescue Equipment	50,638,626.20	7,195,000.00		8,073,817.70	49,759,808.50	13,399,082.48			63,158,890.98
Military, Police and Security Equipment	24,692,868.37	421,000.00		7,687,627.37	17,426,241.00				17,426,241.00
Medical Equipment	7,065,233.80			4,617,001.00	2,448,232.80	598,900.00	896,998.90		2,150,133.90
Sports Equipment	402,569.09			245,936.69	156,632.40				156,632.40
Technical & Scientific Equipment	10,714,783.04	2,363,030.00		4,626,421.04	8,451,392.00	9,763,460.00	954,340.00		17,260,512.00
Other Machinery and Equipment	9,502,387.00			3,249,787.00	6,252,600.00	455,740.00			6,708,340.00
<i>Transportation Equipment</i>									
Motor Vehicles	62,060,234.15	4,998,000.00		353,660.35	66,704,573.80	18,432,560.00	16,318,903.66		68,818,230.14
Watercrafts	2,393,589.07			171,739.07	2,221,850.00				2,221,850.00
<i>Furniture, Fixtures and Books</i>									
Furniture and Fixtures	27,023,063.26	295,147.00		26,781,982.26	536,228.00	1,844,831.80	1,844,831.80		536,228.00
Books	754,348.04			754,348.04	-				-

Property, Plant & Equipment	January 1, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2023	Additions	Disposals	Transfers/ Adjustments	December 31, 2024
<i>Construction in Progress</i>									
Construction in Progress-Land Improvements	0.00	120,337,747.37		10,970,512.34	109,367,235.03				109,367,235.03
Construction in Progress-Infrastructure Assets	223,643,534.66	229,003,257.01		321,581,612.17	131,065,179.50	125,326,611.88	135,240,989.78		121,150,801.60
Construction in Progress-Buildings and Other Structures	32,610,033.08	269,073,922.59		89,984,553.68	211,699,401.99	88,022,303.87	7,703,343.64		292,018,362.22
<i>Other Property, Plant and Equipment</i>									
Other Property, Plant and Equipment	6,402,039.33	41,911.50		5,439,425.41	1,004,525.42	236,000.00			1,240,525.42
Work/Zoo Animals	337,024.05			337,024.05	-				-
TOTAL	2,269,827,429.01	1,075,484,783.25	0.00	632,312,905.50	2,712,999,306.76	498,270,139.15	227,436,064.41	0.00	2,983,833,381.50

Depreciation and Impairment

Property, Plant and Equipment	January 1, 2023		December 31, 2023			December 31, 2023			December 31, 2024			December 31, 2024		
	Depreciation	Impairment	Depreciation	Impairment	Disposal	Depreciation	Impairment	Net Book Value	Depreciation	Impairment	Disposal	Depreciation	Impairment	Net Book Value
Land														
Land								485,931,621.76						485,592,205.02
Land Improvements														
Land Improvements, Aquaculture Structures	(54,691.98)		(9,115.33)			(63,807.31)		37,474.13	(4,500.00)		(32,307.31)	(36,000.00)	0.00	14,000.00
Other Land Improvements	(98,648.63)		(369,543.94)			(468,192.57)		3,661,334.37	(353,729.91)			(821,922.48)	0.00	3,507,488.02
Infrastructure Assets														
Road Networks	(33,549,518.84)		(16,557,001.18)		(891,688.06)	(49,214,831.96)		472,481,342.96	(24,584,267.23)		(894,800.28)	(72,904,298.91)	0.00	552,667,385.85
Flood Control Systems	(7,440,209.69)		(4,355,430.86)		(81,960.01)	(11,713,680.54)		72,521,656.20	(3,949,976.67)		(41,192.00)	(15,622,465.21)	0.00	73,714,384.55
Water Supply Systems	(39,181,321.63)	(35,000.00)	(11,696,244.27)		(1,671,346.32)	(49,206,219.58)	(35,000.00)	95,185,903.90	(12,732,388.72)			(61,938,608.30)	(35,000.00)	85,419,010.20
Power Supply Systems	(9,671,376.45)		(6,611,073.41)	(63,163.45)	(957,184.14)	(15,325,265.72)	(63,163.45)	116,237,438.26	(12,827,898.38)			(28,153,164.10)	(63,163.45)	149,341,497.28
Communication Networks								181,787.49				0.00	0.00	-
Seaport Systems								208,507.51				0.00	0.00	-
Parks, Plazas & Monuments	(4,945,763.86)		(1,325,743.97)		(216,279.67)	(6,055,228.16)		22,441,166.77	(2,564,675.56)			(8,619,903.72)	0.00	19,876,491.21
Other Infrastructure Assets	(3,742,861.48)		(2,508,170.20)		(138,693.58)	(6,112,338.10)		36,780,169.28	(5,126,570.46)			(11,238,908.56)	0.00	60,789,032.92
Buildings and Other Structures														
Buildings	(55,761,738.26)	(321,437.05)	(11,421,024.88)		(932,176.81)	(66,250,586.33)	(321,437.05)	204,254,194.12	(11,965,195.37)			(78,215,781.70)	(321,437.05)	190,880,792.23
School Buildings	(5,067,592.05)	(29,000.00)	(776,208.27)		(774,713.78)	(5,069,086.54)	(29,000.00)	19,802,968.34	(1,088,339.27)			(6,157,425.81)	(29,000.00)	19,198,391.16
Hospitals & Health Centers	(1,675,670.41)		(386,662.89)		(77,942.38)	(1,984,390.92)		8,905,596.64	(490,049.44)			(2,474,440.36)	0.00	8,415,547.20
Markets	(3,108,680.33)		(938,760.97)		(129,662.08)	(3,917,779.22)		17,039,671.93	(938,760.97)			(4,856,540.19)	0.00	16,100,910.96
Slaughterhouses	(4,309,943.31)		(251,378.45)		(20,861.35)	(4,540,460.41)		601,541.38	(231,390.10)			(4,771,850.51)	0.00	370,151.28
Hostels and Dormitories	(341,536.69)		(89,096.53)			(430,633.22)		2,539,251.04	(89,096.53)			(519,729.75)	0.00	2,450,154.51
Other Structures	(13,223,857.55)	(6,934,507.67)	(3,114,438.19)	(237,045.45)	(1,445,148.30)	(14,893,147.44)	(7,171,553.12)	67,874,629.58	(3,709,157.53)			(18,602,304.97)	(7,171,553.12)	71,757,382.34
Machinery and Equipment														
Machinery	(144,424.64)		(1,005,443.67)			(121,666.75)		18,835,278.44	(1,787,713.20)			(2,815,914.76)	0.00	17,047,565.24
Office Equipment	(14,267,147.50)		(1,029,027.62)		(6,530,192.10)	(8,765,983.02)		3,090,086.54	(635,663.40)		(1,899,650.47)	(7,501,995.95)	0.00	3,663,918.40
Information & Communication Technology Equipment	(20,440,296.88)		(1,102,990.42)		(13,711,051.91)	(7,832,235.39)		3,911,702.07	(1,433,807.51)		(1,148,683.05)	(8,117,359.85)	0.00	9,480,459.69
Agricultural and Forestry Equipment	(4,644,936.00)		(1,430,899.65)		(435,198.15)	(5,640,637.50)		4,824,362.50	(2,275,312.50)		(3,062,025.00)	(4,853,925.00)	0.00	3,416,075.00

Property, Plant and Equipment	January 1, 2023					December 31, 2023						December 31, 2024		
	Depreciation	Impairment	Depreciation	Impairment	Disposal	Depreciation	Impairment	Net Book Value	Depreciation	Impairment	Disposal	Depreciation	Impairment	Net Book Value
Marine Fishery Equipment	(115,027.20)		(21,567.60)		(136,594.80)	0.00		-				0.00	0.00	-
Communication Equipment	(3,553,214.55)		(1,161,543.35)		(3,173,569.81)	(1,541,188.09)		5,619,373.91	(629,138.00)			(2,170,326.09)	0.00	4,990,235.91
Construction and Heavy Equipment	(68,365,896.40)		(17,376,878.59)			(85,742,774.99)		89,521,525.01	(16,395,985.70)		(31,772,641.03)	(70,366,119.66)	0.00	84,547,180.34
Disaster Response and Rescue Equipment	(19,420,124.00)		(6,815,721.50)		(2,426,129.32)	(23,809,716.18)		25,950,092.32	(4,288,401.29)			(28,098,117.47)	0.00	35,060,773.51
Military, Police and Security Equipment	(12,131,708.71)	(55,950.00)	(3,442,705.31)		(3,968,645.38)	(11,605,768.64)	(55,950.00)	5,764,522.36	(2,470,298.12)			(14,076,066.76)	(55,950.00)	3,294,224.24
Medical Equipment	(3,480,317.20)		(643,120.16)		(2,661,264.61)	(1,462,172.75)		986,060.05	(259,304.90)		(634,306.38)	(1,087,171.27)	0.00	1,062,962.63
Sports Equipment	(303,767.96)		(13,110.28)		(185,505.97)	(131,372.27)		25,260.13	(9,596.92)			(140,969.19)	0.00	15,663.21
Technical & Scientific Equipment	(6,260,499.20)		(665,718.58)		(2,687,353.93)	(4,238,863.85)		4,212,528.15	(567,420.05)		(834,408.61)	(3,971,875.29)	0.00	13,288,636.71
Other Machinery and Equipment	(4,048,127.62)		(1,045,399.20)		(1,649,964.07)	(3,443,562.75)		2,809,037.25	(1,397,385.00)			(4,840,947.75)	0.00	1,867,392.25
Transportation Equipment														
Motor Vehicles	(36,017,230.63)		(4,755,105.52)		(175,814.98)	(40,596,521.17)		26,108,052.63	(4,845,132.46)		(14,508,606.71)	(30,933,046.92)	0.00	37,885,183.22
Watercrafts	(2,016,878.08)		(26,626.50)		(70,466.08)	(1,973,038.50)		248,811.50	(26,626.50)			(1,999,665.00)	0.00	222,185.00
Furniture, Fixtures and Books														
Furniture and Fixtures	(5,711,978.98)		(60,071.34)		(5,332,477.72)	(439,572.60)		96,655.40	(10,748.52)			(450,321.12)	0.00	85,906.88
Books	(622,259.95)				(622,259.95)			-				0.00	0.00	-
Construction in Progress														
Construction in Progress-Land Improvements								109,367,235.03				0.00	0.00	109,367,235.03
Construction in Progress-Infrastructure Assets								131,065,179.50				0.00	0.00	121,150,801.60
Construction in Progress-Buildings and Other Structures								211,699,401.99				0.00	0.00	292,018,362.22
Other Property, Plant and Equipment														
Other Property, Plant and Equipment	(4,884,693.88)		(253,782.78)		(4,210,739.82)	(927,736.84)		76,788.58	(24,780.00)			(952,516.84)	0.00	288,008.58
Work/Zoo Animals								-				0.00	0.00	-
TOTAL	(388,601,940.54)	(7,375,894.72)	(101,259,605.41)	(300,208.90)	(55,436,551.83)	(434,424,994.12)	(7,676,103.62)	2,270,898,209.02	(117,713,310.21)	0.00	(54,828,620.84)	(497,309,683.49)	(7,676,103.62)	2,478,847,594.39

The LGU considered the residual value of all items of property, plant and equipment, but is not expecting residual values for these assets. These assets will be utilized for their entire economic lives with no 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.

The City Government conducted a public bidding in FY 2024 to dispose its unserviceable movable assets with a total acquisition cost of ₱59,038,900.27. Net Loss from Sale of Property, Plant and Equipment (PPE) amounting to ₱4,836,389.64 was booked. The disposed PPEs were taken off the books along with the corresponding accumulated depreciation.

In accordance with COA Circular No. 2022-004 issued on May 31, 2022, tangible items which meet the definition and recognition criteria of Property, Plant and Equipment (PPE) but costs below Fifty Thousand Pesos (₱50,000.00) are classified as Semi-Expendable Items:

Semi-Expendable Machinery and Equipment:	As of December 31, 2024
Semi-Expendable Office Equipment	₱ 1,405,409.00
Semi-Expendable Information and Technology Equipment	9,133,911.30
Semi-Expendable Agricultural and Forestry Equipment	187,003.00
Semi-Expendable Communications Equipment	13,440.00
Semi-Expendable Disaster Response and Rescue Equipment	2,104,647.44
Semi-Expendable Medical, Dental and Laboratory Equipment	1,653,687.00
Semi-Expendable Sports Equipment	211,192.00
Semi-Expendable Technical and Scientific Equipment	1,051,637.00
Semi-Expendable Other Machinery and Equipment	6,605,482.50
<i>Total Semi-Expendable Machinery and Equipment</i>	<u>₱ 22,366,409.24</u>
Semi-Expendable Furniture, Fixtures and Books:	
Semi-Expendable Furniture and Fixtures	3,848,112.80
<i>Total Semi-Expendable Furniture, Fixtures and Books</i>	<u>₱ 3,848,112.80</u>

Item 4.16 of COA Circular No. 2022-004 states that “Semi-expendable property shall be covered by the policies of International Public Sector Accounting Standard (IPSAS) 12-*Inventories*. Hence, they are not subject to depreciation but subject to impairment.”

The City Government is using the range of estimated useful life per class of Semi-Expendable Property provided in the said Circular:

Semi-Expendable Machinery and Equipment	-	5 to 15 years
Semi-Expendable Furniture, Fixtures and Books	-	2 to 15 years

Note 9 – Road Network System

The LGU has a total of 82.849 kilometers of locally-funded roads with a total cost of ₱625,571,684.76. For the year ended, the agency booked a total of ₱108,544,438.14 for local road additions, none for major repairs and none for regular maintenance. Reductions in the amount of ₱4,668,928.30 were recorded due to reclassification.

Note 10 – Intangible Assets

This account consists of the following:

	2024	2023
Computer Software	₱ 3,500,000.00	₱ 3,500,000.00
Total	<u>₱ 3,500,000.00</u>	<u>₱ 3,500,000.00</u>

Note 11 – Financial Liabilities

This account consists of the following:

<i>Current:</i>		
Accounts Payable	₱ 204,147,206.52	₱ 172,185,847.57
Due to Officers and Employees	4,836,446.29	6,807,406.27
Loans Payable-Domestic	55,385,904.82	5,826,781.91
Total Current Financial Liabilities	<u>₱ 264,369,557.63</u>	<u>₱ 184,820,035.75</u>
<i>Non-Current:</i>		
Loans Payable-Domestic	<u>₱ 602,318,171.17</u>	<u>₱ 580,635,102.26</u>

In FY 2022, the City started availing of its Omnibus Term Loan Line from the LBP to finance the full payment of lots acquired as site of the New Government Complex and of the Directorate for Integrated Police Operations (DIPO) – Visayas of the Philippine National Police, the Site Development of the New Government Complex, the Construction of the New Government Center and the Construction of the Sports Complex.

The loan releases for the acquisition of lots in Barangay Malusay for the New Government Complex and in Barangay Calamba for the DIPO – Visayas were consolidated into one (1) promissory note in CY 2023.

Loan releases for the Site Development of the New Government Complex, the Construction of the New Government Center and the Construction of the Sports Complex are based on progress billings and Statements of Work Accomplished. Presented on the next page is the list of outstanding loans as of December 31, 2024:

No.	Type of Loan	Purpose	Fund	Term	Amount Availed in FY 2024	Principal Payment FY 2024	Outstanding Balance as of December 31, 2024
1.	Term Loan	To finance the acquisition of 4 lots in Barangay Malusay as site for the New Government Complex and in Barangay Calamba as site for the Directorate for Integrated Police Operations (DIPO) – Visayas.	General Fund Proper	15 years, inclusive of 3 years grace period on principal payment.	₱ -0-	₱ 5,826,781.91	₱ 273,858,749.99
2.	Term Loan	To finance the site development of the New Government Complex.	20% DF	15 years, inclusive of 3 years grace period on principal payment.	-0-	-0-	109,367,235.03
3.	Term Loan	To finance the construction of Sports Complex.	20% DF	15 years, inclusive of 3 years grace period on principal payment.	64,748,183.64	-0-	155,280,329.33
4.	Term Loan	To finance the construction of the New Government Center.	20% DF	15 years, inclusive of 3 years grace period on principal payment.	12,320,790.09	-0-	119,097,761.64
Total					<u>₱ 7,068,973.73</u>	<u>₱ 5,826,781.91</u>	<u>₱ 657,604,075.99</u>

Note 12 – Inter-Agency Payables

This account consists of the following:

	2024	2023
Due to BIR	₱ 10,505,928.78	₱ 12,692,098.29
Due to GSIS	7,212,130.17	1,876,293.18
Due to Pag-IBIG	1,556,081.31	1,308,224.13
Due to PhilHealth	1,355,699.97	1,182,748.82
Due to NGAs	31,858,980.72	52,963,525.87
Due to GOCCs	108,196.77	125,427.56
Due to LGUs	7,318,639.39	4,582,071.79
Total Inter-Agency Payables	₱ 59,915,657.11	₱ 74,730,389.64

The first four accounts represent deductions from the salaries of officials and employees and were subsequently remitted to the respective government agencies on or before their respective due dates.

Due to National Government Agencies amounting to ₱31,858,980.72 represents shares of various national agencies in financing priority projects. Acquisition costs of various infrastructure assets and buildings and other structures amounting to ₱5,696,042.55 were transferred to the General Fund in 2024.

Note 13 – Intra-Agency Payables

This account consists of the following:

Due to Other Funds	₱ 18,951,772.50	₱ 36,195,780.26
Due to Special Accounts	4,494,408.17	59,869.52
Total Intra-Agency Payables	₱ 23,446,180.67	₱ 36,255,649.78
Less: Off-set		
Due from Other Funds	₱ 18,951,772.50	₱ 36,195,180.29
Due from Special Accounts	4,494,408.17	59,869.52
Total Intra-Agency Payables	₱ 0.00	₱ 599.97

Due to Other Funds includes ₱5,737,317.44 unutilized DRRM Funds for CY 2024 for transfer to Trust Fund in CY 2025.

Due to Special Accounts amounting to ₱4,494,408.17 was offset against Due from Special Accounts under Receivables (Note 5).

Note 14 – Trust Liabilities

This account consists of the following:

	2024	2023
Trust Liabilities	₱ 986,641.60	₱ 1,262,495.77
Trust Liabilities-Disaster Risk Reduction and Management Fund	101,279,624.01	96,687,806.57
Bail Bonds Payable	709,868.28	709,868.28
Guaranty/Security Deposits Payable	28,350,351.12	30,715,395.24
Customer's Deposits Payable	1,680,725.38	1,556,503.22
Trust Liabilities – Disallowances/Charges	636,490.22	602,500.00
Total Trust Liabilities	<u>₱ 133,643,700.61</u>	<u>₱ 131,534,569.28</u>

Trust Liabilities DRRM Fund consists mainly of unspent 30% Quick Response Fund and 70% Mitigation Fund from CYs 2019 to 2024.

The Guaranty/Security Deposits Payable account consists of bidder's bond and 10% retention of project billings from Contractors.

Customer's Deposits Payable represents the guaranty deposit required in the installation of water service. It shall be refunded when the concession changes hands or when the service is closed permanently provided that all outstanding accounts of the depositor, if any, shall be first deducted from the said guaranty.

Trust Liabilities – Disallowances/Charges is mainly composed of payments in CY 2024 for the disallowances for PEI released in 2014 amounting to ₱385,500.00 and for the Charter Day T-Shirts in 2015 amounting to ₱200,000.00 (Note 5 – Receivables). This amount shall be deducted from Receivables –Disallowances/Charges upon receipt of Notice of Settlement of Suspension/Disallowance/Charge from the Commission on Audit, in accordance with COA Circular No. 2022-002 dated January 24, 2022.

Note 15 – Deferred Credits/Unearned Income

<i>Deferred Credits</i>		
Deferred Real Property Tax Income	₱ 1,245,109.02	₱ 1,336,813.76
Deferred Special Education Tax	298,226.54	463,029.99
Total Deferred Credits/Unearned Income	<u>₱ 1,543,335.56</u>	<u>₱ 1,799,843.75</u>

Deferred Real Property Tax (RPT) and Deferred Special Education Tax (SET) represent balances of Receivables from RPT and SET set-up at the beginning of CY 2024 which shall be closed at the beginning of CY 2025.

Note 16 – Other Payables

Other Payables is composed of collections from officials and employees for remittance to government financial institutions and cooperatives amounting to ₱54,264.91 and ₱68,789.96 for CYs 2024 and 2023, respectively.

Note 17 – Local Disaster Risk and Reduction Management Fund

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 amounts available and utilized during the year totaled ₱241,806,890.75 and ₱57,219,810.42, respectively, broken down as follows:

	Amount		
	Available	Utilized	Balance
Current Year Appropriation:			
Quick Response Fund (QRF)	₱ 16,634,554.89	₱ 5,782,070.36	₱ 852,484.53
Mitigation Fund (MF)			
MOOE	12,603,961.41	7,719,128.50	4,884,832.91
Capital Outlay	30,249,488.00	6,715,255.80	23,534,232.20
Total			
Continuing Appropriation:			
Capital Outlay – CY 2023	42,571,946.56	18,476,599.55	24,095,347.01
Capital Outlay – CY 2022	10,796,283.64	2,982,604.54	7,813,679.10
Capital Outlay – CY 2021	8,190,584.31	498,041.75	7,692,542.56
Capital Outlay – CY 2020	9,219,588.22		9,219,588.22
Capital Outlay – CY 2019	6,636,039.84		6,636,039.84
Capital Outlay – CY 2018	15,107,615.77		15,107,615.77
Capital Outlay – CY 2017	2,250,367.49		2,250,367.49
Capital Outlay – CY 2016	6,230,600.61	5,046,109.92	1,184,490.69
Capital Outlay – CY 2013	3,000,000.00		3,000,000.00
Special Trust Fund			
Financial Assistance from Different LGUs	2,540.01		2,540.01
CY 2019	9,414,783.63		9,414,783.63
CY 2020	5,096,539.93		5,096,539.93
CY 2021	14,888,602.70		14,888,602.70
CY 2022	27,303,290.05		27,303,290.05
CY 2023	21,610,103.69		21,610,103.69
Total			
Total	<u>₱ 241,806,890.75</u>	<u>₱ 57,219,810.42</u>	<u>₱ 184,587,080.33</u>

FINANCIAL PERFORMANCE

Note 18 – Tax Revenue

This account is composed of the following:

	2024	2023
<i>Tax Revenue-Individual and Corporation</i>		
Professional Tax	₱ 14,198.85	₱ 13,200.00
Community Tax	1,550,971.15	1,583,089.05
<i>Tax Revenue-Property</i>		
Real Property Tax	2,180,587.33	2,034,942.70
<i>Discount on Real Property Tax-Basic</i>	(258,912.49)	(214,207.88)
Special Education Tax	3,004,162.26	2,815,617.58
<i>Discount on Special Education Tax</i>	(258,912.49)	(214,567.88)
Real Property Transfer Tax	22,119.52	154,565.75
<i>Tax Revenue-Goods and Services</i>		
Business Tax	10,385,854.25	9,345,931.04
Taxes on Sand, Gravel and other Quarry Products		
Tax on Delivery Trucks and Vans	61,050.00	15,000.00
Franchise Tax	356,385.64	213,734.75
<i>Tax Revenue-Fines and Penalties</i>		
Fines and Penalties-Taxes on Individual and Corp.	71,346.06	115,639.46
Fines and Penalties-Property Taxes	1,287,542.57	1,744,871.70
Total	<u>₱ 18,416,392.65</u>	<u>₱ 17,607,816.27</u>

Note 19 – Share from National Taxes

This account consists of the City's share from Internal Revenue Collection in the amount of ₱1,064,551,584.00 for FY 2024 and ₱1,004,076,369.00 for FY 2023.

Note 20 – Service and Business Income

This account consists of the following:

<i>Service Income</i>		
Permit Fees	₱ 1,568,130.43	₱ 1,692,621.36
Registration Fees	680,410.00	860,305.92
Clearance and Certification Fees	987,180.00	1,105,350.00
Supervision and Regulation Enforcement Fees	470,857.00	144,900.00
Inspection Fees	453,930.00	399,940.00
Fees for Sealing and Licensing of Weight and Measures	25,800.00	26,830.00
Fines and Penalties-Service Income	10,771.75	19,404.57

	2024	2023
Other Service Income	1,080,321.88	1,499,028.20
<i>Business Income</i>		
Waterworks System Fees	4,214,189.82	4,085,107.92
Power Supply System Fees		
Receipts from Market Operations	16,627,119.50	15,596,333.00
Receipts from Slaughterhouse Operation	517,588.12	570,599.60
Sales Revenue		
Garbage Fees	382,100.00	324,400.00
Interest Income	557,832.59	619,630.90
Fines and Penalties-Business Income	273,081.27	271,142.66
Other Business Income	617,151.10	397,369.25
Total	<u>₱ 28,466,463.46</u>	<u>₱ 27,612,963.38</u>

Note 21 - Shares, Grants and Donation

This consists of the following:

Share from PCSO		
Grants and Donations in Cash	₱ 146.50	₱ 10.00
Grants and Donations in Kind	128,920.00	665,560.00
Total	<u>₱ 129,066.50</u>	<u>₱ 665,570.00</u>

Grants and Donations in Kind account represents the total market value of the eight (8) donated road lots located in Barangay Basak.

Note 22 – Other Income

Other Income consists of Gain on Sale of Property, Plant and Equipment in the amount of ₱1,624.52 for FY 2024 and Miscellaneous Income in the amount of ₱23,855.17 for FY 2023.

Note 23 – Losses

The City Government conducted a public bidding in FY 2024 to dispose its unserviceable movable assets with a total acquisition cost of ₱59,038,900.27. Net Loss from Sale of Property, Plant and Equipment (PPE) amounting to ₱4,836,389.64 was recognized, ₱4,838,014.16 loss for the General Fund Proper and 20% Development Fund, and ₱1,624.52 gain for the Waterworks Operations. The disposed PPEs were taken off the books along with the corresponding accumulated depreciation.

Note 24 – Personnel Services

This consists of the following:

	2024	2023
<i>Salaries and Wages</i>		
Salaries and Wages-Regular	₱ 173,240,664.87	₱ 151,855,847.62
Salaries and Wages-Contractual		
Other Compensation		
Personal Economic Relief Allowance (PERA)	13,227,425.39	11,924,876.54
Representation Allowance (RA)	3,488,087.50	2,851,512.50
Transportation Allowance (TA)	3,488,087.50	2,851,512.50
Clothing/Uniform Allowance	3,875,000.00	3,012,000.00
Subsistence Allowance	1,251,492.93	1,103,592.54
Laundry Allowance	128,850.00	117,122.72
Productivity Incentive Allowance	2,754,500.00	2,528,000.00
Honoraria	1,058,000.00	1,453,749.70
Hazard Pay	6,525,668.00	5,803,016.08
Longevity Pay	1,246,886.73	1,078,863.54
Overtime and Night Pay	4,029,096.97	5,017,926.97
Year End Bonus	15,851,830.90	12,831,125.46
Cash Gift	2,774,500.00	2,521,000.00
Other Bonuses and Allowances	24,501,699.00	11,742,558.00
<i>Personnel Benefit Contributions</i>		
Retirement and Life Insurance Premiums	20,496,692.99	17,835,232.24
Pag-IBIG Contributions	1,268,233.17	599,960.33
PhilHealth Contributions	4,285,700.14	2,943,261.65
Employee Compensation Insurance Premium	663,307.73	597,997.00
<i>Other Personnel Benefits</i>		
Terminal Leave Benefits	1,135,980.80	3,794,289.71
Other Personal Benefits	10,237,157.44	19,953,189.36
Total	<u>₱ 295,528,862.06</u>	<u>₱ 262,416,634.46</u>

Note 25 – Maintenance and Other Operating Expenses

This account consists of the following:

<i>Traveling Expenses</i>		
Traveling Expenses-Local	₱ 5,689,263.30	₱ 7,079,344.33
<i>Training and Scholarship Expenses</i>		
Training Expenses	6,661,067.32	6,402,051.99
Scholarship Grants/Expenses	11,198,147.06	6,878,583.24
<i>Supplies and Materials Expenses</i>		
Office Supplies Expenses	4,092,499.40	2,196,443.10
Accountable Forms Expenses	1,177,912.50	994,000.00
Non-Accountable Forms Expenses	13,800.00	32,000.00

	2024	2023
Animal/Zoological Supplies Expenses	1,175,851.00	53,332.60
Food Supplies Expenses	7,574,569.02	4,355,765.80
Welfare Goods Expenses	9,698,500.00	3,398,820.00
Drugs and Medicines Expenses	23,156,558.49	87,911.45
Medical, Dental and Laboratory Supplies Expenses	2,421,782.50	488,994.50
Fuel, Oil and Lubricants Expenses	36,216,859.00	33,644,672.77
Agricultural and Marine Supplies Expenses	361,083.00	8,077,381.00
Chemical and Filtering Supplies Expenses	295,050.00	119,400.00
Other Supplies and Materials Expenses	2,922,396.70	3,526,034.90
<i>Utility Expenses</i>		
Electricity Expenses	₱ 19,538,875.71	₱ 18,593,783.90
<i>Communication Expenses</i>		
Postage and Courier Services	21,871.50	15,209.50
Telephone Expenses	2,251,257.99	2,190,301.03
Internet Subscription Expenses	24,988.00	21,133.50
<i>Awards/Rewards and Prizes</i>		
Awards/Rewards Expenses	128,050.00	30,455.00
Prizes	72,980.00	170,350.00
<i>Confidential, Intelligence and Extraordinary Expenses</i>		
Confidential Expenses	18,000,000.00	18,000,000.00
<i>Professional Services</i>		
Auditing Services	14,786.51	38,507.50
Other Professional Services	9,726,476.18	10,342,863.63
<i>General Services</i>		
Environment/Sanitary Services	11,047,392.50	13,906,482.78
Security Services	6,925,507.20	6,150,000.90
Other General Services	12,648,729.06	10,839,373.29
<i>Repairs and Maintenance</i>		
Infrastructure Assets	2,986,118.00	3,003,125.25
Buildings and Other Structures	715,575.00	2,131,251.50
Machinery and Equipment	3,975,976.59	2,549,035.12
Transportation Equipment	2,851,684.00	1,722,417.17
<i>Taxes, Insurance Premiums and Other Fees</i>		
Taxes, Duties and Licenses	736,811.27	1,190,191.43
Fidelity Bond Premiums	510,684.50	437,253.75
Insurance Expenses	4,776,406.27	6,121,316.01
<i>Other Maintenance and Operating Expenses</i>		
Rent Expenses	190,721.65	217,467.00
Membership Dues and Contributions to Organizations	215,200.00	200,000.00
Donations	144,742,903.72	107,570,709.46
Other Maintenance and Operating Expenses	277,631,964.06	260,945,730.85
Total	₱ 632,390,299.00	₱ 543,721,694.25

	2024	2023
Summary of MOOE:		
Maintenance and Other Operating Expenses	₱ 134,693,362.49	₱ 98,355,968.61
Professional Services	9,741,262.69	10,381,371.13
Confidential, Intelligence and Extraordinary Expenses	18,000,000.00	18,000,000.00
General Services	30,621,628.76	30,895,856.97
Repairs and Maintenance	10,529,353.59	9,405,829.04
Taxes, Insurance Premiums and Other Fees	6,023,902.04	7,748,761.19
Other Maintenance and Operating Expenses	422,780,789.43	368,933,907.31
Total	<u>₱ 632,390,299.00</u>	<u>₱ 543,721,694.25</u>

Note 26 – Non-Cash Expenses

This consists of the following:

<i>Depreciation:</i>		
Depreciation-Land Improvements	₱ 235,552.49	₱ 86,237.60
Depreciation-Infrastructure Assets	41,528,180.47	21,169,409.96
Depreciation-Buildings and Other Structures	18,437,496.99	16,867,683.61
Depreciation-Machinery and Equipment	30,469,088.68	31,463,303.08
Depreciation-Transportation Equipment	4,805,902.39	4,772,571.30
Depreciation-Furniture, Fixtures and Books	10,748.52	48,260.52
Depreciation-Other Property, Plant and Equipment	24,780.00	
Total	<u>₱ 95,511,749.54</u>	<u>₱ 74,407,466.07</u>
<i>Impairment Losses:</i>		
Property, Plant and Equipment	<u>₱ -</u>	<u>₱ 300,208.90</u>
Total Non-Cash Expenses	<u>₱ 95,511,749.54</u>	<u>₱ 74,707,466.07</u>

Note 27 - Financial Expenses

This consists of the following:

Interest Expense	₱ 40,825,550.71	₱ 28,548,402.57
Bank Charges	28,200.00	30,000.00
Other Financial Charges	0.00	4,000.00
Total	<u>₱ 40,853,750.71</u>	<u>₱ 28,582,402.57</u>

Interest Expense represents interest paid on the City Government's long-term loans with the Land Bank of the Philippines for the acquisition of lots for the New Government Complex and of the Directorate for Integrated Police Operations (DIPO) – Visayas of the Philippine National Police, the Site Development of the New Government Complex, the Construction of the New Government Center and the Construction of the Sports Complex.

Note 28 – Transfers, Assistance and Subsidy From

This consists of the following:

	2024	2023
Subsidy from National Government	₱ 34,355,830.00	₱ 28,746,933.43
Subsidy from Other Funds		25,274,624.49
Subsidy from GF Proper/Other Special Accounts	46,652,332.62	11,909,889.76
Total	<u>₱ 81,008,162.62</u>	<u>₱ 65,931,447.68</u>

Note 29 – Transfers, Assistance/Subsidy To

This consists of the following:

Financial Assistance/Subsidy		
Subsidy to Other Funds	₱ -	₱ 25,274,624.49
Subsidy to GF Proper/Other Special Accounts	79,652,332.62	11,909,889.76
Subsidy to Local Economic Enterprises		
Subsidy to Others	115,000.00	
Transfers		
Transfers of Unspent Current Year DRRM Fund to Trust Fund	5,737,317.44	22,810,103.69
Total Transfer, Assistance and Subsidy to	<u>₱ 85,504,650.06</u>	<u>₱ 59,994,617.94</u>

Note 30 – Equity

Accumulated Surplus for Market Operations in the amount of **Thirty-Three Million Pesos (₱33,000,000.00)** was transferred to the General Fund Proper in FY 2024 in accordance with Sangguniang Panlungsod Ordinance No. 2024-10 passed on June 18, 2024, and was subsequently appropriated to priority projects, programs and activities (Resolution No. 2024-276 and Appropriation Ordinance No. 2024-14 passed on September 27, 2024.)

**Note 31 - Reconciliation of Net Cash Flows from Operating Activities to Surplus/
(Deficit):**

	2024	2023
Surplus for the Period	37,945,968.22	146,494,997.31
Depreciation	95,511,749.54	74,407,466.07
Loss on Sale of PPE	4,836,389.64	
Impairment		300,208.90
Non-income Receipts		
(Increase) Decrease in Receivables	(23,827,055.43)	23,292,930.98
(Increase) Decrease in Inventories	(62,400,877.69)	(72,267,228.27)
(Increase) Decrease in Prepayments	(110,871.66)	(1,002,730.28)
Increase (Decrease) in Payables	40,459,345.43	22,118,753.84
Prior Period Adjustment	42,774,363.15	(10,648.43)
Net Cash from Operating Activities	<u>₱135,189,011.20</u>	<u>₱ 193,333,750.12</u>

Note 31 – Reconciliation Between Actual Amount on a Comparative Basis as presented in the SCBAA and in the Statement of Financial Performance

For Year Ended December 31, 2024	Income	Personal Services	Maintenance and Other Operating Expenses	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	1,188,056,087.36	294,599,435.42	674,624,577.85	46,652,332.62	354,158,398.03
Entity Differences					
Basis Differences:	(81,328,970.39)	929,426.64	(42,234,278.85)	(5,798,581.91)	(354,158,398.03)
<i>Income not considered budgetary items</i>	<i>(4,838,014.16)</i>	-	-	-	-
Discount on Real Property Tax					
Discount on Taxes					
Losses	(4,838,014.16)				
<i>Receipts not considered as income</i>	<i>(76,490,956.23)</i>	-	-	-	-
Sale of capital assets					
Borrowings	(76,490,956.23)				
<i>Expenses not considered budgetary items</i>	-	<i>1,053,000.00</i>	<i>33,302,830.00</i>	<i>28,200.00</i>	-
Trust Fund Expenditures		1,053,000.00	33,302,830.00		
Bank Charges				28,200.00	
<i>Budgetary items not considered as expenses</i>	-	-	<i>(5,737,317.44)</i>	<i>(5,826,781.91)</i>	<i>(338,650,023.92)</i>
Debt Service (Loan Amortization, Retirement of Debt Instruments)				(5,826,781.91)	
Interest Expenses capitalized					
Capital Expenditures					(338,650,023.92)
Unspent DRRM transferred to Trust Fund			(5,737,317.44)		
Timing Differences:	-	(123,573.36)	(69,799,791.41)	-	(15,508,374.11)
Prepayments charged to current appropriations			(2,541,272.77)		(5,987,659.11)
Unconsumed Inventories charged to current appropriations			(66,224,461.75)		
Capital Outlay debited to MOOE					(9,520,715.00)
Unliquidated Advances and Prepayments charged to current appropriations			(1,034,056.89)		
Other Adjustments		(123,573.36)			
Per Statement of Financial Performance	1,106,727,116.97	295,528,862.06	632,390,299.00	40,853,750.71	-

PART II
AUDIT OBSERVATIONS AND
RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AUDIT

Unreconciled difference of ₱40,304,574.47 in the Property, Plant and Equipment account

1. The unreconciled difference between the General Ledger (GL) balance and the Inventory Count Forms (ICF) of the Property Plant and Equipment account amounting to ₱40,304,574.47, along with the inability to locate properties totaling ₱19,531,243.91 is inconsistent with the International Public Sector Accounting Standards (IPSAS) 1 and COA Circular No. 2020-006, thus affecting the fair presentation of the PPE accounts in the financial statements.

- 1.1 COA Circular No. 2020-006 dated January 31, 2020 prescribes the guidelines and procedures on inventory taking, recognition of those PPE items found at station and disposition for non-existing / missing PPE items for the one-time cleansing of PPE accounts of government agencies. As emphasized in the Circular, PPE generally comprise a substantial portion of the total assets of the government. Thus, each agency is tasked to conduct a physical count of all its PPE, whether acquired through purchase or donation, including those constructed by the administration and found at the station.
- 1.2 Paragraph 27 of IPSAS 1 requires 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 IPSAS.
- 1.3 Among the reasons behind the issuance of the Circular is the existence of discrepancies in the PPE account balances of government agencies, which has become a perennial issue and caused the non-establishment of the accuracy of the PPE balances presented in the financial statements. Hence, the said Circular provided guidelines and procedures to help agencies establish PPE balances that are verifiable as to their existence, condition, and accountability.
- 1.4 One of the procedural guidelines in the conduct of inventory count states that the physical count shall be recorded/documented daily in a standard ICF. A separate ICF shall be used for each PPE sub-major account group such as Land, Land Improvements, Infrastructure Assets, Buildings and Other Structures, Machinery and Equipment, Transportation Equipment, Furniture, Fixtures and Books, etc. For ease of reconciliation, the Inventory Count Form for each PPE category/type shall be subdivided by PPE General Ledger account, e.g., Machinery and Equipment may be subdivided into Machinery, Office Equipment, Information and Communications Technology Equipment, etc.

- 1.5 On March 28, 2025 and April 22, 2025, the Inventory Committee submitted the ICF for movable and non-movable properties, respectively, and the Report on the Physical Count of Local Road Network (RPCLRN) as of December 31, 2024. The corresponding Reports on the Physical Count of Property, Plant and Equipment (RPCPPEs) were also submitted.
- 1.6 The Statement of Financial Position as at December 31, 2024 reflected a total PPE account balance (gross) of ₱2,460,632,084.90 excluding Construction in Progress. Compared with the results of the inventory count, there was a net variance of ₱40,304,574.47 (**Appendix F**), as summarized in the table below:

Account Group	Per GL	Per ICF/ RPCLRN	Variance
Land	₱ 485,592,205.02	₱ 485,592,205.02	₱ 0.00
Land Improvements	4,379,410.50	4,379,410.50	0.00
Infrastructure Assets	1,140,383,314.26	1,139,636,028.00	747,286.26
Buildings and Other Structures	432,043,541.39	411,086,090.24	20,957,451.15
Machinery and Equipment	325,416,780.17	309,872,016.86	15,544,763.31
Transportation Equipment	71,040,080.14	69,144,331.81	1,895,748.33
Furniture, Fixtures and Books	536,228.00	381,428.00	154,800.00
Other Property, Plant and Equipment	1,240,525.42	236,000.00	1,004,525.42
Total	₱ 2,460,632,084.90	₱ 2,420,327,510.43	₱ 40,304,574.47

- 1.7 The Accounting Office submitted its reconciliation of the variance between the physical count and accounting records and it was noted that items totaling ₱19,531,243.91 could not be located or non-existing PPEs were identified, as summarized below:

PPE Account	Amount
Office Equipment	₱ 3,900,403.59
Information and Communication Technology Equipment	5,178,192.00
Communication Equipment	451,422.00
Construction and Heavy Equipment	2,394,800.00
Disaster Response and Rescue Equipment	134,699.50
Military, Police and Security Equipment	123,500.00
Medical Equipment	404,235.00
Sports Equipment	156,632.40
Technical and Scientific Equipment	1,534,378.00
Other Equipment	1,000,000.00
Motor Vehicles	1,167,656.00
Watercrafts	1,926,000.00
Furniture and Fixtures	154,800.00

PPE Account	Amount
Other Property, Plant and Equipment	1,004,525.42
Total	₱ 19,531,243.91

- 1.8 The accountability of the non-existing or missing PPE could be established following the disposition procedures enumerated under Section 7.0 of COA Circular No. 2020-006 which include, among others, the investigation of the loss, documentation of the missing items and for the accountable personnel to produce the item or pay the depreciated replacement cost thereof, as the case may be.
- 1.9 The existence of discrepancies in the PPE account balances between the Statement of Financial Position and ICF due to unrecociled differences casted doubt on the validity and reliability of the PPE account balance of ₱2,460,632,084.90.
- 1.10 This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-05(24) dated April 8, 2025.
- 1.11 We recommended and Management agreed to require the City Accountant and the Property and Supply Officer to reconcile the records, investigate any discrepancies, and make the necessary procedures in the disposition of missing PPEs to ensure the accurate reflection of the PPE account balances.**
- 1.12 Management explained the difference per account as presented below:

Account	Difference	Explanation/Justification
Transportation Equipment	2,965,796.00	The difference is reported in the list of non-existing/Missing PPEs
Furniture, Fixtures and Books	154,800.00	The difference is reported in the list of non-existing/Missing PPEs
Other property, plant and equipment	1,004,525.42	The difference is reported in the list of non-existing/Missing PPEs
Buildings and other structures	20,957,451.15	The amount is fully reconciled in the updated Inventory Count Form.
Machinery and equipment	15,544,763.31	The amount is fully reconciled in the updated Inventory Count Form.
Infrastructure Assets	745,286.26	The amount is currently being traced.

- 1.13 Furthermore, the concerned departments were given until June 30, 2025, to conduct an internal investigation on the non-existing/missing PPEs, after which the Investigation Committee will formally conduct its own investigation and render its report and recommendation concerning the matter.

B. OTHER FINANCIAL RELATED ISSUES

Unrecouped Advances to Contractors - ₱5,072,122.24

2. The City was not able to recouped advance payments made to contractors amounting to ₱5,072,122.24 for completed and terminated projects inconsistent with Section 4.2 of the Revised IRR of R.A. No. 9184, thus resulting to possible loss of government funds.

2.1 The procuring entity is authorized to make an advance payment to the contractor in an amount not exceeding fifteen percent (15%) of the total contract price upon a written request of the contractor.

2.2 Section 4.3 of Annex E of the Revised Implementing Rules and Regulations of R.A. No. 9184 provides that advance payment shall be repaid by the contractor by deducting fifteen percent (15%) from his periodic progress payments a percentage equal to the percentage of the total contract price used for the advance payment.

2.3 As of December 31, 2024, the Advances to Contractors account has an outstanding balance of ₱5,987,659.11 (**Appendix G**). The audit disclosed that this balance pertains to 15% advance payments made in CYs 2020 and prior years and CYs 2022 to 2024, for projects that have either been completed, terminated or with unresolved right of way problems as reflected in the Report of Government Projects/Programs/Activities as of December 31, 2024, which was submitted by the City Engineer. The unrecouped amounts are listed below:

Particulars	Amount	Status per Report on PPAs and Reply on Query
15% Mobilization of 2CL Classrooms, Brgy. Mabunga	₱147,225.00	Not in the report/ 100% Completed
15% Mobilization of 2CL Classrooms, Brgy. Plagatsanon	226,500.00	Reverted/ Contract Terminated
15% Mobilization of 2CL Classrooms, Brgy. P. Zamora	₱ 54,959.00	Not in the report/ 100% Completed
Concreting of Brgy Road, Brgy. Humayhumay	149,673.75	Not in the report/ 100% Completed
Concreting of Brgy Road, Brgy. Hilaitan	149,673.75	Not in the report/ Contract Terminated
Concreting of Brgy Road, Brgy. Binobohan	149,673.75	Not in the report/ 100% Completed
Imp. Of Multi-purpose Hall, Brgy. Nagsaha	19,261.87	Not in the report/ Contract Terminated

Particulars	Amount	Status per Report on PPAs and Reply on Query
Payment for 15% Advance Payment for the project; Concreting of Brgy. Road Brgy. Nagsaha	1,199,684.33	60% complete/ ongoing/maximum liquidated damages
Payment for 15% Advance Payment for the project; Concreting of Brgy. Road Brgy. Buenavista to Brgy. T-Hill	1,776,097.40	contract terminated/new contract on process (another contractor)
Payment for 15% Advance payment for the project; Concreting of Local Road - Brgy. Hinakpan	749,675.87	terminated contract
Payment for 15% Advance Payment for the project; Construction of Steel Footbridge in Sitio Mainit, Brgy. Bulado	449,697.43	ROW Problem/ Contract Suspended
Payment for 15% Advance Payment for the project; Construction of 1 Storey 3 Classroom Building with Toilet at Brgy. Hinakpan	915,536.87	Not Yet Started
TOTAL	₱5,987,659.11	

- 2.4 Analysis of the schedules and records relative to the account revealed unrecouped advances totaling ₱5,072,122.24. This pertains to dormant and/or advances for completed and terminated projects. The City Engineer and the City Accountant provided comments when asked about the details of the balances, as shown on the below:

Date Granted	Amount	Management Comment on the Unrecouped Amounts
CY 2018	₱ 428,684.09	Amounts will be deducted from unbilled progress billings for completed projects while terminated contracts shall be recoup from the performance bond submitted by the contractor

Date Granted	Amount	Management Comment on the Unrecouped Amounts
CY 2018	449,021.25	Amounts will be deducted from unbilled progress billings for completed projects while terminated contracts shall be recoup from the performance bond submitted by the contractor
CY 2018	19,261.87	The City shall recoup the advance payment against the performance bond.
February 2020	2,975,781.73	The amount will be deducted from unbilled progress billings of the project
December 2022	749,675.87	The contractor executed an affidavit to deduct from his unbilled project.
April 2023	449,697.43	Right-of-way problem in delivering the construction materials. Expropriation Case had been initiated and filed.
Total	₱5,072,122.24	

- 2.5 Clarification on management’s comments regarding on the unrecouped amount revealed that there were unbilled accomplishments made by the original contractor prior to awarding the projects to another contractor who completed the projects. Recoveries from the original contractors will be offset against these unbilled progress billings of the terminated projects. Additionally, the other advances that could not be charged against unbilled progress billings shall be recouped against the performance bond submitted by the contractor.
- 2.6 The performance bond serves as a critical tool to protect the government from the risks of unrecouped advances by providing a financial backup. It ensures that, should the contractor fail to complete the project or fulfill other contractual obligations (including the recoupment of advances), the City has a means to recover funds. This mechanism significantly enhances financial security and minimizes the impact of contractor defaults on public resources. Therefore, the performance bond plays a vital role in safeguarding the integrity of public funds during the execution of government contracts.
- 2.7 The inability to monitor and recoup advances effectively could possibly expose the City to overpayment resulting to possible loss of government funds .
- 2.8 This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-07(24) dated April 10, 2025.
- 2.9 **We recommended that Management efficiently and effectively monitor the recoupment of advances made to contractors, ensuring that these are repaid**

accordingly and likewise initiate the procedures on the forfeiture of performance bond posted by the defaulting contractors in case of non-completion, delay or termination of contracts.

- 2.10 Management has directed the City Engineering Office to prepare and finalize corresponding Statements of Work Accomplished for the projects awarded to various contractors in order to deduct advance payments to the unbilled progress billings.
- 2.11 Management is also in the process of recouping advance payment to one contractor through forfeiture of its performance bond.

Deficiencies in the Projects under the 20 Per Cent Development Fund (DF) - ₱69,256,081.62

3. Several projects under the 20 per cent development fund with total appropriations of ₱69,256,081.62 were considered to be not well-planned and not procurement-and-implementation ready, inconsistent with DBM-DOF-DILG Joint Memorandum Circular (JMC) No. 2020-1, affecting the optimal utilization of the said funds which could have contributed to the attainment of desirable socio-economic targets and outcomes of the City.

- 3.1 Section 287 of Republic Act (RA) No. 7160 or the Local Government Code of 1991 requires each LGU to appropriate no less than 20 percent of its internal revenue allotment for development projects. This is to ensure that funds are earmarked for projects intended to uplift the standard of living of its constituents. Thus, aside from appropriation, the Code wants to ensure that the allocated percentage is maximized in terms of the implementation of developmental projects in each LGU.
- 3.2 Items 3.2.3 of the DBM-DOF-DILG JMC No. 1 states that the LGU shall ensure that the development projects to be funded out of the 20 per cent DF are well-planned and procurement-and implementation-ready.
- 3.3 For CY 2024, the City appropriated the amount of ₱164,140,055.55 under its 20 per cent DF for 31 development projects. On September 27, 2024 and October 15, 2024, the City reverted current and continuing appropriations amounting to ₱69,256,081.62 and ₱86,073,850.45, respectively, or a total of ₱155,329,932.07 for 102 projects. After the reversion, the City has 128 projects for implementation for CY 2024, as summarized below:

Particulars	Current Appropriations		Continuing Appropriations		Total	
	No. of Projects	Amount	No. of Projects	Amount	No. of Projects	Amount
CY 2024 Beginning	31	₱164,140,055.55	155	₱438,591,130.71	186	₱602,731,186.26
Reversions	(5)	(69,256,081.62)	(41)	(86,073,850.45)	(46)	(155,329,932.07)
New Projects	102	155,329,932.07			102	155,329,932.07

Particulars	Current Appropriations		Continuing Appropriations		Total	
	No. of Projects	Amount	No. of Projects	Amount	No. of Projects	Amount
CY 2024 Ending	128	₱250,213,906.00	114	₱352,517,280.26	242	₱602,731,186.26

- 3.4 Based on the above table, the appropriations for five projects programmed for implementation in CY 2024 under its Annual Investment Plan (AIP) were reverted in the same year due to the following reasons, as provided by the City Planning and Development Officer:

Name of Project	Amount	Reason for Reversion
1.) Construction of Spillway-Balogo River at Brgy. Balogo	₱10,000,000.00	There was a duplication of funding by the DPWH and LGU
2.) Construction & Installation of Water Supply System at Guihulngan City Government Center	49,256,081.62	To be applied for loan with LBP but decided not to push through with the loan because the PRDP thru the Department of Agriculture offered to finance the project thru counter parting.
3.) Concreting of Local Roads National Highway to Sitio Lipata at Brgy. Balogo	4,000,000.00	There was a duplication of funding by the DPWH and LGU
4.) Construction of River Control, Sitio Culasi at Brgy. Buenavista	5,000,000.00	Identified project which is of higher priority
5.) Concreting of Pathway, Sitio Culasi at Brgy. Buenavista	1,000,000.00	Identified project which is of higher priority
TOTAL	₱69,256,081.62	

- 3.5 According to the City Engineer, the DPWH did not inform them that funding was already made for the two projects that were included in their 20% DF. It was only when the DPWH has commenced its works that they knew of the duplication.
- 3.6 For the construction and installation of water supply system at the Guihulngan City Government Center, the amount of ₱5 million was appropriated after the Department of Agriculture through its program under the Philippine Rural Development Project (PRDP) offered to finance development projects in the City. The said project will be incorporated to these projects. The ₱5 million was used for the drilling of temporary water source to supply the Government Center as the implementation of the PRDP projects will take longer.
- 3.7 Appropriations amounting to ₱6 million for two infrastructure projects were also reverted because the City identified other projects which is of higher priority.
- 3.8 Review of the Report on Government Projects/Programs/Activities (PPAs) as of December 2024 submitted by the City Engineer disclosed the out of 128 projects programmed under the 20% DF for implementation in CY 2024, we noted that only six projects were completed, as listed on the next page:

Name of Project	Date of Completion
Construction & Installation of Solar Street Lights at Brgy. Binobohan	10/1/24
Construction & Installation of Solar Street Lights at Brgy. Hilaitan	11/19/24
Construction & Installation of Lateral Lines, Sitio Tuko to Sitio Bungao at Brgy. Trinidad	11/29/24
Concreting of Local Roads at Brgy.. Proper to Sitio Ulayan, Brgy. Magsaysay	12/23/24
Rehabilitation of Farm-to-Market Road in Barangay Tacpao	2/19/2024 ***FMR Completed 2/19/2024 LGSF-SBDP
Concreting of Farm-to-Market Road in Barangay Imelda	3/20/2024 ***FMR Completed 3/20/2024 LGSF-SBDP

- 3.9 Further verification disclosed that the farm-to-market roads in Barangays Tacpao and Imelda were originally implemented under the Trust Fund using the Local Government Support Fund - Support to Barangay Development Program (LGSF – SBDP). However, due to its non-completion as of December 31, 2023, the unexpended balance of the fund was returned to the Bureau of Treasury on January 16, 2024.
- 3.10 In addition, summary of project implementation of the current and continuing appropriations for the 20% DF is shown on the below:

Year	No. of Projects	Appropriations	Obligations		Balance	No. of Projects Completed in CY 2024
			No. of Projects	Amount		
2015	6	5,526,959.24	-		5,526,959.24	
2016	15	12,647,087.93	1	494,486.79	12,152,601.14	
2017	5	16,850,902.94	1	3,664,211.41	13,186,691.53	
2018	14	27,821,881.58	3	5,115,020.26	22,706,861.32	1
2019	12	29,379,471.33	6	11,712,435.75	17,667,035.58	1
2020	10	36,267,711.50	5	20,336,797.39	15,930,914.11	2
2021	7	31,788,728.93	1	2,982,529.67	28,806,199.26	1
2022	23	80,184,417.20	7	23,107,583.28	57,076,833.92	8
2023	22	112,050,119.61	14	95,604,323.76	16,445,795.85	5
2024	128	250,213,906.00	12	25,616,072.70	224,597,833.30	6
Total	242	602,731,186.26	50	188,633,461.01	414,097,725.25	24

- 3.11 The above table showed that out of the 129 projects for implementation for CY 2024, only six were completed or 4.65 per cent. Various reasons were cited for the

non-implementation of projects, such as, for program of work preparation, for survey, for site inspection and for posting.

- 3.12 Proper planning is very important to ensure that all planned PPAs of the City will help and contribute to the attainment of its mandated functions will be implemented and completed within the target period.
- 3.13 Further, infrastructure projects should be realized and completed within the scheduled time frame so that the intended beneficiaries may enjoy the intended social and economic benefits on time.
- 3.14 The reversions and non-implementation of the development projects are clear manifestation that the programmed PPAs under the 20 per cent DF are non-procurement-and implementation ready contrary to DBM-DOF-DILG JMC No. 2020-1.
- 3.15 This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-04(24) dated March 27, 2025.
- 3.16 We recommended and Management agreed that, through the City Engineering Office and City Planning and Development Office and other concerned offices such as the end-users, to formulate collectively a comprehensive and realistic plan to expedite the procurement and implementation of all identified priority development projects under the 20 per cent DF.**
- 3.17 Management said that based on their monitoring 10 projects were completed for the current year and 25 projects from prior years, a total of 35 projects completed for CY 2024. Management commits to fast track the implementation of the remaining projects.

Non-inclusion of unexpended balances to the LDRRMF Investment Plan

- 4. The unexpended balances of the LDRRMF from prior years amounting to ₱78,313,320.00 which were transferred to the Special Trust Fund (STF) were not considered and integrated into the Local Disaster Risk Reduction and Management Fund Investment Plan (LDRRMFIP) for CY 2024, inconsistent with Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002.**

- 4.1 Sections 5.1.2 and 5.1.15 of COA Circular No. 2012-002 dated September 12, 2012, provide:

“5.1.2 A LDRRMFIP for the DRRM program shall be prepared annually. It shall present the 30% allocation for QRF in lumpsum and the allocation for disaster mitigation, prevention and preparedness with details as to

projects and activities to be funded. The LDRRMFIP shall also include under a separate caption, the list of projects and activities charged to the unexpended LDRRMF of previous years.

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

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

4.3 On June 27, 2023, the City Disaster Risk Reduction and Management Council approved Resolution No. 2023-02, formulating the PPAs of the LDRRMF for CY 2024 amounting to ₱55,448,516.30. However, we noted that the unexpended LDRRMF from previous years was not included in the approved resolution nor in the approved CY 2024 LDRRMFIP, which is inconsistent with the above-mentioned regulations.

4.4 We also noted that the monthly Fund Utilization Reports of the LDRRMF for the City showed available current and the prior years’ unexpended balances transferred to the STF totaling ₱133,761,836.30, as shown in the table below:

Year	Quick Response Fund	Mitigation Fund – MOOE	Total Available Appropriation	PER LDRRMFIP CY 2024	Difference
Current Appropriation:					
2024	16,634,554.89	38,813,961.41	55,448,516.30	55,448,516.30	0.00
Continuing Appropriations transferred to the Trust Fund:					
2023	15,690,018.51	5,920,085.18	21,610,103.69	0.00	21,610,103.69
2022	18,072,758.72	9,230,531.33	27,303,290.05	0.00	27,303,290.05
2021	1,000,031.68	13,888,571.02	14,888,602.70	0.00	14,888,602.70
2020	2,144,719.02	2,951,820.91	5,096,539.93	0.00	5,096,539.93
2019	9,112,255.32	302,528.31	9,414,783.63	0.00	9,414,783.63
Sub-total	46,019,783.25	32,293,536.75	78,313,320.00	0.00	78,313,320.00
TOTAL	62,654,338.14	71,107,498.16	133,761,836.30	55,448,516.30	78,313,320.00

4.5 However, in comparison, the CY 2024 LDRRMFIP only showed the current appropriations of P55,448,516.30 as a source of funds for the City’s disaster risk reduction and prevention programs and activities, resulting in a significant difference of ₱78,313,320.00.

- 4.6 Upon inquiry, the LDRRM Officer (LDRRMO) stated that a separate LDRRMFIP was made at the beginning of the year for PPAs chargeable to the STF. The LDRRMO further explained that due to numerous PPAs from prior years, it is preferable to list them separately to avoid confusion.
- 4.7 A review of the City's AIP for CY 2024 revealed that the LDRRM-related PPAs for the current year are included, while projects charged to the unexpended LDRRMF from previous years are not reflected in the AIP. This indicates that the separate list of PPAs chargeable to the STF, proposed by the LDRRMO, was not considered by the LDRRM Council during the preparation of the annual LDRRMFIP and the AIP. This may also suggest the absence of coordination among the LDRRMO, LDRRMC, and other offices involved in preparing and implementing the AIP.
- 4.8 It is emphasized that the unutilized balances of the LDRRMF from prior years in the STF may only be released and utilized upon the inclusion of its PPAs in the annually prepared LDRRMFIP, which serves as the basis for the preparation of the AIP, to be approved by the local Sanggunian. This necessitates an annual review and update of the LDRRMFIP to include PPAs that are to be funded from the current and unexpended balances of the LDRRMF from previous years.
- 4.9 The non-inclusion of unexpended balances in the LDRRMFIP and AIP for CY 2024 may lead to inefficiencies in the allocation and utilization of funds for disaster risk reduction and management efforts. It could also result in missed opportunities for disaster resilience and preparedness initiatives, considering that a substantial amount of funds could have been made available to the City had the unexpended balances from previous years been considered.
- 4.10 This observation was communicated through Audit Observation Memorandum (AOM) No. 2025-01(24) dated March 11, 2025.
- 4.11 **We recommended and Management agreed that the LDRRMO and the LDRRMC:**
- a. Integrate the separate LDRRMFIP into the regular AIP to streamline the management and allocation of funds while ensuring transparency and accountability in the utilization of the LDRRMF;**
 - b. Foster closer coordination and communication between the LDRRMO and the departments responsible for the Annual Investment Plan to align the objectives of the separate LDRRMFIP with the overall goals and priorities outlined in the regular AIP;**
 - c. Establish an efficient monitoring system to ensure the separate LDRRMFIP complies with the requirements outlined in COA Circular No. 2012-002;**

- d. **Provide training and capacity-building initiatives for the LDRRMO staff and other personnel involved in preparing and implementing the LDRRMFIP and the AIP; and**
 - e. **Maintain a comprehensive and organized documentation of all LDRRMF documents to ensure that accurate and timely reports are submitted to the appropriate offices.**
- 4.12 Management recognized oversight on the matter and have issued directives requiring the mandatory integration of the prior year's PPA to the Annual Investment Plan.
- 4.13 Management shall establish a monitoring system and organized documentation of the LDRRMFIP and other LDRRMF documents.

Group Life Insurance of Accredited Community Disaster Volunteers (ACDVs)- ₱289,115.00

5. Nine permanent employees of the LDRRM Office were included in the Group Life Insurance for community disaster volunteers inconsistent with Section V of National Disaster Risk Reduction and Management Council (NDRRMC) Memorandum Circular (MC) No. 64 s. 2021, thus reducing the funds available for disaster risk management, relief, rehabilitation, and recovery programs.

- 5.1 Republic Act No. 10121 or the Philippine Disaster Risk Reduction and Management Act dated May 27, 2010, declares that, *“It shall be the policy of the State to engage the participation of civil society organizations (CSOs), the private sector and volunteers in the government's disaster risk reduction programs towards complementation of resources and effective delivery of services to the Citizenry.”* It also states that, *“The government agencies, CSOs, private sector and LGUs may mobilize individuals or organized volunteers to augment their respective personnel complement and logistical requirements in the delivery of disaster risk reduction programs and activities.”*
- 5.2 Section 1, Rule 9 of the IRR of RA 10121 states that *“The agencies, CSOs, private sector, and LGUs concerned shall take full responsibility for the enhancement, welfare and protection of their volunteers, and shall submit the list of volunteers to the OCD, through the LDRRMOs, for accreditation and inclusion in the database of community disaster volunteers.”*
- 5.3 Further, Section 5 of the same Rule states that any volunteer who incurs death or injury while engaged in DRRM activities, such as, (a) disaster prevention and mitigation; (b) disaster preparedness; (c) disaster response; (d) disaster rehabilitation and recovery, shall be entitled to compensatory benefits and individual personnel accident insurance. It is the responsibility of the LGU mobilizing the ACDVs to provide them with insurance and necessary benefits.

- 5.4 Pursuant to Act, the NDRRMC formulated MC No. 64, s. 2021 to provide the guidelines on the accreditation, mobilization and protection of community disaster volunteers. The specific guidelines on the protection of volunteers states that the Volunteer Mobilizing Organization (VMO), which is the LGU, is responsible for providing their ACDVs with personal accident insurance with a minimum coverage of ₱100,000.00; at a minimum, this insurance must include coverage for accidental death or dismemberment, permanent disability and hospitalization cost reimbursement.
- 5.5 Moreover, NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013 provides the list of DRRM projects and activities that could be funded by the LDRRMF.
- 5.6 In the review of the utilization of LDRRMF, we examined DV No. 01-2024-10-16055 paid to the Supplier on November 15, 2024, for payment of premiums for Group Life Insurance of 53 CDRRMO Personnel, composed of nine permanent and 44 job order personnel, at ₱5,455.00 per person or a total of ₱289,115.00 for a coverage of one year. The benefits coverage are as follows:

a.	Basic Life	at least ₱500,000.00
b.	Total and Permanent Disability	at least ₱500,000.00
c.	Accidental Death, Dismemberment & Disablement	at least ₱500,000.00
d.	Accidental Medical Reimbursement	at least ₱50,000.00
e.	Hospital Income Benefit	₱500.00 per day
f.	Terminal illness Benefit	at least ₱250,000.00
g.	Family Assistance Benefit	at least ₱50,000.00

- 5.7 In accordance with the guidelines set forth by the NDRRMC, only volunteers who are accredited by the LDRRMO are eligible for personal accident insurance, among other benefits. Further investigation revealed that the 44 job order personnel are all members of the ACDV in the city. This includes five office staff members, as confirmed by the Roster of Emergency Response Team (ERT) provided by the LDRRMO to the OCD. The roster was submitted for the inclusion of these individuals in the National Roster of ACDV, which is maintained by the OCD through the Response and Operational Coordination Division – Operations Service (ROCD-OS).
- 5.8 According to the LDRRMO, permanent employees were included in the group life insurance because they thought that as member of the ERT, they are also entitled to the benefits accorded to the volunteers.
- 5.9 The inclusion of accident insurance for permanent government employees may be seen as unnecessary because of the existence of already comprehensive

protections (like workers' compensation) from the GSIS, thus reducing the funds available disaster preparedness, mitigations, response and recovery.

5.10 This observation is communicated through Audit Observation Memorandum (AOM) No. 2025-06(24) dated April 8, 2025.

5.11 **We recommended and Management agreed that the LDRRMO adhere to the provisions outlined in NDRRMC-MC NO. 64, s. 2021 on the protection of ACDVs so that the LDRRMF would only be used for its intended purpose.**

Waterworks System operating at a loss over a three-year period

6. The Waterworks System's operations incurred losses over the three year period ending December 31, 2024 amounting to ₱1,024,411.69, ₱536,465.56 and ₱3,245,152.41, respectively, which runs counter with Section 17(a) of RA 7160 and Section 6.6.3 of the DBM Manual for the Setting Up and Operation of Local Economic Enterprises (LEE Manual).

6.1 Consistent with Section 17(a) of RA No. 7160 which partly provides that LGUs shall "exercise such other powers and discharge such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provision of the basic services and facilities," the City has been operating two LEEs, namely, the public market and waterworks system.

6.2 Relative to the operations of LEEs, DBM developed the LEE Manual, as prescribed under Local Budget Circular (LBC) No. 111 dated June 10, 2016. The said Manual defines LEEs as "ventures wholly or partially owned by LGUs that generate revenue/income through the sale of services and goods to meet a perceived constituency demand."

6.3 Section 6.6.3 of the Manual, provides that the LEE is expected to be self-sufficient (or 100 per cent cost recovery). The operations of a financially self-sufficient LEE shall be funded out of its sources rather than from the General Fund. Further, an LEE is considered self-sufficient if all the costs of operating the LEE are recovered 100 per cent. The costs of operating the LEE include personnel services PS, MOOE, and finance charges (interest expense).

6.4 The Audit Team reviewed the Statement of Financial Performance (SFP) of the Operation of the Waterworks System of the City for the three-year period ending December 31, 2024. The purpose of the review was to assess the self-sufficiency of the LEE. However, it was found that the operation of the Waterworks System (WWS) incurred losses for the three consecutive years. The details of the loss are shown on the next page:

Particulars	CY 2024	CY 2023	CY 2022
Revenues	₱4,219,617.97	₱4,089,059.97	₱3,403,356.90
Less Operating Expenses:			
Personal Services	2,166,325.53	2,139,017.37	1,492,727.81
Maintenance and Other Operating Expenses (MOOE):			
Traveling Expenses	19,713.00	21,440.00	23,135.84
Training Expenses	4,000.00		
Office Supplies Expenses	97,240.50	0.00	89,730.50
Chemical and Filtering Supplies Expenses	295,050.00	119,400.00	147,150.00
Other Supplies and Materials Expenses	93,678.00	142,803.50	99,384.00
Telephone Expenses	8,000.00	12,000.00	10,000.00
Other MOOE	4,708,112.50	2,119,982.50	2,452,570.00
Non-cash Expenses	72,650.85	70,882.16	113,070.44
Total Operating Expenses	7,464,770.38	4,625,525.53	4,427,768.59
Surplus (Deficit)	(3,245,152.41)	(536,465.56)	(1,024,411.69)

- 6.5 The above table showed that there was a significant increase in the Other MOOE account in CY 2024. Verification of the cause of the loss revealed that appropriations for support services for the waterworks operations was increased from ₱1,347,090.00 at the beginning of the year to ₱5,043,920.00 on September 27, 2024 under Appropriation Ordinance No. 2024-14. It was learned that appropriations for support services are for the payment of wages of job order workers of the city. According to the City Budget Officer, the increase in appropriation was due to the reallocation of budget charges, whereby payment of services rendered by job order workers under the Waterworks System Operation are now properly charged to their designated budget.
- 6.6 Review of the statement of the detailed financial performance showed that for CY 2024, a total of ₱4,708,112.50 (**Appendix H**) was paid to the job order workers under the waterworks operation. The average wages paid for job order workers for the period January to August 2024 and September to December 2024 amounted to ₱270,206.25 and ₱636,615.63, respectively, showing an increase of 136 percent of wages for the last four months of the year. For the period July 8 to December 31, 2024, total wages paid was ₱3,634,347.50. This was due to the application of charging wages of job order workers directly to the Waterworks Operations instead of the General Fund Proper. A separate special account is maintained for its operation as it is considered as LEE as it generates revenue even if it was funded under the General Fund.
- 6.7 The manpower operating the waterworks system operation consists of 6 permanent employees, 1 casual Plantilla, 1 contract of service and 100 job order workers. According to the Person-in-Charge of the Waterworks Operations, there were job orders assigned in the different barangays responsible for monitoring

and maintenance of their respective waterworks system. For CY 2024, 51 job order workers were assigned in 19 barangays while 49 were assigned at the office to do tasks, such as, meter reading, encoding, record keeping, maintenance and repairs and other works as assigned by the officer in charge.

- 6.8 The assignment of job order workers to monitor and maintain the waterworks system of the barangays is not necessary for the barangay has its own budget. Therefore, the need for additional job order workers would typically arise only in the case of specific short-term demands that go beyond the capacity of the barangay. Moreover, the excessive job order workers assigned at the waterworks office might result in the duplication of tasks.
- 6.9 In light of the current situation, it is essential for the LGU to undertake a comprehensive review of the operations of the WWS to evaluate the necessity of assigning job order workers in the different barangays to monitor and maintain its WWS. This review should be systematic and in-depth, focusing on determining inefficiencies, mismanagement, and areas for improvement. The LGU could then take the necessary measures to address these issues with the ultimate goal of eliminating or significantly reducing the losses.
- 6.10 Comprehensive review includes the conduct semi-annual review and general examination of the financial performance, review of operational costs, and compare accomplishments against established performance standards, among others.
- 6.11 Budget accountability is essentially accounting for the performance of the LEE in terms of revenue/income generation and resource utilization for the delivery of goods and services. It encompasses the recording and reporting of estimated and actual revenue/income and expenditures as well as monitoring and evaluation of the LEE performance vis-à-vis prescribed standard/policies and planned targets. It is the evaluation of the LEE performance in the execution of its annual and supplemental operating budgets.
- 6.12 Cognizant of the importance of Waterworks System Operation in local development, its financial self-reliance is a principal indicator of its sustainability and financial stability. A well-planned and efficiently run LEE can contribute to good local governance. When inefficiencies, mismanagement, or persistent losses occur, they risk undermining the core objectives for which the LEE was created. Instead of fulfilling its intended purpose—whether that be providing essential services, fostering local economic growth, or improving community welfare—the LEE could inadvertently become a drain on resources, hindering progress and negating the very reason for its existence. This misalignment with its original mission could result in missed opportunities which may potentially expose the LGU to sustainability issues and sound financial management on the operation of the facility.

6.13 This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-03(24) dated March 27, 2025.

6.14 We recommended that Management conduct a comprehensive operational review of the Operation of the Waterworks System to become self-reliant and avoid losses so that it can contribute to sustainable development and community empowerment.

6.15 Management acknowledged the finding and has been a concern of the City Government as well.

6.16 In response, management has initiated various corrective measures such as reviewing of water rates, improving billing and collection, infrastructure upgrades and exploring public-private partnership models.

6.17 Further, management has directed for a review of workers assigned to the Waterworks system to streamline operations and reduce overhead costs.

Payment for the purchase of medicines amounting to ₱5,964,085.88

7. Payment of ₱5,964,085.88 corresponding to 83.88 per cent of the contract for the purchase of drugs and medicines for City Health Unit (CHU) I was made even without the certification by the Head of the Procuring Entity (HOPE) that the goods have been delivered in accordance with the terms of the contract as provided under Section 10 of the General Conditions of the Contract (GCC), thus undermining good governance in the procurement process.

7.1 On October 9, 2024, the City paid its supplier of drugs and medicines the amount of ₱5,964,085.88 for deliveries made to the CHU I on December 27, 2023. The amount paid was corresponding to 83.88 per cent of the contract made between the City and the supplier to supply drugs and medicines to the CHU I amounting to ₱7,110,581.00 within 30 calendar days from receipt of the Notice to Proceed. Among the integral part of the Agreement is the GCC.

7.2 Section 10 of the GCC provides that payment shall be made only upon a certification by the HOPE that the goods have been delivered in accordance with the terms of the contract.

7.3 As a general rule, no payment, partial or final, shall be made on any contract for services or for supplies and materials except upon a certification by the head of the agency concerned to the effect that the service or supplies and materials have been rendered or delivered in accordance with the terms of the contract and have been duly inspected and accepted pursuant to Section 88(1) of PD No. 1445.

7.4 Further verification revealed that on November 23, 2024, the Supplier was awarded the contract “Purchase of Drugs and Medicines (CHU I).” The Notice

to Proceed was issued and duly received by the Supplier on December 4, 2023. On December 27, 2023, the Supplier delivered drugs and medicines worth ₱5,964,085.88 or 83.88 per cent of the contract amount. The delivery was paid on October 9, 2024 even without the certification from the HOPE that the goods delivered were in accordance with the terms of the contract.

- 7.5 The medicines that were not fully or not delivered at all amounting to ₱1,146,495.12 are listed in **Appendix I**.
- 7.6 The payment made to the supplier amounting to ₱5,964,085.88 was not in accordance with the rules and regulations governing partial payment for supplies and materials, particularly under government procurement policies and applicable auditing guidelines.
- 7.7 The contract between the City and the Supplier stipulates that the supplier shall execute the project “Purchase of Drugs and Medicines (CHU I)” in accordance with its total bid price of ₱7,110,581.00, with full delivery expected as a condition for complete payment.
- 7.8 However, audit verification revealed that the payment was processed despite the absence of full delivery of the required items under the contract. Furthermore, there was no clear provision or approved contract variation authorizing partial delivery or partial payment. Supporting documents such as Delivery Receipts (DRs) and Inspection and Acceptance Reports (IARs), pertain only to 83.88 per cent of the contract.
- 7.9 Upon inquiry with the City Accountant, it was disclosed that the supplier was unable to deliver the remaining goods within the allowable delivery period due to insufficient stock availability and cold chain logistics constraints in the market. As a result, the agency opted not to compel the supplier to deliver or bill the remaining items, considering that such delivery would already fall beyond the budget validity period of the procurement.
- 7.10 Furthermore, the agency did not impose liquidated damages, citing that the partial delivery was completed within the prescribed delivery schedule stated in the contract.
- 7.11 However, as confirmed by the Bids and Awards Committee (BAC) Secretariat, the BAC issued a Resolution suspending the supplier for a period of one year from participating in any public bidding activities of the City Government, due to its inability to fully deliver the goods as required under the contract.
- 7.12 It is worth mentioning that Section 19 of the GCC provides that the Procuring Entity deduct liquidated damages from the contract price if the supplier fails to satisfactorily deliver any or all of the goods within the period specified in the contract inclusive of duly granted time extensions if any. Thus, liquidated

damages could have been deducted from the payment for incomplete delivery of the drugs and medicines.

- 7.13 In view of the foregoing, the payment for the partially delivered drugs and medicines, coupled with the inability to enforce the collection of liquidated damages, undermines the integrity of the procurement process.
- 7.14 The release of funds without securing full compliance from the supplier compromises the principles of transparency, accountability, and value for money in government procurement. Moreover, the agency's failure to impose liquidated damages—as a standard contractual remedy for non-performance—may set a precedent for supplier leniency, weaken future enforcement of contract provisions, and reduce supplier accountability.
- 7.15 Moreover, the non-delivery of the remaining drugs and medicines has caused a delay in the availability of essential medical supplies needed by the CHU, thereby adversely affecting the timely delivery of healthcare services to the city's constituents. This may have public health implications, especially if the undelivered items are essential, time-sensitive, or used in urgent care programs.
- 7.16 This observation is communicated to Management through Audit Observation Memorandum (AOM) No. 2025-09(24) dated April 10, 2025.
- 7.17 **We recommended and Management agreed to:**
- a. Enforce the terms and conditions of the contract, particularly on full delivery requirements before payment, unless partial delivery is explicitly authorized and clearly provided for and stipulated in the contract, including delivery and payment schedules;**
 - b. Impose liquidated damages, in accordance with the contract and RA 9184, in all instances of delayed or incomplete delivery, unless a valid reason supported by documentation is accepted and approved by the HOPE; and**
 - c. Develop and adopt standard guidelines on the handling of partial deliveries and payments to ensure consistency, legal compliance, and alignment with government procurement principles of transparency, efficiency, and accountability.**
- 7.18 Management commented that the payment was made based on *quantum meruit* which means that a person may recover a reasonable value of the thing delivered or the services rendered.
- 7.19 Moreover, the LGU has compelled payment of liquidated damages through the City Legal Officer.

- 7.20 Section 10 of the General Conditions of the Contract stipulates that payment shall only be made upon certification by the HOPE that the goods have been delivered in full compliance with the terms and conditions set forth in the contract. The Contract Agreement executed between the City of Guihulngan and the Supplier is legally binding on both parties and clearly outlines the obligations and responsibilities therein. Notably, the contract does not contain any clause permitting partial deliveries or corresponding partial payments.
- 7.21 Any deviation from the agreed terms—such as accepting and paying for partial deliveries—constitutes a breach of contract and may expose the agency to significant risk. Such non-compliance may not only compromise the integrity of the procurement process but could also set a detrimental precedent for future contractual engagements. It may encourage suppliers to disregard contractual obligations, potentially leading to inefficiencies, delays, or disputes, thereby placing the agency at a disadvantage both legally and operationally.

Specifications of the medicines delivered deviated from the contract of agreement

8. Drugs and medicines were accepted by the City even though the items delivered did not conform to the specifications stipulated in the contract agreement, as listed in the Request for Quotation (RFQ) submitted by the winning bidder, in violation to Section 1.2 of Annex D of the Revised IRR of RA No. 9184, thereby compromising the integrity of the procurement process.

- 8.1 As previously discussed in AOM No. 2025-09(2024), the City Government paid for the delivery of drugs and medicines even if the supplier did not fully comply with terms of the contract.
- 8.2 Section 1.2, Annex D of the 2016 Revised IRR of RA No. 9184 provides that, *“An amendment to order may be issued only in emergency cases or during fortuitous events requiring necessary adjustments within the general scope of the contract in any one or more of the following is required in order to fully meet the requirements of the project:*
- a) drawings, design or specifications, if the goods to be furnished are to be specifically manufactured for the Government in accordance therewith;*
 - b) method of shipment or packing; or*
 - c) place of delivery.”*
- 8.3 Post-audit of the disbursement voucher paid to the Supplier amounting to ₱5,964,085.88 under Check No. 592418 dated October 8, 2024, and its supporting documents disclosed that the technical specifications, such as the brand names for 37 out of 102 items or 36 per cent were changed during its contract implementation by the supplier.

- 8.4 An examination of the corresponding contract covering the “Purchase of Drugs and Medicines (CHU I)” amounting to ₱7,110,581.00 disclosed that it was prepared with the same specifications as those of the Bid Bulletin dated November 15, 2023 with the brand names indicated by the supplier/bidder in its bid submitted on November 23, 2023. However, discrepancies were noted in the delivery of the drugs and medicines, as follows:

Particulars	No. of Medicines	Contract Amount
Drugs and Medicines delivered according to contract	49	3,068,937.00
Incomplete deliveries	9	738,982.00
Brand names changed	24	1,302,465.00
Mixed deliveries with brand names according to contract and changed brand names	10	569,628.00
Packaging not in accordance with specifications in the contract	2	21,784.00
Incomplete delivery and brand changed	2	243,399.88
Mixed brands and different packaging from the contract	1	8,930.00
Mixed brand and delivered capsules instead of tablets	1	9,960.00
No deliveries	4	1,146,495.12
Total	102	7,110,581.00

- 8.5 On November 20, 2023, the City conducted a public bidding for the “Purchase of Drugs and Medicines (CHU I)” with an Approved Budget of the Contract of ₱7,125,302.00. The contract was awarded to a supplier after a thorough evaluation of its submitted documents for the bidding.
- 8.6 A review of the bidding documents for the project showed that the Bid Bulletin dated November 15, 2025 was the basis for the drugs and medicines to be supplied by the winning bidder. The Bid Form together with the RFQ submitted by the Supplier listed the goods to be delivered indicating the brand names thereof. Moreover, the RFQ stated that the availability of supplies/materials should be within 30 calendar days from receipt of purchase/job order.
- 8.7 On November 29, 2023, the City of Guihulngan and the winning bidder signed a contract (**Appendix J**) for the latter to supply goods, particularly the 102 items of drugs and medicines with complete brand names listed thereon, to the former in the sum of ₱7,110,581.00. The contract states that the Supplier will execute the project “Purchase of Drugs and Medicines (CHU I)” in accordance with its bid.

A Notice to Proceed was issued by the City and duly received by the supplier on December 4, 2025.

- 8.8 Further review revealed that on December 18, 2023, the supplier requested for the approval to change the brand and packaging of 40 items of its bid. Upon the recommendation of the City Health Officer, the City Mayor approved the request. Hence, on December 27, 2023, the supplier delivered the drugs and medicines totaling ₱5,964,085.88 (**Appendix K**), as summarized below:

Particulars	No. of Medicines	Amount for Delivered Items		
		According to Contract	Brand Names/ Packaging Changed	Total
Drugs and Medicines delivered according to contract	49	3,068,937.00		3,068,937.00
Incomplete deliveries (brand names according to contract)	9	738,982.00		738,982.00
Mixed deliveries with brand names according to contract and changed brand names	10	325,184.00	244,444.00	569,628.00
Brand names changed	24		1,302,465.00	1,302,465.00
Packaging not in accordance with specifications in the contract	2		21,784.00	21,784.00
Incomplete delivery and brand names changed	2		243,399.88	243,399.88
Mixed brands and different packaging from the contract	1		8,930.00	8,930.00
Mixed brand and delivered capsules instead of tablets	1		9,960.00	9,960.00
Total	98	4,133,103.00	1,830,982.88	5,964,085.88

- 8.5 On the date of delivery, the winning bidder submitted an Affidavit stating that certain items could no longer be sourced from multinational or generic companies in the specified packaging, as ordered. Further review of the document showed that the changes in brand names were due to the original brands listed in the Request for Quotation (RFQ) run out of stock, while the replacement in packaging resulted from the unavailability of the specified packaging in the market. It was noted that 40 items or 41 per cent of the items delivered did not conform to the items in the contract, which is considered to be substantial amendment of the contract.

- 8.6 Section 37.2.3(c) of the revised IRR of RA No. 9184 provides that the winning bidder's bid and technical specification proposal form part of the contract. The inclusion of these documents in the contract created an obligation on the part of the contractor to deliver the specific goods that it offered, specifically that the contract listed the drugs and medicines to be supplied.
- 8.7 The contract executed between the procuring entity (PE) and the winning bidder constitutes the law between the parties. Upon its perfection, both parties are legally bound to fulfill the terms expressly stipulated therein and to observe them in good faith. As the winning bidder's offer forms an integral part of the contract, it is incumbent upon the bidder to deliver the specific items identified in its offer. This obligation must be carried out with faithful adherence to the terms and conditions of the contract entered into with the PE.
- 8.8 It bears emphasizing that the selection of the specific items to be offered rests entirely on the bidder's independent determination. While the PE prescribes the technical specifications for the required items, the bidder retains full discretion to propose any specific brand, so long as it meets the stated specifications. It is the sole responsibility of the bidder to assess and satisfy itself—by whatever means it deems necessary or appropriate—regarding all matters relevant to the contract to be bid. This includes, but is not limited to, factors that may influence the cost, duration, execution, or overall implementation of the project.
- 8.9 Accordingly, it is the bidder's obligation to ensure that the specific items it offers to the PE are readily available in the market and will remain available for at least the duration of the delivery period indicated in the contract. The risk of offering an item that may subsequently be discontinued or pulled from the market during the implementation of the contract is fully assumed by the bidder. Should such an event occur, the bidder shall bear full responsibility for any resulting consequences.
- 8.10 Further, it was noted that Azithromycin, 500 mg tablets were included in the delivered medicines amounting to ₱319,840.00 for 80 boxes by 3's or a unit cost of ₱1,332.67. The brand name stated in the RFQ is Aziv 500/Cozith-S and actual delivery was Azithrom because according to the supplier the brand in the RFQ ran out of stocks. Price verification using the internet showed that prices of Azithromycin in December 2023 ranged from approximately ₱96.00 to ₱159.00. Moreover, the price of Azithrom as displayed by MedsGo Pharmacy is ₱60.00.
- 8.11 Based on the preceding paragraph, there was an overprice in the purchase of Azithromycin 500 mg tablets.
- 8.12 It was further observed that Azithromycin 500 mg tablets were among the medicines delivered, with a total cost of ₱319,840.00 for 80 boxes (each box containing 3 tablets), or a unit cost of ₱1,332.67. The brand name specified in the RFQ was Aziv 500/Cozith-S; however, the supplier delivered Azithrom, citing that the specified brand ran out of stock.

- 8.13 Price verification conducted through online sources revealed that, as of December 2023, the prevailing market prices for Azithromycin ranged from approximately ₱96.00 to ₱159.00 per 500 mg tablet. Furthermore, the price of Azithrom, as listed on MedsGo Pharmacy's website, was ₱60.00 per tablet.
- 8.14 In view of the foregoing, it appears that the procurement of Azithromycin 500 mg tablets was significantly overpriced.
- 8.15 This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-10(24) dated April 24, 2025.
- 8.16 **We recommended that Management enforce compliance with the terms and specifications stated in the contract and the Request for Quotation (RFQ), such that items delivered exactly match the descriptions, brand names, and specifications indicated therein, unless a formal amendment of the contract is duly signed by both parties prior to delivery.**
- 8.17 Management said that the request with regard to changes in the brand name was recommended by the City Health Officer for approval which resulted to subsequent approval of the City Mayor. Management verified and confirmed the items delivered to be pharmaceutically equivalent in terms of active ingredient, dosage and safety.
- 8.18 In addition, management shall review and update protocols to ensure stricter adherence to contract terms.
- 8.19 With respect to the issue of overpriced Azithromycin, the City Legal Officer sent a demand letter to the Supplier demanding refund in the amount of ₱311,040.00.
- 8.20 The selection of the specific brand to be offered rest entirely on the bidder, hence the bidder is expected to have the capabilities to supply the offered bid until the delivery date. Even though the delivered items were pharmaceutically equivalent to the items in specified in the contract, the bidder shall bear full responsibility in the event that the items are discontinued or not available in the market.

Patient Transport Vehicles labelled as Ambulances

9. Due to the extensive requirements to secure a Department of Health License to Operate (DOH-LTO) land ambulances, the five vehicles owned by the City were operating as a Patient Transport Vehicle instead of ambulances as marked on its body contrary to DOH Administrative Order (AO) No. 2018-0001, .

- 9.1 On January 28, 2018, the DOH issued AO No. 2018-0001 to promulgate rules and regulations which outlines updated minimum standards and requirements for the

licensure of land ambulances and ambulance service providers to protect the public and ensure the safety of both patients and personnel.

- 9.2 Item IV.10 of the above-mentioned AO defines a land ambulance as a vehicle designed and equipped with Basic Life Support (BLS) or Advanced Life Support (ALS) transporting patients to, from, and between places of treatment by land. Moreover, a patient transport vehicle (PTV) is any form of land vehicle designed to transport patients whose condition is non-life threatening as defined in Items IV.13 of the AO. PTVs are not equipped with BLS or ALS.
- 9.3 Anent thereto, Item V.3 of the DOH AO expressly states, “*No land vehicle of any kind shall bear on its body the label or marking of the word “AMBULANCE” unless it has been duly licensed and categorized as a land ambulance by the Department of Health.*”
- 9.4 As of December 31, 2024, the City operates five ambulances for transporting patients with medical emergencies or life-threatening conditions that require immediate care by trained personnel or referral to hospitals. However, the registered owner of one unit could not be determined due to missing documentation. According to the Supply Officer in the General Services Office, the vehicle was donated by the DOH.
- 9.5 The following are the vehicles marked “AMBULANCE” operated by the City:

Acquisition Date	Particulars	Registered Owner	LTO Registered	Acquisition Cost
9/03/2013	Nissan Urban Estate	City Government of Guihulngan	Yes	₱2,104,255.32
11/30/2016	Foton View	City Government of Guihulngan	No	343,200.00
5/26/2020	Nissan NV 350	City Government of Guihulngan	Yes	2,394,000.00
6/30/2021	Nissan NV 350	For Verification	No	2,230,000.00
12/2024	Toyota HiAce	City Government of Guihulngan	Yes	2,190,000.00

- 9.6 The two vehicles that were not registered with the Land Transportation Office (LTO) was due to non-availability of documents, such as the Certificate of Registration, for these vehicles were donated by the PCSO and the DOH.
- 9.7 Further verification disclosed that the five ambulances do not have the DOH-LTO nor was it registered as a PTV with the DOH because of the extensive requirement to obtain the license.
- 9.8 We would like to highlight that securing the DOH-LTO for all ambulances ensure that each ambulance meets the following essential standards:

- a. Ambulance Body – has appropriate markings and provides sufficient space for patients, required personnel, and equipment;
- b. Personnel – staffed by a qualified and trained team to ensure the effective and efficient delivery of quality ambulance services;
- c. Equipment, Medicines, and Supplies - equipped with the necessary equipment, medicines, and supplies, along with a contingency plan for potential equipment breakdowns or malfunctions;
- d. Service Delivery - ensures services provided meet the quality standards set in the ambulance licensing assessment tool, including documented policies for standard operating procedures (SOP); and
- e. Information Management - includes a system for communication, documentation, and reporting on patients' conditions, in accordance with the Electronic Commerce Act (R.A. 8792) and the Data Privacy Act (R.A. 10173); and
- f. Environmental Management- the ambulance is properly ventilated and disinfected, and wastes, toxic, and hazardous substances are properly disposed.

9.9 In the absence of the DOH-LTO, the assurance that vehicles marked “AMBULANCE” operate with competent personnel and appropriate equipment to respond to medical emergencies, provide quality care, and ensure patient safety may not be fully attained.

9.10 This observation was communicated to Management through Audit Observation Memorandum (AOM) No. 2025-08(24) dated April 10, 2025.

9.11 We recommended and Management agreed to secure the DOH-LTO for the five vehicles marked with “AMBULANCE” otherwise, register them as Patient Transport Vehicle (PTV) and change the labels accordingly pursuant DOH AO No. 2018-001 dated January 28, 2018.

9.12 Management assured the audit team that the patient transport vehicles (PTVs) are operating with competent personnel and appropriate equipment to respond to medical emergency. Management has said that they have been vigorous in correcting this shortcoming.

9.13 Moreover, the General Services Office were met with difficulty in locating Certificate of Registration and donation documents of the PTVs, but is waiting for approval of at least one ambulance.

OTHER MANDATORY AREAS

Compliance with Tax Laws

10.1 The City complied with tax laws on withholding taxes from salaries, wages, purchases of goods and services, and value-added tax. Taxes withheld were remitted to the Bureau of Internal Revenue within the reglementary period, every 10th day of the following month. A tabular presentation of the amount of remittance and ending balance can be seen below:

Account	Balance 12/31/2024	Date of Remittance	Amount Remitted	Balance from Prior Years (for reconciliation)
Due to BIR	10,505,928.78	January 10 & 25, 2025	11,082,017.05	(576,088.27)

Compliance with Government Service Insurance System (GSIS) Act of 1997 (RA No.8291)

10.2 The City complied with the Government Service Insurance System (GSIS). Proper deduction of premiums and loan amortization was made and duly remitted. See table below:

Account	Balance 12/31/2024	Date of Remittance	Amount Remitted	Balance from Prior Years (for reconciliation)
Due to GSIS	7,212,130.17	January 7, 2025	4,391,411.85	2,820,718.32

Compliance with Property Insurance Law (RA No. 656)

10.3 The City of Guihulngan has complied with the Property Insurance Law insuring its vehicles and the newly constructed Mega Market.

Compliance with Home Development Mutual Fund (HDMF) Law of 2009 (RA No. 9769)

10.4 The City complied with the proper deduction of Pag-IBIG Fund contribution and loan amortization. Details are presented below:

Account	Balance 12/31/2024	Date of Remittance	Amount Remitted	Balance from Prior Years (for reconciliation)
Due to HDMF	1,556,081.31	January 2, 6, 9, 13, 14,15, 21, 22 & 23, 2025	641,788.13	914,293.18

Compliance with National Health Insurance Act of CY 2013 (RA No. 7875 as amended by RA No. 9241 and 10606)

10.5 The City complied with the proper deduction and remittance to the Philippine Health Insurance Corporation (PHIC). Ending balance as of the end of the year and the total amount remitted is presented below:

Account	Balance 12/31/2024	Date of Remittance	Amount Remitted	Balance from Prior Years (for reconciliation)
Due to Philhealth	1,355,699.97	January 7, 2025	766,190.20	589,509.77

10.6 Below is the summary of deductions and remittances for CY 2024:

Account	Beg. Bal. 1/01/2024	Debits	Credits	Balance 12/31/2024
Due to BIR	12,692,098.29	50,064,309.14	47,878,139.63	10,505,928.78
Due to GSIS	1,876,293.18	48,568,304.42	53,904,141.41	7,212,130.17
Due to HDMF	1,308,224.13	6,557,517.64	6,805,374.82	1,556,081.31
Due to Philhealth	1,182,748.82	8,429,154.56	8,602,105.71	1,355,699.97

Comments on Programs and Projects related to Gender and Development (GAD)

10.7 The City of Guihulngan appropriated for GAD programs the amount of ₱44,353,306.00 and ₱11,497,210.30 for MOOE and Capital Outlay, respectively, or a total of ₱55,850,516.30. Out of the total appropriations, ₱45,078,850.90 were obligated as of the year ended.

Comments on Programs pertaining to Differently Abled Persons and Senior Citizens

10.8 A total of ₱44,879,000.00 were appropriated to programs pertaining to differently abled persons and senior citizens. The City of Guihulngan obligated a total amount of ₱42,894,042.00 for related programs.

Comments on Programs pertaining to Local Council for Protection of Children (LCPC)

10.9 For the calendar year 2024, the City of Guihulngan appropriated a total of ₱10,768,703.26 for LCPC projects/programs. Of the total appropriations, ₱6,171,097.93 were obligated.

Comments on Payment to Casuals, Job Orders, Contractual and Consultants regardless of fund source and account charged

10.10 For CY 2024, there were 2,897 job order workers in the City of Guihulngan. A prior year observation on the number of job order workers employed was issued to the agency, however pending implementation.

Compliance with the Fire Code of the Philippines (RA No. 9514)

10.11 The City of Guihulngan has complied with the Fire Code of the Philippines.

SUMMARY OF SUSPENSIONS, DISALLOWANCES AND CHARGES

11.1 The reported audit suspensions and disallowances of the City of Guihulngan as of December 31, 2024, were as follows:

	Ending Balance (12/31/2023)	NS/ND/NC Issued from 01/01/2024 to 12/31/2024	NS/ND/NC Settled from 01/01/2024 to 12/31/2024	Ending Balance (As of 12/31/24)
Notice of Suspension	₱ 3,437,511.00	₱ 0.00	₱ 0.00	₱ 3,437,511.00
Notice of Disallowance	₱ 3,342,730.63	₱ 0.00	₱ 1,724,203.82	1,618,526.81
Total	₱ 6,780,241.63	₱ 0.00	₱1,724,203.82	₱ 5,056,037.81

11.2 Further the table below shows the respective balances of suspensions and disallowances of ₱3,437,511.00 and ₱1,618,526.81, respectively, with breakdown as to timing and age as follows:

Timing	Age	NS	ND
07/01/2022 to 12/31/2024 (<i>Current Administration</i>)	Less than 1 year to 2.5 years	₱ 0.00	₱ 0.00
07/01/2019 to 06/30/2022	More than 2.5 to 5.5 years	3,437,511.00	0.00
07/01/2013 to 06/30/2016	More than 8.5 to 11.5 years	0.00	1,618,526.81
Total		₱ 3,437,511.00	₱ 1,618,526.81

11.3 Of the total balance of disallowances of ₱1,618,526.81, 62 per cent pertains to the balance of overpayment of PEI granted in CY 2014. Ongoing salary deduction for the full settlement thereof is done by the City Accountant's Office.

11.4 With respect to the total balance of suspensions of ₱3,437,511.00, 48 per cent is pending evaluation by the former Supervising Auditor while 52 per cent is pending evaluation by the Audit Team. Under the RRSA, a suspension should be settled within ninety (90) calendar days from receipt of the NS; otherwise, the transaction covered by it shall be disallowed/charged after the Auditor is fully satisfied that such action is appropriate. Consequently, the Auditor shall issue the corresponding ND/NC.

PART III
STATUS OF IMPLEMENTATION OF PRIOR
YEARS' AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEARS’ AUDIT RECOMMENDATIONS

Of the 26 prior years’ recommendations, 15 were implemented and 11 were unimplemented as shown in the results of validations presented below:

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
2023 AAR, AO No. 9, page 41	The accuracy and existence of the inventory accounts totaling ₱141,769,329.85 as of December 31, 2023, were unreliable due to (a) non-conduct of physical count of inventories; (b) unrecorded issuances of supplies and materials; and (c) inclusion of dormant accounts in the amount of ₱17,726,154.00; contrary to the pertinent sections in the Manual on the New Government Accounting System (NGAS) for Local Government Units (LGUs), Volume I and II.	<p>Management to require:</p> <ol style="list-style-type: none"> 1) The CGSO to conduct semestral physical count of supplies and materials semestral and to prepare the corresponding RPCI; 2) The CGSO to consolidate the issuances of supplies and materials thru SSMI and submit the same together with the RIS to the CAO as basis for recording the supplies and materials issued; 3) The CAO and CGSO to reconcile their records regularly; and 4) The CAO to make the necessary adjustments to reflect the correct balance of the inventory accounts in the financial statements. 	<p>Implemented</p> <p>Physical count was conducted on June 28, 2024 and December 30,2024.</p> <p>Implemented</p> <p>The CGSO submitted SSMI together with the corresponding JVs to the audit team.</p> <p>Implemented</p> <p>Regular reconciliations are being done.</p> <p>Implemented</p> <p>Journal entries were made to correct the balances of the inventory accounts in the financial statements.</p>

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
2023 AAR, AO No. 2, page 45	The number of Job Order employees employed during the year reached 2,998, which is more than seven times the number of regular employees, most of whom were not for emergency or intermittent work but were assigned to administrative departments of the City, which does not align with Section 7 of COA-DBM Joint Circular No. 2 series of 2020, resulting in expense for wages of more than ₱224,573,424.36 as of December 31, 2023.	5) The City Mayor limit or reduce the hiring of job order workers except for those with special or technical skills not available in the regular workforce pursuant to COA-DBM Joint Circular No. 2 series of 2020.	Unimplemented Management has cited Section 11.1 of COA-DBM JC No. 2, s. 2020 which states that departments/agencies may engage the services of COS/JO workers until December 31, 2025.
2023 AAR, AO No. 4, page 47	The City of Guihulngan has not yet taken tangible and substantial steps toward compliance with the pertinent provisions of CSC-COA-DBM JC No. 1, s. of 2017 as amended by CSC-COA-DBM JC No. 1, s. of 2018 and COA-DBM JC No. 2, s. of 2020 on the review of the agency functions, systems and procedures, organizational structure, and staffing pattern to identify any needs and gaps and determine the appropriate human resource complement for the Agency's program/activities/projects thus resulting in the hiring of 2,998 job order workers in CY 2023.	6) Management should review each department's functions, systems and procedures, organizational structure, and staffing pattern to determine each human resource requirements, create the proper positions, and provide funds therefor, thus addressing any needs and gaps in the City's human resource complement.	Unimplemented COA-DBM JC No.2, s. 2022 extended the transition period until December 31, 2025, to provide sufficient time to revisit respective staffing requirements. Further, time and budget needed in the creation of new positions.

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
2023 AAR, AO No. 5, page 51	Cash in Vault amounting to ₱518,480.87 was not accounted for during the turn-over of accountabilities between the outgoing and incoming city treasurers as of December 31, 2023, which goes against Section 69 of Presidential Decree (PD) No. 1445, thus exposing government funds to risk of misappropriation and possible loss.	7) The City Accountant's Office identify the city treasurer's responsibility for the unaccounted cash and coordinate with the current City Treasurer to send demand letters for its settlement.	Implemented Cash-in-Vault balances were reconciled and adjusting journal entries were prepared to correct wrong posting and non-posting of transactions.
2023 AAR, AO No.6, page 53	Differences between the balances of Cash in Bank per books and per bank for four bank accounts maintained by the City with Land Bank of the Philippines and the Development Bank of the Philippines ranging from ₱61,584.23 to ₱647,148.34 were not reconciled, contrary to Section 74 of PD No. 1445 and Section 3.2 of COA Circular No. 96-011 dated October 2, 1996, thereby adversely affecting the accuracy of the Cash in Bank account balances.	8) The City Accountant draw the necessary journal entries to record long outstanding reconciling items discovered during the preparation of the BRS to reflect the correct balances of the account Cash in Bank-Local Currency Current.	Implemented Journal entries were made to reflect the adjustments to the affected CIB balances.
2023 AAR, AO No. 8, page 55	Fuel consumption of the backhoes and payloader used in deepening riverways and waterways were not properly controlled and monitored as required under COA Circular No. 77-61 dated September 26, 1977, thus precluding the auditor	9) The LDRRMO to properly monitor the fuel consumption of the heavy equipment used for deepening rivers and waterways by requiring the heavy equipment operators to fill up the balance in the tank	Implemented Drivers' trip tickets are properly filled-out.

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
	from determining the reasonableness thereof.	portion of the trip ticket so that the reasonableness of fuel consumption could be established.	
2023 AAR, AO No. 7, page 56	The purchase of the photocopier and printer was improperly charged to the LDRRMF inconsistent with Section 4.3 of NDRRMC-DILG-DBM-CSC Joint Memorandum Circular No. 2014-1 dated April 4, 2014, reducing the funds available for disaster risk reduction and management activities by ₱54,500.00.	10) The City Disaster Risk Reduction and Management Council, through the City Mayor as Chairman strictly comply with existing regulations on the appropriation and utilization of LDRRMF, ensuring that such funds are utilized solely for disaster risk management, making the City well-prepared to respond to calamities which may occur.	Implemented Check amounting to ₱54,500.00 was drawn against the General Fund current account as refund to the LDRRM Fund.
2023 AAR, AO No. 1, page 57	The Schedule of Fair Market Values (SFMV) of the City Government has not been revised since CY 1999, contrary to Section 219 of Republic Act (RA) No. 7160. Consequently, the basis for computing real property taxes may not be appropriate, affecting the reliability of the recorded Real Property Tax (RPT) and Special Education Tax (SET) receivables in the books.	11) The City Government to revisit its SFMV and closely coordinate with the Sangguniang Panlungsod for the enactment of an ordinance adopting the updated SFMV. 12) The City Government to conduct a general revision of real property assessments every three years as	Unimplemented Schedule of Fair Market Values not yet revised. Unimplemented Budget needed for attendance to

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
		required under Section 219 of RA No. 7160 to ensure reliable and accurate property assessments on real property taxes.	and conduct of trainings.
2023 AAR, AO No. 3, page 59	The City contracted 142 JO workers, of which 33 were assigned as VAW desk officers and 109 were assigned as Day Care Workers for its component barangays which should have been provided by the respective Barangays themselves as provided under DILG-DSWD-DepEd-DOH-PCW JMC No. 2010-2 and the PCW and LBC No. 63 dated October 22, 1996, thereby depleting the funds available for GAD programs of the City by ₱16,007,760.00.	13) Management to reevaluate the inclusion of wages of job orders assigned in the barangays under its GPB and consider allowing the respective Punong Barangays to designate their own VAW Desk Officers from among their female employees as directed under Joint MC No. 2010-2 of the DILG, DSWD, DepEd, DOH, and the PCW.	Implemented Wages of VAW desk officers and barangay day care workers no longer included in the GAD annual budget.
2022 AAR, AO No. 3, page 42	Three infrastructure projects funded by the National Government costing ₱22,217,446.55 were found to have been uncompleted despite the lapse of several years from the time the funds were received due to various reasons such as abandonment by the contractor and insufficiency of programmed funds, thereby depriving the intended beneficiaries of the benefits that could have been derived therefrom.	14) Management should terminate the contract and take over the projects not implemented by the contractors subject to legal sanctions against them so that the desired benefits can be immediately enjoyed by the intended beneficiaries.	Unimplemented Time needed to contact the contractors and in preparing the most recent Statement of Work Accomplished.

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
2022 AAR, AO No. 4, page 47	Cash-in Bank balances for 55 projects under the Trust Fund did not reconcile with their respective Due to National Government Agencies (NGAs) account balances contrary to Section 4(3) of PD No. 1445, thus adversely affecting the reliability of the affected accounts in the financial statements.	15) The City Accountant should reconcile the Cash in Bank balances and liquidation reports against the corresponding Due to NGAs accounts and henceforth conduct monthly reconciliation thereof to ensure the accuracy and reliability of the accounts in the financial statements.	Implemented Completed reconciliation of trust fund projects.
2022 AAR, AO No. 6, page 52	Appropriations amounting to ₱32,588,312.72 for projects, programs, and activities (PPAs) out of the 20 per cent DF were presented in lumpsum by category instead of specific projects, contrary to Article 454(d) of the Implementing Rules and Regulations (IRR) of R.A. No. 7160, thus affecting the timely implementation of the PPAs.	16) The City Planning and Development Officer review the projects described in generic terms and secure a separate SP appropriation ordinance/resolution before utilizing the fund for specific development projects, otherwise, recommend to the Local Chief Executive for the reversion of the unexpended balance and those no longer needed.	Implemented PPAs with lumpsum appropriations were reverted thru appropriation ordinance.
2021 AAR, AO No. 7, page 54	Of the 208 projects totaling ₱1,443,234,981.40 reported on the Consolidated Report of Government Projects and Programs as of December 31, 2021, majority of the	17) Management requires the City Planning and Development Officer (CPDO) and the City Engineer to regularly monitor the	Unimplemented There were many projects identified in prior years with

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
	<p>projects were not yet completed due to work suspension and other varied reasons, which conditions manifested that projects were not efficiently implemented as planned and not properly monitored contrary to Section 476(b)(4) of RA No. 7160 thus, delaying the completion of the projects, and consequently depriving the use of the projects by intended beneficiaries.</p>	<p>completion of the projects and impose sanctions and penalties, if warranted, for the delay in the completion thereof pursuant to the pertinent provisions of the Revised Implementing Rules and Regulations of Republic Act No. 9184.</p>	<p>mostly small amounts of appropriation.</p> <p>The City could not cope with the implementation due to the volume of different projects.</p>
<p>2021 AAR, AO No. 8, page 57</p>	<p>The City Treasurer did not thoroughly examine the books of accounts of business taxpayers nor conduct confirmation of the declared gross receipts in their application for renewal of business licenses contrary to Section 171 of RA No. 7160, resulting in the underassessment or under collection of income amounting to ₱448,942.86.</p>	<p>18) The City Mayor to direct the City Treasurer to verify from their own records or the records of the BIR and other sources the accuracy of the taxpayers' declared gross receipts in order to assess the correct amount of tax.</p>	<p>Implemented</p> <p>As of December 31, 2024, all five taxpayers have settled their tax deficiencies.</p>
<p>2019 AAR, AO No. 1, page 33</p>	<p>Eight barangay road concreting projects contracted in CY 2018 with different contractors totaling ₱68,347,035.91 were not completed within the contract period and even after a series of suspension orders issued in CY 2019 thereby depriving the constituents of the benefits that could have been derived</p>	<p>19) Management to submit explanations for the perceived defects, require the City Engineer to monitor the completion of the projects, and impose sanctions and penalties, where warranted, for the delay in the</p>	<p>Unimplemented</p> <p>Four projects were completed while there are still three ongoing projects.</p>

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
	<p>therefrom. Moreover, Notices to Proceed were issued for four contracts, only to be followed by suspension orders the following day or four days after, and advance payments paid despite the suspension of work, thereby rendering the procurement procedure questionable.</p>	<p>completion thereof pursuant to the pertinent provisions of the Revised Implementing Rules and Regulations of Republic Act No. 9184.</p> <p>20) The City Accountant ensure that payments for these projects are subject to liquidated damages.</p>	<p>Implemented</p> <p>The City Accountant subjected these to liquidated damages.</p>
<p>2018 AAR AO No. 2, page 33 2013</p>	<p>Trip tickets supporting fuel consumption were incompletely accomplished and lacked important information required under COA Circular No. 77-61 dated September 26, 1977, such as the plate number, distance traveled, time of departure and arrival, name and signature of passenger, if any, thus precluding the auditor from determining whether vehicles were used only for official purpose, whether fuel was issued only to government vehicles, and whether fuel consumption amounting to ₱26,384,449.10 for CY 2018 was reasonable and not excessive.</p>	<p>21) The rules and regulations on the use of government vehicles be strictly implemented by requiring, for each and every trip, a trip ticket which contains all the required information before it is approved, by limiting vehicle use to official purposes only, by assigning personnel to monitor the reasonableness of fuel consumption, by ensuring that the odometers of all vehicles are working properly, and by requiring passengers to sign the certification as to official use.</p>	<p>Implemented</p> <p>Trip tickets are completely filled-out.</p>

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
2017 AAR, AO No. 5, page 43	The City stands to lose at least ₱525,847.50 as a result of its neglect to recoup advance payments and to forfeit the performance and surety bonds of contractors of three infrastructure projects awarded in CY 2015 but never started by any of them and which were terminated by the City Mayor almost two years after the expiration of the respective contract periods.	22) The City Legal Office to take concrete steps for the immediate recovery of the advance payments made to the contractors in the total amount of ₱525,847.50 which remain unrecouped for more than seven years already.	Unimplemented One contractor has unfortunately met one misfortune after another, and is still unable to comply with the demand.
2017 AAR, AO No. 7, page 48, 2007 AAR	Eleven unserviceable motor vehicles of undetermined value were not disposed of through public auction, overstating the assets of the LGU and exposing these to deterioration and theft while decreasing their resale value with each passing day.	23) The General Services Officer prepare the Inventory and Inspection Report for Unserviceable Properties (IIRUP) using the NGAS-prescribed format so that important information such as the cost thereof will be indicated.	Implemented The agency conducted a public auction and the unserviceable movable properties were disposed already.
2017 AAR, AO No. 11, page 57	Six projects/programs/activities (PPAs) under the Bottom-Up Budgeting (BUB) Program with appropriations totaling ₱4,700,000.00 have yet to be implemented despite the availability of cash for their immediate implementation, while three PPAs aggregating ₱9,925,000.00 remain unfinished owing to inherent LGU capacity constraints and problems	24) The LPRAT, through the BUB Focal Person, intensify efforts to fast-track the implementation of the BUB program for the LGU to achieve its target of reducing poverty and likewise avoid any repercussions that may result from its non-utilization of BUB Funds as well as	Unimplemented Lack of technical personnel and time needed to revise the PPMP and Work and Financial Plan and have them approved by the DOH Regional Director.

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
	encountered during project implementation, thereby defeating the purpose of accelerated service delivery of programs that seek to reduce poverty.	delayed implementation of related programs/projects by assigning technical personnel who will focus on BUB projects and by closely monitoring progress thereon.	
2015 ML, Par. 66, page 11	The City Government of Guihulngan did not undertake the general revisions of real property assessments due to non-preparation of the Schedule of Market Values contrary to Sections 219 and 212 of R.A. 7160 or the Local Government Code of 1991 and DILG-DOF Joint Memorandum Circular No. 2010-001, hence, its revenue-raising power was not maximized as well as prevented the City from earning additional income to be used for projects that could have benefited its constituents.	25) Management requires the City Assessor to prepare the SMV pursuant to Section 212 of the Local Government Code of 1991 and cause the passage of an Ordinance incorporating therein the proposed SMV as basis for the conduct of a general revision of real property assessments in adherence to Section 219 of the same Code and DILG-DOF Joint Memorandum Circular No. 2010-001.	Unimplemented Budget needed for attendance to and conduct of trainings.
2009 AAR	A building costing ₱4,993,426.29 which was constructed by the municipality for use as a slaughterhouse was left unutilized for a considerable number of years resulting in inefficient utilization of government property that	26) Management should find ways and means to utilize the slaughterhouse to serve its intended purpose which would ultimately redound to the benefit of all constituents of the	Unimplemented The City Government waited for the resolution of the court case pertaining to the slaughterhouse.

Reference	Observations	Recommendations	Status of Implementation/ Results of Validation
	could lead to possible loss of the same through deterioration and vandalism	city. Ensure its proper maintenance to prevent deterioration and to avoid the incurrence of unnecessary and high costs of repair.	

PART IV
APPENDICES

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