



Republic of the Philippines
COMMISSION ON AUDIT
OFFICE OF THE SUPERVISING AUDITOR
Audit Group F - Iligan City & Lanao del Norte Province
Del Carmen, Iligan City
TeleFax No. (063) 221-3239



February 24, 2017

HON. RANDY J. MACAPIL
The Municipal Mayor
Linamon, Lanao del Norte



Dear Mayor Macapil,

We are pleased to transmit the report on the results of the audit on the accounts and operations of the Municipality of Linamon, Lanao Del Norte for the Calendar Year ended December 31, 2016, pursuant to Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, and in line with the Commission's effort towards informing management on how fiscal responsibility has been discharged.

Our audit was conducted in accordance with Philippine Public Sector Standards on Auditing, and we believe that it provides reasonable bases for the results of audit.

We rendered a qualified opinion on the fairness presentation of the financial statements for Calendar Year 2016 due to the deficiencies which have material exceptions noted that would affect fair presentation of the financial position as well as the financial performance of the Municipality during the year.

The significant observations and recommendations that need immediate action are as follows:

- 1. Cash in bank account cannot be ascertained due to failure of management to effect recurring reconciling items amounting to ₱267,504.24 and non-preparation of Bank Reconciliation Statement for General Fund for CY 2016 which is contrary to Sec. 74 of PD 1445 thereby affecting the accuracy of cash in bank account balance in the financial position of the agency.**

We have recommended the following:

- a. Municipal Accountant to prepare an adjusting entry for the stale checks to bring the cash in bank account in its correct balance.
- b. Prepare a letter immediately to the concerned bank for the discrepancies found in the bank statements.
- c. Submit the Bank Reconciliation Statement under General Fund

- d. Give utmost priority and close supervision in the preparation of monthly Bank Reconciliation Statements to ensure timely submission.
- e. Direct management to augment the work force assigned in the Accounting Office to facilitate timely recording and preparation of reports.

2. Receivable account amounting to ₱239, 809.00 have been outstanding for more than ten years in the books contrary to Section 111 of P.D. 1445, thus resulting to unreliable financial statements.

We have recommended to the Municipal Accountant to review these long overdue accounts and finalize which are doubtful of collection to determine the propriety of accounts and request for authority to write-off accounts pursuant to Section 36 of PD 1445.

3. The correctness, reliability and existence of the Property, Plant and Equipment (PPE) account amounting to ₱51,928,602.17 cannot be ascertained due to unfinished reconciliation of the accounting and property records in violation of Section 2 of P.D. 1445 which affected the fair presentation of the PPE accounts in the financial statements.

We have recommended the following:

- a. The Local Chief Executive should create an appraisal / inventory committee to conduct an actual physical inventory taking of all properties, plant and equipment headed by the General Services Officer to be witness by any representative of the Commission On Audit.
- b. The General Service Officer should maintain stock cards of each property, plant and equipment bearing property number while the Municipal Accountant should maintain a subsidiary ledger card on each equipment.
- c. Identify unserviceable properties and prepare an Inspection and Inventory Report for disposal.
- d. The Municipal Accountant should prepare necessary adjustments on the deficiencies noted in the course of inventory taking and make reconciliation with inventory report, stock cards and subsidiary ledgers.
- e. The Municipal Administrator should update the list of properties that need to be insured and submit the list to the GSIS.
- f. Provide budget for the insurance premium of properties identified to be insured especially building to protect the interest of the government.

4. Money value equivalent to the earned leave credits of LGU personnel were not recorded in the books of accounts disregarding COA Circular No. 2015-009 which prescribes the Revised Chart of accounts for local government units.

We have recommended to the Human Resource Officer furnishing the Accounting office with a copy of Schedule of Earned Leave Credits for all LGU personnel with money value as basis by the Accounting Office to record the leave accruals. Meantime, that budget was not yet provided, just disclosed it in the Notes to Financial Statements.

5. Unobligated prior years' expenditure amounting to ₱170,542.67 were charged against the current year's appropriation under General Fund contrary to Section 119 of P.D. No. 1445 thereby casting doubt as to the validity of the transactions.

We have recommended the following:

- a. Strictly refrain from using current appropriation/allotment for payment of prior year's obligations/transactions.
- b. Ensure that cut-off date is established at year end and are properly disseminated to all department of the LGU in advance to submit supporting documents to the budget office for obligation of the expenses already incurred during the year.

6. Expenses amounting to ₱141,903.00 charged against the Special Education Fund were not among those explicitly authorized under Sections 100 (c) and 272 of Republic Act (RA) No. 7160 and Joint Circular No. 01 series of 1998 of DECS-DBM-DILG, thereby depriving the beneficiary for which the fund was intended.

We have recommended the following:

- a. Local School Board to strictly observed Sections 100 (c) and 272 of Republic Act No. 7160 in the utilization of SEF funds with emphasis that those enumerated as priority expenses should be given preference.

The other audit findings together with the recommended courses of action which were discussed by the Audit Group with concerned Management officials and staff during the exit conference conducted on January 31, 2017 are discussed in detail in Part II of the report.

We request that the recommended remedial measures be immediately implemented and we will appreciate being informed of the action plan and status of implementation taken thereon within sixty (60) days from receipt thereof using the Agency Action Plan and Status of Implementation Form to be submitted to the Audit Group for validation.

We acknowledge the support and cooperation that you and your staff extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

By authority of the Chairman:


MARILOU C. MAMPAO, CPA
State Auditor IV
Acting Supervising Auditor

Copy Furnished :

1. The Regional Director
Department of Interior and Local Government
Regional Office No. X
Cagayan de Oro City

2. The Regional Director
Bureau of Local Government Finance
Cagayan de Oro City

3. The Regional Director
Commission On Audit
Regional Office No. X
Cagayan de Oro City

4. The Honorable Members of Sangguniang Bayan
Thru: The Secretary, Sangguniang Bayan
Linamon, Lanao del Norte

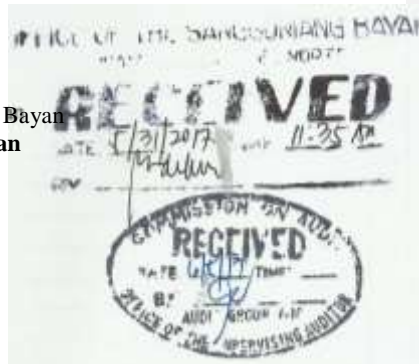
5. File – Supervising Auditor

6. File – Audit Team Leader

7. Soft copy – National Library

8. Soft copy – University of the Philippines Law Center

9. Soft copy – COA Commission Central Library





Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue
Quezon City

ANNUAL AUDIT REPORT

ON THE

MUNICIPALITY OF LINAMON
Province of Lanao del Norte

For the Period Ended December 31, 2016

EXECUTIVE SUMMARY

A. INTRODUCTION

The Municipality of Linamon is the smallest municipality in the Province of Lanao del Norte, with an area of 2,318.794 hectares and a total population of 3,051 families based on 2005 MBNS survey. It was created on January 13, 1960 under the Executive Order No. 371 signed by then President Carlos P. Garcia. The Municipality is composed of eight (8) barangays. Despite being a small community, this LGU maintains economic enterprises such as public market, slaughterhouse, cemetery, and eco-tourism facilities. It is adjacent advantageously to Iligan City.

Through the initiatives of the local leaders headed by the Local Chief Executive, Hon. Randy J. Macapil, the LGU was able to access development programs such as Early Childhood Care & Development (ECCD), Mindanao Rural Development Program (MRDP), Infrastructure Rural Enhancement Sector (InfRES) and Millenium Development Goal (MDG) Fund. LGUs are required to provide equity / counterpart in order to qualify for and avail of the said program and LGU-Linamon was able to raise it. These programs provide enhancement of infrastructure facilities, livelihood assistance and capability building through seminars and trainings to the beneficiaries as well as the implementors-LGU personnel and staff. It is expected that, through the implementation of said programs / projects / activities, it could produce a major output in the upliftment of the socio-economic condition of the people, excellent public service delivery and enhanced/ improved infrastructure facilities.

MISSION

To pursue a responsive, rational and integrated development strategy for the total upliftment of our community through optimum – utilization of human, natural and material resources.

VISION

A progressive, and sustainable agri-industrial and tourism center, excelling in good governance where residents have a sense of well-being and are morally upright, educated, self-reliant, gender responsive, environment friendly and community-oriented towards equity and justice.

ORGANIZATIONAL SET-UP

The elected officials for CY 2013-2016 are:

Mayor	Hon. Randy J. Macapil
Vice-Mayor	Hon. Rachele Vienn P. Abudiente
SB Members	Hon. Vene Vede Veche P. Ozarraga
	Procopio V. Chang
	Nicanor C. Canoy
	Allan A. Baclaan
	Edna L. Chan
	Loreto P. Gentapa
	Renato R. Pestolante
	Randy E. Saliongo
ABC President	Hon. Estrella B. Lacida

The appointed department heads/ key official of the municipality are:

OIC-Municipal Treasurer	Fedilina S. Montecalvo
Municipal Accountant	Mary Jane H. Lluisma, CPA
Municipal General Service Officer – Designate	
Municipal Agriculturist-Designate	Love Sandyz D. Bacayo
Municipal Planning & Development Coordinator and Municipal Administrator – Designate	Engr. Michaela D. Gorrero
Municipal Assessor-Designate	Lanily A. Haboc
Municipal Civil Registrar	Edenita Dela Rosa – Macas
Municipal Budget Officer	Maria Linda A. Verdun
Municipal Social Work Officer	Luisa C. Patalinghug, RSW
SB Secretary	Rowena C. Dekire
Municipal Health Officer	Dr. Gemma L. Deaño, MD

B. FINANCIAL HIGHLIGHTS

For CY 2016, the Municipality's financial position, financial performance and sources and application of funds are as follows:

I. Financial Position

Accounts	2015	2016	Increase (Decrease)	
			Amount	%
Assets	₱83,328,000.00	₱85,615,000.00	2,287,000.00	2.74%
Liabilities	31,070,000.00	29,581,000.00	-1,489,000.00	-4.79%
Government Equity	52,258,000.00	56,035,000.00	3,777,000.00	7.23%

II. Financial Performance

Accounts	2015	2016	Increase (Decrease)	
			Amount	%
Revenue	₱63,482,000.00	₱69,179,000.00	5,697,000.00	8.97%
Expenses	60,713,000.00	64,423,000.00	3,710,000.00	6.11%
Surplus(Deficit) for the period	2,769,000.00	4,756,000.00	1,987,000.00	71.76%

III. Sources and Application of Funds

The total revenues of ₱69,179,000.00 for CY 2016 was generated by the Municipality from the following:

Revenue	
Tax Revenue	₱3,237,000.00
Share from Internal Revenue Collections	58,289,000.00
Service and Business Income	6,945,000.00
Shares, Grants and Donations	59,000.00
Other Income	649,000.00
Total Revenue	₱69,179,000.00

Meanwhile, total expenditures of ₱64,423,000.00 were incurred for the following:

Expenses	
Personal Services	₱31,783,000.00
Maintenance and Other Operating Expenses	23,988,000.00
Non-Cash Expenses	4,886,000.00
Financial Expenses	818,000.00
Current Operating Expenses	₱61,475,000.00
Add: Transfers, Assistance and Subsidy To	2,948,000.00
Total Expenses	₱64,423,000.00

IV. Appropriations, Allotments and Obligations

Fund	Appropriations	Allotment	Obligations	Balance
<i>Current Appropriations</i>				
General Fund	52,497,884.00	52,497,884.00	48,069,237.04	4,428,646.96
Calamity Fund	3,376,619.00	3,376,619.00	1,433,415.01	1,943,203.99
20% Development Fund	11,657,876.00	11,657,876.00	6,884,234.12	4,773,641.88
Special Education Fund	1,099,320.00	1,099,320.00	732,686.36	366,633.64
<i>Continuing Appropriations</i>				
20% Development Fund	4,745,568.89	4,745,568.89	2,371,072.17	2,374,496.72
Total	73,377,267.89	73,377,267.89	59,490,644.70	13,886,623.19

C. OPERATIONAL HIGHLIGHTS

For CY 2016, various programs and projects were implemented by the Municipality including the following:

Programs and Projects	Code	Appropriation	Obligation	Allotment Balance
20% Development Fund - Current	9999-200			
LBP Loan Amortization	901-1	3,300,000.00	2,761,017.63	538,982.37
Roofing of Basketball Court for Brgy. Larapan	901-10	288,750.00	-	288,750.00
Livelihood Program for Women	901-11	50,000.00	-	50,000.00
Pasahibong Enhancement/Livelihood Enhancement	901-13	163,000.00	-	163,000.00
Improvement of Multi-purpose Hall - Samburon	901-14	500,000.00	-	500,000.00
Agri-productivity	901-16	220,000.00	138,839.74	81,160.26
Improvement of Linamon National High School Multi-purpose Hall	901-17	150,000.00	115,367.00	34,633.00
Cemetery Expansion Project/Niches	901-18	500,000.00	-	500,000.00
Riverbank Stabilization Project	901-19	120,000.00	-	120,000.00
Counterpart Fund for BUB	901-2	1,860,000.00	1,860,000.00	-
Agro-forest Conservation & Eco-tourism Development of Tinago Watershed	901-20	120,000.00	47,560.00	72,440.00
MPA Protection	901-21	150,000.00	105,727.50	44,272.50
Bioreactor Operationalization	901-23	220,981.00	113,137.25	107,843.75
Purchase of Rescue Materials and Equipment	901-24	23,895.00	-	23,895.00
Counterpart Fund for NCDDP/KALAHI	901-3	1,065,000.00	1,065,000.00	-
Purchase/Acquisition of Relocation Site/Lot for Informal Settlers(Robocon)	901-5	350,000.00	350,000.00	-
Construction of Solar Dryer/Basketball Court for Brgy. Bosque	901-6	208,750.00	-	208,750.00
Fencing of Daycare Center for Brgy. Purakan	901-7	150,000.00	112,170.00	37,830.00
Purchase of Relocation Site for Informal Settlers of Brgy. Poblacion	901-8	208,750.00	-	208,750.00
Road Development Project of Purok 1, Mago-ong	901-9	208,750.00	-	208,750.00
Social Protection Survey (Data Gathering)	969-35	50,000.00	-	50,000.00
Market Road Repair	969-36	500,000.00	-	500,000.00
Capability Building for Out-of-School Youth	969-37	100,000.00	-	100,000.00
Coastal Resource Management Program	969-38	50,000.00	-	50,000.00
Culture Development and Promotion	969-39	150,000.00	-	150,000.00
Land Survey (School Tilapas and BALAK 2 Techno Demo Site)	969-40	100,000.00	6,000.00	94,000.00
Land Banking Program (Municipal Cemetery)	969-41	500,000.00	50,000.00	450,000.00
Repair of Calamity & Rescue Operation Center	969-42	100,000.00	59,415.00	40,585.00
Local Economic Development Promotion Program	969-44	100,000.00	100,000.00	-
Installation & Maintenance of Street Lights	969-45	150,000.00	-	150,000.00
		11,657,876.00	6,884,234.12	4,773,641.88

D. SCOPE OF THE AUDIT

The audit covered the accounts and operations of the Municipality for the period January 1 to December 31, 2016. The objectives of the audit are to (a) determine the level of assurance that may be placed on management's assertions on the financial statements; (b) verify the propriety of financial transaction and on a limited extent, determine the level of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior year's audit recommendation.

The audit focused on cash, receivables, properties, liabilities, equity and revenues inclusive of real property tax as well as 20% development fund, programs and projects which was conducted on a test basis.

E. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Audit Team rendered a qualified opinion on the fairness of the presentations of the financial statements of the Auditee as of December 31, 2016. There is a reason to believe that the financial statements are not free of material misstatement/s and were not prepared in accordance with applicable laws, rules and regulations and not in conformity with generally accepted state accounting principles because of the enumerated exceptions as discussed in Part II of this report.

F. SIGNIFICANT FINDINGS AND RECOMMENDATIONS

- 1. Cash in bank account cannot be ascertained due to failure of management to effect recurring reconciling items amounting to ₱267,504.24 and non-preparation of Bank Reconciliation Statement for General Fund for CY 2016 which is contrary to Sec. 74 of PD 1445 thereby affecting the accuracy of cash in bank account balance in the financial position of the agency.**

We have recommended the following:

- a. Municipal Accountant to prepare an adjusting entry for the stale checks to bring the cash in bank account in its correct balance.
- b. Prepare a letter immediately to the concerned bank for the discrepancies found in the bank statements.
- c. Submit the Bank Reconciliation Statement under General Fund
- d. Give utmost priority and close supervision in the preparation of monthly Bank Reconciliation Statements to ensure timely submission.
- e. Direct management to augment the work force assigned in the Accounting Office to facilitate timely recording and preparation of reports.

- 2. Receivable account amounting to ₱239, 809.00 have been outstanding for more than ten years in the books contrary to Section 111 of P.D. 1445, thus resulting to unreliable financial statements.**

We have recommended to the Municipal Accountant to review these long overdue accounts and finalize which are doubtful of collection to determine the propriety of accounts and request for authority to write-off accounts pursuant to Section 36 of PD 1445.

- 3. The correctness, reliability and existence of the Property, Plant and Equipment (PPE) account amounting to ₱51,928,602.17 cannot be ascertained due to unfinished reconciliation of the accounting and property records in violation of Section 2 of P.D. 1445 which affected the fair presentation of the PPE accounts in the financial statements.**

We have recommended the following:

- a. The Local Chief Executive should create an appraisal / inventory committee to conduct an actual physical inventory taking of all properties, plant and equipment headed by the General Services Officer to be witness by any representative of the Commission On Audit.
 - b. The General Service Officer should maintain stock cards of each property, plant and equipment bearing property number while the Municipal Accountant should maintain a subsidiary ledger card on each equipment.
 - c. Identify unserviceable properties and prepare an Inspection and Inventory Report for disposal.
 - d. The Municipal Accountant should prepare necessary adjustments on the deficiencies noted in the course of inventory taking and make reconciliation with inventory report, stock cards and subsidiary ledgers.
 - e. The Municipal Administrator should update the list of properties that need to be insured and submit the list to the GSIS.
 - f. Provide budget for the insurance premium of properties identified to be insured especially building to protect the interest of the government.
- 4. Money value equivalent to the earned leave credits of LGU personnel were not recorded in the books of accounts disregarding COA Circular No. 2015-009 which prescribes the Revised Chart of accounts for local government units.**

We have recommended to the Human Resource Officer furnishing the Accounting office with a copy of Schedule of Earned Leave Credits for all LGU personnel with money value as basis by the Accounting Office to record the leave accruals. Meantime, that budget was not yet provided, just disclosed it in the Notes to Financial Statements.

- 5. Unobligated prior years' expenditure amounting to ₱170,542.67 were charged against the current year's appropriation under General Fund contrary to Section 119 of P.D. No. 1445 thereby casting doubt as to the validity of the transactions.**

We have recommended the following:

- a. Strictly refrain from using current appropriation/allotment for payment of prior year's obligations/transactions.
- b. Ensure that cut-off date is established at year end and are properly disseminated to all department of the LGU in advance to submit supporting documents to the budget office for obligation of the expenses already incurred during the year.

6. Disbursement Vouchers and its supporting documents covering the period from May to December were not submitted within the prescribed period, contrary to COA Circular No. 95-006, thus, preventing the conduct of timely audit.

We have recommended the following:

- a. The Municipal Treasurer and Municipal Accountant to submit on time the financial reports and disbursement vouchers together with the supporting documents to facilitate timely audit of transactions.
- b. If funds are available and sufficient, the Local Chief Executive to hire additional employee, otherwise, require the concerned employee to render overtime to ensure timely submission of the required reports and documents.

7. Copies of contracts/ purchase order/ memorandum of agreement and supporting documents forming part thereof were not furnished to the Auditor within five days from execution in violation of paragraph 3.1.1 of COA Circular No.2009-001 dated February 12, 2009, thereby affecting generation of timely and relevant audit results.

We have recommended the following:

- a. The General Service Office to submit copies of perfected contract together with its supporting documents forming part thereof to the Auditor for review and evaluation.
- b. Require the Accountant to submit immediately all copies of MOA for all Trust Funds received to the Audit Team for verification and monitoring purposes, to ensure that the intended purpose of such fund will be complied / attained.

8. Failure of management to furnish Acceptance and Inspection Report/Notice of Deliveries to the Office of the Auditor within 24 hours after acceptance of delivered items is in violation of COA Circular No. 2009-002 dated May 18, 2009, thus preventing the Auditor from performing timely inspection.

We have recommended the following:

- a. The General Supply Officer / Municipal Treasurer to furnish copies of Inspection and Acceptance Reports, together with the Delivery Receipts to the Audit Team within twenty-four hours from acceptance.
- b. Management to properly and completely accomplish the Acceptance and Inspection Report.

9. Non-submission of Monthly Report of Fuel Consumption and Monthly Report of Official Travel is in violation of COA Circular 77-61 dated September 26, 1977 casting doubts on the accuracy and reasonableness of fuel, oil, and lubricants expense account.

We have recommended the following:

- a. The General Service Officer to prepare and submit the Monthly Report of Fuel Consumption and Monthly Report of Official Travel for verification on the use of fuel, oil and lubricants.
- b. Ensure that trip tickets are properly and completely filled up.

10. Expenses amounting to ₱141,903.00 charged against the Special Education Fund were not among those explicitly authorized under Sections 100 (c) and 272 of Republic Act (RA) No. 7160 and Joint Circular No. 01 series of 1998 of DECS-DBM-DILG, thereby depriving the beneficiary for which the fund was intended.

We have recommended the following:

- a. Local School Board to strictly observed Sections 100 (c) and 272 of Republic Act No. 7160 in the utilization of SEF funds with emphasis that those enumerated as priority expenses should be given preference.

11. Disbursement vouchers appropriated for the operation of the sanggunian shall be approved by the Municipal Vice Mayor pursuant to Section 39 of COA Circular No. 92-382 dated July 3, 1992.

We have recommended to the Municipal Vice Mayor should apply for a fidelity bond, approved the disbursement vouchers for the appropriation of the sanggunian only and shall be allowed to countersigned in the check drawn.

Other audit observations and recommendations are discussed in detail in Part II of the report. We have discussed the foregoing observations and recommendations with the Municipal Officials in an exit conference conducted on January 31, 2017 and their comments were incorporated in the report, where appropriate.

G. STATEMENT OF AUDIT SUSPENSION, DISALLOWANCES AND CHARGES

	Beginning Balance (As of January 1, 2016)	This Period (January 1 – December 31, 2016)	Settlement for the Year	Ending Balance (As of December 31, 2016)
Notice of Suspension	-0-	-0-	-0-	-0-
Notice of Disallowance	-0-	-0-	-0-	-0-
Notice of Charge	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-

H. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

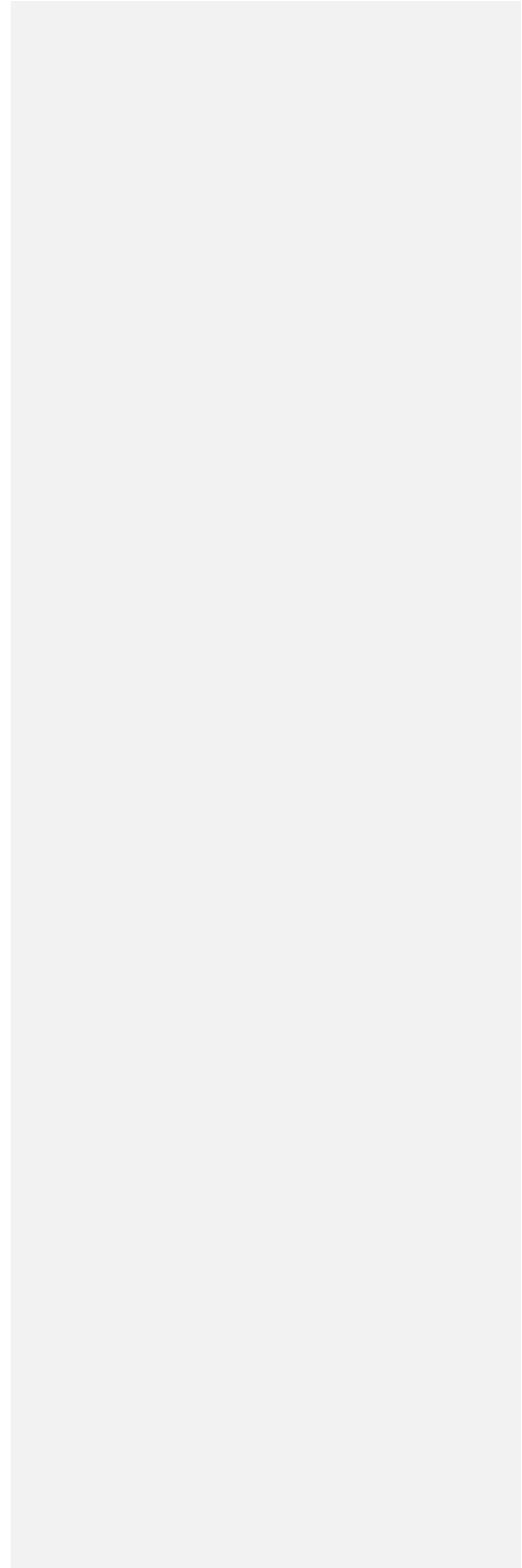
Out of the fifteen (15) audit recommendations contained in the Annual Audit Report for CY 2015, three (3) were implemented, ten (10) were partially implemented while two (2) were not implemented.

The impact of management's implementation on the audit recommendations serves as preventive measures and gives improvement opportunities on their operations. Further, some audit observations needs to be reiterated in this Annual Audit Report for CY 2017 due to materiality and relevance. The results of the validation of the implementation of prior year's recommendations are presented in Part III of this report.

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“Part I – Financial Statements”





Republic of the Philippines
COMMISSION ON AUDIT
OFFICE OF THE AUDIT TEAM LEADER
Audit Group F, Lanao del Norte Province
Municipality of Linamon

INDEPENDENT AUDITOR'S REPORT

The Municipal Mayor
Linamon, Lanao del Norte

We have audited the accompanying **combined** financial statements of the Municipality of Linamon, Lanao del Norte which comprise the Statement of Financial Position as of December 31, 2016 and the Statement of Financial Performance, Statement of Changes in Net Assets / Equity, Statement of Comparative Budget and Actual and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Commented [CS1]: combined

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

As are discussed in Part II of the Report, there is a reason to believe that the financial statements are not free of material misstatement/s and were not prepared in accordance with applicable laws, rules and regulations and not in conformity with generally accepted state accounting principles because of the enumerated exceptions as discussed in Part II of this report.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly the financial position of the Municipality of Linamon, Lanao del Norte, as of December 31, 2016, and its financial performance, cash flows, changes in net assets/equity, comparison of budget and actual amounts, and notes to financial statements for the year then ended in accordance with Philippine Public Sector Accounting Standards (PPSASs).

COMMISSION ON AUDIT

BY:



NAIDAN D. MAMACOTAO, CPA
State Auditor IV
Audit Team Leader

February 24, 2017



Republic of the Philippines
Province of Lanao del Norte
MUNICIPALITY OF LINAMON



The management of the LGU-LINAMON, LANA DEL NORTE is responsible for all information and representations contained in the combined Statement of Financial Position as of December 2016 and the related combined 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 state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

Commented [CS2]: combined

Commented [CS3]: combined

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 safeguard against unauthorized use or disposition and liabilities are recognized.


MARY JANE M. LUISMA, CPA
Municipal Accountant


HON. RANDY J. MACAPIL
Municipal Mayor

MUNICIPALITY OF LINAMON
PROVINCE OF LANA O DEL NORTE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2016
(With Comparative Figures for CY 2015)

	<i>Notes</i>	<u>2016</u>	<u>2015</u>
ASSETS			
Current Assets			
Cash	4	31,021,000.00	25,223,000.00
Investments		10,000.00	-
Receivables	5	2,531,000.00	3,679,000.00
Inventories	6	9,000.00	140,000.00
Prepayments		-	10,000.00
Total Current Assets		<u>33,571,000.00</u>	<u>29,052,000.00</u>
Non-Current Assets			
Property, Plant and Equipment	8	51,929,000.00	54,161,000.00
Biological Assets	9	115,000.00	116,000.00
Total Non-Current Assets		<u>52,044,000.00</u>	<u>54,277,000.00</u>
TOTAL ASSETS		<u>85,615,000.00</u>	<u>83,329,000.00</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	10.1	12,461,000.00	14,762,000.00
Inter-Agency Payables	10.2	8,413,000.00	10,872,000.00
Intra-Agency Payables	10.3	4,666,000.00	2,889,000.00
Trust Liabilities	10.4	1,209,000.00	532,000.00
Deferred Credits/Unearned Income	11	2,806,000.00	1,987,000.00
Other Payables	12	26,000.00	29,000.00
Total Current Liabilities		<u>29,581,000.00</u>	<u>31,071,000.00</u>
Non-Current Liabilities			
Financial Liabilities			
Deferred Credits/Unearned Income			-
Provision			-
Other Payables			
Total Non-Current Liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>29,581,000.00</u>	<u>31,071,000.00</u>

EQUITY		
Beg. Balance	52,258,000.00	61,567,000.00
Prior Period Adjustment	(979,000.00)	(14,533,000.00)
Surplus/(Deficit) for the Period	4,755,000.00	5,224,000.00
TOTAL EQUITY	<u>56,034,000.00</u>	<u>52,258,000.00</u>
TOTAL LIABILITIES AND NET ASSETS / EQUITY	<u>85,615,000.00</u>	<u>83,329,000.00</u>

(See Accompanying Notes to Financial Statements)

MUNICIPALITY OF LINAMON
PROVINCE OF LANA O DEL NORTE
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
For the Period ended December 31, 2016
(With Comparative Figures for CY 2015)

	<i>Notes</i>	<u>2016</u>	<u>2015</u>
Revenue			
Tax Revenue	<i>13</i>	3,237,000.00	3,498,000.00
Share from Internal Revenue Collections	<i>13</i>	58,289,000.00	53,013,000.00
Other Share from National Taxes		-	-
Service and Business Income	<i>14</i>	6,945,000.00	3,490,000.00
Shares, Grants and Donations		59,000.00	-
Gains		-	-
Other Income	<i>14</i>	649,000.00	3,481,000.00
Total Revenue		<u>69,179,000.00</u>	<u>63,482,000.00</u>
Less: Current Operating Expenses			
Personal Services	<i>15</i>	31,783,000.00	29,156,000.00
Maintenance and Other Operating Expenses	<i>16</i>	23,988,000.00	21,436,000.00
Non-Cash Expenses	<i>18</i>	4,886,000.00	4,908,000.00
Financial Expenses	<i>17</i>	819,000.00	1,011,000.00
Total Current Operating Expenses		<u>61,476,000.00</u>	<u>56,511,000.00</u>
Surplus (Deficit) from Current Operations		7,703,000.00	6,971,000.00
Add (Deduct):			
Transfer, Assistance and Subsidy From		-	-
Transfer, Assistance and Subsidy To		(2,948,000.00)	(1,747,000.00)
Surplus (Deficit) for the Period		<u>4,755,000.00</u>	<u>5,224,000.00</u>

(See Accompanying Notes to Financial Statements)

MUNICIPALITY OF LINAMON
PROVINCE OF LANAO DEL NORTE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period ended December 31, 2016
(With Comparative Figures for CY 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING EXPENSES		
Cash Inflows	105,767,000.00	90,396,000.00
Collection from Taxpayers	13,181,000.00	12,027,000.00
Share from Internal Revenue	58,289,000.00	53,012,000.00
Interest Income	42,000.00	25,000.00
Other Receipts	34,255,000.00	25,332,000.00
Cash Outflows	95,611,000.00	78,400,000.00
Payment of Expenses	11,205,000.00	23,063,000.00
Payment to Suppliers and Creditors	6,712,000.00	21,446,000.00
Payment to Employees	33,505,000.00	32,584,000.00
Interest Expenses	819,000.00	1,011,000.00
Other Expenses	43,370,000.00	296,000.00
Net Cash Provided by (Used In) Operating Activities	<u>10,156,000.00</u>	<u>11,996,000.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Outflows	2,379,000.00	5,087,000.00
Purchase/Construction of Property, Plant and Equip.	2,379,000.00	5,087,000.00
Net Cash Provided by (Used In) Investing Activities	<u>(2,379,000.00)</u>	<u>(5,087,000.00)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Outflows	1,979,000.00	1,979,000.00
Payment of Loan Amortization	1,979,000.00	1,979,000.00
Net Cash Provided by (Used In) Financing Activities	<u>(1,979,000.00)</u>	<u>(1,979,000.00)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>5,798,000.00</u>	<u>4,930,000.00</u>
Cash and Cash Equivalents, January 1	<u>25,223,000.00</u>	<u>20,293,000.00</u>
Cash and Cash Equivalents, December 31, 2016	<u><u>31,021,000.00</u></u>	<u><u>25,223,000.00</u></u>

MUNICIPALITY OF LINAMON
PROVINCE OF LANA DEL NORTE
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
For the Period ended December 31, 2016
(With Comparative Figures for CY 2015)

	2016	2015
Balance at January 1	₱ 52,258,000.00	61,567,000.00
Add (Deduct)		-
Change in Accounting Policy	-	
Prior Period Errors	(979,000.00)	(14,533,000.00)
Restated Balance	₱ 51,279,000.00	47,034,000.00
Add (Deduct) Changes in net assets/equity during the year		
Adjustment of net revenue recognized directly in net assets/equity	₱	-
Surplus (Deficit) for the period	4,755,000.00	5,224,000.00
Total recognized revenue and expenses for the period	₱ 4,755,000.00	5,224,000.00
Balance at December 31	₱ 56,034,000.00	52,258,000.00

MUNICIPALITY OF LINAMON
PROVINCE OF LANAO DEL NORTE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
GENERAL FUND
For the Period ended December 31, 2016

Particulars	Budgeted Amounts		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and
	Original	Final			
Revenue					
A. Local Sources					
1. Tax Revenue					
a. Tax Revenue Property	750,000.00	750,000.00	-	805,909.84	(55,909.84)
b. Tax Revenue- Goods and Service	1,330,000.00	1,330,000.00	-	1,087,744.63	242,255.37
c. Other Local Taxes	340,000.00	340,000.00	-	335,620.19	4,379.81
Total Tax revenue	2,420,000.00	2,420,000.00	-	2,229,274.66	190,725.34
2. Non-Tax Revenue					
a. Service Income	1,898,000.00	1,898,000.00	-	1,645,627.27	252,372.73
b. Business Income	2,485,000.00	2,485,000.00	-	2,051,744.48	433,255.52
c. Other Income & Receipts	2,440,000.00	2,440,000.00	-	3,955,179.04	(1,515,179.04)
Total Non-Tax Revenue	6,823,000.00	6,823,000.00	-	7,652,550.79	(829,550.79)
B. External Sources					
1. Share from the National Internal Revenue Taxes (IRA)	58,289,379.00	58,289,379.00	-	58,289,379.00	-
C. Receipts from Borrowings	-	-	-	-	-
Total Revenues and Receipts	67,532,379.00	67,532,379.00	-	68,171,204.45	(638,825.45)
Expenditures					
General Public Services					
Public Personnel Services	19,515,982.00	19,515,982.00	-	18,044,552.90	1,471,429.10
Maintenance and Other Operating Expenses	9,872,507.00	9,872,507.00	-	9,039,849.91	832,657.09
Capital Outlay	348,000.00	348,000.00	-	332,528.50	15,471.50
Health, Nutrition and Population Control					
Public Personnel Services	6,551,700.00	6,551,700.00	-	6,174,996.92	376,703.08
Maintenance and Other Operating Expenses	858,800.00	858,800.00	-	820,867.27	37,932.73
Capital Outlay	35,682.00	35,682.00	-	33,697.80	1,984.20
Social Services and Social Welfare					
Public Personnel Services	880,589.00	880,589.00	-	836,913.93	43,675.07
Maintenance and Other Operating Expenses	94,200.00	94,200.00	-	90,751.00	3,449.00
Capital Outlay	-	-	-	-	-
Economic Services					
Public Personnel Services	5,110,274.00	5,110,274.00	-	4,752,608.37	357,665.63
Maintenance and Other Operating Expenses	2,007,250.00	2,007,250.00	-	1,939,522.06	67,727.94
Capital Outlay	800,000.00	800,000.00	-	-	800,000.00
LDRRMF					
Maintenance and Other Operating Expenses	2,491,619.00	2,491,619.00	-	1,373,568.01	1,118,050.99
Capital Outlay	885,000.00	885,000.00	-	59,847.00	825,153.00
20% Development Fund					
Maintenance and Other Operating Expenses	11,657,876.00	11,657,876.00	-	6,884,234.12	4,773,641.88
Capital Outlay					
Allocation for Senior Citizens and PWD					
Maintenance and Other Operating Expenses	320,000.00	320,000.00	-	314,588.00	5,412.00
Capital Outlay					
Others					
Personnel Services	-	-	-	-	-
Maintenance and Other Operating Expenses	6,102,900.00	6,102,900.00	-	5,688,360.38	414,539.62
Capital Outlay	-	-	-	-	-
Total	67,532,379.00	67,532,379.00	-	56,386,886.17	11,145,492.83
Surplus (Deficit) for the period	-	-	-	11,784,318.28	-

MUNICIPALITY OF LINAMON
PROVINCE OF LANA DEL NORTE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
SPECIAL EDUCATION FUND
For the Period ended December 31, 2016

Particulars	Budgeted Amounts		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and
	Original	Final			
Revenue					
A. Local Sources					
1. Tax Revenue					
a. Tax-Revenue Property	1,099,320.00	1,099,320.00	-	1,007,387.20	91,932.80
b. Tax Revenue- Goods and Service		-	-	-	-
c. Other Local Taxes		-	-	-	-
Total Revenues and Receipts	1,099,320.00	1,099,320.00	-	1,007,387.20	91,932.80
Expenditures					
Education					
Public Personnel Services		-	-	-	-
Maintenane and Other Operating Expenses	920,840.00	920,840.00	-	567,649.39	353,190.61
Capital Outlay	178,480.00	178,480.00	-	165,037.00	13,443.00
Total	1,099,320.00	1,099,320.00	-	732,686.39	366,633.61
Surplus (Deficit) for the period	-	-	-	274,700.81	-



Republic of the Philippines
Province of Lanao del Norte
MUNICIPALITY OF LINAMON



NOTES TO CONDENSED FINANCIAL STATEMENTS

For the Period Ended December 31, 2016

Note 1 - Profile

The Municipality of Linamon was created on January 13, 1960 by virtue of Executive Order No. 371 signed by the late President Carlos P. Garcia. Linamon is the smallest municipality in Lanao del Norte with only eight (8) component barangays. It has a land area of 2,318.794 hectares and a population of 20,341 based on 2015 census of the Philippine Statistics Authority. Linamon is located 11.5 kilometers from Iligan City going Southwest. It is bounded by Iligan Bay on the North, by the Municipality of Matungao on the South, by the Linamon River on the East, and by Larapan River on the West.

Guided by its vision and mission, LGU-Linamon is leading the path towards a progressive and sustainable agri-industrial and tourism center, excelling in good governance and pursuing a responsive, rational and integrated development strategy for total community upliftment. To augment local revenue sources, the LGU continues to operate economic enterprises such as the Tinago Falls Highland Resort, Public Market, Slaughterhouse and Public Cemetery.

LGU-Linamon is a Silver Awardee of the Seal of Good Local Governance (SGLG) conferred by the Department of the Interior and Local Government (DILG) as one of the 212 best performing Municipal Governments for 2016. It has complied with all the requirements in all 3 core areas of financial administration, disaster preparedness, and social protection. Moreover, the LGU complied with 2 out of 3 essential areas on Environmental Management, and Peace and Order to qualify for the silver award. The SGLG awarding ceremony was held in Manila last October 27, 2016.

Note 2 - The Consolidated Statement of Financial Position as of December 31, 2016 and the related Financial Performance, Statement of Cash Flows, Changes in net assets/equity and Comparison of budget and actual amounts for the period then ended and a summary of significant accounting policies and other explanatory information, has been prepared in accordance with applicable laws, rules and regulations and in conformity with the Generally Accepted State Accounting Principles and Standards.

The Financial Statements are the consolidation of the General Fund, Special Education Fund & Trust Fund.

The consolidated financial statements are presented in pesos, which is the functional and reporting currency of the LGU and all values are rounded to nearest thousand (P000). The accounting policies have been applied starting the year 2015.

Notes to Financial Statements are presented in their actual value.

Note 3 - Summary of Significant Accounting Policies

3.1 Basis of accounting

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

3.2 Consolidation

The various funds maintained by the LGU under General Fund, Special Education Fund and Trust Fund are presented in pesos and reflected under the consolidated condensed financial statements.

3.3 Revenue Recognition

Revenue from non-exchange transactions

Taxes, fees and fines

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

Transfers from other government entities

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

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

Revenue from exchange transactions

Rendering of Services

The LGU recognizes revenue from rendering of services based on local civil registry fees prescribed in the Local Revenue Code of Linamon including service fees for medical and laboratory examinations.

Interest Income

Interest income on bank deposits is recognized at actual amount (net of withholding tax) as credited by Land Bank on a quarterly basis.

3.4 Property, Plant and Equipment

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

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

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

Property, Plant and Equipment	Useful Life (Yrs.)
Land Improvements	10
Power Supply Systems	10
Office Buildings	20
School Buildings	20
Hospital and Health Center	20
Market and Slaughterhouse	20

Other Structures	20
Office Equipment	5
Communication Equipment	10
Construction and Heavy Equipment	10
Disaster Response and Rescue Equipment	7
Technical and Scientific Equipment	5
Machineries and Equipment	10
Furnitures and Fixtures	10
Medical, Dental and Laboratory Equipment	10
Motor Vehicles	7
IT Equipment and Software	5

Public Infrastructures were not previously recognized in the books. The LGU availed of the 5-year transitional provision for the recognition of the Public Infrastructure. For the first year of implementation of the PPSAS, the LGU will not recognize the Public Infrastructure in the books of accounts.

3.5 Financial Instruments

Financial Liabilities

Initial recognition and measurement

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

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

The financial liabilities of the LGU are comprised mainly of Accounts Payable and Loans Payable-Domestic.

Loans and borrowings

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

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

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in local treasury and cash in the various depository banks of the LGU.

3.7 Inventories

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

3.8 Changes in accounting policies and estimates

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

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

3.9 Borrowing costs

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

3.10 Related parties

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

3.11 Budget information

The annual budget is prepared on the modified cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the LGU. As a result of the adoption of the Modified cash

basis for budgeting purposes, there are basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or under-spending on line items.

Note 4 - Cash and Cash Equivalents

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Cash on Hand					
Cash Local Treasury	1-01-01-010	3,544.47	29,107.25	144,950.00	177,601.72
Cash in Bank-Local Currency					
Cash in Bank-Local Currency, Current Account	1-01-02-010	21,416,383.23	1,358,759.03	8,068,844.28	30,843,986.54
TOTAL CASH AND CASH EQUIVALENTS		21,419,927.70	1,387,866.28	8,213,794.28	31,021,588.26

Cash in banks earn interest based on the prevailing rates of Land Bank and DBP. Of the P30.844 million cash in bank as of December 31, 2016, P7.302 million is maintained in a separate bank account intended exclusively for 20% Development Fund projects.

Note 5 - Receivables

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Inter-agency Receivables					
Due from GOCCs	1-03-03-020	16,540.00			16,540.00
Due from LGUs	1-03-03-030	39,720.00			39,720.00
Other Receivables					
Advances for Operating Expenses	1-03-05-010		29,270.75		29,270.75
Advances for Payroll	1-03-05-020	20.06			20.06
Due from Officers and Employees	1-03-06-020	1,924,350.97		34,417.80	1,958,768.77
Other Receivables	1-03-06-990	420,130.67	29,704.24	36,665.71	486,500.62
TOTAL RECEIVABLES		2,400,761.70	58,974.99	71,083.51	2,530,820.20

Inter-agency receivables of P56,260.00 have been carried in the books since 2002 upon NGAS conversion and subsidiary ledgers thereof are no longer available. Such amount is recommended for write-off in the books.

Other Receivables consists mainly of unliquidated cash advances of officers and employees, primarily by the late Mayor Cherlito Macas amounting P1,725,420.21 (net of offsetting of his Terminal Leave Benefits of P73,841.38). Also part of the dormant receivables includes P420T granted by the LGU to various individuals as loans for water, electricity and livelihood activities. Responsibility for collection of such accounts is lodged under MSWDO.

Note 6 - Inventories

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Inventory Held for Consumption					
Office Supplies Inventory	1-04-04-010	8,978.35			8,978.35
TOTAL INVENTORIES		8,978.35			8,978.35

General Services Office (GSO) reported minimal inventory balance at the end of December 2016. No inventory items were pledged as security during the current or prior financial year.

Note 7 – Financial Assets

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Prepayments					
Guaranty Deposits	1-02-05-020	10,000.00			10,000.00
TOTAL PREPAYMENTS		10,000.00			10,000.00

This pertains to P10,000 deposit made by LGU to the lessor of photocopier machine.

Note 8 - Property, Plant and Equipment

The LGU affirms that all items of property, plant and equipment will be utilized over their economic useful lives, and no residual value of these items is expected. During the current year, the LGU reviewed the estimated useful lives of PPE items, where appropriate.

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Land					
Land	1-07-01-010	2,267,453.78			2,267,453.78
Land Improvements					
Other Land Improvements	1-07-02-990	11,509,769.37			11,509,769.37
Accum. Depn.-Other Land Improvements	1-07-02-991	(2,885,094.97)			(2,885,094.97)
Infrastructure Assets					
Road Networks	1-07-03-010	4,736,780.07			4,736,780.07
Flood Control Systems	1-07-03-020	3,112,177.04			3,112,177.04
Water Supply Systems	1-07-03-040	2,305,677.95			2,305,677.95
Power Supply Systems	1-07-03-050	106,859.85			106,859.85
Accum. Depn.-Power Supply Systems	1-07-03-051	(93,558.81)			(93,558.81)
Parks, Plazas & Monuments	1-07-03-090	990,479.02			990,479.02
Buildings and Other Structures					
Buildings	1-07-04-010	8,278,514.27			8,278,514.27
Accum. Depn.-Buildings	1-07-04-011	(3,432,511.80)			(3,432,511.80)
School Buildings	1-07-04-020	154,137.85	106,450.00		260,587.85
Accum. Depn.-School Buildings	1-07-04-021	(40,029.75)	(106,450.00)		(146,479.75)
Hospitals and Health Centers	1-07-04-030	350,219.50			350,219.50

Accum. Depn.-Hospitals & Health Centers	1-07-04-031	(350,219.50)			(350,219.50)
Markets	1-07-04-040	1,852,822.68			1,852,822.68
Accum. Depn.-Markets	1-07-04-041	(487,463.01)			(487,463.01)
Other Structures	1-07-04-990	4,944,114.96	50,528.90		4,994,643.86
Accum. Depn.-Other Other Structures	1-07-04-991	(1,344,420.65)	(50,528.90)		(1,394,949.55)
Machinery and Equipment					
Office Equipment	1-07-05-020	1,406,852.00	30,000.000		1,436,852.00
Accum. Depn.-Office Equipment	1-07-05-021	(1,160,178.20)	(30,000.00)		(1,190,178.20)
Information & Comm. Technology Equip.	1-07-05-030	4,037,692.91	317,106.00		4,354,798.91
Accum. Depn.-Info & Comm. Tech. Equip.	1-07-05-031	(2,460,135.64)	(266,229.75)		(2,726,365.39)
Communication Equipment	1-07-05-070	577,595.00			577,595.00
Accum. Depn.-Communciation Equipment	1-07-05-071	(302,338.01)			(302,338.01)
Construction and Heavy Equipment	1-07-05-080	5,218,035.57			5,218,035.57
Accum. Depn.-Constn. & Heavy Equipment	1-07-05-081	(1,683,745.36)			(1,190,941.84)
Disaster Response & Rescue Equipment	1-07-05-090	8,340,522.83			8,340,522.83
Accum. Depn.-Disaster Resp. & Rescue Equipt	1-07-05-091	(2,860,748.35)			(2,860,748.35)
Medical Equipment	1-07-05-110	63,845.00			63,845.00
Accum. Depn.-Medical Equipment	1-07-05-111	(58,669.44)			(58,669.44)
Technical & Scientific Equipment	1-07-05-140	130,000.00			130,000.00
Accum. Depn.-Technical & Scientific Equip.	1-07-05-141	(33,446.03)			(33,446.03)
Other Machinery & Equipment	1-07-05-990	663,843.50	46,500.00		710,343.50
Accum. Depn.-Other Machinery & Equipment	1-07-05-91	(233,791.48)	(2,325.00)		(236,116.48)
Transportation and Heavy Equipment					
Motor Vehicles	1-07-06-010	3,133,590.00	30,000.00		3,163,590.00
Accum. Depn.-Motor Vehicles	1-07-06-011	(2,531,755.02)	(30,000.00)		(2,561,755.02)
Furnitures and Fixtures					
Furnitures and Fixtures	1-07-07-010	1,154,359.32	94,619.18		1,248,978.50
Accum. Depn.-Furnitures and Fixtures	1-07-07-011	(544,051.84)	(5,736.12)		(549,787.96)
Construction in Progress					
Construction in Progress-Land Improvements	1-07-10-010	3,834,262.18			3,834,262.18
Construction in Progress-Infra Assets	1-07-10-020	854,002.14			854,002.14
Construction in Progress-Bldgs & Structures	1-07-10-030	1,575,958.53			1,575,958.53
Other Property, Plant and Equipment					
Other Property, Plant and Equipment	1-07-99-990	5,080,857.06	11,827.00		5,092,684.06
Accum. Depn.-Other Property, Plant & Equipt.	1-07-99-991	(4,440,910.96)	(4,512.70)		(4,445,423.66)
TOTAL PROPERTY, PLANT & EQUIPMENT		51,737,353.56	191,248.61		51,928,602.17

Note 9 - Biological Assets

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Bearer, Biological Assets					
Breeding Stocks	1-08-01-010	115,455.90			115,455.90

Breeding stocks comprise of bull and goat donated by the Department of Agriculture Regional Office No. 10 to LGU-Linamon.

Note 10 - Liabilities

10.1 Financial Liabilities

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
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Financial Liabilities-Current					
Payables	2-01-01-010	4,336,872.75	31,245.40		4,368,118.15
Due to Officers and Employees	2-01-01-020	1,165,466.08			1,165,466.08
Financial Liabilities-Non-Current					
Loans Payable-Domestic	2-01-02-040	6,927,183.42			6,927,183.42
TOTAL FINANCIAL LIABILITIES		12,429,522.25	31,245.40		12,460,767.65

Payables pertain mainly to obligated expenditures and amounts earmarked for priority projects of the administration which are chargeable to the year-end surplus. These are non-interest bearing obligations.

Loans payable in 7 years were availed by the LGU in 2013 for the acquisition of brand new imported Fire Truck and Dump Truck with loan financing from Land Bank Lending Center, Cagayan de Oro City.

Particulars	Dump Truck	Fire Truck
Principal Loan	P 4,891,578.43	P 7,971,949.83
Date Loan Granted	Apr 26, 2013	June 5, 2013
Maturity Date	Apr 27, 2020	Apr 24, 2020
Term of Loan	7 years	7 years
Interest Rate	10%	10%
Mode of Payment	Quarterly	Quarterly
Outstanding Balance as of 12/31/16	P 2,633,926.87	P 4,292,588.31

10.2 Inter-Agency Payables

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Inter-Agency Payables					
Due to BIR	2-02-01-010			26,656.62	26,656.62
Due to GSIS	2-02-01-020	151,616.64			151,616.64
Due to Pag-ibig	2-02-01-030	8,824.63			8,824.63
Due to Other NGAs	2-02-01-050	421,558.58	1,456.48	4,213,521.87	4,636,536.93
Due to GOCCs	2-02-01-060		426.12		426.12
Due to LGUs	2-02-01-070	732,390.21	102,499.61	2,754,247.97	3,589,137.79
TOTAL INTER-AGENCY PAYABLES		1,314,390.06	104,382.21	6,994,426.46	8,413,198.73

Withholding taxes, premiums and loan amortizations deducted from the salaries of officials and employees are promptly remitted to the respective government agencies. The remaining accounts mainly represent balance of funds received by the LGU for specific purposes.

10.3 Intra-Agency Payables

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Intra-Agency Payables					
Due to Other Funds	2-03-01-010	4,551,214.06		114,682.43	4,665,896.49
TOTAL INTRA-AGENCY PAYABLE		4,551,214.06		114,682.43	4,665,896.49

Continuing appropriations for MDRRM for the years 2013-2016 are lodged under the account Due to Other Funds.

10.4 Trust Liabilities

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Trust Liabilities					
Bail Bonds Payable	2-04-01-030	11,000.00			11,000.00
Guaranty/Security Deposits	2-04-01-040	24,726.65		1,172,754.36	1,197,481.01
TOTAL TRUST LIABILITIES		35,726.65		1,172,754.36	1,208,481.01

Trust Liabilities pertain mostly to 10% retention withheld on various progress billings for infrastructure projects as well as procurement of capital assets. Release of retention money is governed by the provisions of COA Circular 2012-001.

Note 11 - Deferred Credits

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Deferred Credits					
Deferred Real Property Tax	2-05-01-010	409,728.28	409,728.28		819,456.56
Other Deferred Credits	2-05-01-990	1,972,734.14	14,205.35		1,986,939.40
TOTAL DEFERRED CREDITS		2,382,462.42	423,933.63		2,806,396.05

Note 12 – Other Payables

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Other Payables					
Other Payables	2-99-99-990	22,937.66		3,014.54	25,952.20
TOTAL OTHER PAYABLES		22,937.66		3,014.54	25,952.20

Note 13 – Tax Revenue

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Tax Revenue-Individual and Corporation					
Community Tax	4-01-01-050	266,779.86			266,779.86
Tax Revenue-Property					
Real Property Tax-Basic	4-01-02-040	805,909.84			805,909.84
Special Education Tax	4-01-02-050		1,007,387.20		1,007,387.20
Tax Revenue-Goods and Services					
Business Tax	4-01-03-030	1,080,004.63			1,080,004.63
Tax on Sand, Gravel & Other Quarry Products	4-01-03-040	7,740.00			7,740.00
Tax Revenue-Others					
Other Taxes	4-01-04-990	1,342.66			1,342.66
Tax Revenue-Fines and Penalties					
Tax Revenue-Fines & Penalties Property	4-01-05-020	40,529.15			40,529.15
Tax Revenue-Fines & Pen. Goods & Services	4-01-05-030	26,968.52			26,968.52
Share from National Taxes					

Share from Internal Revenue Collections	4-01-06-010	58,289,379.00			58,289,379.00
TOTAL		60,518,653.66	1,007,387.20		61,526,040.86

Note 14 - Service and Business Income

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Service Income					
Permit Fees	4-02-01-010	800,691.77			800,691.77
Registration Fees	4-02-01-020	615,077.00			615,077.00
Clearance and Certification Fees	4-02-01-040	174,103.50			174,103.50
Inspection Fees	4-02-01-100	21,040.00			21,040.00
Fees-Sealing/Licensing of Weights & Measures	4-02-01-160	6,850.00			6,850.00
Other Service Income	4-02-01-990	27,865.00			27,865.00
Business Income					
Parking Fees	4-02-02-130	100,520.00			100,520.00
Receipts from Market Operations	4-02-02-140	426,805.00			426,805.00
Receipts from Slaughterhouse Operation	4-02-02-150	278,227.00			278,227.00
ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Receipts from Cemetery Operations	4-02-02-160	1,073,199.35			1,073,199.35
Garbage Fees	4-02-02-190	130,220.00			130,220.00
Interest Income	4-02-02-220	42,364.10			42,364.10
Fines & Penalties-Business Income	4-02-02-980	409.03			409.03
Other Business Income	4-02-02-990	3,896,679.50			3,896,679.50
TOTAL SERVICE AND BUSINESS INCOME		7,594,051.25			7,594,051.25

Note 15 - Personnel Services

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Salaries and Wages					
Salaries & Wages-Regular	5-01-01-010	16,937,919.90			16,937,919.90
Salaries & Wages-Casual/Contractual	5-01-01-020	500,323.74			500,323.74
Other Compensation					
Personal Economic Relief Allowance (PERA)	5-01-02-010	1,678,000.00			1,678,000.00
Representation Allowance (RA)	5-01-02-020	1,512,000.00			1,512,000.00
Transportation Allowance (TA)	5-01-02-030	1,512,000.00			1,512,000.00
Clothing/Uniform Allowance	5-01-02-040	420,000.00			420,000.00
Subsistence/Laundry Allowance	5-01-02-050	123,500.00			123,500.00
Honoraria	5-01-02-100	108,000.00			108,000.00
Overtime and Night Pay	5-01-02-130	30,000.00			30,000.00
Year-end Bonus	5-01-02-140	1,659,914.68			1,659,914.68
Cash Gift	5-01-02-150	1,567,342.00			1,567,342.00
Other Bonuses and Allowances	5-01-02-990	534,000.00			534,000.00
Personnel Benefit Contributions					
Retirement and Life Insurance Premiums	5-01-03-010	2,036,971.43			2,036,971.43
Pag-ibig Contributions	5-01-03-020	82,500.00			82,500.00
Philhealth Contributions	5-01-03-030	199,225.00			199,225.00
ECC Premiums	5-01-03-040	77,746.77			77,746.77
Terminal Leave Benefits	5-01-03-990	2,803,379.72			2,803,379.72
TOTAL PERSONNEL SERVICES		31,782,823.24			31,782,823.24

Note 16 - Maintenance and Other Operating Expenses

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Travelling Expenses					
Travelling Expenses-Local	5-02-01-010	1,637,760.53	5,000.00		1,642,760.53
Training Expenses	5-02-02-010	76,902.00			76,902.00
Supplies and Materials Expenses					
Office Supplies Expenses	5-02-03-010	1,136,042.28			1,136,042.28
Accountable Forms Expenses	5-02-03-020	269,245.55	10,040.00		279,285.55
Food Supplies Expenses	5-02-03-050	1,376,270.25			1,376,270.25
Drugs and Medicines Expenses	5-02-03-070	198,560.50			198,560.50
Fuel, Oil and Lubricants Expenses	5-02-03-090	1,339,776.42			1,339,776.42
Other Supplies and Materials Expenses	5-02-03-990	159,294.50			159,294.50
Utility Expenses					
Water Expenses	5-02-04-010	171,013.00			171,013.00
Electricity Expenses	5-02-04-020	1,790,342.82	180,000.00		1,970,342.82
Communication Expenses					
Postage and Courier Services	5-02-05-010	880.00			880.00
Telephone Expenses	5-02-05-020	783,208.79			783,208.79
Internet Subscription Expenses	5-02-05-030	49,418.71			49,418.71
Confidential, Intelligence & Extraordinary Exp.					
Confidential Expenses	5-02-10-010	1,253,500.00			1,253,500.00
Extraordinary and Miscellaneous Expenses	5-02-10-030	15,790.00			15,790.00
Professional Services					
Auditing Services	5-02-11-020	39,300.00			39,300.00
Consultancy Services	5-02-11-030	57,000.00			57,000.00
Other Professional Services	5-02-11-990	468,542.83			468,542.83
General Services					
Security Services	5-02-12-030	81,000.00			81,000.00
Other General Services	5-02-12-990	2,112,853.05			2,112,853.05
Repairs and Maintenance					
Repairs & Maint.-Land Improvements	5-02-13-020	260,423.00			260,423.00
Repairs & Maint.-Infrastructure Assets	5-02-13-030	247,183.85			247,183.85
Repairs & Maint.-Buildings & Other Structures	5-02-13-040	4,200.00	8,960.00		13,160.00
Repairs & Maint.-Machinery & Equipment	5-02-13-050	11,320.00			11,320.00
Repairs & Maint.-Transportation Equipment	5-02-13-060	293,965.52			293,965.52
Repairs & Maint.-Other PPE	5-02-13-990	34,950.00			34,950.00
Taxes, Insurance Premiums and Other Fees					
Fidelity Bond Premiums	5-02-16-020	79,111.50			79,111.50
Insurance Expenses	5-02-16-030	87,056.74			87,056.74
Other Maintenance and Operating Expenses					
Advertising Expenses	5-02-99-010	21,000.00			21,000.00
Rent Expenses	5-02-99-050	107,200.00			107,200.00
Donations	5-02-99-080	357,140.00			357,140.00
Other Maint. & Operating Expenses	5-02-99-990	7,102,745.30	349,224.46		7,451,969.76
TOTAL MAINT. & OPERATING EXPENSES		21,622,997.14	563,224.46		22,176,221.60

Note 17 - Financial Expenses

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Financial Expenses					
Interest Expenses	5-03-01-020	818,575.85			818,575.85
TOTAL FINANCIAL EXPENSES		818,575.85			818,575.85

Note 18 - Non-Cash Expenses

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Depreciation					
Depreciation-Land Improvements	5-05-01-020	373,409.18			373,409.18
Depreciation-Buildings & Structures	5-05-01-040	1,495,097.24	5,271.75		1,500,368.99
Depreciation-Machinery & Equipment	5-05-01-050	1,784,249.24	35,534.61		1,819,783.85
Depreciation-Transportation Equipment	5-05-01-060	426,113.37			426,113.37
Depreciation-Furnitures, Fixtures, Books	5-05-01-070	87,263.34	3,342.43		90,605.77
Depreciation-Other Property, Plant & Equipt	5-05-01-990	674,743.49	812.70		675,556.19
TOTAL DEPRECIATION		4,840,875.86	44,961.49		4,885,837.35

Note 19 - Transfers, Assistance and Subsidy

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Financial Assistance/Subsidy					
Subsidy to Other LGUs		8,000.00			8,000.00
Subsidy to Other Funds		2,940,150.00			2,940,150.00
Transfer of Unspent Current Year MDDRM Fund		1,811,608.99			1,811,608.99
TOTAL TRANSFERS, ASSISTANCE & SUBSIDY		4,759,758.99			4,759,758.99

Note 20 - Losses and Gains

There are no losses and gains recognized inasmuch as disposal of assets was not undertaken during the year.

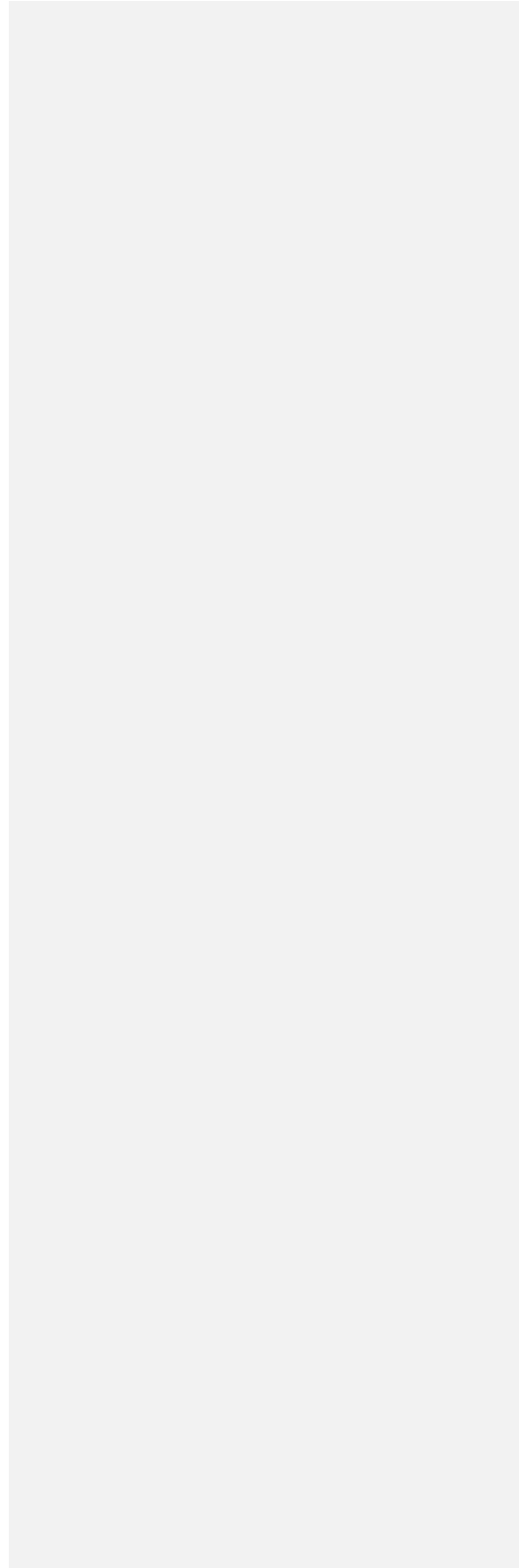
Note 21 - Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

Surplus/(Deficit)	4,755,374.62
Non-Cash Transactions	
Depreciation	4,885,837.35
Increase in Payables	5,015,262.99
Increase in Current Assets	(4,498,938.10)
Net Cash from Operating Activities	10,157,536.86

Note 22 - Disaster Risk Reduction and Management Fund

	30% Quick Response Fund	70% Disaster Preparedness	Total
CY 2016 Current:			
Appropriation	1,011,193.00	2,365,426.00	3,376,619.00
Obligations incurred	-	(1,565,010.01)	(1,565,010.01)
Balance	1,011,193.00	800,415.99	1,811,608.99
Continuing Appropriation:			
CY 2013	107.36		107.36
CY 2014	870,545.92		870,545.92
CY 2015	1,901,819.11		1,901,819.11
Total Continuing	2,772,472.39		2,772,472.39
Grand Total	3,783,665.39	800,415.99	4,584,081.38

“Part II – Comments And Observations”



A. FINANCIAL AND COMPLIANCE AUDIT

I. CASH

1. **Cash in bank account cannot be ascertained due to failure of management to effect recurring reconciling items amounting to P267,504.24 and non preparation of Bank Reconciliation Statement for General Fund for CY 2016 which is contrary to Sec. 74 of PD 1445 thereby affecting the accuracy of cash in bank account balance in the financial position of the agency.**

Section 74 of PD 1445 otherwise known as the State Audit Code of the Philippines, requires that: “At the close of each month, depositories shall report to the agency head, in such form as he may direct, the condition of the agency account standing on their books. The head of the agency shall see to it that reconciliation is made between the balance shown in the reports and balance found in the books of the agency.”

Further, the general policies and guidelines in the preparation of BRS are set out in COA Circular 96-011 dated October 02, 1996 and requires that “The Local Accountants shall within ten (10) days from receipt of the Bank Statements, reconcile the same (BS) with the General Ledgers (GL) and prepare the BRS in five (5) copies.”

Our verification of bank reconciliation statements disclosed that recurring reconciling items appearing in the reports remained unadjusted in the books despite being the subject of audit observation in the prior years. Details are shown in Annex-A. These deficiencies persisted, to wit:

1. Stale Checks amounting to P53, 224.63.
2. Amounts debited by the bank without corresponding entries in the book - P113,368.92
3. Erroneous debit or posting made by the bank to General Fund account number instead to General Fund-20% Development Fund account number - P100,910.69.

Meanwhile, our monitoring of bank reconciliation statements showed that the Accounting Office was still delayed in their submission of the report. More so, they also failed to submit the BRS under General Fund for the whole year of CY 2016. This specific bank account covers the IRA, various collections and disbursements for the operation of the LGU. Hence, Cash in Bank-General Fund with an amount of P31,022,000.00 as of December 31, 2016 is unverified.

Inquiry from the assigned personnel disclosed that this has transpired mainly due to her voluminous and overlapping tasks caused by manpower constraints in the Accounting Office and preparation of other priority reports. Also, she emphasized that since these reconciling items existed more than five years ago, she needed more time to locate files/documents needed to support the adjusting entries. However, this has been a recurring audit observation that needs to be prioritized by management because of its material impact in the presentation of financial statements.

Hence, these reconciling items if not adjusted in the books will continue to render the cash account balance inaccurate or misstated causing unreliable financial statements.

Management Comments:

Management, under the new elected Municipal Mayor is now pursuing of reassignment / detail of personnel to address this recurring audit observations.

Recommendation:

We have recommended the following:

- a. **Municipal Accountant to prepare an adjusting entry for the stale checks to bring the cash in bank account in its correct balance.**
- b. **Prepare a letter immediately to the concerned bank for the discrepancies found in the bank statements.**
- c. **Submit the Bank Reconciliation Statement under General Fund**
- d. **Give utmost priority and close supervision in the preparation of monthly Bank Reconciliation Statements to ensure timely submission.**
- e. **Direct management to augment the work force assigned in the Accounting Office to facilitate timely recording and preparation of reports.**

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

II. RECEIVABLES

2. **Receivable account amounting to P239, 809.00 have been outstanding for more than ten years in the books contrary to Section 111 of P.D. 1445, thus resulting to unreliable financial statements.**

Section 111 of Presidential Decree No. 1445 provides that the highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Each agency accounting unit shall prepare a statement scheduling overdue accounts. The agency head or his authorized representative shall review and sign this statement as an indication that he examined the list of overdue accounts and had instituted actions for their collection.

As of September 31, 2016, the Other Receivables under 1-03-06-990 account posted a balance of P399,798.96. In our review of the account, it was noted that 60% or P239,809.00 of which is composed of receivables due from individuals who were granted a loan assistance by the LGU. Hereunder is a table summarizing the loans offered by the LGU:

Type of Loan	Amount
Electric Installation	₱ 40,800.00
Special Water Loan Program	93,600.00
SEA-K	72,274.00
Livelihood Capital Assistance	33,135.00
	₱ 239,809.00

Management then explained that these represent assistance extended by the late Mayor Macas sometime in CY 1998-2007. The LGU under the Mayor's programs extended help to individuals with problems in paying electric installation and water bills ranging from ₱1,000 to ₱2,500. An assistance termed SEA-K and Livelihood Capital Assistance were also made available to those who need minimal capital investments for any business venture. These assistances were intended by the Mayor to be in the form of a loan. Hence, it was appropriately recorded as Other Receivables.

However, these receivables have been outstanding in the books for more than ten years resulting to dormancy of the account. Inquiry with management disclosed that this obtaining condition is a manifestation of the lapses of the procedures at the time the loan was granted. Most of the grantees were not aware that these were loans because of the absence of contract or memorandum of agreement or similar documents entered into by the parties. The grantees then believe that these were given to them as a donation or for free. Hence, some requested for postponement of payment while some aggressively refused to pay.

Management insisted that extensive efforts have been made and even disclosed that a job order employee was specifically hired for one year to work on the recording, billing and collection of the loan during Mayor Macas's time yet actual result of collections were still of margin.

From the above circumstances, management should continuously monitor and review the account and institute proper actions. It should be noted that keeping dormant accounts in the books will result to unreliable reporting of financial statements.

Management Comments:

The Accountant posited that she reminded the MSWDO 3 times but until now there was no official report from her. Then on the day of exit conference, management committed that the Accounting Office and MSWDO will prioritize to analyze and validate the borrowers so that necessary documents to write-off the loan will be made, if warranted.

Recommendation:

We have recommended to the Municipal Accountant to review these long overdue accounts and finalize which are doubtful of collection to determine the propriety of accounts and request for authority to write-off accounts pursuant to Section 36 of PD 1445.

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

III. PROPERTY, PLANT AND EQUIPMENT

3. The correctness, reliability and existence of the Property, Plant and Equipment (PPE) account amounting to ₱51,928,602.17 cannot be ascertained due to unfinished reconciliation of the accounting and property records in violation of Section 2 of P.D. 1445 which affected the fair presentation of the PPE accounts in the financial statements.

Section 2, Presidential Decree 1445 provides that “Property management is one responsibility of a government agency thru its agency head concerned to articulate a state policy that “all resources of government shall be managed, expended or utilized in accordance with law and regulation, and safeguarded against loss or wastage through illegal or improper disposition, with view to ensuring economy, efficiency and effectiveness in the operation of the government.”

The Property, Plant and Equipment account has a registered balance of ₱51,928,602.17 in the books with the following details:

ACCOUNT	ACCOUNT CODE	GENERAL FUND	SEF	TRUST FUND	CONSOLIDATED
Land					
Land	1-07-01-010	2,267,453.78			2,267,453.78
Land Improvements					
Other Land Improvements	1-07-02-990	11,509,769.37			11,509,769.37
Accum. Depr.-Other Land Improvements	1-07-02-991	(2,885,094.97)			(2,885,094.97)
Infrastructure Assets					
Road Networks	1-07-03-010	4,736,780.07			4,736,780.07
Flood Control Systems	1-07-03-020	3,112,177.04			3,112,177.04
Water Supply Systems	1-07-03-040	2,305,677.95			2,305,677.95
Power Supply Systems	1-07-03-050	106,859.85			106,859.85
Accum. Depr.-Power Supply Systems	1-07-03-051	(93,558.81)			(93,558.81)
Parks, Plazas & Monuments	1-07-03-090	990,479.02			990,479.02
Buildings and Other Structures					
Buildings	1-07-04-010	8,278,514.27			8,278,514.27
Accum. Depr.-Buildings	1-07-04-011	(3,432,511.80)			(3,432,511.80)
School Buildings	1-07-04-020	154,137.85	106,450.00		260,587.85
Accum. Depr.-School Buildings	1-07-04-021	(40,029.75)	(106,450.00)		(146,479.75)
Hospitals and Health Centers	1-07-04-030	350,219.50			350,219.50
Accum. Depr.-Hospitals & Health Centers	1-07-04-031	(350,219.50)			(350,219.50)

Markets	1-07-04-040	1,852,822.68			1,852,822.68
Accum. Depr.-Markets	1-07-04-041	(487,463.01)			(487,463.01)
Other Structures	1-07-04-990	4,944,114.96	50,528.90		4,994,643.86
Accum. Depr.-Other Other Structures	1-07-04-991	(1,344,420.65)	(50,528.90)		(1,394,949.55)
Machinery and Equipment					
Office Equipment	1-07-05-020	1,406,852.00	30,000.000		1,436,852.00
Accum. Depr.-Office Equipment	1-07-05-021	(1,160,178.20)	(30,000.00)		(1,190,178.20)
Information & Comm. Technology Equip.	1-07-05-030	4,037,692.91	317,106.00		4,354,798.91
Accum. Depr.-Info & Comm. Tech. Equip.	1-07-05-031	(2,460,135.64)	(266,229.75)		(2,726,365.39)
Communication Equipment	1-07-05-070	577,595.00			577,595.00
Accum. Depr.-Communciation Equipment	1-07-05-071	(302,338.01)			(302,338.01)
Construction and Heavy Equipment	1-07-05-080	5,218,035.57			5,218,035.57
Accum. Depr.-Constn. & Heavy Equipment	1-07-05-081	(1,683,745.36)			(1,190,941.84)
Disaster Response & Rescue Equipment	1-07-05-090	8,340,522.83			8,340,522.83
Accum. Depr.-Disaster Resp. & Rescue Equip	1-07-05-091	(2,860,748.35)			(2,860,748.35)
Medical Equipment	1-07-05-110	63,845.00			63,845.00
Accum. Depr.-Medical Equipment	1-07-05-111	(58,669.44)			(58,669.44)
Technical & Scientific Equipment	1-07-05-140	130,000.00			130,000.00
Accum. Depr.-Technical & Scientific Equip.	1-07-05-141	(33,446.03)			(33,446.03)
Other Machinery & Equipment	1-07-05-990	663,843.50	46,500.00		710,343.50
Accum. Depr.-Other Machinery & Equipment	1-07-05-91	(233,791.48)	(2,325.00)		(236,116.48)
Transportation and Heavy Equipment					
Motor Vehicles	1-07-06-010	3,133,590.00	30,000.00		3,163,590.00
Accum. Depr.-Motor Vehicles	1-07-06-011	(2,531,755.02)	(30,000.00)		(2,561,755.02)
Furnitures and Fixtures					
Furnitures and Fixtures	1-07-07-010	1,154,359.32	94,619.18		1,248,978.50
Accum. Depr.-Furnitures and Fixtures	1-07-07-011	(544,051.84)	(5,736.12)		(549,787.96)
Construction in Progress					
Construction in Progress-Land Improvements	1-07-10-010	3,834,262.18			3,834,262.18
Construction in Progress-Infra Assets	1-07-10-020	854,002.14			854,002.14
Construction in Progress-Bldgs & Structures	1-07-10-030	1,575,958.53			1,575,958.53
Other Property, Plant and Equipment					
Other Property, Plant and Equipment	1-07-99-990	5,080,857.06	11,827.00		5,092,684.06
Accum. Depr.-Other Property, Plant & Equip.	1-07-99-991	(4,440,910.96)	(4,512.70)		(4,445,423.66)
TOTAL PROPERTY, PLANT & EQUIPMENT		51,737,353.56	191,248.61		51,928,602.17

However, this amount continued to be unreliable as reconciliation between accounting books and property records remained unfinished. The deficiencies noted in the four consecutive prior year's Annual Audit Report persisted such as inadequate Subsidiary Ledger Card (SLC) and Property, Plant and Equipment Ledger Card (PEELC) to support the GL accounts, identification of possible inexistent and unserviceable properties in the books, prolonged keeping of damaged and obsolete items, and delayed submission of inventory reports.

In an inquiry, management explained that the new designated GSO is still adjusting to the load of works in her Office considering she just assumed last July 2016.

Consequently, the correctness, reliability and existence of PPE accounts in the financial position of the agency cannot be verified and validated.

Recommendations:

We have recommended the following:

- a. The Local Chief Executive should create an appraisal / inventory committee to conduct an actual physical inventory taking of all properties, plant and equipment headed by the General Services Officer to be witness by any representative of the Commission On Audit.
- b. The General Service Officer should maintain stock cards of each property, plant and equipment bearing property number while the Municipal Accountant should maintain a subsidiary ledger card on each equipment.
- c. Identify unserviceable properties and prepare an Inspection and Inventory Report for disposal.
- d. The Municipal Accountant should prepare necessary adjustments on the deficiencies noted in the course of inventory taking and make reconciliation with inventory report, stock cards and subsidiary ledgers.
- e. The Municipal Administrator should update the list of properties that need to be insured and submit the list to the GSIS.
- f. Provide budget for the insurance premium of properties identified to be insured especially building to protect the interest of the government.

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

IV. LIABILITIES

4. **Money value equivalent to the earned leave credits of LGU personnel were not recorded in the books of accounts disregarding COA Circular No. 2015-009 which prescribes the Revised Chart of accounts for local government units.**

With the adoption of Philippine Public Sector Accounting System (PPSAS) effective January 1, 2015, COA Circular No. 2015-009 is promulgated to prescribe the corresponding Revised Charts of Accounts for Local Government Units. One of the essential accounts created is the recognition of money value for earned leave credits of government personnel, such as:

Account Title	Description
Terminal Leave Benefits	Debit this account to record the money value of the accumulated leave credits of government officials and employees.
Leave Benefits Payable	Credit this account to record the money value of the earned leave credits of government personnel. Debit this account for payment of leave benefits.

Verification and review of the financial statements during the year disclosed that money value corresponding to the earned leave credits of agency personnel were not accrued and recorded. No accounts, as shown above, were maintained in the books to record the money equivalent of earned leave credits.

The non-recognition of the money value of earned leave credits of the agency personnel understated the total liabilities of the LGU. Request for payment of terminal leave may not be facilitated due to the absence of readily available funds.

Management Comments:

Management explained that they were not cognizant of this new rule and committed to prepare a Memo that will be issued to the HR Officer to compute all earned leave credits of all employees so that the estimated liability will be determined.

Recommendations:

We have recommended to the Human Resource Officer furnishing the Accounting office with a copy of Schedule of Earned Leave Credits for all LGU personnel with money value as basis by the Accounting Office to record the leave accruals. Meantime, that budget was not yet provided, just disclosed it in the Notes to Financial Statements.

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

V. EXPENSES

5. Unobligated prior years' expenditure amounting to P170,542.67 were charged against the current year's appropriation under General Fund contrary to Section 119 of P.D. No. 1445 thereby casting doubt as to the validity of the transactions.

Section 119 of PD 1445 provides that all lawful expenditures and obligations incurred during the year shall be taken up in the accounts of that year.

As a standard procedure, valid and legal obligations or commitments of government agencies for which goods and services have been delivered, rendered and/or completed/accepted shall be obligated as accounts payable (A/P).

Post-audit of submitted disbursement vouchers covering the period of January to March 2016 revealed that there were prior year's expenses (CY 2015) which were paid and directly charged to expense of the current year's budget (CY 2016). The table below shows the details of the transactions.

Date	Check No.	DV No.	Payee	Amount	Period Incurred	Account	Nature
1/14/16	1191264	16-01-0067	Globe Telecom, Inc	1,216.72	Nov. 18- Dec. 17, 2015	Telephone Expenses	Comm. Expenses
1/22/16	1191307	15-12-3200	Villa Lacida Beach Haus	3,000.00	Dec. 18, 2015	Other Maintenance and Operating Expenses	Rental- sound system during LGU Christmas Party
1/22/16	1191308	15-12-3207	Gemma L. Deaño	2,380.00	Dec. 11, 2015	Other Maintenance and Operating Expenses	Reimbursement- transportation services and entrance fee during Lakkbay Aral of Barangay Helth Workers last December 11, 2015
1/26/16	1191317	16-01-0168	B & B Caltex Service Station	5,868.80	Dec. 1-24, 2015	Fuel, oil and lubricant expense	Fuels
1/27/16	1191319	16-01-0174	B & B Caltex Service Station	48,969.45	Dec. 1-24, 2015	Fuel, oil and lubricant expense	Fuels
1/27/16	1191322	16-01-0182	B & B Caltex Service Station	19,644.25	Dec. 26-31, 2015	Fuel, oil and lubricant expense	Fuels
1/27/16	1191323	16-01-0183	B & B Caltex Service Station	58,433.20	Dec. 1-24, 2015	Fuel, oil and lubricant expense	Fuels
1/28/16	1191337	16-01-0175	B & B Caltex Service Station	20,372.10	Dec. 1-24, 2015	Fuel, oil and lubricant expense	Fuels
1/29/16	1191352	16-01-0206	B & B Caltex Service Station	10,658.15	Dec. 1-31, 2015	Fuel, oil and lubricant expense	Fuels
			Total	₱170,542.67			

Correspondingly, this condition casts doubt as to the validity of the transactions. Also, it has resulted in the overstatement of expense account and understatement of prior year's adjustment account leading to misstated accounts contained in the financial statement.

Management Comments:

Management explained that this is due to MOOE appropriations having been exhausted but they agreed to comply by committing to implement an early cut-off for processing of disbursement vouchers every year end.

Recommendations:

We have recommended the following:

- a. **Strictly refrain from using current appropriation/allotment for payment of prior year's obligations/transactions.**

- b. Ensure that cut-off date is established at year end and are properly disseminated to all department of the LGU in advance to submit supporting documents to the budget office for obligation of the expenses already incurred during the year.**

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

VI. SUBMISSION OF ACCOUNTS AND REPORTS

- 6. Disbursement Vouchers and its supporting documents covering the period from May to December were not submitted within the prescribed period, contrary to COA Circular No. 95-006, thus, preventing the conduct of timely audit.**

Pursuant to Sec. 100 of P.D. 1445, disbursing officers shall submit within five (5) days after the end of each month the monthly reports of collections and deposits, report of checks issued and report of disbursements to the Chief Accountant for recording in the books of accounts.

COA Circular No. 92-125A dated March 4, 1992 requires that the Chief Accountant / Head of Accounting Units of National Government Agencies shall prepare among others, Bank Reconciliation Statement based on the bank statement submitted by the bank and submit the original within 15 days after the end of the month to the COA Resident Auditor, copy furnished the concerned Government Servicing Bank and the Department of Budget and Management (DBM), Accounting Finance Bureau.

It was noted during the audit that the Management failed to submit the disbursement vouchers covering the period July to December 2016..

The inaction of the management to submit it within the reglamentary period resulted in the delay of post-audit of financial transactions of the agency and affected the timely verification of reports and communications of result to the management.

The non-submission of these documents / reports was due to the delay in the segregation and photocopying of vouchers, lack of documentary requirements and unclaimed checks.

Recommendations:

We have recommended the following:

- a. The Municipal Treasurer and Municipal Accountant to submit on time the financial reports and disbursement vouchers together with the supporting documents to facilitate timely audit of transactions.**

- b. **If funds are available and sufficient, the Local Chief Executive to hire additional employee, otherwise, require the concerned employee to render overtime to ensure timely submission of the required reports and documents.**

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

7. Copies of contracts/ purchase order/ memorandum of agreement and supporting documents forming part thereof were not furnished to the Auditor within five days from execution in violation of paragraph 3.1.1 of COA Circular No.2009-001 dated February 12, 2009, thereby affecting generation of timely and relevant audit results.

Pertinent Sections of COA Circular No. 2009-001 state that:

3.1.1“Within **five (5)** working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of the said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. X x x .

3.2.1 A copy of any purchase order **irrespective of amount**, and each and every supporting document, shall, within **five (5)** working days from issuance thereof, be submitted to the Auditor concerned. Within the same period, the Auditor shall review and point out to management defects and/or deficiencies, if any, in the same manner provided in the second and third sentences of item 3.1.4 hereof.

During CY 2016, contracts for goods and infrastructure were received by the Office, however, it was observed that these were not furnished to the Auditor within five days five (5) days from execution. Our records showed that the submissions of the contracts were delayed as shown in the table below:

Name of Project	Amount	Notice of Award/ Notice to Proceed	Date Submitted for Review
Construction of Linamon Seawall Extension	₱ 2,861,594.34	3/16/2016- 3/18/2016	4/20/2016
Labor and Materials for the construction of Farm to Market Road-Napo	2,589,548.00	3/17/2016- 3/18/2016	4/20/2016
Procurement of 1 unit computer controlled dental chair	205,000.00	3/16/2016- 3/18/2016	4/21/2016

Labor and Materials for the construction of Bosque to Purakan FMR	4,370,637.46	3/17/2016-3/18/2016	4/21/2016
Total	₱ 10,026,779.80		

Likewise, all purchase orders were not submitted to the Office except that these were attached to the paid disbursement vouchers.

It was further noticed that copies of Memorandum of Agreement entered into by LGU and other National Agency such as from DILG, DoT, DOLE and DSWD were not furnished to the Office nor attached to the disbursement voucher. However, a Memorandum of Agreement should always be attached to the DV to show the purpose of the transferred fund and the related activities to be undertaken, for proper monitoring of its utilization by the concerned officers/employees.

COA Circular No. 2012-001 provides the following documentary requirements for the implementing agency and its subsequent liquidation of the fund transfer, to wit:

1. Necessary supporting documents depending on the nature of transactions
2. **Copy of MOA/Trust Agreement**
3. Copy of OR upon receipt of funds transferred
4. Copy of OR issued by the Source Agency evidencing refund of unexpended/unutilized balance of fund transfer.

As an effect of this existing practice and due to the delay in submission of trust fund disbursement vouchers, the audit team manages to be informed of funds received by LGU only when management secures the signature of COA for their quarterly report of liquidation of subject transfer funds or during the conduct of cash examination.

Hence, delay in the submission of contracts hampers the generation of timely and relevant audit results. It also affects the timely rectification of its defects.

Management Comments:

Management agreed with the recommendations and that the Municipal Mayor will confer with the GSO Designate to comply these requirements. Accordingly, she must submit within 5 days from execution PRs, POs and IARs to the COA office. Also, that they will require MOA copies from Department Heads who are involved in implementing projects which are funded in whole or in part by national government agencies.

Recommendations:

We have recommended the following:

- a. **The General Service Office to submit copies of perfected contract together with its supporting documents forming part thereof to the Auditor for review and evaluation.**

- b. Require the Accountant to submit immediately all copies of MOA for all Trust Funds received to the Audit Team for verification and monitoring purposes, to ensure that the intended purpose of such fund will be complied / attained.**

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

8. Failure of management to furnish Acceptance and Inspection Report/Notice of Deliveries to the Office of the Auditor within 24 hours after acceptance of delivered items is in violation of COA Circular No. 2009-002 dated May 18, 2009, thus preventing the Auditor from performing timely inspection.

Paragraph 6.9 of COA Circular No. 2009-2 dated May 18, 2009, thus: Among the duties and responsibilities of Agency Officials, that the Auditor shall be furnished with copies of delivery documents within twenty-four (24) hours after acceptance of deliveries of goods and services regardless of amount. (underscoring supplied)

Section 118 of the Manual of New Government Accounting System (for LGUs) provides among others that the AIR shall be used to acknowledge the receipt of supplies and equipment purchased and inspection made thereof. The assigned property officer or receiving official shall acknowledge receipt of the items by indicating his name & signature, with remarks whether complete or partial delivery were made and indicate the date of receipt. Similarly, the reports should be signed by the authorized Inspection officer who conducted the inspection and verification of items to determine if they conform to the specifications and date of inspection.

During the year of audit period, it has been observed that management did not furnish Acceptance and Inspection Report / Notice of Delivery to the COA Office. These were merely appended a supporting documents in the disbursement vouchers. The Audit team will be informed of the procured items of the agency only upon post audit.

Further, our post audit of sampled transactions revealed that the Acceptance and Inspection Report attached to the disbursement vouchers exhibits the same deficiency. It was noted these were not properly and completely accomplished due to the absence of all or any of the following information in the report:

1. Acceptance No. Report
2. Date of the Report
3. Date Inspected/Accepted
4. Remarks whether it was a complete or partial delivery

As a consequence, the Audit Team was not able to perform ocular inspection/ validation of deliveries at the most proximate period. Also, due to the deficiencies noted in accomplishing the report, the audit team was not able to ascertain the degree of compliance by the supplier of the terms and conditions of the agreement and

specifications of the items procured which could have influence in the correctness / accuracy of the claim.

Management Comments:

A new GSO was designated last July 2016, hence, she is still coping with the various tasks but management assured the compliance with the aforementioned and even plans to put additional manpower, if warranted.

Recommendations:

We have recommended the following:

- a. The General Supply Officer / Municipal Treasurer to furnish copies of Inspection and Acceptance Reports, together with the Delivery Receipts to the Audit Team within twenty-four hours from acceptance.**
- b. Management to properly and completely accomplish the Acceptance and Inspection Report.**

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

9. Non-submission of Monthly Report of Fuel Consumption and Monthly Report of Official Travel is in violation of COA Circular 77-61 dated September 26, 1977 casting doubts on the accuracy and reasonableness of fuel, oil, and lubricants expense account.

COA Circular No. 77-61 provides the rules and regulations governing the use of the government transportations thereof:

Nos. 2 ,3 and 4 of the Specific Rules and Regulations states:

“The use of government vehicle should be controlled through properly accomplished and duly approved Driver’s Trip Ticket which should be serially numbered, a summary of which shall be made at end of the month in a Monthly Report of Official Travels, for audit purposes.

Monthly Report of Fuel Consumption of Government transportation shall be submitted to the Auditor for verification purposes to determine the reasonableness of fuel consumed during the period. The report shall show among others, the different types of motor vehicles utilized by the agency during the month, total distance travelled, total fuel used and normal fuel consumption for each vehicle”

Monthly Report of Fuel Consumption of government motor transportation shall be submitted to the auditor within the first ten days of the succeeding month by the Chief, General Services Division or its equivalent;

In the determination of the quantity of gasoline required for each motor vehicle for each trip, all personnel concerned shall be guided by the average minimum and maximum gasoline and oil consumption of the different types of motor vehicles. An allowance of 10% may be tolerated.

Where the odometer/speedometer is out of order, the repair or replacement shall be required at once. The driver of motor vehicle concerned shall be held responsible for failure to report defective odometer/speedometer as well as the responsible official who neglects to undertake the repair.

Records of the office revealed that official travels undertaken during any particular month were not duly summarized in a Monthly Reports of Fuel Consumption nor Monthly Report of Official Travels were prepared and submitted for verification purposes.

Meanwhile, our verification of the transactions relative to fuel during post audit showed that the disbursement vouchers were duly supported with charge invoice, official receipts, purchase request, purchase order and driver's trip ticket. However, review made on the trip tickets disclosed that some trip tickets were not completely filled in. Important data were not taken into consideration such as:

- b) Name and signature of passengers
- c) Odometer/ speedometer reading at the start and end of the trip
- d) Purpose of the trip not specified
- e) Beginning and ending balance of fuel in tank per trip

It bears stressing that all information needed in the trip tickets as above mentioned are necessary to determine whether the trip is official in nature and as basis in the preparation of the Monthly Report of Official Travel and Monthly Report of Fuel Consumption. These reports are necessary in determining whether the amount and quantity spent for fuel during the trip corresponds to the allowable maximum and minimum fuel consumption allowed during the month after providing for the 10% tolerable allowance.

As a consequence, the accuracy and reasonableness of fuel cannot be ascertained rendering the balance of Fuel, oil and lubricant expenses account (GL 5-02-03-090) of ₱1,339,776.42 as of December 31, 2016 doubtful.

Recommendations:

We have recommended the following:

- a. **The General Service Officer to prepare and submit the Monthly Report of Fuel Consumption and Monthly Report of Official Travel for verification on the use of fuel, oil and lubricants.**
- b. **Ensure that trip tickets are properly and completely filled up.**

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

VII. SPECIAL EDUCATION FUND

10. Expenses amounting to ₱141,903.00 charged against the Special Education Fund were not among those explicitly authorized under Sections 100 (c) and 272 of Republic Act (RA) No. 7160 and Joint Circular No. 01 series of 1998 of DECS-DBM-DILG, thereby depriving the beneficiary for which the fund was intended.

Republic Act No. 7160 or The Local Government Code of 1991 provides for the guidelines in the utilization of the Special Education Fund (SEF) as follows:

“Section 100. Meetings and Quorum: Budget.- xxx

- (c) The annual school board budget shall give priority to the following:
 - (1) Construction, repair, and maintenance of school buildings and other facilities of public elementary and secondary schools;
 - (2) Establishment and maintenance of extension classes where necessary; and
 - (3) Sports activities at the division, district, municipal, and barangay levels.

“Section 272. Application of Proceeds of the Additional One Percent SEF Tax.- The proceeds from the additional one percent (1%) tax on real property accruing to the SEF shall be automatically released to the local school boards: Provided, That, in case of provinces, the proceeds shall be divided equally between the provincial and municipal school boards: Provided, however, That the proceeds shall be allocated for the operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the local school board.”

Under paragraph 4 of the Department of Education, Culture and Sports (DECS), Department of Budget and Management (DBM), and Department of Interior and Local Government (DILG) Joint Circular No. 01 dated April 14, 1998 prescribes the rules and regulations on the utilization of the SEF by the Local School Boards for

the operation and maintenance of elementary and secondary public schools and shall give priority to the following expenses chargeable against SEF:

- a. Operation and maintenance of public schools, including organization and extension, non-formal, remedial and summer classes, as well as payment of existing allowances of teachers granted by the local government units chargeable against SEF as of December 31, 1997, xxx.
- b. Construction and repair of school buildings, facilities and equipment including the acquisition, titling and improvement of school sites;
- c. Educational research;
- d. Acquisition/procurement of books, instructional materials, periodicals and equipment including information technology resources; and
- e. Expenses for school sports activities at the national, regional, division, district, municipal and barangay levels as well as other DECS related activities including co-curricular activities.

The Special Education Fund Approved Budget for CY 2016 under Current Appropriations can be broken down as follows:

MOOE	₱ 920,840.00
Capital Outlay	<u>177,780.00</u>
Total	<u>₱1,098,620.00</u>

Our review of the Statement of Allotments, Obligations and Balances (SAOB) under Special Education Fund as of October 31, 2016, we have noted that the MOOE included the appropriations/allotment for the following expenses:

Particular	Allotment	Obligated	Balance
Electricity Expenses (July to December 2016)	₱ 180,000.00	₱ 113,853.00	₱ 66,147.00
Traffic Assistance – Elementary	26,400.00	16,800.00	9,600.00
Watchman - National High School	15,000.00	11,250.00	3,750.00
Total	<u>₱ 221,400.00</u>	<u>₱141,903.00</u>	<u>₱ 79,497.00</u>

However, these disbursements for payment of electricity, honorarium and security services were clearly not among those enumerated in the above cited regulations.

In connection to this subject MOOE, the Implementing Guidelines on the Direct Release of MOOE Allocations of Schools to respective implementing units enclosed in DepEd Order No. 12, s 2014 enumerates the uses of School MOOE. Item 4 (c) and (f) of the said guidelines provide that the MOOE is for payment of expenses for utilities and communications (e.g. electric, water and telephone expenses) and for wages of janitorial and security services. Since electricity, communications and wages for janitorial and security services are already part of the regular MOOE budget of the implementing unit then it should not be charge against SEF of the municipality.

In view of the obtaining practice, SEF funds intended for the operation and maintenance of schools will be depleted, thereby, depriving the intended beneficiaries of the benefits that can be derived therein.

Management Comments:

The audit recommendations were well taken by the management and plan to hold a conference with the District Supervisor to inform him on the allowable expenditures chargeable to SEF.

Recommendation:

We have recommended the following:

- a. **Local School Board to strictly observed Sections 100 (c) and 272 of Republic Act No. 7160 in the utilization of SEF funds with emphasis that those enumerated as priority expenses should be given preference.**

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

VIII. OTHERS

11. Disbursement vouchers appropriated for the operation of the sanggunian shall be approved by the Municipal Vice Mayor pursuant to Section 39 of COA Circular No. 92-382 dated July 3, 1992.

Section 39 of COA Circular No. 92-382 dated July 3, 1992 provides that the approval of the disbursement voucher by the local chief executive himself shall be required whenever local funds are disbursed, except for regularly recurring administrative expenses such as payrolls for regular or permanent employees, expenses for light, water telephone and telegraph services, remittances to government creditor agencies such as GSIS, SSS, LBP, DBP, National Printing Office, Procurement Service of the DBM and others where the authority to approve may be delegated. However, disbursement vouchers for expenditures appropriated for the operation of the sanggunian shall be approved by the provincial vice governor, the city vice mayor or the municipal vice mayor, as the case may be. (Underscoring supplied).

Section 43 of the same COA Circular provides that checks shall be drawn by the local treasurer and countersigned by the local administrator. In case of temporary absence or incapacity of the aforesaid officials these duties shall devolve upon their immediate assistance. In the case of municipalities where no administrator has been appointed, checks shall be countersigned by the municipal mayor. In the case, however, of expenditures appropriated for the operation of the sanggunian, checks drawn thereon

shall be countersigned by the provincial vice governor, the city vice mayor, or the municipal vice mayor, as the case may be.

This provision is consistent to the principle of separation of powers in order to prevent one branch from becoming supreme, protect the "opulent minority" from the majority, and to induce the branches to cooperate, government systems that employ a separation of powers need a way to balance each of the branches. To maintain independence from the executive and legislative, the legislative is given by law to approve their disbursements and countersigned in the check drawn.

It was noted during the audit that the disbursements appropriated for the operation of the Sanggunian was not approved by the Vice Mayor, but instead the Municipal Mayor. This is ripen to a practice since time immemorial that only the Municipal Mayor was to approve the Sanggunian appropriation disbursements, thereby affecting the independence from the executive and legislative.

Management Comment:

The Office of the Vice Mayor and Sanggunian Bayan appropriations bears the approval and signature of the Municipal Vice Mayor starting CY 2017 and had already been applied for fidelity bond.

Recommendation:

We have recommended to the Municipal Vice Mayor should apply for a fidelity bond, approved the disbursement vouchers for the appropriation of the sanggunian only and shall be allowed to countersigned in the check drawn.

The agency committed to comply with the above provision of rules and regulations. Towards this, the team shall undertake periodic monitoring.

B. COMPLIANCE WITH TAX LAWS, RULES AND REGULATIONS

The Management as a withholding agent of the Bureau of Internal Revenue fully complied with BIR Regulations on withholding of taxes. They remitted the value added and expanded withholding tax for the supplies and materials, equipment and services it procured and taxes withheld on compensation for Calendar Year 2016 in the total amount of ₱3,452,160.89. Details are shown below:

PERIOD	EMPLOYEES WHO/DURING TAX			MAY/NOV 2016		EXPANDED		
	AMOUNT	CR. Number	Date	DATE	C.R. Number	DATE	C.R. Number	Date
January	1,011,775.17	129739	01/20/16	01/20/16	00120	27,400.74	00001	01/20/16
February	1,026,520.00	129740	02/20/16	02/20/16	00001	291,200	00002	02/20/16
March	1,040,000.00	129741	03/20/16	03/20/16	00001	1,177,500	00003	03/20/16
April	735,000.00	129742	04/20/16	04/20/16	00001	51,700.00	00001	04/20/16
May	1,011,775.17	129743	05/20/16	05/20/16	00001	1,011,775.17	00004	05/20/16
June	1,026,520.00	129744	06/20/16	06/20/16	00001	291,200.00	00005	06/20/16
July	1,040,000.00	129745	07/20/16	07/20/16	00001	1,177,500.00	00006	07/20/16
August	735,000.00	129746	08/20/16	08/20/16	00001	51,700.00	00007	08/20/16
September	1,011,775.17	129747	09/20/16	09/20/16	00001	1,011,775.17	00008	09/20/16
October	1,026,520.00	129748	10/20/16	10/20/16	00001	291,200.00	00009	10/20/16
November	1,040,000.00	129749	11/20/16	11/20/16	00001	1,177,500.00	00010	11/20/16
December	1,011,775.17	129750	12/20/16	12/20/16	00001	1,011,775.17	00011	12/20/16
TOTAL	10,000,000.00					10,000,000.00		

C. STATEMENT OF AUDIT SUSPENSION, DISALLOWANCES AND CHARGES

	Beginning Balance (As of January 1, 2016)	This Period (January 1 – December 31, 2016)	Settlement for the Year	Ending Balance (As of December 31, 2016)
Notice of Suspension	-0-	-0-	-0-	-0-
Notice of Disallowance	-0-	-0-	-0-	-0-
Notice of Charge	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-

The following audit finding is for issuance of the Notice of suspensions and Notice of disallowances:

1. Unobligated prior years' expenditure amounting to ₱170,542.67 were charged against the current year's appropriation under General Fund contrary to Section 119 of P.D. No. 1445 thereby casting doubt as to the validity of the transactions. (ND)
2. Disbursement Vouchers and its supporting documents covering the period from May to December were not submitted within the prescribed period, contrary to COA Circular No. 95-006, thus, preventing the conduct of timely audit. (NS)
3. Expenses amounting to ₱141,903.00 charged against the Special Education Fund were not among those explicitly authorized under Sections 100 (c) and 272 of Republic Act (RA) No. 7160 and Joint Circular No. 01 series of 1998 of DECS-DBM-DILG, thereby depriving the beneficiary for which the fund was intended.

PART III
STATUS OF IMPLEMENTATION OF PRIOR YEARS'
AUDIT RECOMMENDATION

OBSERVATIONS	RECOMMENDATIONS	REF.	MANAGEMENT ACTION	AUDITOR'S VALIDATION RESULTS
<p>1. The correctness of cash account amounting to ₱25,222,549.73 Million cannot be ascertained due to the recurring presence of stale checks and unverified entries made by the bank amounting to P267,504.24 contrary to Sec. 74 of PD 1445 and non-reconciliation of records between the Municipal Treasurer and Accountant as prescribed in the Cash Examination Manual thereby affecting the accuracy and reliability of the cash account in the financial position of the agency.</p>	<p>a. The Municipal Accountant to prepare an adjusting entry for the stale checks; prepare a letter immediately to the concerned bank for the discrepancies found in the bank statements; maintain Subsidiary Ledger each collectors; and prioritize the verification of other recurring reconciling items to bring the cash in bank account in its correct balance.</p> <p>b. The Municipal Treasurer to reconcile her cashbooks entries with that from the accounting records at least quarterly.</p> <p>c. The Collecting Officers to submit the Report of Collections and Deposits to the accounting division individually</p>	<p>2015 AAR #1</p>		<p>Partially Implemented (Reiterated in 2016 AAR)</p>
<p>2. The Municipality has eleven (11) dormant bank accounts amounting to ₱189,955.33 with one bank account already incurring dormancy fee contrary to Section 2 of Presidential Decree No. 1445, thereby suffering unnecessary expenses to the agency.</p>	<p>We recommended and management agreed that -</p> <p>a. The Municipal Treasurer to initiate the closure of these dormant accounts to avoid further loss due to dormancy fees.</p> <p>b. The Municipal Accountant to analyze the dormant accounts and return any excess of the project cost to the source/funding agency if warranted otherwise return these funds to the General Fund.</p>	<p>2015 AAR #2</p>		<p>Partially Implemented</p>
<p>3. Collections were not deposited within the prescribed period and intact in violation of Section 69 of Presidential Decree No. 1445 and Section 28 of COA Circular No. 92-382 exposing the funds to possible misappropriation and/or possible external risks.</p>	<p>We recommended that management direct the Municipal Treasurer to deposit her collections intact and daily to the authorized depository bank on the frequency required under existing regulation and to record her collections daily in the official cashbook.</p>	<p>2015 AAR #3</p>		<p>Implemented</p>

<p>4. Two accountable officers of the Municipality were not covered with adequate fidelity bond in violation of Section 101 of PD 1445 and Treasury Order No. 01-95 and Section 305 (f) R.A. No. 7160, thus government interest is not protected in case of loss thru theft or robbery.</p>	<p>We recommended and management agreed to require the Accountable Officers to apply with the Bureau of Treasury a bond sufficient to cover their cash accountability and determine the maximum cash accountability to be assigned before the application with the Bureau of Treasury.</p>	<p>2015 AAR #4</p>		<p>Partially Implemented</p>
<p>5. Multiple cash advances were granted to two accountable officers with previous unliquidated cash advances which is contrary to Section 89 of Presidential Decree No. 1445 and rules and regulations on the grant and utilization of cash advances under COA Circular No. 97-002 dated February 10, 1997 exposing funds to possible loss, misuse and misapplication.</p>	<p>We recommended that management: Discontinue the practice of granting new cash advances to officers/employees with unliquidated cash advances.</p>	<p>2015 AAR #5</p>		<p>Partially Implemented</p>
<p>6. Granting of special cash advance to officials of Department of Education under Special Education Fund is contrary to COA Circular No. 97-002 dated February 10, 1997 thereby posing the risk of loss of funds for any unauthorized disbursement.</p>	<p>We recommended and management agreed to: a. Discontinue granting of cash advances to Department of Education officials / employees. b. Send demand letter for the unliquidated cash advances to the Department of Education official and same should be furnished to the Department of Education Head of Agency and Accounting Office.</p>	<p>2015 AAR #6</p>		<p>Partially Implemented</p>
<p>7. The correctness, reliability and existence of the Property, Plant and Equipment (PPE) account amounting to P69,913,350.21 cannot be ascertained due to unfinished reconciliation of the accounting and property records in violation of Section 2 of P.D. 1445 which affected the fair presentation of the PPE accounts in the financial statements.</p>	<p>We recommended and management agreed to: a. Direct the General Service Officer to submit the inventory reports of CY 2014 and CY 2015 and to prepare a timetable for the conduct of Physical Inventory and coordinate with the Inventory Committee members for a cohesive planning. b. Instruct the Municipal Accountant to prepare necessary adjustments on the records deficiencies noted in the course of inventory taking and in the reconciliation of inventory report with the subsidiary ledgers and to prepare and maintain a subsidiary ledger card and property, plant and</p>	<p>2015 AAR #7</p>		<p>Partially Implemented (Reiterated in 2016 AAR)</p>

	equipment ledger card.			
8. Property, plant and equipment valued at ₱13,196,348.62 were not subjected to depreciation due to failure of management to transfer and record in the General Fund books the completed infrastructure projects and other procured items under Trust Fund books promptly contrary to Section 67, Volume I and Section 94, Volume II of NGAS thereby resulting non-recognition of depreciation expense for the related PPE accounts and overstating the income statement.	We recommended to instruct the Municipal Accountant to prepare the necessary adjusting entries in order to transfer the Property, Plant and Equipment account from Trust Fund books to the General Fund books and to compute for the depreciation expense accruing to these assets including those in prior years.	2015 AAR #8		Implemented
9. The Municipality failed to establish collectible Real Property Tax Receivable and Special Education Fund Receivable for CY 2015 contrary to Section 20 and 84 of NGAS Manual affecting the accuracy of various accounts and other financial reports.	We recommended and management agreed to: a. Direct the Municipal Assessor and Treasurer to furnish the Accountant a duly certified list showing the names of the taxpayers and the actual amounts due and collectible for the year as basis in setting up the RPT and SET Receivables. b. Require the Municipal Assessor to facilitate the reconciliation of real property records.	2015 AAR #9		Not Implemented
10. The annual unexpended balance of the Local Disaster Risk Reduction Management Fund is not being transferred to a special account in the Trust Fund Books but remains in the General Fund Books contrary to Section 4.4 and 5.1.10 of COA Circular No. 2012-002 dated September 12, 2012 thus the Trust Liability-DRRM account is not recognized affecting the accuracy of the financial statements.	We recommended and management agreed to direct the Municipal Accountant to prepare the Journal Entry Voucher for the transfer of the unexpended balance of LDRMF fund to the Special Trust Fund crediting Trust Liability-DRRM under the Trust Fund and debiting Due to Other Funds under the General Fund.	2015 AAR #10		Implemented
11. Delayed submission of monthly financial reports and transaction documents persisted contrary to Sections 100 and 107 of PD 1445 thereby affecting the timely review, verification and audit of accounts as to the propriety of the financial transactions and compliance of the agency to prescribed rules and regulations.	We recommended and management agreed to: a. Augment the work force assigned in the Accounting Office to facilitate timely recording and preparation of reports. b. Direct the Municipal Accountant, Municipal Treasurer and other concerned employees to strictly adhere with the required time frame for	2015 AAR #11		Partially Implemented (Reiterated in 2016 AAR)

	the submission of accounts and financial reports.			
12. Purchase Orders (PO) issued to suppliers were not properly accomplished in violation of COA Circular No. 96-010 dated August 15, 1996, hence, placing the interest of the government in a disadvantageous position.	We recommended and management concurred to direct the General Service Office/Procuring Officer to properly accomplish the Purchase Orders indicating all the vital information before it will be issued to the supplier.	2015 AAR #12		Partially Implemented
CY 2014				
1. Cash advances aging more than two years remained unliquidated in the books despite prior audit observations in violation of COA Circular 97-002 and 2012-004 affected the presentation of cash advances and expense accounts.	<p>We have recommended that management to implement the following courses of actions:</p> <p>a. No cash advances shall be granted to officers and employees except for travel purposes only. Payment for meals, supplies and materials needed for the implementation of a project should be paid directly to the supplier and not thru the cash advances granted to officers and employees. If payment in cash can't be avoided, it is the responsibility of the Municipal Treasurer to do so.</p> <p>b. Discontinue the practice of granting another cash advances to officers and employees with partially or unsettled cash advances pursuant to Section 89 of PD 1445.</p> <p>c. The Municipal Accountant to send notice of demand to concerned officials and employees to liquidate their outstanding cash advances within the period provided under EO No. 298. After the lapse of the grace period, the Municipal Accountant shall provide the list of officials and employees to the Municipal Mayor for the possible imposition of the sanctions as prescribed in Section 14, EO 298.</p> <p>d. Immediately cause the suspension of salaries</p>	2014 AAR #2	Documents are still being retrieved in the case of the cash advances of the Late Hon. Macas.	Partially Implemented

	<p>of employees still connected with the agency until cash advances from previous years were fully liquidated.</p> <p>e. Exert more efforts to locate documents that will serve as evidence in order to settle the accounts of Hon. Macas.</p>			
2. Payments for repairs and maintenance and for spare parts on motor vehicles owned by the Municipality were not supported with complete documentation necessary in ascertaining the necessity of repair and extent of repair undertaken required in Section 4.6 of PD 1445 and COA Circular 2012-001 dated June 14, 2012, thereby casting doubt as to its validity and propriety.	We have recommended to the General Services Officer to comply strictly with the preparation of required reports enumerated in Section 4.6 of PD 1445 and COA Circular 2012-001 dated June 14, 2012.	2014 AAR #6		Partially Implemented
3. GAD activities identified and implemented by the agency amounting to ₱2,655,173.00 were not in conformity with the provisions of Republic Act No. 10352 and PCW-NEDA-DBM Joint Circular No. 2012-01, thereby resulting to minimal attainment of the purpose for which the fund was established and depriving the intended beneficiaries on the benefit of the program.	We have recommended to the GAD Focal person to ensure that activities identified as GAD are in conformity with the provisions under Philippine Commission on Women (PCW), NEDA and DBM Joint Circular No. 12-01 that is to respect, protect and fulfill the rights of woman at the socio-cultural, economic and political spheres.	2014 AAR #9		Partially Implemented
CY 2013				
4. Salary Grade 22 of Mrs. Marissa G. Umel as Administrative Officer IV is contrary to Section 4(d) of LBC no. 53 of the DBM, hence, the position is without legal basis, thereby declaring its claims or disbursements is improper.	<p>We have recommended to the Human Resource Officer to review the appointment on the salary grade of Mrs. Umel and refer the matter to the Civil Service Commission for clarification.</p> <p>We have also recommended to the Management to adhere strictly Section 4(d) of LBC no. 53 of the DBM guidelines to prevent improper disbursements that might result to disallowance in</p>	2013 AAR Page 29-30	<p>LGU sent clarificatory letter last 2014 to Ms. Alona Carumba of CSC Field Office Iligan.</p> <p>Awaiting official reply from CSC Regional / Central Office.</p>	<p>Partially Implemented.</p> <p>For issuance of notice of disallowance.</p>

	audit. Require the concerned official to refund the amount collected since November 2006, the approval of her appointment up to the present.			
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PART IV
ANNEXES

Annex A

1. Stale Checks amounting to P53, 224.63.

Check No.	Date	Payee	Amount
<i>SEF</i>			
431895	10.24.2005	LANECO	₱ 395.64
<i>GF-20% Development Fund</i>			
916777	7.03.2012	Adelfa Adalim	1,100.00
916778	7.03.2012	Justino Villarino	550.00
916779	7.03.2012	Edgardo Restauro	550.00
916784	7.03.2012	Ricardo Marco	1,100.00
954103	7.12.2012	Hariska Malawi	2,062.00
954155	10.01.2012	Sultan Dingapinto	1,650.00
954154	10.01.2012	Roberto Inayuda	3,300.00
<i>GF</i>			
960475	9.19.12	MSU IIT School of Computer	2,000.00
1051282	11.06.13	Manila Bulletin Publishing	1,814.40
1112482	9.12.14	GSIS	36,702.59
1130114	9.23.14	Salvador Bodios	2,000.00
		Total	₱ 53,224.63

2. Amounts debited by the bank without corresponding entries in the book.

Date	Amount
9.08.09	₱ 250.00
9.22.09	204.96
11.16.09	425.32
1.14.10	200.00
3.17.10	1,000.00
9.21.10	547.95
12.13.10	625.61
2.24.12	62,215.53
3.14.13	47,899.55
Total	₱ 113,368.92

3. Erroneous debit or posting made by the bank to General Fund account number instead to General Fund-20% Development Fund account number.

Amount
₱ 47,977.17
47,200.35
5,733.17
Total
₱100,910.69

Annex B-1

PROVINCE OF LANA DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF FINANCIAL POSITION
As of December 31, 2016
GENERAL FUND

ASSETS*Current Assets*

Cash and Cash Equivalents	21,420,000.00
Investments	10,000.00
Receivables	2,401,000.00
Inventories	9,000.00
Prepayments and Deferred Charges	-
Total Current Assets	<u>23,840,000.00</u>

Non-Current Assets

Investments	
Receivables	
Property, Plant and Equipment	51,737,000.00
Biological Assets	115,000.00
Intangible Assets	-
Total Non-Current Assets	<u>51,852,000.00</u>

Total Assets **75,692,000.00**

LIABILITIES*Current Liabilities*

Financial Liabilities	12,430,000.00
Inter-Agency Payables	1,314,000.00
Intra-Agency Payables	4,551,000.00
Trust Liabilities	36,000.00
Deferred Credits/Unearned Income	
Total Current Liabilities	<u>18,331,000.00</u>

Non-Current Liabilities

Financial Liabilities	
Deferred Credits/Unearned Income	2,382,000.00
Provisions	
Other Payables	23,000.00
Total Non-Current Liabilities	<u>2,405,000.00</u>

Total Liabilities **20,736,000.00**

NET ASSETS/EQUITY

Government Equity 54,956,000.00

Total Liabilities and Net Assets/Equity **75,692,000.00**

ANNEX B-2

PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF FINANCIAL POSITION
As of December 31, 2016
SPECIAL EDUCATION FUND

ASSETS*Current Assets*

Cash and Cash Equivalents	1,388,000.00
Investments	
Receivables	59,000.00
Inventories	
Prepayments and Deferred Charges	
Total Current Assets	<u>1,447,000.00</u>

Non-Current Assets

Investments	
Receivables	
Investment Property	
Property, Plant and Equipment	191,000.00
Biological Assets	
Intangible Assets	
Total Non-Current Assets	<u>191,000.00</u>

Total Assets

1,638,000.00

LIABILITIES*Current Liabilities*

Financial Liabilities	31,000.00
Inter-Agency Payables	105,000.00
Intra-Agency Payables	
Trust Liabilities	
Deferred Credits/Unearned Income	
Total Current Liabilities	<u>136,000.00</u>

Non-Current Liabilities

Financial Liabilities	
Deferred Credits/Unearned Income	424,000.00
Provisions	
Other Payables	
Total Non-Current Liabilities	<u>424,000.00</u>

Total Liabilities

560,000.00

NET ASSETS/EQUITY

Government Equity	<u>1,078,000.00</u>
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Total Liabilities and Net Assets/Equity

1,638,000.00

ANNEX B-3

PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF FINANCIAL POSITION
As of December 31, 2016
TRUST FUND

ASSETS*Current Assets*

Cash and Cash Equivalents	8,214,000.00
Investments	
Receivables	
Inventories	71,000.00
Prepayments and Deferred Charges	
Total Current Assets	<u>8,285,000.00</u>

Non-Current Assets

Investments	
Receivables	
Investment Property	
Property, Plant and Equipment	
Biological Assets	
Intangible Assets	
Total Non-Current Assets	<u>-</u>

Total Assets

8,285,000.00

LIABILITIES*Current Liabilities*

Financial Liabilities	
Inter-Agency Payables	6,994,000.00
Intra-Agency Payables	115,000.00
Trust Liabilities	1,173,000.00
Deferred Credits/Unearned Income	
Total Current Liabilities	<u>8,282,000.00</u>

Non-Current Liabilities

Financial Liabilities	
Deferred Credits/Unearned Income	
Provisions	
Other Payables	<u>3,000.00</u>
Total Non-Current Liabilities	<u>3,000.00</u>

Total Liabilities

8,285,000.00

NET ASSETS/EQUITY

Government Equity

Total Liabilities and Net Assets/Equity

8,285,000.00

PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended December 31, 2016
GENERAL FUND

Revenue	
Tax Revenue	2,229,000.00
Share from Internal Revenue Collections	58,289,000.00
Other Share from National Taxes	-
Service and Business Income	6,945,000.00
Shares, Grants and Donations	58,000.00
Gains	-
Miscellaneous Income	649,000.00
Total Revenue	<u>68,170,000.00</u>
Less: Current Operating Expenses	
Personal Services	31,783,000.00
Maintenance and Other Operating Expenses	23,435,000.00
Non-Cash Expenses	4,841,000.00
Financial Expenses	819,000.00
Current Operating Expenses	<u>60,878,000.00</u>
Surplus(Deficit) from Current Operation	7,292,000.00
Add(Deduct):	
Transfers, Assistance and Subsidy From	
Transfers, Assistance and Subsidy To	<u>(2,948,000.00)</u>
Surplus(Deficit) for the period	<u><u>4,344,000.00</u></u>

ANNEX C-2

PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended December 31, 2016
SPECIAL EDUCATION FUND

Revenue	
Tax Revenue	1,007,000.00
Share from Internal Revenue Collections	
Other Share from National Taxes	
Service and Business Income	
Shares, Grants and Donations	
Gains	
Other Income	
Total Revenue	<u>1,007,000.00</u>
Less: Current Operating Expenses	
Personal Services	
Maintenance and Other Operating Expenses	553,000.00
Non-Cash Expenses	45,000.00
Financial Expenses	
Current Operating Expenses	<u>598,000.00</u>
Surplus(Deficit) from Current Operation	
Add(Deduct):	
Transfers, Assistance and Subsidy From	
Transfers, Assistance and Subsidy To	
Surplus(Deficit) for the period	<u><u>409,000.00</u></u>

Annex D-1

PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016
GENERAL FUND

Cash Flows from Operating Activities*Cash Inflows*

Collection from Taxpayers	11,764,000.00
Share from Internal Revenue Allotment	58,290,000.00
Receipts from business/service income	-
Interest Income	42,000.00
Other Receipts	15,569,000.00
Total Cash Inflows	85,665,000.00

Cash Outflows

Payment of expenses	11,229,000.00
Payments to suppliers and creditors	6,103,000.00
Payments to employees	32,826,000.00
Interest Expense	819,000.00
Other Expenses	24,083,000.00
Total Cash Outflows	75,060,000.00

Net Cash Flows from Operating Activities**10,605,000.00****Cash Flows from Investing Activities***Cash Inflows*

Proceeds from Sale/Disposal of Property, Plant and Equipment	-
Total Cash Inflows	-

Cash outflows

Purchase/Construction of Property, Plant and Equipment	2,187,000.00
Total Cash Outflows	2,187,000.00

Net Cash Flows from Investing Activities**(2,187,000.00)****Cash Flows from Financing Activities***Cash Inflows*

Proceeds from Loans	-
Total Cash Inflows	-

Cash Outflows

Payment of loan amortization	1,979,000.00
Total Cash Outflows	1,979,000.00

Net Cash Flows from Financing Activities**(1,979,000.00)****Total Cash Provided by Operating, Investing and Financing Activities****6,439,000.00**

Add: Cash at the Beginning of the year

14,981,000.00

Cash Balance as of December 31**21,420,000.00**

ANNEX D-2

PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016
SPECIAL EDUCATION FUND

Cash Flows from Operating Activities*Cash Inflows*

Collection from Taxpayers	1,417,000.00
Other Receipts (RPT-SEF share of Province)	901,000.00
Total Cash Inflows	2,318,000.00

Cash Outflows

Payment of Expenses/Trust Liabilities	
Payments to Suppliers and Creditors	199,000.00
Payments to Employees	
Interest Expense	
Other Expenses	1,168,000.00
Total Cash Outflows	1,367,000.00

Net Cash Flows from Operating Activities**951,000.00****Cash Flows from Investing Activities***Cash Inflows*

Proceeds from Sale/Disposal of Property, Plant and Equipment

Total Cash Inflows -*Cash outflows*

Purchase/Construction of Investment Property 192,000.00

Purchase/Construction of Property, Plant and Equipment

Total Cash Outflows (192,000.00)**Net Cash Flows from Investing Activities****(192,000.00)****Cash Flows from Financing Activities***Cash Inflows*

Proceeds from Issuance of Bonds

Proceeds from Loans

Total Cash Inflows -*Cash Outflows*

Payment of loan amortization -

Total Cash Outflows -**Net Cash Flows from Financing Activities**

-

Total Cash Provided by Operating, Investing and Financing Activities**759,000.00**

Add: Cash at the Beginning of the year

629,000.00

Cash Balance as of December 31, 2016**1,388,000.00**

ANNEX D-3

PROVINCE OF LANA O DEL NORTE
MUNICIPALITY OF LINAMON
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016
TRUST FUND

Cash Flows from Operating Activities	
<i>Cash Inflows</i>	
Other Receipts	17,785,000.00
Total Cash Inflows	17,785,000.00
<i>Cash Outflows</i>	
Payment of Expenses	(24,000.00)
Payments to supplies and creditors	410,000.00
Payment to Employees	679,000.00
Other Expenses	18,118,000.00
Total Cash Outflows	19,183,000.00
Net Cash Flows from Operating Activities	(1,398,000.00)
Cash Flows from Investing Activities	
<i>Cash Inflows</i>	
	-
Total Cash Inflows	-
<i>Cash Outflows</i>	
	-
Total Cash Outflows	-
Net Cash Flows from Investing Activities	-
Cash Flows from Financing Activities	
<i>Cash Inflows</i>	
	-
Total Cash Inflows	-
<i>Cash Outflows</i>	
	-
Total Cash Outflows	-
Net Cash Flows from Financing Activities	-
Net Increase in Cash	(1,398,000.00)
Add: Cash at the Beginning of the period	9,612,000.00
Cash Balance as of December 31, 2016	8,214,000.00

Annex E-1

Republic of the Philippine
Province of Lanao del Norte
Municipality of Linamon

STATUS OF APPROPRIATIONS, ALLOTMENTS AND OBLIGATION
(Current Legislative Appropriation)

GENERAL FUND
December 31, 2016

Particular	Appropriation	Allotment	Obligation	Allotment Balance
Municipal Mayor's Office				
Personal Services	3,949,273.00	3,949,273.00	3,520,345.13	428,927.87
Maint. & Other Operating Expenses	6,227,639.00	6,227,639.00	5,923,382.67	304,256.33
Capital Outlay	148,000.00	148,000.00	143,988.50	4,011.50
Sub-Total	10,324,912.00	10,324,912.00	9,587,716.30	737,195.70
Municipal Vice-Mayor's Office				
Personal Services	803,240.00	803,240.00	803,239.24	0.76
Maint. & Other Operating Expenses	807,793.00	807,793.00	645,399.34	162,393.66
Capital Outlay	100,000.00	100,000.00	90,635.00	9,365.00
Sub-Total	1,711,033.00	1,711,033.00	1,539,273.58	171,759.42
Sangguniang Bayan Office				
Personal Services	7,369,953.00	7,369,953.00	6,913,988.09	455,964.91
Maint. & Other Operating Expenses	1,050,400.00	1,050,400.00	935,693.90	114,706.10
Sub-Total	8,420,353.00	8,420,353.00	7,849,681.99	570,671.01
Office of the SB Secretary				
Personal Services	944,954.00	944,954.00	944,303.74	650.26
Maint. & Other Operating Expenses	313,875.00	313,875.00	285,140.11	28,734.89
Capital Outlay	50,000.00	50,000.00	48,950.00	1,050.00
Sub-Total	1,308,829.00	1,308,829.00	1,278,393.85	30,435.15
Mun. Planning & Development Office				
Personal Services	900,171.00	900,171.00	866,522.53	33,648.47
Maint. & Other Operating Expenses	149,000.00	149,000.00	142,237.00	6,763.00
Sub-Total	1,049,171.00	1,049,171.00	1,008,759.53	40,411.47
Municipal Civil Registrar's Office				
Personal Services	989,502.00	989,502.00	989,501.12	0.88
Maint. & Other Operating Expenses	113,200.00	113,200.00	104,712.68	8,487.32
Sub-Total	1,102,702.00	1,102,702.00	1,094,213.80	8,488.20
General Services Office				
Maint. & Other Operating Expenses	78,400.00	78,400.00	76,939.36	1,460.64

Sub-Total	78,400.00	78,400.00	76,939.36	1,460.64
Municipal Budget Office				
Personal Services	987,880.00	987,880.00	987,873.32	6.68
Maint. & Other Operating Expenses	136,800.00	136,800.00	131,100.00	5,700.00
Sub-Total	1,124,680.00	1,124,680.00	1,118,973.32	5,706.68
Municipal Accounting Office				
Personal Services	1,270,885.00	1,270,885.00	1,142,260.45	128,624.55
Maint. & Other Operating Expenses	178,200.00	178,200.00	149,880.00	28,320.00
Sub-Total	1,449,085.00	1,449,085.00	1,292,140.45	156,944.55
Municipal Treasurer's Office				
Personal Services	1,269,373.00	1,269,373.00	1,053,646.06	215,726.94
Maint. & Other Operating Expenses	618,200.00	618,200.00	474,402.61	143,797.39
Capital Outlay	50,000.00	50,000.00	48,955.00	1,045.00
Sub-Total	1,937,573.00	1,937,573.00	1,577,003.67	360,569.33
Municipal Assessor's Office				
Personal Services	1,030,751.00	1,030,751.00	822,873.22	207,877.78
Maint. & Other Operating Expenses	199,000.00	199,000.00	170,962.24	28,037.76
Sub-Total	1,229,751.00	1,229,751.00	993,835.46	235,915.54
Aid to Barangay				
Maint. & Other Operating Expenses	8,000.00	8,000.00	-	8,000.00
Sub-Total	8,000.00	8,000.00	-	8,000.00
Non-Office Expenditures				
Maint. & Other Operating Expenses	4,546,900.00	4,546,900.00	4,230,639.22	316,260.78
Sub-Total	4,546,900.00	4,546,900.00	4,230,639.22	316,260.78
Non-Office Expenditures (GAD)				
Maint. & Other Operating Expenses	1,868,000.00	1,868,000.00	1,772,309.16	95,690.84
Sub-Total	1,868,000.00	1,868,000.00	1,772,309.16	95,690.84
Municipal Health Office				
Personal Services	6,551,700.00	6,551,700.00	6,174,996.92	376,703.08
Maint. & Other Operating Expenses	858,800.00	858,800.00	820,867.27	37,932.73
Capital Outlay	35,682.00	35,682.00	33,697.80	1,984.20
Sub-Total	7,446,182.00	7,446,182.00	7,029,561.99	416,620.01
Mun. Social Welfare & Dev't Office				
Personal Services	880,589.00	880,589.00	836,913.93	43,675.07
Maint. & Other Operating Expenses	94,200.00	94,200.00	90,751.00	3,449.00
Sub-Total	974,789.00	974,789.00	927,664.93	47,124.07
Municipal Agriculture Office				
Personal Services	1,099,113.00	1,099,113.00	896,144.80	202,968.20
Maint. & Other Operating Expenses	222,800.00	222,800.00	219,740.36	3,059.64
Sub-Total	1,321,913.00	1,321,913.00	1,115,885.16	206,027.84

MENRO				
Personal Services	1,234,865.00	1,234,865.00	1,231,433.23	3,431.77
Maint. & Other Operating Expenses	873,050.00	873,050.00	869,915.54	3,134.46
Capital Outlay	800,000.00	800,000.00	-	800,000.00
Sub-Total	2,907,915.00	2,907,915.00	2,101,348.77	806,566.23
Municipal Engineering Office				
Personal Services	1,627,830.00	1,627,830.00	1,620,830.36	6,999.64
Maint. & Other Operating Expenses	270,200.00	270,200.00	267,556.69	2,643.31
Sub-Total	1,898,030.00	1,898,030.00	1,888,387.05	9,642.95
MEEDMO				
Personal Services	1,148,466.00	1,148,466.00	1,004,199.98	144,266.02
Maint. & Other Operating Expenses	641,200.00	641,200.00	582,309.47	58,890.53
Sub-Total	1,789,666.00	1,789,666.00	1,586,509.45	203,156.55
GRAND TOTAL	52,497,884.00	52,497,884.00	48,069,237.04	4,428,646.96

Annex E-2

Republic of the Philippine
Province of Lanao del Norte
Municipality of Linamon

STATUS OF APPROPRIATIONS, ALLOTMENTS AND OBLIGATION
(Current Legislative Appropriation)

20% DEVELOPMENT FUND
December 31, 2016

Particular	Appropriation	Allotment	Obligation	Allotment Balance
20% Development Fund - Current				
LBP Loan Amortization	3,300,000.00	3,300,000.00	2,761,017.63	538,982.37
Roofing of Basketball Court for Brgy. Larapan	288,750.00	288,750.00	-	288,750.00
Livelihood Program for Women	50,000.00	50,000.00	-	50,000.00
Pasalubong Enhancement/Livelihood Enhancement	163,000.00	163,000.00	-	163,000.00
Improvement of Multi-purpose Hall - Samburon	500,000.00	500,000.00	-	500,000.00
Agri-productivity	220,000.00	220,000.00	138,839.74	81,160.26
Improvement of Linamon National High School Multi-purpose Hall	150,000.00	150,000.00	115,367.00	34,633.00
Cemetery Expansion Project/Niches	500,000.00	500,000.00	-	500,000.00
Riverbank Stabilization Project	120,000.00	120,000.00	-	120,000.00
Counterpart Fund for BUB	1,860,000.00	1,860,000.00	1,860,000.00	-
Agro-forest Conservation & Eco-tourism Development of Tinago Watershed	120,000.00	120,000.00	47,560.00	72,440.00
MPA Protection	150,000.00	150,000.00	105,727.50	44,272.50
Bioreactor Operationalization	220,981.00	220,981.00	113,137.25	107,843.75
Purchase of Rescue Materials and Equipment	23,895.00	23,895.00	-	23,895.00
Counterpart Fund for NCDDP/KALAH	1,065,000.00	1,065,000.00	1,065,000.00	-
Purchase/Acquisition of Relocation Site/Lot for Informal Settlers(Robocon)	350,000.00	350,000.00	350,000.00	-
Construction of Solar Dryer/Basketball Court for Brgy. Bosque	208,750.00	208,750.00	-	208,750.00
Fencing of Daycare Center for Brgy. Purakan	150,000.00	150,000.00	112,170.00	37,830.00
Purchase of Relocation Site for Informal Settlers of Brgy. Poblacion	208,750.00	208,750.00	-	208,750.00
Road Development Project of Purok 1, Mago-ong	208,750.00	208,750.00	-	208,750.00
Social Protection Survey (Data Gathering)	50,000.00	50,000.00	-	50,000.00
Market Road Repair	500,000.00	500,000.00	-	500,000.00
Capability Building for Out-of-School Youth	100,000.00	100,000.00	-	100,000.00
Coastal Resource Management Program	50,000.00	50,000.00	-	50,000.00
Culture Development and Promotion	150,000.00	150,000.00	-	150,000.00
Land Survey (School Tilapas and BALAK 2 Techno Demo Site)	100,000.00	100,000.00	6,000.00	94,000.00
Land Banking Program (Municipal Cemetery)	500,000.00	500,000.00	50,000.00	450,000.00
Repair of Calamity & Rescue Operation Center	100,000.00	100,000.00	59,415.00	40,585.00
Local Economic Development Promotion Program	100,000.00	100,000.00	100,000.00	-
Installation & Maintenance of Street Lights	150,000.00	150,000.00	-	150,000.00
Sub Total	11,657,876.00	11,657,876.00	6,884,234.12	4,773,641.88
20% Development Fund - Continuing				
LBP Loan Amortization	37,642.58	37,642.58	37,642.58	-
Operationalization of Bioreactor	98,634.50	98,634.50	98,634.50	-
Agro-forest Conservation & Eco-tourism Dev't of Tinago Watershed	37,477.50	37,477.50	36,720.00	757.50
Agri-productivity	226,438.62	226,438.62	226,438.62	-
Purchase of Relocation Site (Robocon)	50,000.00	50,000.00	50,000.00	-
Renovation of Multi-purpose (Samburon)	44,905.00	44,905.00	44,725.00	180.00

Procurement of Lot for Cemetery Site	200,000.00	200,000.00	-	200,000.00
Cemetery Expansion Project (Niches)	8,900.00	8,900.00	8,900.00	-
Tinago Development Project	1,747,890.00	1,747,890.00	1,312,599.97	435,290.03
Market Improvement	123,605.00	123,605.00	21,215.00	102,390.00
Construction/Improvement of Public Market Facilities	4,800.00	4,800.00	4,800.00	-
Renovation of Brgy. Hall (Brgy. Samburon)	3,000.00	3,000.00	3,000.00	-
Food Processing Enhancement	19,506.00	19,506.00	10,500.00	9,006.00
Construction of Senior Citizen Bldg. Poblacion	36,760.00	36,760.00	36,760.00	-
Acquisition & Development of Mago-ong Road Right of Way	251,750.00	251,750.00	124,355.00	127,395.00
Seawall Construction in Brgy. Poblacion	28,448.00	28,448.00	28,448.00	-
Alternative Livelihood Program	15,150.00	15,150.00	15,150.00	-
Sports Plaza Improvement	7,200.00	7,200.00	7,200.00	-
Larapan Riverbank Stabilization Project	160,500.00	160,500.00	16,500.00	144,000.00
Construction of Water Tank & Stage in Napo	27,295.00	27,295.00	27,295.00	-
Survey for Tinago School Site	4,275.00	4,275.00	-	4,275.00
FITS Enhancement	10,920.25	10,920.25	9,430.00	1,490.25
Opening of Brgy. Road Robocon	120,000.00	120,000.00	-	120,000.00
Acquisition of Road Right of Way	250,000.00	250,000.00	-	250,000.00
Repair of Barangay Roads (MDC Res. #08-19-B)	64,510.00	64,510.00	64,510.00	-
Acquisition/Purchase of RROW (Mago-ong)	300,000.00	300,000.00	-	300,000.00
Installation and Maintenance of Street Lights	174,000.00	174,000.00	25,890.00	148,110.00
Purchase of Calamity & Rescue Operatio Equip't	180,000.00	180,000.00	97,500.00	82,500.00
Livelihood and Skills Training Program	268,520.94	268,520.94	15,000.00	253,520.94
Rehab of Barangay Water Supply System	75,000.00	75,000.00	29,418.00	45,582.00
Opening/Development of RROW (Poblacion)	150,000.00	150,000.00	-	150,000.00
MPA Protection Project	18,440.50	18,440.50	18,440.50	-
Sub Total	4,745,568.89	4,745,568.89	2,371,072.17	2,374,496.72
GRAND TOTAL	16,403,444.89	16,403,444.89	9,255,306.29	7,148,138.60

ANNEX E-3

Republic of the Philippine
Province of Lanao del Norte
Municipality of Linamon

STATUS OF APPROPRIATIONS, ALLOTMENTS AND OBLIGATION
(Current Legislative Appropriation)

5% CALAMITY FUND
December 31, 2016

Particulars	Appropriation	Allotment	Obligation	Allotment Balance
MDRRMF (5% Calamity Fund)				
Quick Response Fund and Recovery Program	1,011,193.00	1,011,193.00	-	1,011,193.00
Travelling Expenses	55,000.00	55,000.00	53,570.00	1,430.00
Trainings & Seminar Expenses	50,000.00	50,000.00	46,750.00	3,250.00
Gasoline, Oil & Lubricants Expenses	60,000.00	60,000.00	3,279.85	56,720.15
Other Supplies	150,426.00	150,426.00	120,836.25	29,589.75
Telephone Expenses-Landline & Internet	55,000.00	55,000.00	44,000.00	11,000.00
R & M of Vehicle, Insurance/Registration	50,000.00	50,000.00	46,927.56	3,072.44
Disaster Prevention Preparedness Related Activities	1,060,000.00	1,060,000.00	1,058,204.35	1,795.65
Sub-Total	2,491,619.00	2,491,619.00	1,373,568.01	1,118,050.99
MDRRM Office Aircon	30,000.00	30,000.00	25,629.00	4,371.00
MDRRM Weather Monitoring Equipment T.V Set	25,000.00	25,000.00	24,748.00	252.00
MDRRM Handheld Radio/Registration	30,000.00	30,000.00	9,470.00	20,530.00
MDRRM Rescue Boom Truck	800,000.00	800,000.00	-	800,000.00
Sub-Total	885,000.00	885,000.00	59,847.00	825,153.00
GRAND TOTAL	3,376,619.00	3,376,619.00	1,433,415.01	1,943,203.99

ANNEX E-4

Republic of the Philippine
Province of Lanao del Norte
Municipality of Linamon

STATUS OF APPROPRIATIONS, ALLOTMENTS AND OBLIGATION
(Current Legislative Appropriation)

SPECIAL EDUCATION FUND
December 31, 2016

Particular	Appropriation	Allotment	Appropriation Balance	Obligation	Allotment Balance
Office Supplies - Medals	10,000.00	10,000.00	-	40.00	9,960.00
Accountable Forms	10,000.00	10,000.00	-	10,000.00	-
Electricity Expenses (July-December, 2016)	180,000.00	180,000.00	-	180,000.00	-
Honorarium - Teacher 1 for January - March, 2016	24,000.00	24,000.00	-	24,000.00	-
Honorarium - Ustadz	33,000.00	33,000.00	-	33,000.00	-
R & M - Linamon Central School	27,696.00	27,696.00	-	24,580.00	3,116.00
R & M - Samburon Elementary School	27,696.00	27,696.00	-	22,600.00	5,096.00
R & M - Robocon Elementary School	10,000.00	10,000.00	-	8,960.00	1,040.00
R & M - Purakan Elementary School	27,696.00	27,696.00	-	27,490.00	206.00
R & M of 2 Classrooms at Samburon Elementary School Extraordinary & Miscellaneous Exp. - Napo Elementary School	228,652.00	228,652.00	-	-	228,652.00
	700.00	700.00	-	-	700.00
Traffic Assistance - Elementary	26,400.00	26,400.00	-	24,000.00	2,400.00
Watchman - National High School	15,000.00	15,000.00	-	15,000.00	-
Scouting Activities	50,000.00	50,000.00	-	46,250.00	3,750.00
Financial Assistance	40,000.00	40,000.00	-	35,000.00	5,000.00
Other Expenses/Training & Seminars/ALS Program	160,000.00	160,000.00	-	91,979.36	68,020.64
Sports Activities	50,000.00	50,000.00	-	24,750.00	25,250.00
Sub-Total	920,840.00	920,840.00	-	567,649.36	353,190.64
Capital Outlay					
Office Equipment - Bosque Elementary School	19,896.00	19,896.00	-	15,585.00	4,311.00
Office Equipment - GP Canoy Memorial School	27,696.00	27,696.00	-	26,756.00	940.00
Office Equipment - Linamon National High School	27,696.00	27,696.00	-	27,679.00	17.00
Furnitures & Fixtures - Napo Elementary School	27,696.00	27,696.00	-	25,490.00	2,206.00
Furnitures & Fixtures - Bosque Elementary School	7,800.00	7,800.00	-	7,600.00	200.00
Furnitures & Fixtures - Robocon Elementary School	17,696.00	17,696.00	-	14,427.00	3,269.00
Plastic Chair s with Arm	50,000.00	50,000.00	-	47,500.00	2,500.00
Sub-Total	178,480.00	178,480.00	-	165,037.00	13,443.00
TOTAL	1,099,320.00	1,099,320.00	-	732,686.36	366,633.64