

Municipality of Looc, Province of Romblon
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Profile

The consolidated financial statements of the Municipality of Looc, Romblon were authorized for issue on February 3, 2022 as shown in the Statement of Management's Responsibility for Financial Statements signed by Hon. Lisette M. Arboleda, Municipal Mayor.

Looc is a fourth class municipality in the Province of Romblon, Philippines. According to the 2020 census, it has a population of 21,799 people.

Back then, Looc was still part of Capiz province until March 19, 1853 when Romblon was officially declared a district separate from Capiz, and finally a full-fledged province. Looc was one of the first four municipalities of the newly created province of Romblon, the other three were Romblon (capital), Banton, and Sibuyan.

On January 8, 1940, the municipality was abolished by virtue of Commonwealth Act No. 581. Looc was consolidated into the Special Municipality of Tablas together with all the municipalities in the island and demoted to a Barrio with a representative in the town capitol in Odiongan. On October 1, 1946, Commonwealth Act No. 581 was repealed by Republic Act No. 38 thus, abolished the Special Municipality of Tablas and restoring Looc to its municipal status.

Looc is politically subdivided into 12 barangays.

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

The consolidated financial statements of the municipality have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014.

The consolidated financial statements have been prepared on the basis of historical cost unless stated otherwise. The cash flow statement is prepared using the direct method.

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 International Public Sector Accounting Standards (IPSAS).

3.2 Consolidation

The municipality maintains three funds namely: General Fund, Special Education Fund and Trust Fund.

The Consolidated Financial Statements reflect the assets, liabilities, revenues, and expenses of these funds.

3.3 Revenue recognition

3.3.1 Revenue from non-exchange transactions

Taxes, fees and fines

The Local Government Unit (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 probable 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.

3.3.2 Revenue from exchange transactions

Rendering of services

The LGU recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the

transaction can be measured reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

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

3.4 Expense Recognition

Expenses are recognized as goods are consumed and services rendered.

3.5 Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. LGU determines the classification of its financial assets at initial recognition.

LGU's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables.

Derecognition

The LGU derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- a) The rights to receive cash flows from the asset have expired or is waived;
- b) The LGU has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (i) the LGU has transferred substantially all the risks and rewards of the asset; or (ii) the LGU has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit

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

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on no call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and equivalents consist of cash and short-term deposits as defined above, net of outstanding overdrafts.

3.7 Inventories

Inventory is measured at cost upon initial recognition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of LGU.

3.8 Property, Plant and Equipment

All property, plant, and equipment are stated in historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

Depreciation on asset is charged on a straight-line method. The LGU uses the Schedule on the Estimated Useful Life of Property, Plant, and Equipment by classification prepared by the Commission on Audit.

A residual value equivalent to at least five percent of the cost of the PPE is used by LGU.

Derecognition

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

3.9 Changes in accounting policies and estimates

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

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

It corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.10 Related Parties

The municipality 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 other, or vice versa.

Members of key management are regarded as related parties and comprise of the Local Chief Executive, Members of the Sangguniang Bayan (SB) and Department Heads as follows:

Municipal Mayor	- Hon. Lisette Medina Arboleda
Municipal Vice Mayor	- Hon. Dianson R. Taytay
SB Members	- Hon. Periano R. Bernado
	- Hon. Ismael S. Osorio, Jr.
	- Hon. Benrol M. Palacio
	- Hon. Teodoro G. Tirol
	- Hon. Johnny M. Aguirre
	- Hon. Hermie G. Lachica
	- Hon. Michael P. Francisco
	- Hon. Rolando F. Bautista
ABC President	- Hon. Josefina G. Mortel
SK Federation President	- Hon. Angelic F. Condes
<i>Department Heads:</i>	
Acting Municipal Treasurer	- Ms. Alicia E. Oduca
Municipal Accountant	- Ms. Lea Grace J. Manga
MPDC	- Mr. Candido Alfred A. Bancoro II
Municipal Budget Officer	- Ms. Sheela G. Miñon
Municipal Assessor	- Mr. Cesar A. Martinez

Municipal Civil Registrar	- Ms. Wilma F. Pastor
Municipal Engineer	- Engr. Genecris J. Lachica
Municipal Social Welfare Officer	- Mr. Ronald P. Fetalsana
Municipal Health Officer	- Dr. Mary Ann B. Gado
SB Secretary	- Mr. Reyam A. Reyes

3.11 Budget Information

The annual budget is prepared on a cash basis and is published in the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) is prepared since the budget and the financial statements are not prepared on comparable basis. The SCBAA is presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the notes to the annual financial statements.

3.12 Employee Benefits

The employees of the LGU are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

Apart from GSIS Membership, the employees are members of the Philippine Health Insurance Corporation (PhilHealth) which provides universal health coverage in the country and the Home Development Mutual Fund (HDMF), more popularly known as the Pag-IBIG Fund, which provides a tax-exempt savings program and affordable shelter financing for the Filipino workers.

The LGU has also provided for the benefits of the devolved health personnel provided for in R.A. No. 7305 or the Magna Carta of Public Health Workers.

It recognizes the undiscounted amount of short-term employee benefits like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

It also recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.

Note 4 - Cash and Cash Equivalents

	<u>2021</u>	<u>2020</u>
Cash on Hand		
Cash - Local Treasury	₱ 1,400,188.70	₱ 2,231,691.88
Petty Cash	40,172.00	112,000.00
Cash in Bank -Local Currency		
Cash in Bank - Local Currency, Current Account	70,735,408.99	91,060,443.73
Cash in Bank - Local Currency, Savings Account	0.00	10,340.12
Total Cash and Cash Equivalents	<u>₱72,175,769.69</u>	<u>₱93,414,475.73</u>

Cash on Hand is composed of Cash Local Treasury which represents cash received by the Municipal Treasurer for deposit to Authorized Government Depository Bank (AGDB). This constitutes mainly of collections made on December 31, 2021, which were deposited in January 2022.

Cash in Bank - Local Currency refers to the deposits maintained by LGU with the Land Bank of the Philippines. Details are as follows:

General Fund		
LBP, Current Account	1162-1001-53	₱57,481,537.37
LBP, Current Account	1162-1059-70	504,190.00
LBP, Current Account	1162-1063-99	302,867.11
LBP, Current Account	1162-1066-58	10,000.00
LBP, Current Account	1162-1073-52	4,556,767.92
LBP, Subproject Trust Account	1162-1116-27	208,689.71
LBP, Debt Service Account	1162-1116-35	26,167.96
Sub-Total		<u>63,090,220.07</u>
Special Education Fund (SEF)		
LBP, Current Account	1162-1073-01	<u>1,989,570.51</u>
Trust Fund		
LBP, Current Account	1162-1044-42	5,450,678.85
LBP, Current Account	1162-1070-42	194,839.56
LBP, Current Account	1162-1069-68	10,100.00
Sub-Total		<u>5,655,618.41</u>
Grand Total		<u>₱70,735,408.99</u>

Cash in bank - Local Currency, Savings Account was closed on December 21, 2021. Its remaining balance was deposited to IRA account of the LGU.

Note 5 - Receivables

5.1. Current Receivables

	<u>2021</u>	<u>2020</u>
Loans and Receivable Accounts		
Accounts Receivable	P 55,817.43	P 200.00
Real Property Tax Receivable	2,627,266.73	1,943,898.78
Special Education Tax Receivable	2,627,266.73	2,001,168.79
Loans Receivables - Others	809,200.00	0.00
Sub-Total	<u>6,119,550.89</u>	<u>3,945,267.57</u>
Inter-Agency Receivables		
Due from NGAs	5,822.47	0.00
Due from GOCCs	354,078.26	0.00
Due from LGUs	38,727.44	0.00
Sub-Total	<u>398,628.17</u>	<u>0.00</u>
Intra -Agency Receivables		
Due from Other Funds	<u>844,033.80</u>	<u>1,717,396.69</u>
Advances		
Advances for Payroll	51,489.52	47,207.15
Advances to Special Disbursing Officer	28,210.00	97,640.00
Advances to Officers and Employees	4,897.00	96,790.24
Sub-Total	<u>84,596.52</u>	<u>241,637.39</u>
Other Receivables		
Receivables - Disallowances/Charges	2,460,963.79	2,606,139.48
Other Receivables	1,179,342.25	0.00
Sub-Total	<u>3,640,306.04</u>	<u>2,606,139.48</u>
Grand Total	<u>P11,087,115.42</u>	<u>P 8,510,441.13</u>

5.2. Non-current Receivables

	<u>2021</u>	<u>2020</u>
Loans and Receivable Accounts		
Accounts Receivable	P0.00	P54,700.06
Loan Receivables-Others	0.00	809,200.00
Sub-Total	<u>0.00</u>	<u>863,900.06</u>
Inter-Agency Receivables		
Due from NGAs	0.00	5,825.10
Due from GOCCs	0.00	354,078.26
Due from LGUs	0.00	38,727.44
Sub-Total	<u>0.00</u>	<u>398,630.80</u>
Other Receivables		
Other Receivables	0.00	1,071,189.63
Sub-Total	<u>0.00</u>	<u>1,071,189.63</u>
Grand Total	<u>P 0.00</u>	<u>P 2,333,720.49</u>

Loans Receivable - Others account is the long-outstanding receivables from loan proponents of government livelihood and KKK programs totaling ₱729,100.00 and ₱80,100.00, respectively. The funds for livelihood programs were financed by the Department of Agriculture and was intended for farmers recommended then by the Office of the Municipal Agriculturist, while the ₱80,100.00 was transferred by the Provincial Government, during the term of the then Mayor Isidro Ang, for the KKK projects they have identified back then.

Other Receivables account consists mainly of accounts due from the buyers of the lots located at Barangay Buenavista which they have acquired from the municipal government and payable in installment basis.

Note 6 - Inventories

	<u>2021</u>	<u>2020</u>
Inventory Held for Distribution		
Agricultural Produce for Distribution	₱ 965,965.00	₱ 965,965.00
Drugs and Medicine for Distribution	4,993,177.70	4,993,177.70
Inventory Held for Consumption		
Office Supplies Inventory	983,432.37	528,459.70
Food Supplies Inventory	6,619.40	0.00
Fuel, Oil and Lubricants Inventory	8.78	0.00
Agricultural and Marine Supplies Inventory	1,758,900.00	1,758,900.00
Other Supplies and Materials Inventory	660,538.92	813,958.92
Total	<u>₱9,368,642.17</u>	<u>₱9,060,461.32</u>

Agricultural Produce for Distribution account pertains to livestock received then from the Department of Agriculture (DA) and have been recorded in the books of inventories prior to the adoption by the LGU of the Electronic New Government Accounting System (e-NGAS) in July 2006.

Drugs and Medicine Inventory account refers to correspond to various medicines purchased in FY 2009 out of the Priority Development Assistance of Senator Manuel “Lito” Lapid. All medicines were said to have already been issued.

Agricultural and Marine Supplies Inventory account pertains to various items received from the Bureau of Fisheries and Aquatic Resources (BFAR) in 2015 and have been recorded in the books on October 15, 2017.

The Requisition and Issue Slip (RIS) and Summary of Supplies and Materials (SSMI) for the issuance of supplies and the acknowledgement by the recipients which were necessary to support the preparation of Journal Entry Voucher (JEV) to adjust the balance of the inventory account have not yet been

submitted to the Accounting Office. Hence, the account has yet to be adjusted in the books thereby resulting in overstatement of inventory accounts.

Note 7 - Prepayments and Deferred Charges

	<u>2021</u>	<u>2020</u>
Advances to Contractors	<u>P 0.00</u>	<u>P5,029,121.15</u>

Note 8 - Property, Plant and Equipment

Accounts	Balance Dec. 31, 2020	Net Addition/ (Reduction)	Depreciation	Balance Dec. 31, 2021
Land				
Land	P12,769,327.18	P1,023,750.00	P 0.00	P13,793,077.18
Land Improvements				
Land Improvements, Aquaculture Structures	100,728.93	0.00	14,186.28	86,542.65
Other Land Improvements	963,478.54	3,176,512.86	225,811.21	3,914,180.19
Infrastructure Assets				
Road Networks	62,625,878.22	26,006,258.38	2,570,370.72	86,061,765.88
Flood Control Systems	4,520,673.34	230,899.70	220,522.36	4,531,050.68
Water Supply Systems	13,058,596.63	3,527,928.88	1,781,039.14	14,805,486.37
Power Supply Systems	413,187.05	838,590.50	122,133.29	1,129,644.26
Seaports System	0.00	1,001,813.25	166,551.45	835,261.80
Parks, Plazas and Monuments	3,577,257.77	216,445.00	354,305.24	3,439,397.53
Other Infrastructure Assets	2,817,533.18	981,811.00	389,363.03	3,409,981.15
Buildings and Other Structures				
Buildings	4,024,351.76	16,241,704.80	1,340,031.11	18,926,025.45
School Buildings	373,727.46	0.00	0.00	373,727.46
Hospitals and Health Centers	3,633,131.13	398,040.00	113,214.75	3,917,956.38
Markets	757,377.36	342,960.00	62,590.20	1,037,747.16
Slaughterhouses	73,061.55	0.00	18,841.86	54,219.69
Other Structures	6,020,159.30	65,441.00	901,396.92	5,184,203.38
Machinery and Equipment				
Machinery	134,704.76	0.00	14,670.00	120,034.76
Office Equipment	2,174,287.33	467,680.00	303,297.22	2,338,670.11
Information and Communication	3,466,652.16	2,106,200.00	787,362.10	4,785,490.06

Accounts	Balance Dec. 31, 2020	Net Addition/ (Reduction)	Depreciation	Balance Dec. 31, 2021
Technology Equipment				
Agricultural and Forestry Equipment	74,251.50	0.00	7,920.00	66,331.50
Marine and Fishery Equipment	14,999.14	0.00	1,711.44	13,287.70
Communication Equipment	467,559.50	404,950.00	144,077.61	728,431.89
Disaster Response and Rescue Equipment	562,874.37	247,164.00	121,722.76	688,315.61
Technical and Scientific Equipment	4,542.50	59,675.00	0.00	64,217.50
Other Machinery and Equipment	698,530.57	2,202,479.00	242,198.04	2,658,811.53
Transportation Equipment				
Motor Vehicles	5,411,394.73	0.00	555,118.80	4,856,275.93
Watercrafts	340,228.55	0.00	71,981.64	268,246.91
Other Transportation Equipment	48,550.00	0.00	10,350.00	38,200.00
Furniture, Fixtures and Books				
Furniture and Fixtures	1,285,693.41	524,056.00	231,102.34	1,578,647.07
Books	2,391.04	0.00	0.00	2,391.04
Construction in Progress				
Construction in Progress - Land Improvements	129,223.00	0.00	0.00	129,223.00
Construction in Progress - Infrastructure Assets	12,962,682.58	(7,925,481.22)	0.00	5,037,201.36
Construction in Progress - Buildings and Other Structures	61,122,081.22	13,395,057.06	0.00	74,517,138.28
Other Property, Plant and Equipment				
Other Property, Plant and Equipment	256,851.55	0.00	19,627.20	237,224.35
Total PPE	<u>P204,885,967.31</u>	<u>P65,533,935.21</u>	<u>P10,791,496.71</u>	<u>P259,628,405.81</u>

The significant increase in Infrastructure Assets and Buildings and Other Structures accounts were attributable to projects completed in prior years but recognized only this year. The corresponding Construction in Progress accounts were also closed.

The Municipal Hall was transferred to the new Executive-Legislative Building. Hence, Machinery Equipment and Furniture and Fixtures accounts have also increased. Other significant additions noted in other PPE accounts were due to purchases made during the year.

Note 9 - Current Liabilities

9.1. Financial Liabilities

	<u>2021</u>	<u>2020</u>
Accounts Payable	P2,916,079.61	P4,573,171.64
Due to Officers and Employees	139,354.57	4,057,903.48
Interest Payable	0.00	816,955.69
Loans Payable – Domestic	950,646.23	0.00
Total	<u>P4,006,080.41</u>	<u>P9,448,030.81</u>

Accounts Payable represents current obligations/indebtedness to contractors and suppliers arising from the purchase of goods and services. These payables are non-interest bearing.

Due to Officers and Employees account represents the unpaid obligations to the officers and employees.

Loans Payable - Domestic account refers to the current portion of the loans availed by the LGU from the Municipal Development Fund Office (MDFO) of the Department of Budget and Management (DBM). The first sub-project is the Construction of Executive-Legislative Building Under Municipio Fund with fund release as at December 31, 2021 of P28,094,287.19, 100 percent of the total loan amount with 3.5 percent interest rate and payable semi-annually or every June and December for 15 years.

9.2. Inter-Agency Payables

	<u>2021</u>	<u>2020</u>
Due to BIR	P 1,029,184.18	P1,311,939.17
Due to GSIS	1,457,892.41	767,598.74
Due to Pag-IBIG	220,660.31	15,488.65
Due to PhilHealth	109,591.26	8,678.25
Due to NGAs	4,252,429.51	26,937,490.76
Due to GOCCs	76.13	0.00
Due to LGUs	1,197,519.72	1,082,354.98
Total	<u>P 8,267,353.52</u>	<u>P 30,123,550.55</u>

The first four accounts represent the amounts deducted from the salaries of officials and employees and are remitted to the respective government agencies immediately on the month following the month from which these were deducted.

Due to NGAs account represents balances of funds received by the LGU for specific purposes or projects. These funds were received on the basis of the submitted project budgets. Accordingly, the LGU is contractually bound to spend these funds only in connection with the projects. Furthermore, the contracts stipulate that the funds received for the project may only be applied to the costs incurred for the project, as and when the phases of the project are certified as complete. The conditions remaining therefore represent phases of the projects that are yet to be certified as complete. Return of the unspent portion of the fund is subject to the conditions stated in the respective Memorandum of Agreements (MOA) executed between the LGU and the proponent government agencies.

9.3. Intra-Agency Payables

	<u>2021</u>	<u>2020</u>
Due to Other Funds	<u>₱ 881,319.05</u>	<u>₱ 1,754,681.94</u>

9.4. Trust Liabilities

	<u>2021</u>	<u>2020</u>
Trust Liabilities - DRRMF	₱ 1,302,220.38	₱ 3,841,591.78
Bail Bonds Payable	585,471.55	513,564.86
Guaranty/Security Deposits Payable	<u>814,999.29</u>	<u>5,435,878.90</u>
Total	<u>₱2,702,691.22</u>	<u>₱9,791,035.54</u>

Guaranty/Security Deposits Payable account refers to cash receipts for bid bond deposits from various contractors and suppliers.

9.5. Deferred Credits/Unearned Income

	<u>2021</u>	<u>2020</u>
Deferred Real Property Tax	₱ 2,627,266.73	₱ 1,943,898.78
Deferred Special Education Tax	2,627,266.73	2,001,168.79
Other Deferred Credits	<u>526,800.00</u>	<u>0.00</u>
Total	<u>₱5,781,333.46</u>	<u>₱3,945,067.57</u>

Deferred Real Property Tax account is composed of property tax receivable set up at the beginning of the year less collections during the year under the General Fund.

Deferred Special Education Tax account refers to the balance of the account at year end under SEF consisting of special education tax receivables set up at the beginning of the year less collections during the year.

Other Deferred Credits account represents income from sale on installment of various municipal lots located at Barangay Buenavista that was been sold to their occupants. The transaction had transpired on January 1, 2010, however, most of the recipients have yet to fully pay their balances.

9.6. Other Payables

	<u>2021</u>	<u>2020</u>
Other Payables	<u>₱1,991,221.76</u>	<u>₱1,778,804.05</u>

Note 10 - Non-Current Liabilities

10.1. Financial Liabilities

	<u>2021</u>	<u>2020</u>
Loans Payable -Domestic	<u>₱ 69,320,808.27</u>	<u>₱ 43,657,213.26</u>

Loans Payable-Domestic refers to the loans availed by the LGU from MDFO of the DBM. The first sub-project is the Construction of Executive-Legislative Building under Municipio Fund with a fund release as of December 31, 2021 amounting to ₱28,094,287.19, 100 percent of the total contract amount with 3.5 percent interest rate and payable semi-annually or every June and December for 15 years.

The other sub-project is the Construction of Public Market with a fund release as of December 31, 2021 amounting to ₱42,177,167.31, 100 percent of the total loan amount with four percent interest rate payable semi-annually or every June and December for 15 years.

10.2. Deferred Credits/Unearned Income

	<u>2021</u>	<u>2020</u>
Other Deferred Credits	<u>₱0.00</u>	<u>₱526,800.00</u>

Other Deferred Credits account represents income from sale on installment basis of various municipal lots located at Barangay Buenavista that has been sold to its occupants. The transaction had transpired on January 1, 2010, however, most of the recipients have yet to fully pay their balances. The account was presented as current liabilities in CY 2021 for being overdue and thus already demandable from the buyers of said lots.

Note 11 - Local Disaster Risk Reduction and Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk reduction and management activities pursuant to R.A. No. 10121 otherwise known as the “Philippine Disaster Risk Reduction and Management Act of 2010.” The amount available and utilized during the year totaled ₱12,212,294.38 and ₱9,880,874.00, respectively, broken down in the next page:

Particulars	Available	Amount Utilized	Balance
Current Year Appropriation:			
Quick Response Fund (QRF)	₱1,788,329.07	₱1,325,052.00	₱ 463,277.07
Mitigation Fund (MF)			
MOOE	1,664,767.83	1,175,205.45	489,562.38
Capital Outlay	<u>2,508,000.00</u>	<u>1,461,817.00</u>	<u>1,046,183.00</u>
Sub-Total	<u>4,172,767.83</u>	<u>2,637,022.45</u>	<u>1,535,745.38</u>
Total	<u>5,961,096.90</u>	<u>3,962,074.45</u>	<u>1,999,022.45</u>
Continuing Appropriation:			
Special Trust Fund	<u>1,910,137.00</u>	<u>1,907,241.75</u>	<u>2,895.25</u>
Aid from LBP	20,000.00	20,000.00	0.00
Aid from San Fernando	100,000.00	100,000.00	0.00
LGSF-DRRAP	232,584.00	232,584.00	0.00
CY 2017	146,884.70	0.00	146,884.70
CY 2019	2,016,873.48	2,016,873.48	0.00
CY 2020	<u>1,824,718.30</u>	<u>1,642,100.32</u>	<u>182,617.98</u>
Sub-Total	<u>4,341,060.48</u>	<u>4,011,557.80</u>	<u>329,502.68</u>
Total	<u>₱12,212,294.38</u>	<u>₱9,880,874.00</u>	<u>₱2,331,420.38</u>

The amount reflected in Special Trust Fund CY 2017 represents the over transferred unexpended fund and should be transferred to General Fund under the Continuing Appropriation of Calamity Fund as per audit observation. However, it was transferred to General Fund but not under the Calamity Fund making the balance understated. Thus, it was transferred back to Special Trust Fund.

Aids from different organizations were intended for the COVID-19 responses of the municipality.

Note 12 - Tax Revenue

	<u>2021</u>	<u>2020</u>
Tax Revenue -Individual and Corporation		
Community Tax	₱522,265.18	₱561,691.43
Tax Revenue – Property		
Real Property Tax-Basic	1,216,427.28	728,665.85
Discount on Real Property Tax – Basic	(79,635.27)	0.00
Special Education Tax	1,022,278.22	907,783.97
Discount on Special Education Tax	(99,544.09)	0.00

Tax Revenue - Goods and Services		
Business Tax	1,998,684.01	2,164,220.30
Tax on Sand, Gravel and Other		
Quarry Products	168,336.27	423,054.29
Amusement Tax	0.00	22,245.00
Franchise Tax	21,500.00	29,500.00
Tax Revenue-Others		
Other Local Taxes	488,732.24	289,296.60
Tax Revenue-Fines and Penalties		
Tax Revenue-Fines and Penalties-		
Taxes on Individual and Corporation	200.00	2,200.00
Tax Revenue-Fines and Penalties-		
Property Taxes	57,666.49	18,333.83
Tax Revenue-Fines and Penalties-		
Goods and Services	<u>55,348.39</u>	<u>211,700.00</u>
Total	<u>P5,372,258.72</u>	<u>P5,358,691.27</u>

Note 13 - Share from National Taxes

	<u>2021</u>	<u>2020</u>
Share from Internal Revenue		
Collections (IRA)	<u>P109,953,338.00</u>	<u>P102,590,656.00</u>

Note 14 - Service and Business Income

	<u>2021</u>	<u>2020</u>
Service Income		
Permit Fees	P419,867.93	P446,893.84
Registration Fees	178,775.00	128,550.00
Clearance and Certification Fees	73,442.62	81,819.02
Inspection Fees	38,302.00	94,396.50
Occupation Fees	141,465.00	132,425.00
Fishery Rentals, Fees and Charges	59,318.25	212,125.00
Fees for Sealing and Licensing of		
Weights and Measures	5,760.00	4,510.00
Fines and Penalties - Service Income	7,585.70	33,692.27
Other Service Income	122,637.50	204,406.00
Business Income		
Waterworks System Fees	4,007,199.68	4,013,438.88
Power Supply System Fees	22,526.20	0.00
Parking Fees	0.00	60.00
Receipts from Market Operations	225,704.00	489,048.00
Receipts from Slaughterhouse	107,705.50	429,714.50
Operation		
Receipts from Cemetery Operations	252,128.00	295,602.00
Garbage Fees	68,400.00	68,260.00

Hospital Fees	580.00	5,320.00
Interest Income	3.14	15.05
Fines and Penalties - Business Income	<u>113,782.97</u>	<u>57,045.81</u>
Total	<u>₱5,845,183.49</u>	<u>₱6,697,321.87</u>

Note 15 - Share, Grants and Donations

	<u>2021</u>	<u>2020</u>
Share from PCSO	<u>₱ 47,582.51</u>	<u>₱ 26,874.91</u>

Note 16 - Other Non-Operating Income

	<u>2021</u>	<u>2020</u>
Miscellaneous Income	<u>₱ 517.44</u>	<u>₱ 0.00</u>

Note 17 - Personnel Services

	<u>2021</u>	<u>2020</u>
Salaries and Wages		
Salaries and Wages – Regular	₱33,403,615.32	₱29,437,471.77
Other Compensation		
Personnel Economic Relief Allowance (PERA)	2,169,181.81	2,231,363.63
Representation Allowance (RA)	1,537,031.25	1,510,312.50
Transportation Allowance (TA)	1,537,031.25	1,510,312.50
Clothing/Uniform Allowance	534,000.00	552,000.00
Subsistence Allowance	199,940.91	212,981.82
Laundry Allowance	20,025.00	21,450.00
Productivity Incentive Allowance	1,345,000.00	1,335,000.00
Honoraria	336,800.00	280,000.00
Hazard Pay	1,072,335.73	1,244,496.50
Overtime and Night Pay	417,908.06	186,873.10
Year End Bonus	4,977,259.10	4,820,312.95
Cash Gift	<u>454,250.00</u>	<u>467,750.00</u>
Sub-Total	<u>14,600,763.11</u>	<u>14,372,853.00</u>
Personnel Benefit Contribution		
Retirement and Life Insurance Premiums	3,505,641.22	3,425,369.08
Pag-IBIG Contributions	584,270.01	577,164.70
PhilHealth Contributions	504,770.49	417,568.05
Employees Compensation Insurance Premiums	<u>114,216.50</u>	<u>106,604.39</u>
Sub-Total	<u>4,708,898.22</u>	<u>4,526,706.22</u>

	<u>2021</u>	<u>2020</u>
Other Personnel Benefit Contributions		
Terminal Leave Benefits	287,920.58	916,009.59
Other Personnel Benefits	<u>1,421,677.30</u>	<u>1,145,735.46</u>
Sub-Total	<u>1,709,597.88</u>	<u>2,061,745.05</u>
Total	<u>P54,422,874.53</u>	<u>P 50,398,776.04</u>

Note 18- Maintenance and Other Operating Expenses

	<u>2021</u>	<u>2020</u>
Traveling Expenses		
Traveling Expenses - Local	<u>P 433,639.00</u>	<u>P 895,356.46</u>
Training and Scholarship Expenses		
Training Expenses	<u>766,303.00</u>	<u>1,058,747.00</u>
Supplies and Materials Expenses		
Office Supplies Expenses	1,372,576.83	878,759.90
Accountable Forms Expenses	102,322.00	120,015.00
Food Supplies Expenses	145,420.60	38,400.00
Welfare Goods Expenses	7,431,764.65	3,158,144.00
Drugs and Medicines Expenses	903,390.00	700,081.25
Medical, Dental and Laboratory Supplies Expenses	1,226,934.00	92,685.00
Fuel, Oil and Lubricants Expenses	1,574,009.32	999,301.27
Agricultural and Marine Supplies Expenses	532,802.00	418,761.28
Other Supplies and Materials Expenses	<u>2,456,712.54</u>	<u>1,159,736.00</u>
Sub-Total	<u>15,745,931.94</u>	<u>7,565,883.70</u>
Utility Expenses		
Electricity Expenses	<u>1,823,351.79</u>	<u>1,215,030.13</u>
Communication Expenses		
Postage and Courier Services	0.00	145.00
Telephone Expenses	887,649.00	818,800.00
Internet Subscription Expenses	290,336.00	259,334.00
Cable, Satellite, Telegraph, and Radio Expenses	<u>7,745.00</u>	<u>2,475.00</u>
Sub-Total	<u>1,185,730.00</u>	<u>1,080,754.00</u>
Confidential, Intelligence and Extraordinary Expenses		
Confidential Expenses	90,270.00	60,000.00
Extraordinary and Miscellaneous Expenses	<u>11,878.00</u>	<u>0.00</u>
Sub-Total	<u>102,148.00</u>	<u>60,000.00</u>
Professional Services		
Other Professional Services	<u>92,500.00</u>	<u>112,000.00</u>

	<u>2021</u>	<u>2020</u>
General Services		
Other General Services	<u>11,974,231.31</u>	<u>10,780,316.12</u>
Repairs and Maintenance		
Repairs and Maintenance - Infrastructure Assets	245,640.00	808,487.00
Repairs and Maintenance - Buildings and Other Structures	607,255.00	415,922.00
Repairs and Maintenance - Machinery and Equipment	115,040.00	27,500.00
Repairs and Maintenance - Transportation Equipment	<u>260,395.50</u>	<u>249,344.00</u>
Sub-Total	<u>1,228,330.50</u>	<u>1,501,253.00</u>
Taxes, Insurance Premiums and Other Fees		
Fidelity Bond Premiums	33,975.00	24,150.00
Insurance Expenses	<u>1,145,978.38</u>	<u>214,602.19</u>
Sub-Total	<u>1,179,953.38</u>	<u>238,752.19</u>
Other Maintenance and Operating Expenses		
Advertising Expenses	100,000.00	30,000.00
Printing and Publication Expenses	262,133.00	13,826.00
Representation Expenses	87,165.00	45,155.00
Transportation and Delivery Expenses	6,438.00	8,975.00
Rent Expenses	6,000.00	18,000.00
Membership Dues and Contributions to Organizations	100,000.00	100,600.00
Donations	2,424,784.00	4,051,442.60
Other Maintenance and Other Operating Expenses	<u>1,771,166.44</u>	<u>4,203,847.28</u>
Sub-Total	<u>4,757,686.44</u>	<u>8,471,845.88</u>
Grand Total	<u>P39,289,805.36</u>	<u>P32,979,938.48</u>

Note 19 - Non-Cash Expenses

	<u>2021</u>	<u>2020</u>
Depreciation		
Depreciation - Land Improvements	P 239,997.49	P73,728.42
Depreciation - Infrastructure Assets	5,604,285.23	3,085,962.97
Depreciation - Buildings and Other Structures	2,436,074.84	1,206,287.28
Depreciation - Machinery and Equipment	1,622,959.17	1,061,404.48
Depreciation - Transportation Equipment	637,450.44	414,070.44

	<u>2021</u>	<u>2020</u>
Depreciation - Furniture and Fixtures and Books	231,102.34	69,576.36
Depreciation - Other Property, Plant and Equipment	<u>19,627.20</u>	<u>19,627.20</u>
Total Depreciation	<u>₱10,791,496.71</u>	<u>₱5,930,657.15</u>

Note 20 - Financial Expenses

	<u>2021</u>	<u>2020</u>
Interest Expenses	₱2,255,700.47	₱1,611,859.11
Bank Charges	<u>13,000.00</u>	<u>0.00</u>
Total Financial Expenses	<u>₱2,268,700.47</u>	<u>₱1,611,859.11</u>

Note 21 -Transfers, Assistance and Subsidy

	<u>2021</u>	<u>2020</u>
Transfers, Assistance/Subsidy to Transfers to		
Transfers from General Fund of Unspent DRRMF	₱ 1,662,258.00	₱ 0.00
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	<u>(1,119,602.40)</u>	<u>1,824,718.30</u>
Total Financial Assistance/Subsidy to	<u>₱ 542,655.60</u>	<u>₱1,824,718.30</u>