



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

ANNUAL AUDIT REPORT

on the

**City of Lucena
Province of Quezon**

For the Year Ended December 31, 2022



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

May 17, 2023

Honorable MARK DON VICTOR B. ALCALA
City Mayor
City of Lucena
Province of Quezon

**City Government of Lucena
Office of the City Mayor**

RECEIVED

Received by: JAM MANUMBAU
Date and Time: 5/18/23

Dear Mayor Alcala:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, we are pleased to transmit herewith the Annual Audit Report (AAR) on the accounts and operations of the City Government of Lucena, Province of Quezon for the year ended December 31, 2022.

The audit was aimed at verifying the level of assurance that may be placed on Management's assertions on the financial statements, ascertaining the propriety of financial transactions, extent of Management's compliance with existing government laws, rules and regulations, recommending agency improvement opportunities and determining the status of implementation of prior year's audit recommendations.

The audit report was prepared by the Audit Team composed of Mr. Celerino C. Alviar, OIC-Supervising Auditor and Audit Team Leader in concurrent capacity, and Ms. Sharmaine B. Yapan and Mr. Jifferson L. Pider, Audit Team Members. It consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, the Status of Implementation of Prior Year's Audit Recommendations, and the Annexes.

The Auditor rendered an Unmodified Opinion on the fairness of the presentation of the financial statements as stated in the Independent Auditor's Report.

The audit observations, together with the recommended courses of action, were discussed by the Audit Team with the concerned City officials and staff during the exit conference conducted on April 04, 2023. Their comments were incorporated in the Report, where appropriate.

We respectfully request that the recommendations contained in Part II of the Report be implemented, and that this Commission be informed of the actions taken thereon by accomplishing the attached Agency Action Plan and Status of Implementation form, and returning the same within 60 days from the date of receipt hereof.

We express our appreciation for the valuable support and cooperation that the Management extended to the Audit Team, thus facilitating the completion of the Report.

Very truly yours,

COMMISSION ON AUDIT

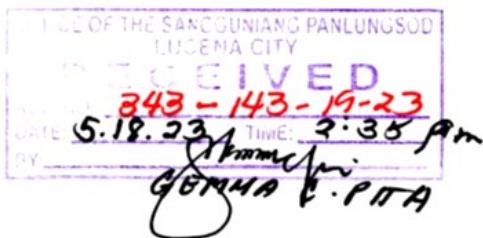
By:

ATTY. RESURRECCION C. QUIETA
Director IV
Regional Director

(Handwritten signature of Atty. Resurreccion C. Quieta)

Copy furnished:

*The Regional Director, Department of the Interior and Local Government, Region IV-A
The Regional Director, Department of Budget and Management, Region IV-A
The Regional Director, Bureau of Local Government Finance, Region IV-A
The Secretary, Sangguniang Panlungsod City of Lucena, Quezon
University of the Philippines (UP) Law Center (soft copy)
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Commission on Audit Central Library (soft copy)
The OIC-Supervising Auditor, LGAS-E, Province of Quezon I
The Audit Team Leader, City of Lucena, Quezon*



City of Lucena
AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2022
As of _____

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

Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Fully Implemented (FI), (b) Ongoing (O), (c) Not Implemented (NI), (d) Partially Implemented (PI), or (e) Delayed (D)

EXECUTIVE SUMMARY

Introduction

By virtue of Republic Act (RA) No. 3271, Lucena was made into a Chartered City through the efforts of the late Congressman Manuel S. Enverga. It was officially inaugurated on August 19, 1962, during the 84th anniversary of Manuel Luis Quezon, and on July 1, 1991, Lucena became a Highly Urbanized City.

The City of Lucena has a vision of becoming a premier City in Southern Tagalog providing sustainable development, creating opportunities for socio-economic, agro-industrial and technological growth, ensuring a peaceful and safe environment and improving the quality of life of its people.

Its mission is to uphold honest and transparent governance, boost investment opportunities, improve the quality of health and education, create employment through establishment of technological and agro-industries, ensure protection and sustainability of the environment, and promote peace and order that will uplift the Lucenahin's quality of life.

The organizational structure of the City is as follows:

A. Key Officials

City Mayor: Hon. Mark Don Victor B. Alcala
Vice Mayor: Hon. Roderick A. Alcala

Members of the Sanggunian:

- | | |
|----------------------------------|---------------------------------|
| 1. Hon. Ryan Caezar E. Alcala | 6. Hon. Nicanor G. Pedro, Jr. |
| 2. Hon. Danilo B. Faller | 7. Hon. Benito G. Brizuela, Jr. |
| 3. Hon. Wilbert McKinly L. Noche | 8. Hon. Jose Christian Ona |
| 4. Hon. Patrick Norman E. Nadera | 9. Hon. Edwin J. Pureza, M.D. |
| 5. Hon. Americo Q. Lacerna | 10. Hon. Elizabeth U. Sio |

President, Liga ng mga Barangay - Hon. Jacinto A. Jaca
Sangguniang Kabataan (SK)

Federation President: - Hon. Rolden C. Garcia

City Treasurer - Ms. Lerma A. Fajarda
Acting City Accountant - Ms. Ella Michelle T. Azagra

B. No. of Personnel Complement

Permanent	-	556
Casual	-	54
Contract of Services/Job Order	-	1,133
Elective Officials	-	14
Contractual	-	43
Total		<u>1,800</u>

Audit Objectives

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 transactions and on a limited extent, determine compliance with existing laws, rules and regulations (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior year's audit recommendations.

Scope of Audit

The audit covered the accounts and operations of the City Government of Lucena, Quezon for the period January 1 to December 31, 2022. The audit was made in accordance with International Public Sector Accounting Standards (IPSASs) and we believe that it provided a reasonable basis for the audit results.

Financial Highlights

The City generated a total income of ₱1,853,331,268.97 from local taxes, permits and licenses, service and business income, other income, shares, grants and donations, and Internal Revenue Allotment which increased by ₱368,327,924.35 as compared to last year's total revenue of ₱1,485,003,344.62. The total funds utilized for the year amounted to ₱1,839,015,506.21 out of the total current appropriation of ₱1,912,844,860.49. The City had a continuing appropriation balance of ₱728,279,135.27 at the beginning of the year, of which, ₱381,604,143.63 was obligated.

The City's financial position and results of operations for Calendar Year (CY) 2022 compared with that of the preceding year are summarized below and shown in detail in the attached audited financial statements.

	2022	2021	Increase/ (Decrease)
Total Assets	₱3,359,203,213.59	₱3,046,456,270.95	₱312,746,942.64
Total Liabilities	1,377,272,641.87	1,089,353,631.90	287,919,009.97
Net Assets/Equity	1,981,930,571.72	1,957,102,639.05	24,827,932.67
Total Income	1,853,331,268.97	1,485,003,344.62	368,327,924.35
Personnel Services	411,156,208.15	381,538,092.69	29,618,115.46
Maintenance and Other			
Operating Expenses	1,206,301,015.37	867,619,918.59	338,681,096.78
Non-Cash Expenses	102,548,896.75	109,899,568.46	(7,350,671.71)
Financial Expenses	25,311,900.62	24,080,368.68	1,231,531.94
Transfer, Assistance and Subsidy From	142,581,835.86	116,988,253.35	25,593,582.51
Transfer, Assistance and Subsidy To	(163,836,483.05)	(143,247,450.05)	20,589,033.00
Surplus for the Period	86,758,600.89	75,606,199.50	11,152,401.39

Audit Opinion on the Financial Statements

The Auditor rendered an unmodified opinion on the fairness of the presentation of the financial statements as of December 31, 2022 of the City Government of Lucena.

Significant Audit Observations and Recommendations

The following is the summary of the other significant audit observations and recommendations in the audit of the City of Lucena for the year 2022:

1. The non-completion of the reconciliation between the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and the Property, Plant and Equipment (PPE) records in the Accounting Office resulted in a variance of ₱17,648,166.17 as of year-end, contrary to Section 114 of the Manual on New Government Accounting System (MNGAS) for Local Government Units (LGUs), Volume I, thus overstating the PPE accounts and understating the Government Equity account by an undetermined amount.

We recommended that the City Mayor instruct the:

- Acting City Accountant to adjust the PPE items below the capitalization threshold with total cost of ₱6,711,609.50;
- OIC-City General Services Office (CGSO) and the Acting City Accountant to pursue the conduct of one-time cleansing of PPE account balances to complete the reconciliation of the affected PPE accounts, specially those items in PPE Subsidiary Ledgers not included in the RPCPPE and other unreconciled PPE items with variances amounting to ₱7,438,566.67 and ₱3,497,990.00 respectively;
- OIC-CGSO to update the existing Property Cards (PC) and ensure that PCs for PPEs acquired in CY 2022 are prepared and maintained; and
- Acting City Accountant to prepare and maintain the required Property, Plant and Equipment Ledger Cards (PPELCs), and coordinate closely with the CGSO to ensure that PPELCs agree with the PCs.

Henceforth, ensure strict compliance with the provisions of MNGAS for LGUs.

2. Fund transfers from National Government Agencies (NGAs) totaling ₱3,872,893.11 remained unutilized and/or not yet returned/refunded to the Source Agency as of year-end, contrary to Commission on Audit (COA) Circular No. 94-013, thus depriving the intended beneficiaries of the immediate use and benefits that could have been derived from the projects and/or the National Government of the use of funds.

We recommended that the City Mayor:

- Instruct the Acting City Accountant and City Treasurer to facilitate the return of the unused balance of fund transfers to the respective Source Agencies for the completed/implemented programs and projects; and

- Coordinate with the Department of Social Welfare and Development (DSWD) Regional Office IV-A regarding the utilization/implementation of the Sustainable Livelihood Program and/or the disposition of funds should the intended purpose could no longer be materialized.

Henceforth, ensure compliance with the provisions of COA Circular No. 94-013 dated December 13, 1994 on the utilization and liquidation of funds transfers.

Status of Implementation of Prior Year's Audit Recommendations

The eight prior year's audit recommendations embodied in the CY 2021 Annual Audit Report were all fully implemented by the City of Lucena.

Status of Notice of Disallowances, Suspensions and Charges

In CY 2022, a Notice of Disallowance (N.D.) No. 22-001-101-(15)17 dated June 06, 2022 amounting to ₱5,727,724.80 was issued and settled under Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) No. 22-002 dated June 27, 2022. The Audit Team also issued two NSSDCs amounting to ₱202,363.30 and ₱580,000.00 dated March 10, 2022 and September 22, 2022, respectively, for settlement of N.D. No. 2006-048-101-(02-03), and Notice of Suspension (N.S.) No. 18-001-101-(16) dated February 06, 2006 and June 26, 2018, respectively. Details of disallowances and suspensions as of year-end are as follows:

	Beginning Balance (As of December 31, 2021)	This Period January 1 to December 31, 2022	NS/ND/NC	NSSDC	Ending Balance (As of December 31, 2022)
Notice of Suspension	₱24,032,958.84	₱ 0.00	₱ 580,000.00		₱ 23,452,958.84
Notice of Disallowance	10,283,409.98	5,727,724.80		5,930,088.10	10,081,046.68
Total	₱34,316,368.82	₱5,727,724.80		₱6,510,088.10	₱33,534,005.52

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PART I – AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. IV-A
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR'S REPORT

Honorable MARK DON VICTOR B. ALCALA
City Mayor
Lucena City
Province of Quezon

Unmodified Opinion

We have audited the financial statements of the City of Lucena, Province of Quezon, which comprise the Statement of Financial Position as at December 31, 2022, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows and Statement of Comparison of Budget and Actual Amounts for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Lucena, Province of Quezon, as at December 31, 2022, and its financial performance, its cash flows and its comparison of budget and actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Bases for Unmodified Opinion

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

Other Matters

In our report dated May 13, 2022, we expressed an opinion that the 2021 financial statements fairly present the financial position, results of operations, and cashflows of the City of Lucena in accordance with the IPSAS. Accordingly, our present opinion on the 2022 financial statements, as presented herein, is the same from that expressed in our previous report.

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

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

Those charged with governance are responsible for overseeing the City of Lucena's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

COMMISSION ON AUDIT

By:


CELERINO C. ALVIAR
OIC-Supervising Auditor/
Audit Team Leader (Concurrent)

April 12, 2023



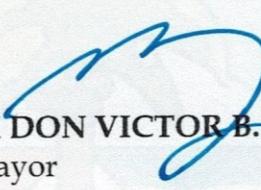
Republic of the Philippines
CITY GOVERNMENT OF LUCENA
LUCENA CITY, QUEZON

Statement of Management's Responsibility for Financial Statements

The management of City of Lucena is responsible for all information and representations contained in the Statement of Financial Position as of December 31, 2022 and the related Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Comparison of Budget and Actual Amounts and Statement of Cash Flows for the period ended. These financial statements have been prepared in conformity with the International Public Sector Accounting Standards and reflects amount that are based on best estimates and informed judgement of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


ELLA MICHELLE T. AZAGRA
Acting City Accountant


MARK DON VICTOR B. ALCALA
City Mayor

City of Lucena
Statement of Financial Position (All Funds)
As of December 31, 2022
(With Comparative Figures for CY 2021)

	Note	2022	2021
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	P 793,053,155.12	P 948,482,135.98
Receivables	4	311,157,881.65	89,423,419.30
Inventories	5	17,785,919.72	2,350,811.97
Prepayments and Deferred Charges	6	15,414,981.32	46,224,838.23
Total Current Assets		<u>1,137,411,937.81</u>	<u>1,086,481,205.48</u>
Non-Current Assets			
Investments	7	2,781,214.49	2,781,214.49
Property, Plant and Equipment	8	2,213,356,179.06	1,956,192,032.07
Biological Assets	9	797,521.00	797,521.00
Intangible Assets	10	4,856,361.23	204,297.91
Total Non-Current Assets		<u>2,221,791,275.78</u>	<u>1,959,975,065.47</u>
Total Assets		<u>P 3,359,203,213.59</u>	<u>P 3,046,456,270.95</u>
LIABILITIES			
Current Liabilities			
Financial Liabilities	11	P 248,823,627.93	P 256,524,812.31
Inter-Agency Payables	12	89,099,368.66	102,016,489.21
Intra-Agency Payables	13	43,750,090.54	67,901,325.17
Trust Liabilities	14	107,063,399.47	147,812,099.80
Deferred Credits/Unearned Income	15	257,162,930.98	11,166,828.38
Other Payables	16	1,669,051.29	1,139,677.76
Total Current Liabilities		<u>747,568,468.87</u>	<u>586,561,232.63</u>
Non-Current Liabilities			
Financial Liabilities	17	<u>629,704,173.00</u>	<u>502,792,399.27</u>
Total Non-Current Liabilities		<u>629,704,173.00</u>	<u>502,792,399.27</u>
Total Liabilities		<u>1,377,272,641.87</u>	<u>1,089,353,631.90</u>
NET ASSETS/EQUITY			
Government Equity		<u>1,981,930,571.72</u>	<u>1,957,102,639.05</u>
Total Liabilities and Net Assets/Equity		<u>P 3,359,203,213.59</u>	<u>P 3,046,456,270.95</u>

(See accompanying Notes to Financial Statements)

City of Lucena
Statement of Financial Performance (All Funds)
For the Year Ended December 31, 2022
(With Comparative Figures for CY 2021)

	Note	2022	2021
Revenue			
Tax Revenue	18	₱ 465,369,990.14	₱ 406,171,883.94
Share from Internal Revenue Collections	19	1,180,141,714.00	873,745,402.00
Service and Business Income	20	206,809,295.26	201,711,580.76
Shares, Grants and Donations	21	15,000.00	1,184,759.29
Other Income	22	995,269.57	2,189,718.63
Total Revenue		<u>1,853,331,268.97</u>	<u>1,485,003,344.62</u>
Less: Current Operating Expenses			
Personnel Services	23	411,156,208.15	381,538,092.69
Maintenance and Other Operating Expenses	24	1,206,301,015.37	867,619,918.59
Non-Cash Expenses	25	102,548,896.75	109,899,568.46
Financial Expenses	26	<u>25,311,900.62</u>	<u>24,080,368.68</u>
Total Current Operating Expenses		<u>1,745,318,020.89</u>	<u>1,383,137,948.42</u>
Surplus (Deficit) from Current Operation		<u>108,013,248.08</u>	<u>101,865,396.20</u>
Add (Deduct):			
Transfers, Assistance and Subsidy From	27	142,581,835.86	116,988,253.35
Transfers, Assistance and Subsidy To	28	<u>(163,836,483.05)</u>	<u>(143,247,450.05)</u>
Surplus (Deficit) for the period		<u>₱ 86,758,600.89</u>	<u>₱ 75,606,199.50</u>

(See accompanying Notes to Financial Statements)

City of Lucena
Statement of Changes in Net Assets/Equity (All Funds)
For the Year Ended December 31, 2022
(With Comparative Figures for CY 2021)

		Accumulated Surplus/Deficit	
	Note	2022	2021
Balance – at January 1		P 1,957,102,639.05	P 1,894,108,228.25
Add (Deduct):			
Change in Accounting Policy	29A	(74,522,612.72)	0.00
Prior Period Errors	29B	12,244,604.50	(12,791,074.54)
Restated Balance		1,894,824,630.83	1,881,317,153.71
Add (Deduct):			
Changes in Net Assets/Equity for			
 Calendar Year			
Adjustment of net revenue recognized directly in net assets/equity		347,340.00	179,285.84
Surplus (Deficit) for the period		86,758,600.89	75,606,199.50
Total changes during the		87,105,940.89	75,785,485.34
Balance – December 31		P 1,981,930,571.72	P 1,957,102,639.05

(See accompanying Notes to Financial Statements)

City of Lucena
Statement of Cash Flows (All Funds)
For the Year Ended December 31, 2022
(With Comparative Figures for CY 2021)

	Note	2022	2021
Cash Flows from Operating Activities			
Cash Inflows			
Collection from taxpayers	P	465,369,990.14	406,171,883.94
Share from Internal Revenue Allotment		1,180,141,714.00	873,745,402.00
Receipts from business/service income		199,050,244.55	192,259,412.62
Interest Income		7,759,050.71	9,452,168.14
Other Receipts	30	<u>525,530,013.73</u>	<u>277,594,804.30</u>
Total Cash Inflows		<u>2,377,851,013.13</u>	<u>1,759,223,671.00</u>
Cash Outflows			
Payments to suppliers and creditors		1,230,272,928.65	897,850,698.47
Payments to employees		416,820,931.16	381,945,542.07
Interest Expense		25,262,750.62	24,046,348.68
Other Payments	31	<u>567,225,646.69</u>	<u>201,039,581.59</u>
Total Cash Outflows		<u>2,239,582,257.12</u>	<u>1,504,882,170.81</u>
Net Cash Flows Provided by Operating Activities	32A	<u>138,268,756.01</u>	<u>254,341,500.19</u>
Cash Flows from Investing Activities			
Cash Outflow			
Purchase/Construction of Property, Plant and Equipment		432,752,580.18	331,279,759.07
Net Cash Flows Used in Investing Activities		<u>(432,752,580.18)</u>	<u>(331,279,759.07)</u>
Cash Flows from Financing Activities			
Cash Inflow			
Proceed from Loans		241,364,729.55	167,981,760.31
Cash Outflow			
Payment of Loan Amortization		102,309,886.24	93,353,098.30
Net Cash Flows Used in Financing Activities		<u>139,054,843.31</u>	<u>74,628,662.01</u>
Total Cash Provided by Operating, Investing and Financing Activities		<u>(155,428,980.86)</u>	<u>(2,309,596.87)</u>
Add: Cash at the Beginning of the Year		948,482,135.98	950,791,732.85
Cash Balance at the End of the Year	32B P	<u>793,053,155.12</u>	<u>948,482,135.98</u>

(See accompanying Notes to Financial Statements)

City of Lucena
Statement of Comparison of Budget and Actual Amounts
For the Year Ended December 31, 2022
(With Comparative Figures for CY 2021)

Particulars	LUCENA CITY						Difference				
	Budgeted Amounts			Difference			Actual Amounts			Difference	
	Original	Final	Original and Final Budget	2022	2021	2022	2021	2022	2021	2022	2021
Revenue											
A. Local Sources											
1. Tax Revenue											
a. Tax Revenue - Property	P 154,000,000.00	P 148,138,434.82	P 202,622,165.38	P 148,138,434.82	P (48,622,165.38)	P 0.00	P 165,299,651.87	P 137,863,300.34	P 37,322,513.51	P 10,275,134.48	
b. Tax Revenue - Goods and Services	245,300,000.00	231,200,000.00	245,300,000.00	231,200,000.00	0.00	0.00	225,294,568.60	228,086,610.69	20,005,431.40	3,113,389.31	
c. Other Local Taxes	25,000,000.00	26,600,000.00	28,000,000.00	26,600,000.00	(3,000,000.00)	0.00	74,775,769.67	40,221,972.91	(46,775,769.67)	(13,621,972.91)	
Total Tax Revenue	424,300,000.00	405,938,434.82	475,922,165.38	405,938,434.82	(51,622,165.38)	0.00	465,369,990.14	406,171,883.94	10,552,175.24	(233,449.12)	
2. Non-Tax Revenue											
a. Service Income	38,800,000.00	38,800,000.00	42,800,000.00	38,800,000.00	(4,000,000.00)	0.00	41,549,708.33	41,536,341.57	1,250,291.67	(2,736,341.57)	
b. Business Income	62,500,000.00	158,170,750.00	62,500,000.00	158,170,750.00	0.00	0.00	156,475,471.15	144,028,634.59	(93,975,471.15)	14,142,115.41	
c. Other Income and Receipts	8,000,000.00	6,600,000.00	8,000,000.00	6,600,000.00	0.00	0.00	9,779,385.35	18,336,323.23	(1,779,385.35)	(11,736,323.23)	
Total Non-Tax Revenue	109,300,000.00	203,570,750.00	113,300,000.00	203,570,750.00	(4,000,000.00)	0.00	207,804,564.83	203,901,299.39	(94,504,564.83)	(330,549.39)	
B. External Sources											
1. Share from the National Internal Revenue Taxes (IRA)	1,180,141,714.00	873,745,402.00	1,180,141,714.00	873,745,402.00	0.00	0.00	1,180,141,714.00	873,745,402.00	0.00	0.00	
2. Share from GOCCs	1,300,000.00	1,300,000.00	1,300,000.00	1,300,000.00	0.00	0.00	0.00	1,184,759.29	1,300,000.00	115,240.71	
4. Other Receipts											
a. Grants and Donations	0.00	0.00	0.00	0.00	0.00	0.00	15,000.00	0.00	(15,000.00)	0.00	
Total External Sources	1,181,441,714.00	875,045,402.00	1,181,441,714.00	875,045,402.00	0.00	0.00	1,180,156,714.00	874,930,161.29	1,285,000.00	115,240.71	
C. Receipts from Borrowings											
Total Revenue and Receipts	1,715,041,714.00	1,484,554,586.82	1,770,663,879.38	1,484,554,586.82	(55,622,165.38)	0.00	2,094,695,998.52	1,652,985,104.93	(324,032,119.14)	(168,430,518.11)	
Expenditures											
Current Appropriations											
General Public Services											
Personal Services	239,821,753.00	225,613,338.00	246,033,410.00	228,368,228.00	(6,211,657.00)	(2,754,890.00)	236,177,868.64	217,612,656.12	9,855,541.36	10,755,571.88	
Maintenance and Other Operating Expenses	426,038,023.00	377,052,617.00	462,090,666.00	387,095,932.00	(36,052,643.00)	(10,043,315.00)	457,187,189.14	373,031,283.78	4,903,476.86	14,064,648.22	
Capital Outlay	16,500,000.00	9,150,000.00	16,500,000.00	9,150,000.00	0.00	0.00	11,414,940.41	3,958,120.13	5,085,059.59	5,191,879.87	
Education											
Personal Services	54,354,264.00	46,872,706.00	54,354,264.00	46,872,706.00	0.00	0.00	42,134,043.92	34,711,627.04	12,220,220.08	12,161,078.96	
Maintenance and Other Operating Expenses	109,752,586.00	175,278,062.00	151,663,751.38	175,278,062.00	(41,911,165.38)	0.00	130,979,301.23	73,731,033.09	20,684,450.15	101,547,028.91	
Capital Outlay	13,450,000.00	16,250,000.00	20,161,000.00	16,250,000.00	(6,711,000.00)	0.00	3,214,132.00	8,151,725.55	16,946,868.00	8,098,274.45	
Health, Nutrition and Population Control											
Personal Services	40,140,790.00	37,861,432.00	40,470,190.00	38,419,766.00	(329,400.00)	(558,334.00)	38,705,717.72	36,023,244.68	1,764,472.28	2,396,521.32	
Maintenance and Other Operating Expenses	50,370,000.00	37,073,050.00	46,780,000.00	38,473,050.00	3,590,000.00	(1,400,000.00)	44,879,112.87	37,349,601.24	1,900,887.13	1,123,448.76	
Social Services and Social Welfare											
Personal Services	26,942,302.00	28,243,004.00	27,892,302.00	28,157,004.00	(950,000.00)	86,000.00	27,120,220.06	27,514,945.99	772,081.94	642,058.01	
Maintenance and Other Operating Expenses	320,731,239.00	147,352,170.00	382,177,939.00	236,851,855.00	(61,446,700.00)	(89,499,685.00)	381,322,192.43	234,787,633.26	855,746.57	2,064,221.74	
Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Economic Services											
Personal Services	69,430,462.00	70,500,671.00	70,567,062.00	72,006,811.00	(1,136,600.00)	(1,506,140.00)	67,439,216.43	65,848,668.18	3,127,845.57	6,158,142.82	
Maintenance and Other Operating Expenses	87,827,316.00	79,931,518.00	103,168,316.00	79,611,518.00	(15,341,000.00)	320,000.00	93,908,471.81	73,865,470.82	9,259,844.19	5,746,047.18	
Capital Outlay	9,650,000.00	4,670,000.00	19,650,000.00	24,670,000.00	(10,000,000.00)	(20,000,000.00)	11,571,588.11	2,424,900.00	8,078,411.89	22,245,100.00	
Other Purposes:											
Debt Service											
Financial Expense	110,750,000.00	28,344,323.82	7,097,000.00	25,344,323.82	103,653,000.00	3,000,000.00	102,356,436.24	24,081,568.71	(95,259,436.24)	1,262,755.11	
Amortization	28,800,000.00	121,028,098.30	28,800,000.00	100,428,098.30	0.00	20,600,000.00	25,262,750.62	93,353,098.30	3,537,249.38	7,075,000.00	
LDRRMF											
Maintenance and Other Operating Expenses	70,070,586.00	39,742,271.00	71,670,586.00	39,742,271.00	(1,600,000.00)	0.00	71,670,586.00	39,742,271.00	0.00	0.00	
Capital Outlay	9,186,500.00	23,500,000.00	9,186,500.00	23,500,000.00	0.00	0.00	2,996,800.00	6,060,445.00	6,189,700.00	17,439,555.00	

City of Lucena
Statement of Comparison of Budget and Actual Amounts
For the Year Ended December 31, 2022
(With Comparative Figures for CY 2021)

Particulars	Budgeted Amounts				LUCENA CITY Difference		Actual Amounts		Difference	
	Original	2022	2021	Final	Original and Final Budget		2022	2021	2022	2021
					2022	2021				
20% Development Fund										
Maintenance and Other Operating Expenses	64,576,814.11	71,447,096.47	64,576,814.11	71,447,096.47	0.00	0.00	46,503,406.27	58,242,555.44	18,073,407.84	13,204,541.03
Capital Outlay	59,483,060.00	41,696,081.00	59,483,060.00	41,696,081.00	0.00	0.00	13,655,134.66	7,198,656.85	45,827,925.34	34,497,424.15
Allocation for Senior Citizens and PWD										
Maintenance and Other Operating Expenses	27,500,000.00	18,110,000.00	30,522,000.00	18,242,000.00	(3,022,000.00)	(132,000.00)	30,516,397.65	18,178,288.59	5,602.35	63,711.41
Others										
Maintenance and Other Operating Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Current Appropriations	1,835,375,695.11	1,599,716,438.59	1,912,844,860.49	1,701,604,802.59	(77,469,165.38)	(101,888,364.00)	1,839,015,506.21	1,435,867,793.77	73,829,354.28	265,737,008.82
Continuing Appropriations										
General Public Services										
Capital Outlay	37,149,219.70	54,472,556.67	37,149,219.70	54,472,556.67	0.00	0.00	9,384,934.84	21,126,338.54	27,764,284.86	33,346,218.13
Education										
Capital Outlay	25,365,025.41	29,610,334.96	23,042,860.03	29,610,334.96	2,322,165.38	0.00	5,798,515.06	4,212,131.74	17,244,344.97	25,398,203.22
Health, Nutrition and Population Control										
Capital Outlay	0.00	717,168.55		717,168.55	0.00	0.00	0.00	0.00	0.00	717,168.55
Social Services and Social Welfare										
Capital Outlay	247,353,154.29	289,500,000.00	247,353,154.29	289,500,000.00	0.00	0.00	132,289,294.17	587,04895.71	115,063,860.12	230,795,104.29
Economic Services										
Capital Outlay	378,376,520.69	348,663,401.20	378,376,520.69	348,663,401.20	0.00	0.00	221,700,829.56	120,588,539.55	156,675,691.13	228,074,861.65
Other Purposes:										
Capital Outlay	42,357,380.56	213,203,239.37	42,357,380.56	213,203,239.37	0.00	0.00	12,430,570.00	91,093,235.69	29,926,810.56	122,110,003.68
Total Continuing Appropriations	730,601,300.65	936,166,700.75	728,279,135.27	936,166,700.75	2,322,165.38	0.00	381,604,143.63	295,725,141.23	346,674,991.64	640,441,559.52
Total Appropriations	2,565,976,995.76	2,535,883,139.34	2,641,123,995.76	2,637,771,503.34	(75,147,000.00)	(101,888,364.00)	2,220,619,649.84	1,731,592,935.00	420,504,345.92	906,179,568.34
Surplus (Deficit) for the period	P (850,935,281.76)	P (1,051,328,552.52)	P (870,460,116.38)	P (1,153,216,916.52)	P 19,524,834.62	P 101,888,364.00	P (125,923,651.32)	P (78,607,830.07)	P (744,536,465.06)	P (1,074,609,086.45)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Basis of Financial Statement Preparation

The combined financial statements of the City of Lucena have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSASs). These are presented in pesos, which is the functional and reporting currency of the City. The accounting policies have been applied starting CY 2015.

Note 2 -Summary of Significant Accounting Policies

2.1 Basis of Accounting

The City uses accrual basis of accounting in accordance with IPSASs.

2.2 Consolidation

The controlled funds are all those over which the City has the power to govern the financial and operating policies. Inter-group transaction, balances and unrealized gains and losses on transactions between funds are eliminated in full. The City maintains special accounts under the General Fund (GF) for the following economic enterprises it operates:

- Public Market
- Slaughterhouse
- Transportation System
- Dalubhasaan ng Lungsod ng Lucena (DLL)
- 20% Development Fund
- Bayanihan Grant to Municipalities and Cities (BGCM)
- Bagong Lucena Floating Restaurant and River Cruise (BLFRRC)

2.3 Revenue Recognition

Revenue from Non-Exchange Transactions

Taxes, Fees and Fines

The City recognizes revenue 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.

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 City and can be measured reliably.

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

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

Sale of Goods

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

Interest Income

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

2.4 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

2.5 Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation. 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 City recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

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.

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

Leased assets may consist of vehicles and machinery. The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount. The City derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (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.

Public Infrastructures were recognized in the books in compliance with COA Circular No. 2015-008 dated November 25, 2015. Public Infrastructures are depreciated for 20 years as useful life using straight line method of depreciation.

2.6 Leases

City as a Lessee

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the City. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The City also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and

reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the City will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the City. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

City as a Lessor

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

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

2.7 Intangible Assets

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Internally generated intangible assets, excluding development cost, are not capitalized and expenditures are reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over its useful life. Software is amortized for 10-20 years.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

Research and Development Cost

Research costs when incurred are treated as expenses by the City. Development costs on an individual project are recognized as intangible assets when the City can demonstrate:

- a) The technical feasibility of completing the asset so that the asset will be available for use or sale;
- b) Its intention to complete and its ability to use or sell the asset;
- c) How the asset will generate future economic benefits or service potential;
- d) The availability of resources to complete the asset; and
- e) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

2.8 Impairment of Non-Financial Assets

Impairment of Cash-Generating Assets

At each reporting date, the City assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the City estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the City estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

Impairment of Non-Cash-Generating Assets

The City assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the City estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the City has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset. In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the City determines fair value less cost to sell based on the best available information.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable service amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

2.9 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. The City determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the City commits to purchase or sell the asset.

The City's financial assets include: cash and short-term deposits; guarantee deposits and other receivables and quoted financial instruments.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification.

Financial Assets at Fair Value through Surplus or Deficit

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with changes in fair value recognized in surplus or deficit.

Loans and receivables

Loans receivable and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. 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. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the City has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. 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. The losses arising from impairment are recognized in surplus or deficit

Derecognition

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

- a) The right to receive cash flows from the asset has expired or is waived; and
- b) The City has transferred its right 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: (a) the City has transferred substantially all the risks and rewards of the asset; or (b) the City has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

The City assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

- a) The debtors or a group of debtors are experiencing significant financial difficulty;
- b) Default or delinquency in interest or principal payments;
- c) The probability that debtors will enter bankruptcy or other financial reorganization; and
- d) Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

Financial Assets Carried at Amortized Cost

For financial assets carried at amortized cost, the City first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the City determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continued to be, recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

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 City 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 City's financial liabilities include accounts payable, trust liabilities and 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 are the financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using 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.

Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Offsetting of Financial Instruments

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

Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

2.10 Cash and Cash Equivalents

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

2.11 Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or

deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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

2.12 Provisions

Provisions are recognized when the City has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the City expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Rehabilitation Liability

Rehabilitation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current rate that reflects the risks specific to the rehabilitation liability. The unwinding of the discount is expensed as incurred and recognized in the statement of financial performance as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent Liabilities

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

Contingent Assets

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

measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

2.13 Nature and purpose of reserves

The City creates and maintains reserves in terms of specific requirements.

2.14 Changes in Accounting Policies and Estimates

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

2.15 Foreign Currency Transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

2.16 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.

2.17 Related Parties

The City 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 City, or vice versa. Members of key management are regarded as related parties and comprise the City Mayor, Vice-Mayor, Sanggunian Members, Committee Officials and Members, City Accountant, City Treasurer, City Budget Officer, General Services Officer and all Chiefs of Departments/Divisions.

2.18 Service Concession Arrangements

The City analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the City recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than

"whole-of-life" assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the City also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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

2.20 Significant Judgments and Sources of Estimation Uncertainty

Judgments

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

Operating Lease Commitments -City as Lessor

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

Estimates and Assumptions

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

Useful Lives and Residual Values

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

- a) The condition of the asset based on the assessment of experts employed by the City;
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- c) The nature of the processes in which the asset is deployed; and
- d) Changes in the market in relation to the asset.

Impairment of Non-Financial Assets -Cash-Generating Assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets.

The City reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash-generating assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Impairment of Non-Financial Assets -Non-Cash Generating Assets

The City reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future services potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the City undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the used estimates and assumptions.

Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

Fair Value Estimation - Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgments are required in establishing fair values. Judgment includes the consideration of inputs such as

liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provisions

Provisions were raised and Management determined an estimate based on the information available. Provisions are measured at Management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Held-to-Maturity Investments and Loans and Receivables

The City assesses its loans and receivables (including trade receivables) and its held-to-maturity investments at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the City evaluates the indicators present in the market to determine if those indicators are indicative of impairment in its loans and receivables or held-to-maturity investments.

Where specific impairments have not been identified the impairment for trade receivables, held-to-maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

2.21 Financial Instruments - Financial Risk Management

Exposure to currency, commodity, interest rate, liquidity and credit risks arises in the normal course of the City's operations. This note presents information about the City's exposure to each of the mentioned risks, policies and processes for measuring and managing risk, and the City's management of capital. Further quantitative disclosures are included throughout these financial statements. Fair values set out below, are a comparison by class of the carrying amounts and fair value of the City's financial instruments.

The fair value of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair values:

- a) Cash and short-term deposits and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;
- b) Borrowings are evaluated by the City based on parameters such as interest rates and the risk characteristics of the financed projects. As at December 31, 2022, the carrying amounts of such borrowings are not different from their calculated fair values;

- c) The fair value of loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities;
- d) Fair value of financial assets is derived from quoted market prices in active markets, if available; and
- e) Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

Fair Value Hierarchy

The City does not use fair value hierarchy, instead, uses the acquisition cost in determining the fair value of financial instruments.

As at December 31, 2022, the City held the following financial instruments measured at fair value:

	2022	2021
Investment - Financial Asset-Others	P2,781,214.49	P2,781,214.49

Credit Risk

Credit risk is the risk of financial loss to the City if customers or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from the City's investments, loans, receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31, 2022 is:

	2022	2021
Investment	P 2,781,214.49	P 2,781,214.49
Receivables	311,157,881.65	89,423,419.30
Cash and Cash Equivalent	793,053,155.12	948,482,135.98
Maximum Exposure to credit risk	P1,106,992,251.26	P1,040,686,769.77

Credit Quality

Credit quality is assessed risk of default attached to counterparties to which the City extends credit and also those parties with whom the City invests. As such, the credit quality assessed extends to the customers, investments and banks servicing the City.

For financial statement purposes, the investments and balances with banks are limited to the investments, other receivable and cash and cash equivalents line items in the statement of financial position. The City follows Department Order No. 27-05 of the Department of Finance (DOF) in the maintenance of depository accounts. It also determines credit quality of the investments and banks using information obtained from external rating agencies. The City has not yet adopted financial risk management policy.

The City, as a local government authority, is mandated under RA No. 7160 or the Local Government Code to provide basic services to all its constituents irrespective of their financial standing. As such, the City is required, by legislation, to extend services and extended payment terms to all customers irrespective of their financial standing. For the purpose of determining the credit quality of customers, the City applies its past experience with customers in determining the risk of default posed by customers.

Investments

The City limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating (rated BB and above), thus it does not consider any significant exposure to credit risk.

Receivables

Receivables are amounts owed by consumers, and are presented net of impairment losses. The City has no credit risk policy in place, but is compelled by its constitutional mandate, to provide all of its residents with basic minimum services, without recourse to an assessment of creditworthiness.

The City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

Cash and Cash Equivalents

The City limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating, and with the approval of the Sanggunian. Consequently, the City does not consider that there is any significant exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk of the City not being able to meet its obligations as they fall due. The City's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the City's reputation. The City ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

As at December 31, 2022, the following are the contractual liabilities of which interest is included in borrowings:

Age	Borrowings	Payables	Total Liabilities
On demand	₱ 0.00	₱ 571,282,540.12	₱ 571,282,540.12
< 3 months	26,783,450.59	26,529,899.91	53,313,350.50
3-12 months	95,359,618.99	27,612,959.26	122,972,578.25
1-5 years	453,378,511.57	0.00	453,378,511.57
> 5 years	176,325,661.43	0.00	176,325,661.43
Total	₱751,847,242.58	₱625,425,399.29	₱1,377,272,641.87

Capital Management

The primary objective of managing the City's capital is to ensure that there is sufficient cash available to support the City's funding requirements, including capital expenditure, to ensure that the City remains financially sound. The City monitors capital using a gearing ratio which is net debt, divided by total capital, plus net debt.

Currency Risk

The City was not a direct party to any outstanding forward exchange contracts at the reporting date. The movement in the currency was not material to the City's procurement.

Note 3 - Cash and Cash Equivalents

This account is comprised of the following:

	2022	2021
Cash on Hand		
Cash Local Treasury	₱ 8,961,231.39	₱ 3,065,116.30
Cash in Bank - Local Currency		
Cash in Bank - Local Currency, Current Account	236,797,656.24	215,734,336.95
Investment in Time Deposits		
Cash in Bank - Local Currency, Time Deposit	<u>547,294,267.49</u>	<u>729,682,682.73</u>
Total	<u>₱793,053,155.12</u>	<u>₱948,482,135.98</u>

- Cash-Local Treasury account represents collections during the last working days of the year which were deposited to the bank in January 2023.
- Cash in Bank - Local Currency, Current Account are deposits maintained in three depository banks, namely: Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), and Philippine Veterans Bank (PVB), all of Lucena Branch. Account in LBP is maintained wherein collections from all sources such as Internal Revenue Allotment (IRA), funds from National Government Agencies(NGAs) and local collections are deposited intact and releases/transfers are originated, while DBP and PVB current accounts are being maintained for loan payments and other transactions both for GF and Special Education Fund(SEF). PVB account is formerly maintained for payroll of permanent employees.
- Cash in Bank -Local Currency, Time Deposits account pertains to the time deposits maintained at DBP and LBP amounting to ₱426,796,200.56 and ₱120,498,066.93, respectively, with a term of 30 days, renewable every month. Cash in Bank earns interest based on the prevailing bank deposit rates. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the City and earn interest at the respective short-term deposit rate.

Note 4 - Receivables

This account consists of the following:

	2022	2021
Loans and Receivables		
Real Property Tax Receivable	₱128,581,465.49	₱ 5,583,414.19
Special Education Tax Receivable	128,581,465.49	5,583,414.19
Intra-Agency Receivables		
Due from Other Funds	35,310,162.51	59,650,410.88
Due from Special Accounts	8,439,928.03	8,250,914.29
Other Receivables		
Receivables - Disallowances/Charges	10,017,495.27	10,134,652.97
Other Receivables	<u>2,608,113.11</u>	<u>2,601,361.03</u>
Sub total	313,538,629.90	91,804,167.55
Less: Allowance for Impairment of Receivables	<u>(2,380,748.25)</u>	<u>(2,380,748.25)</u>
Total	<u>₱311,157,881.65</u>	<u>₱89,423,419.30</u>

The aging of the above-mentioned accounts are as follows:

Receivables	On Demand	1-5 years	>5 years	Total
Real Property Tax Receivables	₱128,581,465.49	₱0.00	₱0.00	₱128,581,465.49
Special Education Tax Receivables	128,581,465.49	0.00	0.00	128,581,465.49
Due from Other Funds	35,310,162.51	0.00	0.00	35,310,162.51
Due from Special Accounts	8,439,928.03	0.00	0.00	8,439,928.03
Receivables - Disallowances/Charges	0.00	0.00	10,017,495.27	10,017,495.27
Other Receivables	0.00	0.00	2,608,113.11	2,608,113.11
Less: Allowance for Impairment of Receivables	<u>0.00</u>	<u>0.00</u>	<u>(2,380,748.25)</u>	<u>(2,380,748.25)</u>
Total	<u>₱300,913,021.52</u>	<u>₱0.00</u>	<u>₱10,244,860.13</u>	<u>₱311,157,881.65</u>

- Real Property Tax Receivable and Special Education Tax Receivable accounts for GF represent uncollected Real Property Tax and Special Education Tax as of December 31, 2022.
- Due from Other Funds account represents inter-fund receivables as of December 31, 2022, broken down as follows:

Fund	Particulars	Amount
General Fund	Due from SEF: LSB Withholding Tax SEF Pag-IBIG Contribution Suppliers Withholding Tax PhilHealth Contributions LUKBCI SEF Expenses	P 96,330.00 800.00 912,398.23 383,104.00 13,200.00 <u>267,714.00</u> <u>1,673,546.23</u>
Sub-total		
	Due from TF: Interest TF Proper account Interest Livelihood account Unexpended Registry Fee and Bid Documents Withholding Tax-Suppliers and Creditors TF Proper Withholding Tax-Suppliers and Creditors TF PhilHealth Withholding Tax-Employees TF Proper	4,324.43 70.11 272,974.00 1,620,667.78 57,278.93 <u>93,107.67</u> <u>2,048,422.92</u>
Sub-total		
Special Education Fund	Due from GF: Expenses paid out of SEF instead of Other Funds Special Education Tax Receivable	558,400.00 <u>14,733,301.91</u> <u>15,291,701.91</u>
Sub-total		
Trust Fund	Due from GF: Collection for Business Plates Collection for Bid documents Collection for Bantay Dagat Collection for City Fisheries and Aquatic Resources Management Council (CFARMC) Collection for 15% Building Fee Purchase of Checkbook Don Victor Ville Collection for Auxiliary Invoice Fee Unspent DRRM Fund for 2021 Expenses of Other Funds paid out of TF	94,430.00 300.00 1,200.00 800.00 1,626,919.07 3,000.00 406,649.51 51,451.68 14,096,747.19 <u>14,994.00</u> <u>16,296,491.45</u> <u>P35,310,162.51</u>
Sub-total		
Total		

- Due from Special Accounts represents the following:

Fund/Special Account	Particulars	Amount
GF Proper	Due from Public Market	₱ 358,858.22
	Due from Slaughterhouse	589,254.60
	Due from Tricycle Franchising Regulatory Office (TFRO)	129,045.84
	Due from DLL	4,795,547.82
	Due from 20% Development Fund	<u>1,097,455.43</u>
		<u>6,970,161.91</u>
Slaughterhouse	Due from GF Proper	133,820.00
	Due from Public Market	<u>705,000.00</u>
TFRO		<u>838,820.00</u>
	Due from Public Market	310,946.12
	Due from Slaughterhouse	<u>320,000.00</u>
Total		<u>630,946.12</u>
		<u>₱8,439,928.03</u>

- Receivables-Disallowances/Charges account pertains to remaining unsettled amount of disallowances on payment for City Assistance for Rehabilitation of Employees (CARE) in CY 1995 and the disallowance for procurement of Information Technology Resources to Amellar Solutions amounting to ₱433,184.23 and ₱9,564,276.04, respectively. It also includes disallowance for PICPA membership fee and PBAC honorarium amounting to ₱20,035.00.
- Other Receivables account under GF and TF includes:
 - a) Lucena City Livelihood Assistance Program thru DBP released to various individuals and cooperative since CY 1994 - ₱1,912,500.00 net of allowance for impairment of receivables amounting to ₱1,912,500.00.
 - b) Employees Emergency Loan Assistance (ELA)-₱197,258.00.
 - c) Livelihood loans granted to Technology Livelihood Development Center (TLDC)- ₱380,000.00 net of allowance for Impairment of Receivables amounting to ₱380,000.00
 - d) Receivables from the Kilusang Kabuhayan at Kaunlaran (KKK) program of the Marcos Administration - ₱88,248.25 and Self Employment Assistance-₱19,290.00 net of allowance for Impairment of receivables amounting to ₱88,248.25.
 - e) Other receivables represent collectibles from various employees amounting to ₱10,816.86.

Note 5 - Inventories

	2022	2021
Inventory Held for Distribution		
Welfare Goods for Distribution	₱ 268,281.25	₱ 0.00
Inventory Held for Consumption		
Office Supplies Inventory	2,124,740.82	819,164.97
Accountable Forms, Plates and Stickers	1,716,836.50	0.00
Drugs and Medicines Inventory	8,472,528.66	0.00
Medical, Dental and Laboratory Supplies	3,610,656.25	0.00
Inventory		
Construction Materials Inventory	358,680.00	0.00
Other Supplies and Materials Inventory	1,234,196.24	1,531,647.00
Total	₱17,785,919.72	₱2,350,811.97

Office Supplies Inventory account represents regular items used in the normal operation of various offices, while Accountable Forms (AF), Plates and Stickers pertains to official forms procured from the National Printing Office such as AF No. 0016, AF No. 51-58, Form No. 0017 and Cash Tickets. Other Inventory accounts pertains to items maintained by offices for their respective purposes.

Note 6 - Prepayments and Deferred Charges

This account represents the following:

	2022	2021
Advances to Contractors	<u>₱15,414,981.32</u>	<u>₱46,224,838.23</u>

This represents advances to contractors for the mobilization fee less the recoupment made during the year, namely:

AM Abdon Construction and Supply	₱ 2,511,706.56
AV Construction and Supply	3,009,472.81
C. Villaseñor/WJ Construction	3,831,795.39
EBBL Electrical Eng'g Services	1,588,740.77
Granby Trading and Construction	355,553.30
JOJR Construction	224,540.04
MERALCO Energy Inc	2,505,321.00
Nornad Builders and Supply	501,026.90
RV Laborte	886,824.55
Total	₱15,414,981.32

Note 7-Investments

	2022	2021
Financial Assets - Others		
Guaranty Deposits	₱2,536,954.49	₱2,536,954.49
Other Investments	244,260.00	244,260.00
Total	₱2,781,214.49	₱2,781,214.49

Guaranty Deposits account consists of deposit for extension and/or additional facilities to Manila Electric Railroad and Light Company (MERALCO), while Other Investment includes Philippine Long-Distance Telephone (PLDT) and MERALCO shares of stocks.

Note 8 - Property, Plant and Equipment

This account is composed of the following, which are presented at cost less Accumulated Depreciation:

	2022	2021
Land	₱118,875,231.39	₱118,372,291.51
Other Land Improvements	103,339,952.71	100,397,574.23
Road Networks	290,474,051.84	187,937,945.86
Flood Control Systems	34,965,485.56	30,159,259.49
Water Supply Systems	6,364,525.52	5,987,410.63
Power Supply Systems	39,266,154.05	37,530,026.36
Parks, Plazas and Monuments	6,592,708.13	3,651,072.37
Other Infrastructure Assets	87,351,222.18	39,927,648.04
Buildings	558,125,227.16	579,185,304.26
School Buildings	329,148,535.43	333,391,428.43
Hospitals and Health Centers	10,627,532.44	12,323,216.28
Markets	148,352,864.55	148,371,586.47
Slaughterhouses	3,557,571.88	4,156,732.69
Other Structures	175,003,758.04	172,916,630.90
Machinery	0.00	999,477.68
Office Equipment	40,967,769.58	35,255,036.86
Information and Communication		
Technology Equipment	58,349,637.19	85,831,970.74
Agricultural and Forestry Equipment	1,745,833.00	10,486,211.05
Marine and Fishery Equipment	108,090.00	1,233,073.00
Communication Equipment	4,832,967.43	14,982,340.05
Construction and Heavy Equipment	101,905,036.38	116,747,918.38
Disaster Response and Rescue		
Equipment	5,222,000.00	14,048,248.94
Military, Police and Security Equipment	29,226,437.83	16,805,204.75
Medical Equipment	11,612,384.00	15,551,845.75
Sports Equipment	212,450.00	41,930.28
Technical and Scientific Equipment	0.00	1,552,274.68
Other Machinery and Equipment	68,566,918.57	77,175,797.66
Motor Vehicles	168,614,257.50	171,293,968.72
Watercrafts	3,663,925.00	2,316,490.00
Other Transportation Equipment	0.00	267,400.00
Furniture and Fixtures	6,557,056.00	47,642,992.97
Books	0.00	1,625,653.67
Construction in Progress –		
Infrastructure Assets	93,620,224.06	74,389,037.65
Construction in Progress - Buildings and Other Structures	460,937,824.65	324,487,272.94
Other Property, Plant and Equipment	5,976,494.80	26,254,144.90
Total	2,974,164,126.87	2,813,296,418.19

	2022	2021
Less: Accumulated Depreciation	760,807,947.81	857,104,386.12
Carrying Value, December 31, 2022	P2,213,356,179.06	P1,956,192,032.07

- Increase in Land account represents acquisition of lot for onsite Housing Project of Purok Rosal II Homeowners Association at Barangay X.
- Increase in Other Land Improvement account represents construction of pathway, pavement and sidewalk gutter of various Barangays.
- Increase in Road Networks account represents concreting and rehabilitation of roads of various barangays. For the year ended, the agency spent a total of ₱102,536,105.98 for local road additions. The Office of the City Accountant is in coordination with General Services Office and City Engineering Office regarding the details of all road networks of the agency.
- Increase in Flood Control Systems account represents construction of drainage canal & structures, ripraping and rehabilitation of protection walls of various Barangays.
- Increase in Parks, Plaza and Monuments account represents construction of Lucena City Promenade.
- Increase in Other Infrastructures Assets account represents construction of multi-purpose building and evacuation centers in various Barangays. It also includes improvement of daycare centers and installation of deep well.
- Decrease in Construction and Heavy Equipment account pertains to acquisition of dump truck to be used by the Local Disaster Risk Reduction Management Office.
- Increase in Military, Police and Security Equipment account represents acquisition of equipment for use in the Lucena City Command Center.
- Decrease in Other Machinery and Equipment account represents to acquisition of sound system and LED wall system.
- Construction in Progress – Building and Other Structures account represents ongoing construction of Lucena Convention Center and DLL buildings. Also included are the rehabilitation of former slaughterhouse and cemetery.
- Construction in Progress- Other Infrastructure Assets represents ongoing projects for rehabilitation/concreting of barangay road, improvement/construction of multi – purpose buildings and evacuation centers of various Barangays. Also included are projects for ripraping and construction of drainage structures of various Barangays.
- Significant decrease in various asset accounts are attributed to the City's compliance to the COA Circular No. 2022-04 dated May 31, 2022 which increased the capitalization threshold from ₱15,000.00 to ₱50,000.00, and implementation of

the COA Circular No. 2020-006 dated January 31, 2020 for the One Time Cleansing of PPE Accounts balances of Government Agencies.

Note 9 - Biological Assets

This account represents the following:

	2022	2021
Breeding Stocks	<u>P797,521.00</u>	<u>P797,521.00</u>

This account represents purchase of Breeding/Livestock for the implementation of Livestock Dispersal Project of the City Agriculturist Office.

Note 10 - Intangible Assets

This account represents the following:

	2022	2021
Computer Software	<u>P4,856,361.23</u>	<u>P204,297.91</u>

This account represents installation of Real Property Tax Management & Billing System, Point of Payment System and Cash Collection System for use by the City Assessor's Office and City Treasurer's Office. It also includes the City Accounting's Office Payroll System.

Note 11 – Financial Liabilities

This account represents the following:

Current Financial Liabilities

	2022	2021
Payables		
Accounts Payable	P123,413,157.82	P137,721,066.09
Due to Officers and Employees	3,267,400.53	8,803,746.22
Bills/Bonds/Loans Payable		
Loans Payable - Domestic	<u>122,143,069.58</u>	<u>110,000,000.00</u>
Total	<u>P248,823,627.93</u>	<u>P256,524,812.31</u>

Accounts Payable and Due to Officers and Employees accounts represent cost of goods, services and contract received/entered into but were not yet paid as of December 31, 2022.

Note 12 - Inter-Agency Payables

This account consists of the following:

	2022	2021
Due to BIR	P16,898,264.33	P10,407,441.51
Due to GSIS	7,217,737.92	7,227,356.77
Due to Pag-IBIG	1,346,716.78	1,132,175.57

Due to PhilHealth	890,995.67	547,184.66
Due to NGAs	26,583,908.62	78,538,442.93
Due to GOCCs	25,000,000.00	0.00
Due to LGUs	11,161,745.34	4,163,887.77
Total	P89,099,368.66	P102,016,489.21

- The first four accounts represent the amount deducted from the salaries of officials and employees and were remitted to the respective government agencies immediately on the following month for which these were deducted.
- Due to NGAs account represents balances of fund received by the City for specific purposes as follows:

Purpose	Amount
Department of Interior and Local Government (DILG) Family-based Actions for Children and their Environs in The Slums (FACES)	P 141.55
Improvement of DOTS Facility	0.18
Bottom-up Budgeting (BUB) - High Value Crops Program, Small Scale Irrigation System	892.40
National Nutrition Council Early Childhood Care and Development F1K (ECCD-F1K)	49,692.30
20% Fire Code Fees 2010 to 2013	5,110.92
Mangrove Rehabilitation Project - Bureau of Fisheries and Aquatic Resources (BFAR)	1.05
Sustainable Livelihood Program	3,798,346.00
Local Government Support Fund (LGSF) Lucena City	
Promenade Pleasantville Subd., Brgy. Ila. Iyam	4,550.50
LGSF Lucena City Promenade by the Bay Brgy. Talao Talao	6,319.46
LGSF Concreting of Road - Purok Ibaiw, Brgy. Ila. Iyam	12,949.67
LGSF Lucena City Promenade by the Bay Brgy, TalaoTalao Phase 2	10,000,000.00
Financial Assistance to LGU re: Typhoon Quinta and Rolly	11,758,768.76
Enhanced KADIWA ni Ani at Kita Inclusive Food Supply Chain Program - LGU (20% Share)	400,000.00
5% Building Fee	541,458.26
Fire Code Fee	4,677.57
Fire Safety Inspection Fee	1,000.00
Total	P26,583,908.62

- Due to GOCCs account represents funds received from PAGCOR for use in the construction of multi-purpose evacuation center.
- Due to LGUs account includes Barangay Share on Community Tax and Real Property Tax for the 4th quarter of CY 2022. It also includes Philippine Coconut Authority (PCA) share and business clearance fees/Building Fees of various Barangays. Also included are receipts from Provincial Government of Quezon intended for various purposes.

Note 13 - Intra-Agency Payables

This account is composed of the following:

	2022	2021
Due to Other Funds	₱35,310,162.51	₱59,650,410.88
Due to Special Accounts	<u>8,439,928.03</u>	<u>8,250,914.29</u>
Total	<u>₱43,750,090.54</u>	<u>₱67,901,325.17</u>

- Due to Other Funds account includes:

SEF - Real Property Tax for December of CY 2022	₱14,733,301.91
Collection for business plates and 15% building fee	1,721,349.07
Unspent portion of Disaster Risk Reduction Management (DRRM) funds for CY 2022	14,096,747.19
Collection for 20% Auxilliary Invoice Fee and Other inter-fund payables from general fund	1,036,795.19
Other inter-fund payables from GF, SEF and Trust Fund	3,721,969.15
Total	<u>₱35,310,162.51</u>

- Due to Special Accounts represents the following:

Fund/Special Account	Particulars	Amount
General Fund Proper	Due to Public Market	₱133,820.00
	Due to TFRO	71,604.06
Public Market	Due to General Fund Proper	251,519.02
	Due to TFRO	310,946.12
Slaughterhouse	Due to General Fund Proper	696,593.80
	Due to Public Market	705,000.00
	Due to TFRO	320,000.00
TFRO	Due to General Fund Proper	57,441.78
DLL	Due to General Fund Proper	4,795,547.82
20% Devt. Fund	Due to General Fund Proper	1,097,455.43
Total		<u>₱8,439,928.03</u>

Note 14 - Trust Liabilities

This account is comprised of the following:

	2022	2021
Trust Liabilities	₱43,213,027.70	₱58,805,125.49
Trust Liabilities - Disaster Risk		
Reduction and Management Fund	35,131,808.79	58,164,624.85
Guaranty/Security Deposits Payable	<u>28,718,562.98</u>	<u>30,842,349.46</u>
Total	<u>₱107,063,399.47</u>	<u>₱147,812,099.80</u>

- Trust Liabilities account under the Trust Fund represent collection with specific purposes which include the following:

Bid Documents	P 300.00
Self-Employment Assistance	660,770.65
Restoration Fee	6,353,427.69
Share in Small Town Lottery	1,750,105.30
Share from Lotto Draws	640,526.56
Soft Loan - Office of the President	246,385.10
City-wide Investment Plan for Health (CIPH)	1,036.26
Local Investment Plan for Health 2015	13,124.80
Local Investment Plan for Health 2016	43,196.50
Local Investment Plan for Health 2018	9,923.10
Annual Operational Plan (AOP) 2022 Fixed Tranche	1,000,000.00
Short Course on Urban Health Equity (SCUHE)	11,138.50
PhilHealth Capitation Fund	79,742.79
Primary Care Benefit I - Drugs and Medicines	303,902.06
Primary Care Benefit I - Reagent, Medical Supplies, Equipment, IT Software and Equipment	62,603.63
Primary Care Benefit I – Honorarium for Physicians	54,020.00
Primary Care Benefit I – Honorarium for Other Professional Medical Staff	27,010.00
Primary Care Benefit I - Honorarium for Non-Medical Staff	27,010.02
Animal Bites Treatment Package – Honorarium	37,500.00
Animal Bites Treatment Center - Operating Expenses	1,028,696.15
Directly-Observed Treatment Short (DOTS) Course - PhilHealth Honorarium Physicians	34,750.00
DOTS Course - PhilHealth Honorarium Health Staff	48,650.00
DOTS Course - PhilHealth Operating Expenses	31,991.50
Business Plates	94,430.00
Busog Lusog Talino Program - Jollibee Share	117,365.00
Busog Lusog Talino Program - LGU Share	85,575.25
Newborn Care Package – Honorarium	91,000.00
Newborn Care Package - Operating Expenses	910,033.33
Maternal Care Package Postpartum - Honorarium	403,200.00
Maternal Care Package Postpartum - Operating Expenses	7,040,669.50
Sulo Riviera Isolation Facility-Honorarium	91,642.69
Sulo Riviera Isolation Facility-Operating Expenses	3,967,190.68
Bantay Dagat	33,200.00
CFARMC	10,672.60
25% Sanitation Fee	1,750.00
15% Share on Building Permit Fee	5,208,306.71
Don Victor Ville	7,533,199.81
Prizes Niyogyugan Festival	97,634.18
Auxilliary Invoice Fee	189,611.84
Social Amelioration Program	364,000.00
Department of Health (DOH) Regional Office IV-A Grant for Environmental Health and Sanitation	200,000.00
Provincial Government Subsidy to LGU	100,000.00
Boy Scout of the Philippines- Grant In Aid Program	1,000.00
Donation for Covid-19	789,250.00
Receipts for DVV-National Housing Authority	521,441.26
Cash Prize Incentive received from Department of Labor	

and Employment(DOLE)	45.96
DLL Tertiary Education Subsidy (TES)	40,000.00
DLL Universal Access for Quality Tertiary Education (UAQTEA)	1,537,200.09
DLL UAQTEA Assessment Fee	275,781.08
DLL Administrative Cost	54,800.20
Step Assessment NC II	988,216.91
Total	P43,213,027.70

- Local Disaster Risk Reduction Management Fund (LDRRMF)

Particulars	Available	Amount Utilized	Balance
Current Year Appropriation			
Quick Response Fund	P 24,257,126.00	P 12,894,895.29	P 11,362,230.71
Mitigation Fund			
Maintenance and Other Operating Expense (MOOE)	47,413,460.00	44,678,943.52	2,734,516.48
Capital Outlay	9,186,500.00	2,996,800.00	6,189,700.00
Total	<u>80,857,086.00</u>	<u>60,570,638.81</u>	<u>20,286,447.19</u>
Continuing Appropriation	<u>42,357,380.56</u>	<u>12,430,570.00</u>	<u>29,926,810.56</u>
Special Trust Fund			
CY 2017	3,009,276.64	3,009,276.64	0.00
CY 2018	17,754,312.52	17,754,312.52	0.00
CY 2019	17,413,428.15	16,365,974.09	1,047,454.06
CY 2020	306,410.84	0.00	306,410.84
CY 2021	19,681,196.70	0.00	19,681,196.70
Total	<u>58,164,624.85</u>	<u>37,129,563.25</u>	<u>21,035,061.60</u>
Total	P181,379,091.41	P110,130,772.06	P71,248,319.35

The LDRRMF represents the amount set aside by the City to support its disaster risk management activities pursuant to RA No. 10121, otherwise known as the "Philippine Disaster Risk Reduction and Management Act of 2010". The amount available and utilized during the year totaled P181,379,091.41 and P110,130,772.06, respectively.

Trust Liabilities - DRRMF account represents balance of calamity fund as of December 31, 2022, broken down as follows:

Year	Particular	Amount
2019	Pre-Disaster Preparedness Fund - 70%	P 295,254.15
2019	Quick Response Fund-30%	752,199.91
2020	Pre-Disaster Preparedness Fund - 70%	158,968.44
2020	Quick Response Fund-30%	147,442.40
2021	Pre-Disaster Preparedness Fund - 70%	708,515.70
2021	Quick Response Fund-30%	18,972,681.00
2022	Pre-Disaster Preparedness Fund - 70%	2,734,516.48
2022	Quick Response Fund-30%	11,362,230.71
Total		P35,131,808.79

- Guaranty/Security Deposits Payable account includes bidders' bond, performance bond and retention money collected from various suppliers and contractors to guaranty the deficiency after sale/completion of good/services/projects.

Note 15 - Deferred Credits/Unearned Income

This account is composed of the following:

	2022	2021
Deferred Real Property Tax	₱128,581,465.49	₱5,583,414.19
Deferred Special Education Tax	<u>128,581,465.49</u>	<u>5,583,414.19</u>
Total	<u>₱257,162,930.98</u>	<u>₱11,166,828.38</u>

Note 16 - Other Payables

This account represents the following:

	2022	2021
Other Payables	<u>₱1,669,051.29</u>	<u>₱1,139,677.76</u>

Other Payables account under GF represents deductions from officials and employees' salary representing payment of loan for remittance to various lending agencies such as LBP, DBP, PVB, United Coconut Planters Bank (UCPB), and Lucena Kilusang Bayan Credit Incorporated (LUKBCI). It also includes employees monthly due for remittance to Lucena City Government Employees Union (LCGEU).

Note 17 - Non-Current Financial Liabilities

Financial Liabilities

Loans Payable—Domestic account refers to bank loans under the GF for specific projects:

Bank	Purpose of Loan	2022	2021
LBP	Construction of New City Hall	₱ 31,249,999.95	₱ 56,249,999.95
LBP	Construction of New City Health Building	16,860,816.42	20,607,664.54
LBP	Construction of Peace and Order Facility	11,238,082.29	13,735,433.93
LBP	Rehabilitation of Dalubhasaan ng Lungsod ng Lucena	8,412,152.03	10,281,519.11
LBP	Rehabilitation of Old City Hall Building	5,664,051.97	6,922,730.21
LBP	Construction of Convention Center and Sports Complex	226,177,007.70	211,050,741.22
LBP	Construction of Rehabilitation of Road Networks	136,383,928.06	90,556,854.12
LBP	Construction/Improvement of Evacuation Center	52,342,763.22	23,200,390.13

LBP	Construction of Flood Control/ Drainage/Riprapping	16,849,690.51	8,477,339.91
LBP	Construction of Additional School Buildings	19,562,626.66	3,522,893.33
LBP	Construction of Multi-Purpose Building	14,276,740.69	1,936,832.82
LBP	Installation of Streetlights	15,986,664.56	0.00
LBP	Cemetery Operation	18,244,732.45	0.00
LBP	Establishment of Command Center	21,955,570.00	0.00
LBP	Rehabilitation of Former Slaughterhouse	749,346.49	0.00
DBP	Construction of City Hall	18,750,000.00	31,250,000.00
DBP	Construction of Public Market	<u>15,000,000.00</u>	<u>25,000,000.00</u>
	Total	<u>P629,704,173.00</u>	<u>P502,792,399.27</u>

Note 18 - Tax Revenue

This account consists of the following:

	2022	2021
<i>Tax Revenue-Individual and Corporation</i>		
Professional Tax	P392,560.50	P427,851.98
Community Tax	<u>7,562,313.61</u>	<u>7,473,076.48</u>
	<u>7,954,874.11</u>	<u>7,900,928.46</u>
<i>Tax Revenue-Property</i>		
Real Property Tax - Basic	77,829,693.93	56,396,093.19
Discount on Real Property Tax - Basic	(9,765,983.34)	(4,525,028.21)
Special Education Tax	111,187,391.55	80,542,185.89
Discount on Special Education Tax	(13,951,450.27)	(6,464,325.89)
Real Property Transfer Tax	<u>14,830,577.92</u>	<u>11,914,375.36</u>
	<u>180,130,229.79</u>	<u>137,863,300.34</u>
<i>Tax Revenue - Goods and Services</i>		
Business Tax	225,294,568.60	228,086,610.69
Tax on Delivery Trucks and Vans	628,110.00	625,112.72
Amusement Tax	3,270,862.55	99,699.44
Franchise Tax	<u>17,374,278.52</u>	<u>16,547,767.35</u>
	<u>246,567,819.67</u>	<u>245,359,190.20</u>
<i>Tax Revenues - Fines and Penalties</i>		
Tax Revenue - Fines and Penalties - Property Taxes	24,904,307.56	11,570,384.94
Tax Revenue - Fines and Penalties - Other Taxes	<u>5,812,759.01</u>	<u>3,478,080.00</u>
	<u>30,717,066.57</u>	<u>15,048,464.94</u>
Total	<u>P465,369,990.14</u>	<u>P406,171,883.94</u>

- All tax revenues are under the General Fund book except the Special Education Tax and the corresponding Discount on Special Education Tax which are under the Special Education Fund book, as well as the Fines and Penalties – Property Taxes, which of the P24,904,307.56, P10,254,714.79 is under General Fund and the remaining balance of P14,649,592.77 is under Special Education Fund.

- Tax Revenue - Fines and Penalties - Property Tax account was due to efficient collection of delinquent real property accounts.
- The increase in Tax Revenue- Property accounts was due to the implementation of Ordinance No. 2786 series of 2022, whereby granting a 50% condonation/waiver of penalties for delinquent taxpayers. The City Treasurer's Office collected 88% of the target amount, and 21 percent (%) of 15,456 Real Property Units (RPUs) had been updated.

Note 19 - Share from National Taxes

This account represents the following:

	2022	2021
Share from Internal Revenue Collections (IRA)	<u>P1,180,141,714.00</u>	<u>P873,745,402.00</u>

Share from National Taxes consists of Share from IRA amounting to P1,180,141,714.00 in the General Fund books, thru monthly allocation from National Government.

Note 20 - Service and Business Income

	2022	2021
<i>Service Income</i>		
Permit Fees	P 25,225,298.68	P 24,380,927.86
Registration Fees	3,987,507.00	3,096,757.50
Clearance and Certification Fees	5,930,021.99	5,997,124.28
Occupation Fees	293,617.50	353,817.00
Fishery Rentals, Fees and Charges	205,806.72	256,760.80
Fees for Sealing and Licensing of Weights and Measures	135,164.00	184,510.77
Fines and Penalties - Service Income	5,342,624.00	6,935,874.07
Other Service Income	<u>429,668.44</u>	<u>330,569.29</u>
	<u>41,549,708.33</u>	<u>41,536,341.57</u>
<i>Business Income</i>		
School Fees	91,003,096.53	87,538,816.00
Rent Income	1,235,550.00	6,929,150.79
Transportation System Fees	2,773,269.00	1,191,686.00
Receipt from Market Operations	23,668,291.67	21,598,346.98
Receipt from Slaughterhouse Operations	22,932,055.52	21,675,760.57
Receipt from Cemetery Operations	214,465.00	297,995.00
Garbage Fees	14,137,122.50	10,549,725.21
Interest Income	7,759,050.71	9,452,168.14
Other Business Income	<u>1,536,686.00</u>	<u>941,590.50</u>
	<u>165,259,586.93</u>	<u>160,175,239.19</u>
Total	<u>P206,809,295.26</u>	<u>P201,711,580.76</u>

Note 21 - Shares, Grants and Donations

This account pertains to the following:

	2022	2021
<i>Share</i>		
Share from PCSO	₱ 0.00	₱1,184,759.29
<i>Grants and Donations</i>		
Grants and Donations in Cash	<u>15,000.00</u>	0.00
Total	<u>₱15,000.00</u>	<u>₱1,184,759.29</u>

Note 22 - Miscellaneous Income

This account refers to the following:

	2022	2021
Miscellaneous Income	<u>₱995,269.57</u>	<u>₱2,189,718.63</u>

Miscellaneous Income account pertains to collections from individuals and private companies, such as excavation fee, charges from Barangay in the purchase of accountable forms and fees/rental for the use of the City's facilities.

Note 23 - Personnel Services

This account consists of the following:

	2022	2021
<i>Salaries and Wages</i>		
Salaries and Wages – Regular	₱214,031,072.29	₱199,369,616.25
Salaries and Wages – Casual/Contractual	24,387,340.76	21,177,906.22
<i>Other Compensation</i>		
Personal Economic Relief Allowance (PERA)	17,765,594.68	14,555,236.39
Representation Allowance (RA)	4,286,825.00	4,142,606.00
Transportation Allowance (TA)	3,995,625.00	3,854,575.00
Clothing/Uniform Allowance	3,780,465.55	3,456,000.00
Subsistence Allowance	923,022.74	723,341.00
Laundry Allowance	76,647.72	71,904.00
Hazard Pay	6,262,678.14	5,475,477.53
Overtime and Night Pay	17,080,910.16	16,217,155.19
Year End Bonus	19,499,041.35	17,784,838.70
Cash Gift	3,110,250.00	2,899,500.00
Other Bonuses and Allowances	27,814,029.00	25,589,391.00
<i>Personnel Benefit Contributions</i>		
Retirement and Life Insurance Premiums	27,080,940.86	24,645,136.07
Pag-IBIG Contributions	740,666.46	700,832.89
PhilHealth Contributions	4,229,226.41	2,670,483.82
Employees Compensation Insurance Premiums	738,610.00	758,100.00

	2022	2021
<i>Other Personnel Benefits</i>		
Terminal Leave Benefits	10,521,764.12	13,843,526.47
Other Personnel Benefits	<u>24,831,497.91</u>	<u>23,602,466.16</u>
Total	<u>P411,156,208.15</u>	<u>P381,538,092.69</u>

- Increase in Personnel Services may be attributed to the implementation of the 3rd Tranche of Salary Standardization Law V.
- Increase in PhilHealth Contributions was mainly caused by the new premium schedule implemented by the Philippine Health Insurance Corporation.

Note 24 - Maintenance and Other Operating Expenses

This account is composed of the following:

	2022	2021
<i>Traveling Expenses</i>		
Traveling Expenses – Local	₱ 4,795,552.17	₱ 3,507,966.77
<i>Training and Scholarship Expenses</i>		
Training Expenses	4,561,304.90	1,024,027.30
<i>Supplies and Materials Expenses</i>		
Office Supplies Expenses	8,847,240.04	7,314,407.75
Accountable Forms Expenses	727,093.81	643,816.56
Animal/Zoological Supplies Expenses	509,882.50	134,243.25
Food Supplies Expenses	6,822,448.44	6,620,173.09
Welfare Good Services	8,265,096.75	3,696,148.00
Drugs and Medicines Expenses	6,382,287.45	8,904,893.50
Medical, Dental and Laboratory Supplies Expenses	4,484,430.06	5,864,003.39
Fuel, Oil and Lubricants Expenses	57,395,371.88	31,318,211.07
Agricultural and Marine Supplies Expenses	865,165.00	881,460.00
Textbooks and Instructional Materials Expenses	2,565,148.88	1,331,238.00
Other Supplies and Materials Expenses	71,963,243.42	42,688,380.68
<i>Utility Expenses</i>		
Water Expenses	1,884,506.08	2,032,231.12
Electricity Expenses	41,108,471.34	38,519,677.24
<i>Communication Expenses</i>		
Postage and Courier Services	60,065.00	42,746.00
Telephone Expenses	1,964,135.90	1,982,169.89
Internet Subscription Expenses	2,827,124.93	1,604,635.65
Cable, Satellite, Telegraph and Radio Expenses	136,320.50	159,619.50
<i>Awards/Rewards and Prizes</i>		
Awards/Rewards Expenses	1,427,460.00	608,060.00
Prizes	17,800.00	0.00
<i>Survey, Research, Exploration and Development Expenses</i>		
Survey Expenses	0.00	3,682.50

	2022	2021
Demolition and Relocation Expenses	392,509.90	0.00
<i>Confidential, Intelligence and Extraordinary Expenses</i>		
Confidential Expenses	9,180,000.00	9,000,000.00
Extraordinary and Miscellaneous Expenses	987,300.00	1,151,000.00
<i>Professional Services</i>		
Other Professional Services	136,006,108.65	106,387,454.47
<i>General Services</i>		
Environment/Sanitary Services	16,221,686.96	12,310,133.21
Janitorial Services	8,360,985.61	8,256,384.29
Security Services	28,435,312.07	27,442,013.72
Other General Services	142,452,823.61	142,691,867.03
<i>Repairs and Maintenance</i>		
Repairs and Maintenance - Land Improvements	15,281,233.65	4,068,125.00
Repairs and Maintenance - Infrastructure Assets	44,533,046.18	72,034,953.28
Repairs and Maintenance - Buildings and Other Structures	13,043,167.12	10,712,312.70
Repairs and Maintenance - Machinery and Equipment	4,329,620.24	3,288,539.12
Repairs and Maintenance - Transportation Equipment	7,451,775.26	5,028,567.70
Repairs and Maintenance - Furniture and Fixtures	2,000.00	14,737.00
Repairs and Maintenance - Other Property, Plant and Equipment	0.00	49,445.75
<i>Taxes, Insurance Premiums and Other Fees</i>		
Taxes, Duties and Licenses	270,469.22	167,555.82
Fidelity Bond Premiums	251,201.92	195,311.25
Insurance Expenses	7,552,074.65	7,141,377.00
<i>Other Maintenance and Operating Expenses</i>		
Advertising Expenses	3,384,000.00	3,126,000.00
Printing and Publication Expenses	2,690,339.56	2,620,117.76
Representation Expenses	25,795,966.97	16,698,392.51
Rent Expenses	235,000.00	32,000.00
Membership Dues and Contributions to Organizations	525,400.00	447,800.00
Subscription Expenses	68,666.40	48,585.00
Donations	120,124,318.02	69,240,104.56
Other Maintenance and Operating Expenses	391,115,860.33	206,585,350.16
Total	<u>P1,206,301,015.37</u>	<u>P867,619,918.59</u>

Note 25 - Non-Cash Expenses

This account refers to the following:

	2022	2021
Depreciation		
Depreciation - Land Improvements	₱ 6,052,159.68	₱ 5,576,207.65
Depreciation - Infrastructure Assets	18,463,559.64	12,474,840.93
Depreciation - Building and Other Structures	35,844,972.64	41,962,343.66
Depreciation - Machinery and Equipment	24,278,617.46	26,205,873.58
Depreciation - Transportation Equipment	16,738,158.14	14,731,855.09
Depreciation - Furniture, Fixtures and Books	491,388.27	3,575,296.04
Depreciation - Other Property, Plant and Equipment	680,040.92	3,080,651.51
Impairment		
Impairment Loss - Other Receivables	0.00	2,292,500.00
Total	<u>₱102,548,896.75</u>	<u>₱109,899,568.46</u>

Note 26 - Financial Expenses

This account represents the following:

	2022	2021
Interest Expenses	₱25,262,750.62	₱24,046,348.68
Bank Charges	49,150.00	34,020.00
Total	<u>₱25,311,900.62</u>	<u>₱24,080,368.68</u>

Financial expenses under the General Fund represent interest payment regarding City's various loans to LBP and DBP. It also includes payment for cost of checkbook.

Note 27 - Transfers, Assistance and Subsidy From

This account consists of the following:

	2022	2021
Subsidy from General Fund Proper/ Special Account	<u>₱142,581,835.86</u>	<u>₱116,988,253.35</u>

Subsidy from General Fund Proper/Special Account represents payment for loan of General Fund Proper from 20% Development Fund and Public Market.

Note 28 - Transfers, Assistance and Subsidy To

This account is comprised of the following:

	2022	2021
Subsidy to Local Government Units	₱ 2,474,900.00	₱ 2,393,000.00
Subsidy to General Fund Proper/Other Special Account	142,581,835.86	116,988,253.35

	2022	2021
Subsidies-Others	4,683,000.00	4,185,000.00
Transfers of Unspent Current Year DRRM		
Funds to the Trust Fund	14,096,747.19	19,681,196.70
Total	P163,836,483.05	P143,247,450.05

Note 29 - Prior Period Adjustments

This account pertains to the following prior period adjustments:

A) Change in Accounting Policy

Reclassification from Capital Outlay to MOOE	(P74,522,612.72)
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B) Prior Period Errors

Cancelled Checks	₱ 15,400.00
Prior Year's Collection	7,587,185.87
Overstated Expenses	594,161.95
Overstated Accumulated Depreciation	24,819,768.85
Overstated Prior Years Income	(552,500.87)
Retirement of Unserviceable Assets	(16,550,253.73)
Reversion of Trust Liabilities	1,159,950.25
Reversion of Accounts Payable	759,401.27
Reversion of Due to Officers and Employees	1,152,853.15
Reversion of Guaranty Deposit	3,848,857.01
Prior Years Expenses not recognized as payables	(10,590,219.25)
Total	₱12,244,604.50

Note 30 - Other Receipts

This account consists the following:

Subsidy from General Fund Proper/Other Special Accounts	₱142,581,835.86
Shares, Grants and Donations	15,000.00
Miscellaneous Income	995,269.57
Decrease in Due from Special Accounts	4,583.34
Decrease in Due from Other Funds	28,968,474.36
Decrease in Receivables - Disallowance and Charges	117,157.70
Decrease in Advances to Contractors	33,315,177.91
Increase in Accounts Payable	7,242,406.93
Increase in Due to Officers and Employees	128,377.32
Increase in Due to BIR	6,630,423.24
Increase in Due to GSIS	101,644.80
Increase in Due to Pag-IBIG	211,896.18
Increase in Due to PhilHealth	343,811.01
Increase in Due to LGU	6,997,888.32
Increase in Due to GOCCs	25,000,000.00
Increase in Due to Other Funds	1,294,772.85
Increase in Due to Special Accounts	6,000,318.62
Increase in Guaranty Deposit Payable	436,443.23

Increase in Deferred Real Property Tax	122,998,051.30
Increase in Deferred Special Education Tax	122,998,051.30
Increase in Other Payables	551,291.15
Prior Period Adjustment	18,597,138.74
Total	<u>₱525,530,013.73</u>

Note 31 - Other Payments

This account is composed of the following:

Subsidies to LGU	₱ 2,474,900.00
Subsidy to General Fund Proper/Other Special Accounts	142,581,835.86
Subsidies - Others	4,683,000.00
Transfer of Unspent DRRMF to Trust Fund	14,096,747.19
Bank Charges	49,150.00
Increase in Real Property Tax	122,998,051.30
Increase in Special Education Tax Receivable	122,998,051.30
Increase in Due from Other Funds	4,628,225.99
Increase in Due from Special Accounts	3,043,055.58
Increase in Other Receivables	6,752.08
Increase in Welfare Goods for Distribution	268,281.25
Increase in Office Supplies Inventory	1,305,575.85
Increase in Accountable Forms, Plates and Stickers	185,189.50
Increase in Drugs and Medicines Inventory	8,472,528.66
Increase in Medical, Dental and Laboratory Supplies Inventory	3,610,656.25
Increase in Construction Materials Inventory	358,680.00
Increase in Other Supplies and Materials Inventory	1,234,196.24
Decrease in Due to BIR	139,600.42
Decrease in Due to GSIS	108,618.62
Decrease in Other NGAs	51,954,534.31
Decrease in Due to LGU	30.75
Decrease in Due to Other Funds	25,635,021.22
Decrease in Due to Special Accounts	2,961,846.38
Decrease in Guaranty Deposits Payable	138,631.63
Decrease in Trust Liabilities-DRRMF	26,099,097.82
Decrease in Trust Liabilities	12,525,816.03
Decrease in Other Payables	21,917.62
Prior Period Adjustment	14,645,654.84
Total	<u>₱567,225,646.69</u>

Note 32 - Notes to Cash Flow Statement

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

Surplus (Deficit)	₱ 86,758,600.89
Non-cash transactions	
Depreciation	102,548,896.75
Increase in Payables	148,864,166.66
Increase in Other Current Assets	17,880,070.16

Increase in Receivables	(221,734,462.35)
Prior Period Adjustments - Erroneous recordings	3,951,483.90
Net Cash from Operating Activities	<u>P138,268,756.01</u>

B) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and investment in time deposits. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

Cash on hand and balances with banks	P245,758,887.63
Cash Equivalents	547,294,267.49
Total	<u>P793,053,155.12</u>

Note 33 - Reconciliation between actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and in the Statement of Financial Performance for the Year Ended December 31, 2022

	Income	Personnel Services	MOOE	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	2,094,695,998.52	411,577,066.77	1,256,966,657.40	127,619,186.86	424,456,738.81
Entity Differences					
Basis Differences:	(241,364,729.55)	0.00	4,153,953.25	(102,309,886.24)	(424,456,738.81)
Income not considered budgetary Items	0.00	0.00	0.00	0.00	0.00
Non-Cash Income	0.00	0.00	0.00	0.00	0.00
Gain on Sale of assets	0.00	0.00	0.00	0.00	0.00
Receipts not considered as income	(241,364,729.55)	0.00	0.00	0.00	0.00
Sale of Capital Assets	0.00	0.00	0.00	0.00	0.00
Borrowings	(241,364,729.55)	0.00	0.00	0.00	0.00
Budgetary items not considered as expenses	0.00	0.00	4,153,953.25	(102,309,886.24)	(424,456,738.81)
Debt Service	0.00	0.00	0.00	(102,309,886.24)	0.00
Interest Expense capitalized	0.00	0.00	0.00	0.00	0.00
Capital Expenditures	0.00	0.00	4,153,953.25	0.00	(424,456,738.81)
Timing Differences:					
Prepayments charged to current appropriation	0.00	0.00	0.00	0.00	0.00
Unconsumed Inventories charged to current appropriations	0.00	0.00	(17,785,919.72)	0.00	0.00
Consumed Inventories and deferred charges charged to prior period appropriations	0.00	0.00	(17,785,919.72)	0.00	0.00
Other Adjustment	0.00	0.00	0.00	0.00	0.00
Per Statement of Financial Performance	<u>1,995,913,104.83</u>	<u>411,156,208.15</u>	<u>1,370,137,498.42</u>	<u>25,311,900.62</u>	<u>0.00</u>

Note 34 - Disclosures on Presentation of Budget Information

- The budget of the City is based on modified accrual basis and it adopted a by fund/functional classification basis in its preparation. The approved Annual Budget of General Fund and Special Accounts for the Fiscal Year (FY) 2022 is under Appropriation Ordinance No. 020-18-10, series of 2021 enacted on October 25, 2021 and approved by the then City Mayor Roderick A. Alcala on November 3, 2021. Moreover, the approved Annual Budget of Special Education Fund for the same fiscal year is under Local School Board Resolution No. 2021-12-01, adopted and approved by the City Mayor on December 8, 2021. For FY 2022, there were two Supplemental Budgets for General Fund Proper, under Appropriation Ordinance Nos. 001-19-07 and 003-19-10, all series of 2022, dated July 25, 2022 and October 26, 2022, respectively, and two Supplemental Budgets for Special Education Fund under Local School Board Resolution Nos. 2022-03-02 and 2022-10-02 dated March 18, 2022 and October 12, 2022, respectively.
- The entities included in the approved budget are: A) all local government offices of the City Government; B) NGAs assigned within the City under the lump sum appropriation; C) Civil Society Organizations; and D) Other Operating Units;
- The City of Lucena has a Certified Statement of Receipts of ₱1,840,994,582.98 (General Fund – ₱1,585,141,714.00; Special Accounts – ₱143,756,850.00 and Special Education Fund – ₱112,096,018.98);
- Changes between the original and final budget can be attributed to supplemental appropriations for various programs, projects and activities (PPAs) not fully funded in the Annual Budget and included in the Annual Investment Program (AIP) and reversion of funds thru an appropriation ordinance wherein the intention of the original purpose for which the fund was allocated is no longer needed in connection with the PPAs funded.

PART II – AUDIT OBSERVATIONS AND RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. Financial and Compliance Audit

- The non-completion of the reconciliation between the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and the Property, Plant and Equipment (PPE) records in the Accounting Office resulted in a variance of ₱17,648,166.17 as of year-end, contrary to Section 114 of the Manual on the New Government Accounting System (MNGAS) for Local Government Units (LGUs), Volume I, thus overstating the PPE accounts and understating the Government Equity account by an undetermined amount.**

Section 114 of the MNGAS for LGUs, Volume I provides among others that the balance per stock card/property cards should always reconcile with the ledger cards of the accounting unit.

Detailed review of the subsidiary ledgers (SLs) of PPE accounts presented in the financial statements (FS) and the RPCPPE submitted by the OIC-City General Services Office (CGSO) on March 7, 2023 showed a variance of ₱17,648,166.17 as of year-end. The affected accounts of the specific items causing the variance are summarized as follows:

<u>Account</u>	<u>Per FS/SL</u>	<u>Per RPCPPE</u>	<u>Variance</u>
Land	₱ 36,162.88	₱ 0.00	₱ 36,162.88
Power Supply Systems	39,214.00	0.00	39,214.00
Buildings	328,304.13	0.00	328,304.13
Office Equipment	1,069,640.00	0.00	1,069,640.00
Information and Communication Technology Equipment	3,007,735.05	598,418.55	2,409,316.50
Agricultural and Forestry Equipment	298,293.00	0.00	298,293.00
Communication Equipment	675,042.50	0.00	675,042.50
Disaster Response and Rescue Equipment	81,300.00	0.00	81,300.00
Military, Police and Security Equipment	84,944.00	0.00	84,944.00
Medical Equipment	395,934.00	0.00	395,934.00
Other Machinery Equipment	12,085,504.16	4,318,015.00	7,767,489.16
Motor Vehicles	1,751,300.00	565,000.00	1,186,300.00
Watercrafts	141,850.00	0.00	141,850.00
Furniture and Fixtures	3,134,376.00	0.00	3,134,376.00
Total	<u>₱23,129,599.72</u>	<u>₱5,481,433.55</u>	<u>₱17,648,166.17</u>

Analysis of the noted variance showed that the CGSO already excluded various items below the capitalization threshold of ₱50,000.00 in the RPCPPE. Also, there were items in the PPE SLs not included in the report and other unreconciled items noted by the Audit Team (AT). Details are broken down as follows:

<u>Particulars</u>	<u>PPE SLs</u>	<u>RPCPPE</u>	<u>Variance</u>
1. Items below the capitalization threshold	₱ 6,711,609.50	₱ 0.00	₱ 6,711,609.50
2. Items in PPE SLs not included in the RPCPPE	7,438,566.67	0.00	7,438,566.67

3. Other unreconciled PPE items	8,979,423.55	5,481,433.55	3,497,990.00
Total	<u>₱23,129,599.72</u>	<u>₱5,481,433.55</u>	<u>₱17,648,166.17</u>

It can be noticed from the table above that PPE items below the capitalization threshold with total cost of ₱6,711,609.50 remained unadjusted in the books of accounts of the City at year-end. Also, there were items in the accounting records not reflected in the RPCPPE totaling ₱7,438,566.67, and other unreconciled items with discrepancy of ₱3,497,990.00 on the cost between the records of the Accounting Office and CGSO. Thus, the total variance of ₱17,648,166.17. Complete details are presented in **Annex F**.

The AT noted that the CGSO made adjustments in their records in compliance with Commission on Audit (COA) Circular No. 2022-004 relative to the increase in the capitalization threshold from ₱15,000.00 to ₱50,000.00, and COA Circular No. 2020-006 in preparation for availing the one-time cleansing of PPE account balances. However, since the report was provided after the finalization and submission of the financial statements, the reconciliation of records was not completed between the CGSO and Accounting Office as of year-end.

Moreover, the Property Cards (PCs) in the custody of the CGSO were not yet updated since 2020 and 2021, and the newly procured properties in 2022 were not provided with PCs, but the Acknowledgment Receipt for Equipment are intact. On one hand, inspection made on the records of Accounting Office showed that the PPE Ledger Cards (PPELCs) were not maintained because this was not prioritized in CY 2022 due to the volume of properties and transactions of their office.

Our audit disclosed that the non-completion of the reconciliation between the RPCPPE and the PPE records in the Accounting Office resulted in a variance of ₱17,648,166.17 as of year-end, contrary to the provisions of the MNGAS for LGUs, Volume I.

Thus, overstating the PPE accounts and understating the Government Equity account by an undetermined amount.

We recommended that the City Mayor instruct the:

- **Acting City Accountant to adjust the PPE items below the capitalization threshold with total cost of ₱6,711,609.50;**
- **OIC-CGSO and the Acting City Accountant to pursue the conduct of one-time cleansing of PPE account balances to complete the reconciliation of the affected PPE accounts, specially those items in PPE SLs not included in the RPCPPE and other unreconciled PPE items with variances amounting to ₱7,438,566.67 and ₱3,497,990.00, respectively;**
- **OIC-CGSO to update the existing PCs and ensure that PCs for PPEs acquired in Calendar Year 2022 are prepared and maintained; and**
- **Acting City Accountant to prepare and maintain the required PPELCs, and coordinate closely with the CGSO to ensure that PPELCs agree with the PCs.**

Henceforth, ensure strict compliance with the provisions of MNGAS for LGUs.

Management's Comment:

The Acting City Accountant made the necessary entries to reclassify the PPE items below the capitalization threshold totaling ₱6,711,609.50 under Journal Entry Voucher (JEV) Nos. 100-2023-03-40030 and 100-2023-03-40143 both dated March 27, 2023. Appropriate actions were also taken by both offices in addressing the cause of variance and taking the necessary adjustments to reconcile records of both offices. The Acting City Accountant made adjusting entries on the unreconciled variance totaling ₱641,055.00 under JEV Nos. 100-2023-03-40144 to 100-2023-03-40147 and 200-2023-03-200020 (SEF), all dated March 27, 2023, and provided the AT with copies of entries and supporting documents for the reconciliation made.

According to the OIC-CGSO, they are already in the process of updating all property records including the property cards, and committed to complete the updating of records before the year ends, while the Acting City Accountant commented that their office is now in coordination with the CGSO and Engineering Office to complete the details needed in the preparation of the PPELCs.

During the exit conference, the Acting City Accountant mentioned that items totaling ₱1,235,928.33 and ₱54,935.00 which also fall below the threshold, are still for reclassification in the records of that office. Further, the OIC-CGSO added that items totaling ₱6,202,638.34 and ₱2,802,000.00 were omitted in the RPCPPE but were reported in the Waste Materials Report (WMR) and Inventory and Inspection Report of Unserviceable Property (IIRUP) of the CGSO, though the same were not yet disposed. However, these were now included back in the RPCPPE with corresponding appropriate remarks - "for disposal". Details are summarized as follows:

<u>Cause of Variance</u>	<u>Variance</u>	<u>Disposition/Remarks</u>
1. Items below the capitalization threshold	₱ 6,711,609.50	Reclassifications were made under JEV No. 100-2023-03-40030 and 100-2023-03-40143 both dated March 27, 2023 totaling ₱6,711,609.50. Undisposed items totaling ₱6,202,638.34 were included back in the RPCPPE, while items totaling ₱1,235,928.33 are for reclassification in the books of accounts.
2. Items in PPE SLs not included in the RPCPPE	7,438,566.67	Reclassifications were made under various JEVs totaling ₱641,055.00. Undisposed items totaling ₱2,802,000.00 were included back in the RPCPPE, while items totaling ₱54,935.00 are for reclassification in the books of accounts.
3. Other unreconciled PPE items	<u>3,497,990.00</u> <u>₱17,648,166.17</u>	

- 2. Fund transfers from National Government Agencies (NGAs) totaling ₱3,872,893.11 remained unutilized and/or not yet returned/refunded to the source agency as of year-end, contrary to Commission on Audit (COA) Circular No. 94-013, thus depriving the intended beneficiaries of the immediate use and benefits that could have been derived from the projects and/or the National Government of the use of funds.**

COA Circular No. 94-013 dated December 13, 1994 provides the rules and regulations in the grant, utilization and liquidation of funds transferred to implementing agencies. It stipulates that the source agency (SA) shall enter into an agreement with the implementing agency (IA) for the undertaking by the latter of the project of the former. The agreement shall provide for the requirements for project implementation and reporting. It also states that the IA shall return to the SA any unused balance upon completion of the project. It is only upon completion of the project or attainment of the intended purpose and the return of any unused balance to the SA that the responsibility of the IA is considered to have been performed.

Analysis of the Due to NGAs account in the financial statements showed balances of subsidiary items which remained unutilized and/or unreturned to the source agency as of year-end, to wit:

<u>No.</u>	<u>Source Agency/Project</u>	<u>Year Granted</u>	<u>Balance as of 12/31/2022</u>	<u>Status/Remarks</u>
1	Department of Interior and Local Government (DILG)/Family-Based Actions for Children and their Environs in the Slums (FACES)	2017	₱ 141.55	Implemented in 2019
2	Improvement of Directly Observed Therapy Short course (DOTS) Facility	>2015	0.18	Implemented in 2015
3	Bottom-up Budgeting (BUB)/ High Value Crops Program, Small Scale Irrigation System	2015	892.40	Implemented in 2018/ No copy of Memorandum of Agreement (MOA) on file
4	National Nutrition Council-Early Childhood Care and Development F1K Program (ECCD-F1K)	2017	49,692.30	MOA effective until 2018
5	Bureau of Fisheries and Aquatic Resources (BFAR)/Mangrove Rehabilitation Project	2017	1.05	Implemented in 2018
6	Department of Social Welfare and Development (DSWD)/ Sustainable Livelihood Program	2018	3,798,346.00	With utilization in 2018-2021/No MOA on file
7	Local Government Support Fund (LGSF)/Lucena City Promenade, Brgy. Ilayang Iyam	2020	4,550.50	Implemented in 2021
8	LGSF Lucena City Promenade by the Bay, Brgy. Talao Talao	2020	6,319.46	Implemented 2021-2022

9 LGSF Concreting of Road-Brgy. Ilayang Iyam	2021	<u>12,949.67</u> Implemented in 2022
	Total:	<u>₱3,872,893.11</u>

The Audit Team (AT) noted that seven of the nine projects enumerated above with remaining balances totaling ₱24,854.81 were already fully implemented from years 2015 through 2022 but were not yet returned or refunded to the source agency, while the ECCD F1K balance of ₱49,692.30 from National Nutrition Council also remained unrefunded even after the effectivity of the MOA expired in 2018.

On one hand, fund balance amounting to ₱3,798,346.00 from DSWD for Sustainable Livelihood Program remained unutilized as of year-end. On the letter of the then OIC-Regional Director of the DSWD Regional Office IV-A dated October 3, 2016 to the former City Mayor, this fund transfer amounting to ₱5,117,316.00 was intended to be utilized for the following projects:

1. Construction of Tribal Center cum Badjao Community Livelihood Project
2. Gawang Lucenahin: A Skills Training on Fiberglass Boat Fabrication
3. Skills Training on Cattle Raising
4. Skills Training on Security Pre-Licensing Training Course-Lucena City, Quezon
5. Skills Training on Freshwater Culture of Vannamei Shrimp
6. Basic Employment Skills Training (BEST) CAMP-Lucena City
7. Bocohan Corn Farming
8. Fishpond Improvement and Repair cum Vegetable Production

However, verification of the accounting records showed that this was not fully utilized, leaving the unused balance of ₱3,798,346.00 since 2021. The AT requested to be furnished with a copy of the MOA on this fund transfer to review the duties and responsibilities of the parties in handling the funds, but to no avail since the office in-charge could not locate the copy of said MOA.

Our audit disclosed that fund transfers from NGAs totaling ₱3,872,893.11 remained unutilized and/or not yet returned/refunded to the source agency as of year-end, contrary to the provisions of COA Circular No. 94-013.

Thus, depriving the intended beneficiaries of the immediate use and benefits that could have been derived from the projects and/or the national government of the use of funds.

We recommended that the City Mayor:

- a. **Instruct the Acting City Accountant and the City Treasurer to facilitate the return of the unused balance of fund transfers to the respective source agencies for the completed/implemented programs and projects; and**
- b. **Coordinate with the DSWD Regional Office IV-A regarding the utilization/implementation of the Sustainable Livelihood Program and/or the disposition of funds should the intended purpose could no longer be materialized.**

Henceforth, ensure compliance with the provisions of COA Circular No. 94-013 dated December 13, 1994 on the utilization and liquidation of funds transfers.

Management's Comments:

The City Treasurer and the Acting City Accountant commented that coordinated actions were made by their offices to return/refund the unutilized balance of fund transfers to the respective source agencies relative to the completed/implemented programs and projects totaling ₱74,547.11, and the supporting documents were provided to the AT.

With regard to the transferred funds from DSWD Regional Office IV-A for Sustainable Livelihood Program with unutilized balance of ₱3,798,346.00 as of December 31, 2022, the City Treasurer commented that the fund will still remain in the custody of the City until the intended projects are implemented and completed.

Auditor's Rejoinder:

The supporting documentation to the return/refund of the unutilized balance of ₱74,547.11 has been reviewed and are found to be in order. However, the AT would like to be informed with the status of the project implementation of the fund transfer from DSWD Regional Office IV-A for Sustainable Livelihood Program with unutilized balance of ₱3,798,346.00 as of year-end, since no copy of the MOA was provided for verification in audit.

The AT maintained its position and recommendation that the City coordinate with the DSWD Regional Office IV-A regarding the disposition of the unutilized funds. Also, the Audit Team will continue to monitor compliance with the audit recommendations to ensure its full implementation.

B. Compliance with Tax Laws

The City has been compliant with the revenue regulations on the withholding and remittance of taxes. Withheld taxes were remitted immediately on the following month for which these were deducted by the Acting City Accountant. Details of total withholding and remittance during the year are as follows:

Balance from CY 2021	₱10,407,441.51
Add: Total withheld during the year	<u>82,527,173.71</u>
Total for remittance	97,934,615.22
Less: Remittance during the year	76,036,350.89
Balance remitted in January 2023	<u>₱16,898,264.33</u>

C. General Insurance of All Insurable Risks of Government Agencies with Government Service and Insurance System (GSIS)

All insurable assets and properties of the City of Lucena were covered/insured with the General Insurance Fund of the GSIS with paid premiums totaling ₱7,330,430.59.

D. Gender and Development (GAD)

The City has allocated a total amount of ₱58,812,240.00 for the GAD Fund for CY 2022. Out of this, a total amount of ₱35,026,735.00 was utilized by the City for gender-responsive projects, programs and activities. The CY 2022 GAD Plan and Budget of the City was

submitted to the Department of the Interior and Local Government (DILG) and was reviewed and endorsed on October 19, 2021.

The City uses the disaggregated data and results of the Community-Based Monitoring System (CBMS) as bases of GAD Database. The City conducted gender analysis with the aid of the 24-hour Profiling and Interview/Data Gathering and Local Government Unit-GAD Focal Point System Functionality Tool.

The GAD Accomplishment Report was submitted to the Audit Team on March 17, 2023.

E. Senior Citizens and Differently-Abled Persons

The City appropriated a total amount of ₱30,522,000.00 for social services of senior citizens affairs and activities of differently-abled persons during the year. Of this amount, ₱30,516,397.65 or 99.98 per cent was obligated and utilized for programs, projects and activities related to senior citizens and differently-abled persons. Details are presented as follows:

<u>Particulars</u>	<u>Appropriation</u>	<u>Obligated/Utilized</u>	<u>Balance</u>
Senior Citizens	₱26,250,000.00	₱26,246,178.27	₱3,821.73
Persons with Disability	<u>4,272,000.00</u>	<u>4,270,219.38</u>	<u>1,780.62</u>
Total:	<u>₱30,522,000.00</u>	<u>₱30,516,397.65</u>	<u>₱5,602.35</u>

PART III – STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

As of December 31, 2022

The eight prior year's audit recommendations embodied in the Calendar Year (CY) 2021 Annual Audit Report (AAR) were all fully implemented by the City of Lucena.

Reference	Observation	Recommendation	Management's Action	Status of Implementation	Reason for Non/Partial Implementation
CY 2021 AAR, Part II, Audit Observation No. 1, Page No. 49	1. The City was unable to conduct the physical inventory of supplies, contrary to Section 124 of the Manual on the New Government Accounting System (MNGAS) for Local Government Units (LGUs), Volume I, thus existence, completeness, and valuation of the reported balance of inventory accounts totaling ₱819,164.97 as of year-end could not be ascertained.	We recommended that the City Mayor require the Inventory Committee to conduct the physical count of all supplies and materials inventory of the City every semester. Thereafter, prepare and render a complete Report on Physical Count of Inventories (RPCI) and submit to the Commission on Audit (COA) Audit Team not later than July 31 and January 31 of each year for the first and second semester, respectively.	The OIC-City General Services Office conducted the physical count of all supplies and materials inventory of the City in CY 2022. The RPCI was submitted to the Audit Team.	Fully Implemented Fully Implemented	

Reference	Observation	Recommendation	Management's Action	Status of Implementation	Reason for Non/Partial Implementation
CY 2021 AAR, Part II, Audit Observation No. 2, Page Nos. 49 to 51	2. Accumulated Depreciation of various Property, Plant and Equipment (PPE) accounts of the City was overstated by ₱9,123,971.69 due to noted errors in the provision of residual values, use of estimated useful life, computation of depreciation expense, contrary to Philippine Application Guidance (PAG) 6 for International Public Sector Accounting Standard (IPSAS) 17, COA Circular No. 2003-007 and Section 4(o) of the MNGAS for LGUs, Volume I, thereby understating the net book value of various PPE accounts by the same amount.	<p>We recommended that the City Mayor require the Acting City Accountant to:</p> <ul style="list-style-type: none"> • Ensure that accounting estimates for residual value and estimated useful life are in accordance with the existing laws, rules and regulations; • Review the lapsing schedule and the amount of the Accumulated Depreciation as recorded in the books and ensure that all PPE are subjected to depreciation which shall start on the second month after purchase/ completion of the PPE; and 	<p>The City Accountant's Office complied with the audit recommendation.</p>	<p>Fully Implemented</p>	

Reference	Observation	Recommendation	Management's Action	Status of Implementation	Reason for Non/Partial Implementation
		<ul style="list-style-type: none"> • Make the corresponding adjustment for the noted errors totaling ₱9,123,971.69. 	Adjustments for the noted errors totaling ₱9,123,971.69 were made under various Journal Entry Vouchers (JEVs) dated April 4, 2022.	Fully Implemented	
CY 2021 AAR, Part II, Audit Observation No. 3, Page Nos. 51 to 53	3. The monthly net take home pay of 125 City employees was below the mandated minimum of ₱5,000.00, contrary to Section 49, General Provisions of the Republic Act (RA) No. 11518 or the General Appropriation Act (GAA) FY 2021, thereby defeating the general intent of the law to boost employees' morale and self-esteem in order to promote efficiency and effectiveness in public service.	<p>We recommended that the City Mayor require the City Human Resource Management Officer (CHRMO) to:</p> <ul style="list-style-type: none"> • Adopt policies and internal controls to monitor loan accommodations and other payroll deductions such that monthly net take home pay of any City employee does not fall below the mandated minimum of ₱5,000.00; 	The Acting City Accountant and the CHRMO continuously monitor the loan accommodations and other payroll deductions, to comply with the audit recommendation.	Fully Implemented	

Reference	Observation	Recommendation	Management's Action	Status of Implementation	Reason for Non/Partial Implementation
		<ul style="list-style-type: none"> • Direct those in charge of payroll preparation to exercise diligence in monitoring net take home pay of City employees to comply with the requirements of existing law. Remedial measures must be done to rectify the situation of the 125 City employees receiving below the mandated minimum net take home pay; and • Strictly implement Section 49, General Provisions of RA No. 11518 on mandated monthly net take home pay of not less than ₱5,000.00. 	<p>The CHRMO reiterated and issued notification to all employees on the strict implementation of the mandated net take home pay, and conducted a one-on-one discussion with the concerned 125 City employees.</p> <p>Strict implementation is now being observed.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>	

PART IV – APPENDICES

City of Lucena
Statement of Financial Position (By Fund)
As of December 31, 2022

	Total	General Fund	Special Education Fund	Trust Fund
ASSETS				
Current Assets				
Cash and Cash Equivalents				
Cash Local Treasury	P 8,961,231.39	P 7,719,093.86	P 9,000.00	P 1,233,137.53
Cash in Bank - Local Currency, Current Account	236,797,656.24	164,943,436.69	29,780,129.95	42,074,089.60
Cash in Bank - Local Currency, Time Deposits	<u>547,294,267.49</u>	<u>477,306,332.25</u>	<u>0.00</u>	<u>69,987,935.24</u>
Total Cash and Cash Equivalents	<u>793,053,155.12</u>	<u>649,968,862.80</u>	<u>29,789,129.95</u>	<u>113,295,162.37</u>
Receivables				
Real Property Tax Receivable	128,581,465.49	128,581,465.49	0.00	0.00
Special Education Tax Receivable	128,581,465.49	0.00	128,581,465.49	0.00
Due from Other Funds	35,310,162.51	3,721,969.15	15,291,701.91	16,296,491.45
Due from Special Accounts	8,439,928.03	8,439,928.03	0.00	0.00
Receivables - Disallowances/ Charges	10,017,495.27	10,017,495.27	0.00	0.00
Other Receivables	<u>227,364.86</u>	<u>207,635.08</u>	<u>439.78</u>	<u>19,290.00</u>
Total Receivables	<u>311,157,881.65</u>	<u>150,968,493.02</u>	<u>143,873,607.18</u>	<u>16,315,781.45</u>
Inventories				
Welfare Goods for Distribution	268,281.25	268,281.25	0.00	0.00
Office Supplies Inventory	2,124,740.82	2,124,740.82	0.00	0.00
Accountable Forms, Plates and Stickers	1,716,836.50	1,716,836.50	0.00	0.00
Drugs and Medicines Inventory	8,472,528.66	8,472,528.66	0.00	0.00
Medical, Dental and Laboratory Supplies Inventory	3,610,656.25	3,610,656.25	0.00	0.00
Construction Materials Inventory	358,680.00	358,680.00	0.00	0.00
Other Supplies and Materials Inventory	<u>1,234,196.24</u>	<u>1,234,196.24</u>	<u>0.00</u>	<u>0.00</u>
Total Inventories	<u>17,785,919.72</u>	<u>17,785,919.72</u>	<u>0.00</u>	<u>0.00</u>
Prepayments and Deferred Advances to Contractors	<u>15,414,981.32</u>	<u>15,414,981.32</u>	<u>0.00</u>	<u>0.00</u>
Total Prepayments and Deferred Charges	<u>15,414,981.32</u>	<u>15,414,981.32</u>	<u>0.00</u>	<u>0.00</u>
Total Current Assets	<u>1,137,411,937.81</u>	<u>834,138,256.86</u>	<u>173,662,737.13</u>	<u>129,610,943.82</u>
Non-Current Assets				
Investments				
Guaranty Deposits	2,536,954.49	2,500,864.49	36,090.00	0.00
Other Investments	<u>244,260.00</u>	<u>244,260.00</u>	<u>0.00</u>	<u>0.00</u>
Total Investments	<u>2,781,214.49</u>	<u>2,745,124.49</u>	<u>36,090.00</u>	<u>0.00</u>
Property, Plant and Equipment				
Land	118,875,231.39	67,786,018.96	51,089,212.43	0.00
Other Land Improvements	103,339,952.71	76,485,288.17	26,854,664.54	0.00
Road Networks	290,474,051.84	289,138,477.98	1,335,573.86	0.00
Flood Control Systems	34,965,485.56	33,368,328.34	1,597,157.22	0.00
Water Supply Systems	6,364,525.52	5,905,773.34	458,752.18	0.00
Power Supply Systems	39,266,154.05	38,437,039.17	829,114.88	0.00
Parks, Plazas and Monuments	6,592,708.13	6,592,708.13	0.00	0.00

	Total	General Fund	Special Education Fund	Trust Fund
Other Infrastructure Assets	87,351,222.18	87,351,222.18	0.00	0.00
Buildings	558,125,227.16	558,125,227.16	0.00	0.00
School Buildings	329,148,535.43	200,976,371.00	128,172,164.43	0.00
Hospitals and Health Centers	10,627,532.44	10,627,532.44	0.00	0.00
Markets	148,352,864.55	148,352,864.55	0.00	0.00
Slaughterhouses	3,557,571.88	3,557,571.88	0.00	0.00
Other Structures	175,003,758.04	163,944,941.53	11,058,816.51	0.00
Office Equipment	40,967,769.58	33,295,248.58	7,672,521.00	0.00
Information and Communication				
Technology Equipment	58,349,637.19	50,982,709.74	7,366,927.45	0.00
Agricultural and Forestry Equipment	1,745,833.00	1,352,333.00	393,500.00	0.00
Marine and Fishery Equipment	108,090.00	108,090.00	0.00	0.00
Communication Equipment	4,832,967.43	3,912,262.50	920,704.93	0.00
Construction and Heavy	101,905,036.38	101,905,036.38	0.00	0.00
Disaster Response and Rescue				
Equipment	5,222,000.00	5,222,000.00	0.00	0.00
Military, Police and Security				
Equipment	29,226,437.83	28,800,507.50	425,930.33	0.00
Medical Equipment	11,612,384.00	11,293,504.00	318,880.00	0.00
Sports Equipment	212,450.00	212,450.00	0.00	0.00
Other Machinery and				
Equipment	68,566,918.57	64,285,775.87	4,281,142.70	0.00
Motor Vehicles	168,614,257.50	168,555,757.50	58,500.00	0.00
Watercrafts	3,663,925.00	3,663,925.00	0.00	0.00
Furniture and Fixtures	6,557,056.00	5,383,499.00	1,173,557.00	0.00
Construction in Progress -				
Infrastructure Assets	93,620,224.06	93,620,224.06	0.00	0.00
Construction in Progress -				
Buildings and Other Structures	460,937,824.65	460,937,824.65	0.00	0.00
Other Property, Plant and				
Equipment	5,976,494.80	5,533,844.80	442,650.00	0.00
Total Property, Plant and				
Equipment	2,974,164,126.87	2,729,714,357.41	244,449,769.46	0.00
Less: Accumulated Depreciation	760,807,947.81	639,201,761.52	121,606,186.29	0.00
Property, Plant and Equipment - Net	2,213,356,179.06	2,090,512,595.89	122,843,583.17	0.00
Biological Assets				
Breeding Stocks	797,521.00	797,521.00	0.00	0.00
Intangible Assets				
Computer Software	5,059,300.00	5,059,300.00	0.00	0.00
Less: Accumulated Amortization -				
Computer Software	202,938.77	202,938.77	0.00	0.00
Intangible Assets - Net	4,856,361.23	4,856,361.23	0.00	0.00
Total Non-Current Assets	2,221,791,275.78	2,098,911,602.61	122,879,673.17	0.00
TOTAL ASSETS	P 3,359,203,213.59	P 2,933,049,859.47	P 296,542,410.30	P 129,610,943.82

	Total	General Fund	Special Education Fund	Trust Fund
LIABILITIES AND EQUITY				
Current Liabilities				
Financial Liabilities				
Accounts Payable	P 123,413,157.82	P 115,632,238.25	P 7,780,919.57	P 0.00
Due to Officers and Employees	3,267,400.53	3,267,400.53	0.00	0.00
Loans Payable - Domestic	<u>122,143,069.58</u>	<u>122,143,069.58</u>	0.00	0.00
Total Financial Liabilities	<u>248,823,627.93</u>	<u>241,042,708.36</u>	<u>7,780,919.57</u>	<u>0.00</u>
Inter-Agency Payables				
Due to BIR	16,898,264.33	16,898,264.33	0.00	0.00
Due to GSIS	7,217,737.92	7,217,737.92	0.00	0.00
Due to Pag-IBIG	1,346,716.78	1,346,716.78	0.00	0.00
Due to PhilHealth	890,995.67	890,995.67	0.00	0.00
Due to NGAs	26,583,908.62	547,135.83	0.00	26,036,772.79
Due to GOCCs	25,000,000.00	0.00	0.00	25,000,000.00
Due to LGUs	11,161,745.34	10,911,745.34	0.00	250,000.00
Total Inter-Agency Payables	<u>89,099,368.66</u>	<u>37,812,595.87</u>	<u>0.00</u>	<u>51,286,772.79</u>
Intra-Agency Payables				
Due to Other Funds	35,310,162.51	31,588,193.36	1,673,546.23	2,048,422.92
Due to Special Accounts	8,439,928.03	8,439,928.03	0.00	0.00
Total Intra-Agency Payables	<u>43,750,090.54</u>	<u>40,028,121.39</u>	<u>1,673,546.23</u>	<u>2,048,422.92</u>
Trust Liabilities				
Trust Liabilities	43,213,027.70	2,895,998.28	0.00	40,317,029.42
Trust Liabilities - Disaster Risk Reduction and Management	35,131,808.79	0.00	0.00	35,131,808.79
Guaranty/Security Deposits				
Payable	28,718,562.98	27,611,655.28	279,997.80	826,909.90
Total Trust Liabilities	<u>107,063,399.47</u>	<u>30,507,653.56</u>	<u>279,997.80</u>	<u>76,275,748.11</u>
Deferred Credits/Unearned Income				
Deferred Real Property Tax	128,581,465.49	128,581,465.49	0.00	0.00
Deferred Special Education Tax	128,581,465.49	0.00	128,581,465.49	0.00
Total Deferred Credits/Unearned Income	<u>257,162,930.98</u>	<u>128,581,465.49</u>	<u>128,581,465.49</u>	<u>0.00</u>
Other Payables				
Other Payables	1,669,051.29	1,669,051.29	0.00	0.00
Total Current Liabilities	747,568,468.87	479,641,595.96	138,315,929.09	129,610,943.82
Non-Current Liabilities				
Financial Liabilities				
Loans Payable - Domestic	629,704,173.00	629,704,173.00	0.00	0.00
Total Non-Current Liabilities	629,704,173.00	629,704,173.00	0.00	0.00
TOTAL LIABILITIES	1,377,272,641.87	1,109,345,768.96	138,315,929.09	129,610,943.82
NET ASSETS/EQUITY				
Government Equity	1,981,930,571.72	1,823,704,090.51	158,226,481.21	0.00
TOTAL LIABILITIES AND NET ASSETS/EQUITY	P 3,359,203,213.59	P 2,933,049,859.47	P 296,542,410.30	P 129,610,943.82

City of Lucena
Statement of Financial Performance (By Fund)
For the Year Ended December 31, 2022

	Total	General Fund	Special Education Fund
REVENUE			
TAX REVENUE			
Individual and Corporation			
Professional Tax	P 392,560.50	P 392,560.50	P 0.00
Community Tax	7,562,313.61	7,562,313.61	0.00
Property			
Real Property Tax - Basic	77,829,693.93	77,829,693.93	0.00
Less: Discount on Real Property Tax - Basic	(9,765,983.34)	(9,765,983.34)	0.00
Special Education Tax	111,187,391.55	0.00	111,187,391.55
Less: Discount on Special Education Tax	(13,951,450.27)	0.00	(13,951,450.27)
Real Property Transfer Tax	14,830,577.92	14,830,577.92	0.00
Goods and Services			
Business Tax	225,294,568.60	225,294,568.60	0.00
Tax on Delivery Trucks and Vans	628,110.00	628,110.00	0.00
Amusement Tax	3,270,862.55	3,270,862.55	0.00
Franchise Tax	17,374,278.52	17,374,278.52	0.00
Fines and Penalties			
Tax Revenue - Fines and Penalties -			
Property Taxes	24,904,307.56	10,254,714.79	14,649,592.77
Tax Revenue - Fines and Penalties -			
Other Taxes	5,812,759.01	5,812,759.01	0.00
Total Tax Revenues	<u>465,369,990.14</u>	<u>353,484,456.09</u>	<u>111,885,534.05</u>
SHARE FROM NATIONAL TAXES			
Share from Internal Revenue			
Collections (IRA)	1,180,141,714.00	1,180,141,714.00	0.00
BUSINESS AND SERVICE INCOME			
Service Income			
Permit Fees	25,225,298.68	25,225,298.68	0.00
Registration Fees	3,987,507.00	3,987,507.00	0.00
Clearance and Certification Fees	5,930,021.99	5,930,021.99	0.00
Occupation Fees	293,617.50	293,617.50	0.00
Fishery Rentals, Fees and Charges	205,806.72	205,806.72	0.00
Fees for Sealing and Licensing of			
Weights and Measures	135,164.00	135,164.00	0.00
Fines and Penalties-Sevice Income	5,342,624.00	5,342,624.00	0.00
Other Service Income	429,668.44	429,668.44	0.00
Business Income			
School Fees	91,003,096.53	91,003,096.53	0.00
Rent Income	1,235,550.00	1,235,550.00	0.00
Transportation System Fees	2,773,269.00	2,773,269.00	0.00
Receipts from Market Operation	23,668,291.67	23,668,291.67	0.00
Receipts from Slaughterhouse Operation	22,932,055.52	22,932,055.52	0.00
Receipts from Cemetery Operation	214,465.00	214,465.00	0.00
Garbage Fees	14,137,122.50	14,137,122.50	0.00
Interest Income	7,759,050.71	7,548,565.78	210,484.93
Other Business Income	1,536,686.00	1,536,686.00	0.00
Total Service and Business Income	<u>206,809,295.26</u>	<u>206,598,810.33</u>	<u>210,484.93</u>

	Total	General Fund	Special Education Fund
SHARES, GRANTS AND DONATIONS			
Grants and Donations			
Grants and Donations in Cash	15,000.00	15,000.00	0.00
Total Shares, Grants and Donations	15,000.00	15,000.00	0.00
OTHER INCOME			
Miscellaneous Income			
Miscellaneous Income	995269.57	995,269.57	0.00
Total Other Income	995269.57	995,269.57	0.00
TOTAL REVENUE	1,853,331,268.97	1,741,235,249.99	112,096,018.98
LESS: CURRENT OPERATING EXPENSES			
PERSONNEL SERVICES			
Salaries and Wages			
Salaries and Wages - Regular	214,031,072.29	214,031,072.29	0.00
Salaries and Wages - Casual/Contractual	24,387,340.76	24,387,340.76	0.00
Other Compensation			
Personnel Economic Relief Allowance (PERA)	17,765,594.68	17,765,594.68	0.00
Representation Allowance (RA)	4,286,825.00	4,286,825.00	0.00
Transportation Allowance (TA)	3,995,625.00	3,995,625.00	0.00
Clothing/Uniform Allowance	3,780,465.55	3,780,465.55	0.00
Subsistence Allowance	923,022.74	923,022.74	0.00
Laundry Allowance	76,647.72	76,647.72	0.00
Hazard Pay	6,262,678.14	6,262,678.14	0.00
Overtime and Night Pay	17,080,910.16	17,080,910.16	0.00
Year-End Bonus	19,499,041.35	19,499,041.35	0.00
Cash Gift	3,110,250.00	3,110,250.00	0.00
Other Bonuses and Allowances	27,814,029.00	27,814,029.00	0.00
Personnel Benefits Contributions			
Life and Retirement Insurance Contributions	27,080,940.86	27,080,940.86	0.00
Pag-IBIG Contributions	740,666.46	740,666.46	0.00
PhilHealth Contributions	4,229,226.41	4,229,226.41	0.00
Employees Compensation Insurance Premiums	738,610.00	738,610.00	0.00
Other Personnel Benefits			
Terminal Leave Benefits	10,521,764.12	10,521,764.12	0.00
Other Personnel Benefits	24,831,497.91	24,831,497.91	0.00
Total Personnel Services	411,156,208.15	411,156,208.15	0.00
MAINTENANCE AND OTHER OPERATING EXPENSES			
Travelling Expenses			
Travelling Expenses - Local	4,795,552.17	2,878,115.05	1,917,437.12
Training and Scholarship Expenses			
Training Expenses	4,561,304.90	3,743,454.98	817,849.92
Supplies and Material Expenses			
Office Supplies Expenses	8,847,240.04	8,847,240.04	0.00
Accountable Forms Expenses	727,093.81	727,093.81	0.00
Animal/Zoological Supplies Expenses	509,882.50	509,882.50	0.00
Food Supplies Expenses	6,822,448.44	6,822,448.44	0.00
Welfare Goods Expenses	8,265,096.75	8,265,096.75	0.00
Drugs and Medicines Expenses	6,382,287.45	6,382,287.45	0.00
Medical, Dental and Laboratory Supplies Expenses	4,484,430.06	4,484,430.06	0.00
Fuel, Oil and Lubrication Expenses	57,395,371.88	57,392,367.51	3,004.37
Agricultural and Marine Supplies Expenses	865,165.00	865,165.00	0.00

	Total	General Fund	Special Education Fund
Textbooks and Instructional Materials Expenses	2,565,148.88	2,565,148.88	0.00
Other Supplies and Materials Expenses	71,963,243.42	55,467,422.92	16,495,820.50
Utility Expenses			
Water Expenses	1,884,506.08	1,884,506.08	0.00
Electricity Expenses	41,108,471.34	40,544,998.38	563,472.96
Communication Expenses			
Postage and Courier Services	60,065.00	60,065.00	0.00
Telephone Expenses	1,964,135.90	1,964,135.90	0.00
Internet Subscription Expenses	2,827,124.93	2,827,124.93	0.00
Cable, Satellite, Telegraph and Radio Expenses	136,320.50	136,320.50	0.00
Awards/Rewards and Prizes			
Awards and Rewards Expenses	1,427,460.00	1,427,460.00	0.00
Prizes	17,800.00	17,800.00	
Demolition/Relocation and Desilting/Dredging Expenses			
Demolition and Relocation Expenses	392,509.90	0.00	392,509.90
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses			
Confidential Expenses	9,180,000.00	9,180,000.00	0.00
Extraordinary Miscellaneous Expenses	987,300.00	987,300.00	0.00
Professional Services			
Other Professional Services	136,006,108.65	121,784,408.65	14,221,700.00
General Services			
Environment/Sanitary Services	16,221,686.96	16,221,686.96	0.00
Janitorial Services	8,360,985.61	1,393,257.92	6,967,727.69
Security Services	28,435,312.07	5,915,219.31	22,520,092.76
Other General Services	142,452,823.61	134,758,060.02	7,694,763.59
Repairs and Maintenance			
Repairs and Maintenance - Land Improvements	15,281,233.65	15,281,233.65	0.00
Repairs and Maintenance - Infrastructure Assets	44,533,046.18	44,533,046.18	0.00
Repairs and Maintenance - Building and Other Structures	13,043,167.12	6,088,640.23	6,954,526.89
Repairs and Maintenance - Machineries Equipment	4,329,620.24	4,329,620.24	0.00
Repairs and Maintenance - Transportation Equipment	7,451,775.26	7,414,025.26	37,750.00
Repairs and Maintenance - Furniture and Fixtures	2,000.00	2,000.00	0.00
Taxes, Insurance Premiums and Other Fees			
Taxes, Duties and Licenses	270,469.22	270,469.22	0.00
Fidelity Bond Premiums	251,201.92	251,201.92	0.00
Insurance Expenses	7,552,074.65	7,552,074.65	0.00
Other Maintenance and Operating Expenses			
Advertising Expenses	3,384,000.00	3,384,000.00	0.00
Printing and Publication Expenses	2,690,339.56	2,526,089.56	164,250.00
Representation Expenses	25,795,966.97	25,795,966.97	0.00
Rent Expenses	235,000.00	235,000.00	0.00
Membership Dues and Contributions to Organizations	525,400.00	525,400.00	0.00
Subscriptions Expenses	68,666.40	68,666.40	0.00
Donations	120,124,318.02	120,124,318.02	0.00
Other Maintenance and Operating Expenses	391,115,860.33	360,347,354.08	30,768,506.25
Total Maintenance and Operating Expenses	<u>1,206,301,015.37</u>	<u>1,096,781,603.42</u>	<u>109,519,411.95</u>

	Total	General Fund	Special Education Fund
FINANCIAL EXPENSES			
Financial Expenses			
Interest Expenses	25,262,750.62	25,262,750.62	0.00
Bank Charges	49,150.00	49,150.00	0.00
Total Financial Expenses	25,311,900.62	25,311,900.62	0.00
Non-Cash Expenses			
Depreciation			
Depreciation - Land Improvements	6,052,159.68	4,765,409.61	1,286,750.07
Depreciation - Infrastructure Assets	18,463,559.64	18,237,485.49	226,074.15
Depreciation - Buildings and Other Structures	35,844,972.64	34,203,616.37	1,641,356.27
Depreciation - Machinery and Equipment	24,278,617.46	21,414,452.13	2,864,165.33
Depreciation - Transportation Equipment	16,738,158.14	16,738,158.14	
Depreciation - Furniture, Fixtures and Books	491,388.27	379,900.35	111,487.92
Depreciation - Other Property, Plant and Equipment	680,040.92	608,712.54	71,328.38
Total Non-Cash Expenses	102,548,896.75	96,347,734.63	6,201,162.12
TOTAL CURRENT OPERATING EXPENSES	1,745,318,020.89	1,629,597,446.82	115,720,574.07
SURPLUS (DEFICIT) FROM CURRENT OPERATIONS	108,013,248.08	111,637,803.17	(3,624,555.09)
ADD (DEDUCT): TRANSFERS, ASSISTANCE AND SUBSIDY			
Assistance and Subsidy from			
Subsidy from General Fund Proper/Other Special Accounts	142,581,835.86	142,581,835.86	0.00
Total Transfers, Assistance and Subsidy from	142,581,835.86	142,581,835.86	0.00
Financial Assistance/Subsidy to			
Subsidy to Other Local Government Units	2,474,900.00	2,474,900.00	0.00
Subsidy to General Fund Proper/Special Accounts	142,581,835.86	142,581,835.86	0.00
Subsidy - Others	4,683,000.00	4,683,000.00	0.00
Transfers to			
Transfers of Unspent Current Year DRRM Funds to the Trust Funds	14,096,747.19	14,096,747.19	0.00
Total Transfers, Assistance and Subsidy to	163,836,483.05	163,836,483.05	0.00
NET FINANCIAL ASSISTANCE/SUBSIDY	(21,254,647.19)	(21,254,647.19)	0.00
SURPLUS (DEFICIT) FOR THE PERIOD	P 86,758,600.89	P 90,383,155.98	P (3,624,555.09)

City of Lucena
Statement of Changes in Net Assets/Equity (By Fund)
For the Year Ended December 31, 2022

	Total	General Fund	Special Education Fund
Balance, January 1	P 1,957,102,639.05	P 1,788,255,070.36	P 168,847,568.69
Add (Deduct):			
Prior Period Errors	(74,522,612.72)	(67,433,967.04)	(7,088,645.68)
	<u>12,244,604.50</u>	<u>12,152,491.21</u>	<u>92,113.29</u>
Restated Balance	<u>1,894,824,630.83</u>	<u>1,732,973,594.53</u>	<u>161,851,036.30</u>
Add (Deduct):			
Changes in Net Assets/Equity for			
Calendar Year			
Adjustment of net revenue recognized			
directly in net assets/equity	347,340.00	347,340.00	0.00
Surplus (Deficit) for the Period	<u>86,758,600.89</u>	<u>90,383,155.98</u>	<u>(3,624,555.09)</u>
Total changes during the Calendar Year	<u>87,105,940.89</u>	<u>90,730,495.98</u>	<u>(3,624,555.09)</u>
Balance, December 31	P 1,981,930,571.72	P 1,823,704,090.51	P 158,226,481.21

City of Lucena
Statement of Cash Flows (By Fund)
For the Year Ended December 31, 2022

	Total	General Fund	Special Education Fund	Trust Fund
Cash Flows from Operating Activities				
Cash Inflows				
Collection from taxpayers	P 465,369,990.14	P 353,484,456.09	P 111,885,534.05	P 0.00
Share from Internal Revenue Allotment	1,180,141,714.00	1,180,141,714.00	0.00	0.00
Receipts from business/service income	199,050,244.55	199,050,244.55	0.00	0.00
Interest Income	7,759,050.71	7,548,565.78	210,484.93	0.00
Other Receipts	525,530,013.73	341,630,215.37	129,666,549.05	54,233,249.31
Total Cash Inflows	<u>2,377,851,013.13</u>	<u>2,081,855,195.79</u>	<u>241,762,568.03</u>	<u>54,233,249.31</u>
Cash Outflows				
Payments to suppliers and creditors	1,230,272,928.65	1,119,286,502.38	109,519,411.95	1,467,014.32
Payments to employees	416,820,931.16	416,820,931.16	0.00	0.00
Interest Expenses	25,262,750.62	25,262,750.62	0.00	0.00
Other Payments	567,225,646.69	353,634,842.55	126,488,130.07	87,102,674.07
Total Cash Outflows	<u>2,239,582,257.12</u>	<u>1,915,005,026.71</u>	<u>236,007,542.02</u>	<u>88,569,688.39</u>
Net Cash Flows from Operating Activities	<u>138,268,756.01</u>	<u>166,850,169.08</u>	<u>5,755,026.01</u>	<u>(34,336,439.08)</u>
Cash Flows from Investing Activities				
Cash Outflow				
Purchase/Construction of Property, Plant and Equipment	432,752,580.18	429,111,060.12	3,641,520.06	0.00
Net Cash Flows from Investing Activities	<u>(432,752,580.18)</u>	<u>(429,111,060.12)</u>	<u>(3,641,520.06)</u>	<u>0.00</u>
Cash Flows from Financing Activities				
Cash Inflow				
Proceeds from Loans	241,364,729.55	241,364,729.55	0.00	0.00
Cash Outflow				
Payment of Loan Amortization	102,309,886.24	102,309,886.24	0.00	0.00
Net Cash Flows from Financing Activities	<u>139,054,843.31</u>	<u>139,054,843.31</u>	<u>0.00</u>	<u>0.00</u>
Total Cash Provided by Operating, Investing and Financing Activities	<u>(155,428,980.86)</u>	<u>(123,206,047.73)</u>	<u>2,113,505.95</u>	<u>(34,336,439.08)</u>
Add: Cash at the Beginning of the Year	948,482,135.98	773,174,910.53	27,675,624.00	147,631,601.45
Cash Balance at the End of the Year	<u>P 793,053,155.12</u>	<u>P 649,968,862.80</u>	<u>P 29,789,129.95</u>	<u>P 113,295,162.37</u>

City of Lucena
Statement of Comparison of Budget and Actual Amounts (By Fund)
For the Year Ended December 31, 2022

	Budgeted Amounts		Difference Original and Final Budget	Actual Amounts		Difference Final Budget and Actual Amount		
	Original	Final						
General Fund								
Revenue								
A. Local Sources								
1. Tax Revenue								
a. Tax Revenue - Property	P 74,000,000.00	P 74,000,000.00	P 0.00	P 68,063,710.59	P 5,936,289.41			
b. Tax Revenue - Goods and Services	245,300,000.00	245,300,000.00	0.00	225,294,568.60	20,005,431.40			
c. Other Local Taxes	25,000,000.00	28,000,000.00	(3,000,000.00)	60,126,176.90	(32,126,176.90)			
Total Tax Revenue	<u>344,300,000.00</u>	<u>347,300,000.00</u>	<u>(3,000,000.00)</u>	<u>353,484,456.09</u>	<u>(6,184,456.09)</u>			
2. Non-Tax Revenue								
a. Service Income	38,800,000.00	42,800,000.00	(4,000,000.00)	41,549,708.33	1,250,291.67			
b. Business Income	62,500,000.00	62,500,000.00	0.00	156,264,986.22	(93,764,986.22)			
c. Other Income and Receipts	8,000,000.00	8,000,000.00	0.00	9,779,385.35	(1,779,385.35)			
Total Non-Tax Revenue	<u>109,300,000.00</u>	<u>113,300,000.00</u>	<u>(4,000,000.00)</u>	<u>207,594,079.90</u>	<u>(94,294,079.90)</u>			
B. External Sources								
1. Share from the National Internal Revenue Taxes (IRA)	1,180,141,714.00	1,180,141,714.00	0.00	1,180,141,714.00	0.00			
2. Share from GOCCs	1,300,000.00	1,300,000.00	0.00	0.00	1,300,000.00			
3. Other Receipts								
a. Grants and Donations	0.00	0.00	0.00	15,000.00	(15,000.00)			
C. Receipts from Borrowings	0.00	0.00	0.00	241,364,729.55	(241,364,729.55)			
Total Revenue and Receipts	<u>1,635,041,714.00</u>	<u>1,642,041,714.00</u>	<u>(7,000,000.00)</u>	<u>1,982,599,979.54</u>	<u>(340,558,265.54)</u>			

	Budgeted Amounts		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and Actual Amount
	Original	Final			
Current Appropriations					
Expenditures					
General Public Services					
Personnel Services	239,821,753.00	246,033,410.00	(6,211,657.00)	236,177,868.64	9,855,541.36
Maintenance and Other					
Operating Expenses	426,038,023.00	462,090,666.00	(36,052,643.00)	457,187,189.14	4,903,476.86
Capital Outlay	16,500,000.00	16,500,000.00	0.00	11,414,940.41	5,085,059.59
Education					
Personnel Services	53,967,270.00	53,967,270.00	0.00	42,134,043.92	11,833,226.08
Maintenance and Other					
Operating Expenses	33,089,580.00	33,089,580.00	0.00	21,428,282.13	11,661,297.87
Capital Outlay	10,500,000.00	10,500,000.00	0.00	2,375,122.00	8,124,878.00
Health, Nutrition and Population Control					
Personnel Services	40,140,790.00	40,470,190.00	(329,400.00)	38,705,717.72	1,764,472.28
Maintenance and Other					
Operating Expenses	50,370,000.00	46,780,000.00	3,590,000.00	44,879,112.87	1,900,887.13
Social Services and Social Welfare					
Personnel Services	26,942,302.00	27,892,302.00	(950,000.00)	27,120,220.06	772,081.94
Maintenance and Other					
Operating Expenses	320,731,239.00	382,177,939.00	(61,446,700.00)	381,322,192.43	855,746.57
Economic Services					
Personnel Services	69,430,462.00	70,567,062.00	(1,136,600.00)	67,439,216.43	3,127,845.57
Maintenance and Other					
Operating Expenses	87,827,316.00	103,168,316.00	(15,341,000.00)	93,908,471.81	9,259,844.19
Capital Outlay	9,650,000.00	19,650,000.00	(10,000,000.00)	11,571,588.11	8,078,411.89
Other Purposes:					
Debt Service					
Financial Expense	110,750,000.00	7,097,000.00	103,653,000.00	102,356,436.24	(95,259,436.24)
Amortization	28,800,000.00	28,800,000.00	0.00	25,262,750.62	3,537,249.38

	Budgeted Amounts		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and Actual Amount
	Original	Final			
LDRRMF					
Maintenance and Other					
Operating Expenses	70,070,586.00	71,670,586.00	(1,600,000.00)	71,670,586.00	0.00
Capital Outlay	9,186,500.00	9,186,500.00	0.00	2,996,800.00	6,189,700.00
20% Development Fund					
Maintenance and Other					
Operating Expenses	64,576,814.11	64,576,814.11	0.00	46,503,406.27	18,073,407.84
Capital Outlay	59,483,060.00	59,483,060.00	0.00	13,655,134.66	45,827,925.34
Allocation for Senior Citizens					
and PWDs					
Maintenance and Other					
Operating Expenses	27,500,000.00	30,522,000.00	(3,022,000.00)	30,516,397.65	5,602.35
Total Current Appropriations	1,755,375,695.11	1,784,222,695.11	(28,847,000.00)	1,728,625,477.11	55,597,218.00
Continuing Appropriations					
General Public Services					
Capital Outlay	37,149,219.70	37,149,219.70	0.00	9,384,934.84	27,764,284.86
Education					
Capital Outlay	13,875,409.69	13,875,409.69	0.00	2,996,005.00	10,879,404.69
Social Services and Social Welfare					
Capital Outlay	247,353,154.29	247,353,154.29	0.00	132,289,294.17	115,063,860.12
Economic Services					
Capital Outlay	378,376,520.69	378,376,520.69	0.00	221,700,829.56	156,675,691.13
Other Purposes:					
Capital Outlay	42,357,380.56	42,357,380.56	0.00	12,430,570.00	29,926,810.56
Total Continuing Appropriations	719,111,684.93	719,111,684.93	0.00	378,801,633.57	340,310,051.36
Total Appropriations	P 2,474,487,380.04	P 2,503,334,380.04	P (28,847,000.00)	P 2,107,427,110.68	P 395,907,269.36

	Budgeted Amounts		Difference Original and Final Budget	Actual Amounts	Difference Final Budget and Actual Amount
	Original	Final			
Special Education Fund					
Revenue					
A. Local Sources					
1. Tax Revenue					
a. Tax Revenue - Property	P 80,000,000.00	P 128,622,165.38	P (48,622,165.38)	P 97,235,941.28	P 31,386,224.10
b. Other Local Taxes	0.00	0.00	0.00	14,649,592.77	(14,649,592.77)
2. Non-Tax Revenue					
a. Business Income	0.00	0.00	0.00	210,484.93	(210,484.93)
Total Revenue and Receipts	80,000,000.00	128,622,165.38	(48,622,165.38)	112,096,018.98	16,526,146.40
Current Appropriations					
Expenditures					
Education					
Personnel Services	386,994.00	386,994.00	0.00	0.00	386,994.00
Maintenance and Other					
Operating Expenses	76,663,006.00	118,574,171.38	(41,911,165.38)	109,551,019.10	9,023,152.28
Capital Outlay	2,950,000.00	9,661,000.00	(6,711,000.00)	839,010.00	8,821,990.00
Total Current Appropriations	80,000,000.00	128,622,165.38	(48,622,165.38)	110,390,029.10	18,232,136.28
Continuing Appropriations					
Education					
Capital Outlay	11,489,615.72	9,167,450.34	2,322,165.38	2,802,510.06	6,364,940.28
Total Continuing Appropriations	11,489,615.72	9,167,450.34	2,322,165.38	2,802,510.06	6,364,940.28
Total Appropriations	P 91,489,615.72	P 137,789,615.72	P (46,300,000.00)	P 113,192,539.16	P 24,597,076.56

Details of Variance between PPE Subsidiary Ledger Balances and RPCPPE

City Government of Lucena
As of December 31, 2022

1. Items below PPE threshold not yet adjusted in the PPE SLs

<u>No.</u>	<u>Account</u>	<u>Fund</u>	<u>Particulars</u>	<u>Amount</u>
1	Office Equipment	GF-Proper	Fingerprint terminal/10 units fingerprint terminal for LCGC use(PR#0650)	249,960.00
2	ICTE	GF-Proper	Printer/(PR#1021)	9,732.00
3	Agricultural and Forestry Equipment	GF-Proper	Water pump/water pump 4" @ P4650; power spray (complete set), 3.5HP, Honda engine, 2 units @ 18440=P36,880.00; sanction hose 4", 20mtrs/unit, 2 units @ P184/meter	60,390.00
4	Agricultural and Forestry Equipment	GF-Proper	Water pump/water pump, 2 units @ P36850.00; water pump 4x4 @ P4640.00; semi-stainless tung ho sprayer 16 liter cap 8 pcs (@1740=P13,920.00; CDI for 8 AP Honda Engine-G2, 1pc @ P4800.00;	162,103.00
5	Agricultural and Forestry Equipment	GF-Proper	Mini-Cono w/ complete accessories	75,800.00
6	Communication Equipment	GF-SA	Tower Antennae	75,875.00
7	Communication Equipment	GF-SA	Media Sound Venture	58,980.00
8	Communication Equipment	GF-SA	Headset with PTT/VOX	50,500.00
9	Communication Equipment	GF-SA	Units portable VHF radio transciever GP 338-motorola S# 749THSH986; 749THSC523;	113,000.00
10	Communication Equipment	GF-SA	VHF Radio with accoustic tube headset, earpiece and charger motorola, CP1660	165,000.00
11	Communication Equipment	GF-SA	Handheld radio	105,830.00
12	Communication Equipment	GF-SA	Handheld radio, ICOM V86	105,857.50
13	Other Machinery and Equipment	GF-Proper	Equalizer/231-M31	17,495.00
14	Other Machinery and Equipment	GF-Proper	Equalizer/H 123131	36,590.00
15	Other Machinery and Equipment	GF-Proper	Limiter/166 compressor	19,690.00
16	Other Machinery and Equipment	GF-Proper	Effects/MX200	23,788.00
17	Other Machinery and Equipment	GF-Proper	Amplifier/BS-115	43,998.00
18	Other Machinery and Equipment	GF-Proper	Amplifier/KB-5	42,499.00
19	Other Machinery and Equipment	GF-Proper	Microphone/V58	45,975.00
20	Other Machinery and Equipment	GF-Proper	Microphone/Vx Pg	39,970.00
21	Other Machinery and Equipment	GF-Proper	Cable/20/4 pv snake	40,550.00
22	Other Machinery and Equipment	GF-Proper	Microphone cable/nbl	32,985.00
23	Other Machinery and Equipment	GF-Proper	Mic kit/SDKr 7m	23,690.00
24	Other Machinery and Equipment	GF-Proper	SRK racks8	7,480.00
25	Other Machinery and Equipment	GF-Proper	Microphone stand/bt4	27,990.00
26	Other Machinery and Equipment	GF-Proper	Male/female connector	18,875.00
27	Other Machinery and Equipment	GF-Proper	Connector/PL-mpx	2,600.00

28 Other Machinery and Equipment	GF-Proper	Controller/200d	7,695.00
29 Other Machinery and Equipment	GF-Proper	Stand/Jojenl	6,550.00
30 Other Machinery and Equipment	GF-Proper	Not indicated	5,386.00
31 Other Machinery and Equipment	GF-SA	Keyboard w/PTZ joystick Digiport	35,000.00
32 Other Machinery and Equipment	GF-SA	Switch-24 Port gigabit switch HPJ9078A	18,900.00
33 Other Machinery and Equipment	GF-SA	Training for wireless communication system	40,000.00
34 Other Machinery and Equipment	GF-SA	Training for IP video surveillance cameras	40,000.00
35 Other Machinery and Equipment	GF-SA	Training for IP video system	40,000.00
36 Other Machinery and Equipment	GF-SA	Color ID card & printer package Zebra	155,000.00
37 Other Machinery and Equipment	GF-SA	Antenna AP20-050-MIMO-19	374,000.00
38 Other Machinery and Equipment	GF-SA	Cable-MIMO Antenna cable assembly CBS-015-N-MIMO-server, workstation, software & hardware	576,000.00
39 Other Machinery and Equipment	GF-SA	Outdoor Box for equipment	240,000.00
40 Other Machinery and Equipment	GF-SA	UPS 800 VA	128,000.00
41 Other Machinery and Equipment	GF-SA	Glass cutter, portable, roller type	253,500.00
42 Furniture and Fixture	GF-Proper	Gang chair	264,406.00
43 Furniture and Fixture	GF-Proper	Not indicated	928,470.00
44 Furniture and Fixture	GF-Proper	Not indicated	895,970.00
45 Furniture and Fixture	GF-Proper	Not indicated	868,080.00
46 Furniture and Fixture	GF-Proper	Filing cabinet/(PR#1035)	177,450.00

Sub-total: **6,711,609.50**

2. Items in PPE SLs not included in the RPCPPE

No.	Account	Fund	Particulars	Amount
1 Land		GF-Proper	LBP for the Acct of BIR L.C.-payment of documentary stamp tax	18,135.00
2 Land		GF-SA	Miled ibias-payment of transfer of title fee located at Purok Rosal II, Brgy X L.C.	8,073.53
3 Land		GF-SA	Miled ibias-reimbursement for payment of certificate fee, transfer tax, declaration, CTC & DENR cert,	9,954.35
4 Power Supply System		GF-Proper	Electrical facilities at Prk Greenhills Marketview, and Basketball court at Phil. Coast Guard, Dalahican	39,214.00
5 Office Buildings		GF-Proper	Repair/impvt of yagit quarter at CSWD compound, Zaballero Subd., Gulang-Gulang	66,855.84
6 Office Buildings		GF-Proper	improvement of reflexology room at cityhall annex bldg.	41,077.96
7 Office Buildings		GF-Proper	Renovation of girl crisis center near at the RAC	220,370.33
8 Office Equipment		GF-Proper	Television Colored SONY WEGA-34 inches	97,430.00
9 Office Equipment		GF-Proper	Digital Copier/Digital AR-153e S# 75108185	71,950.00
10 Office Equipment		GF-Proper	Projector/Infocus LCD Projector S# AZMB84200929 Model: W2100	55,000.00
11 Office Equipment		GF-Proper	Copier/Model AR M201, digital multi-functional system, S# 85074539	79,500.00
12 Office Equipment		GF-Proper	Airconditioning Unit/2.5 HP split type w/remote & timer including installation	60,800.00
13 Office Equipment		GF-Proper	Airconditioning Unit/1.5 HP split type w/installation	54,900.00
14 Office Equipment		GF-Proper	Airconditioning Unit/2HP split type w/installation	57,800.00
15 Office Equipment		GF-Proper	Airconditioning Unit/1.5 HP split type w/installation	54,800.00
16 Office Equipment		GF-Proper	Airconditioning Unit/2.5 HP window type	200,000.00
17 Office Equipment		GF-SA	Copier machine/sharp S#9503167Y	87,500.00

18 ICTE	GF-Proper	IBM x Series 226/XEON 3.06 GHZ EM64T Upgradable to Dual Tower, Stealth Black 1MB level 2	282,600.00
19 ICTE	GF-Proper	Server/Microsoft Windows 2000 or 2003 server w/ 10 cals	91,350.00
20 ICTE	GF-Proper	Microsoft SQL Server w/ 10 cals	210,000.00
21 ICTE	GF-Proper	Map plotter	360,360.00
22 ICTE	GF-Proper	Laptop/Macbook pro-13 inch; 2.5 ghz	73,990.00
23 ICTE	GF-Proper	Computer/laptop	79,199.50
24 ICTE	GF-Proper	Laptop computer/aspire A315-56-596K, shale black, SN#NXHSP0010360557E3400	50,000.00
25 ICTE	GF-Proper	Laptop & printer/(PR#0973)	262,675.00
26 ICTE	GF-Proper	Printer/(PR#2022-174)	63,775.00
27 ICTE	GF-Proper	Desktop computer/(PR#0503)	191,665.00
28 ICTE	GF-SA	Laptop computer/Intel core dou T5500(2MB L2 cache, 1.66 Ghz, 667 Mhz FSB)Intel mobile 945 PM	136,780.00
29 ICTE	GF-SA	Printer	50,595.00
30 DRR Equipment	GF-Proper	Double jacket fire hose/2 1\2 NST 50 ft. R757NST	81,300.00
31 Medical, Dental and Laboratory Equipment	GF-SA	Nulife DOTS Instant	50,700.00
32 Medical, Dental and Laboratory Equipment	GF-SA	ALPK 2 aneroid sphygmomanometer Japan	69,234.00
33 Medical, Dental and Laboratory Equipment	GF-SA	Master Bed (CGM-M3500)	276,000.00
34 Military, Police and Security Equipment	GF-Proper	CCTV camera w/ accessories/16 channel SN#E28344630	84,944.00
35 Other Machinery and Equipment	GF-Proper	Camera/digital camera, still powershot 70	84,800.00
36 Other Machinery and Equipment	GF-Proper	Weighing scale/digital	70,000.00
37 Other Machinery and Equipment	GF-Proper	Water testing kit/1140459903218 La Motte Limnological, Water Test Outfit MO	52,632.00
38 Other Machinery and Equipment	GF-Proper	Sound system	1,351,747.00
39 Other Machinery and Equipment	GF-Proper	Toshiba Projector	141,975.00
40 Other Machinery and Equipment	GF-Proper	Power Saw/Big/Gasoline	69,500.00
41 Other Machinery and Equipment	GF-Proper	Digital copier/Model:AR-M20i	79,500.00
42 Other Machinery and Equipment	GF-Proper	Copier/digital-SN#15014316	197,900.00
43 Other Machinery and Equipment	GF-Proper	Digital copier/164 S# ADxx121010377	71,800.00
44 Other Machinery and Equipment	GF-Proper	Sound system	100,000.00
45 Other Machinery and Equipment	GF-Proper	PAR 54/64 x 3 led	74,784.00
46 Other Machinery and Equipment	GF-Proper	Aircondition	78,900.16
47 Other Machinery and Equipment	GF-Proper	Equipment/for surveying & mapping CLUP (PR#0598)	113,750.00
48 Other Machinery and Equipment	GF-Proper	Equipment/for surveying & mapping CLUP (PR#0598)	72,900.00
49 Other Machinery and Equipment	GF-SA	Banca for Coastal Patrol	299,750.00
50 Other Machinery and Equipment	SEF	2 units Overhead Projector Viray Hall	83,950.00
51 Motor Vehicles	GF-Proper	L-300 Van/Brand New Mitsubishi White Chassis No. L069WQZH08324, Motor No. 4D56A-H0166	110,000.00
52 Motor Vehicles	GF-Proper	Isuzu Hi-Lander/1999 Isuzu Hi-Lander SL APV (TBR BD) color keyed, 4JA1: 2.5 liter 4 cylinder direct	53,000.00
53 Motor Vehicles	GF-Proper	Patrol Car/Model : Revo/Engine #7K-0417742 Model: KF801-GRMREM, Frame#KF80-8022224/Color:	63,460.00
54 Motor Vehicles	GF-Proper	Motorcycle/Ducati Monster 750cc, chassis no. ZDMM100AA1B013321, motor no.	76,920.00
55 Motor Vehicles	GF-Proper	Motorcycle/Ducati Monster 750cc, chassis no. ZDMM1001B013296, motor no.ZDM74812C*024173	76,920.00
56 Motor Vehicles	GF-Proper	L-300 Van/Brand New Mitsubishi L-300 Veroc Van delu x 1997 Production	55,000.00

57 Motor Vehicles	GF-SA	Motor vehicle/FB type motor vehicle (part of P403,000-241(01)	75,000.00
58 Motor Vehicles	GF-SA	Motorcycle	204,000.00
59 Watercrafts	GF-Proper	Banca/motorized, Honda engine G240, 8HP @ P22450; assembly & installation of one (1) unit FUSO-	141,850.00
		Sub-total:	<u>7,438,566.67</u>

3. Other unreconciled PPE items

No.	Account	Fund	Particulars	Per Accounting	Per RPCPPE	Difference
1	ICTE	GF-Proper	Computer set	124,384.80	115,694.80	8,690.00
2	ICTE	GF-Proper	Laptop computer with complete accessories	57,493.75	46,243.75	11,250.00
3	ICTE	GF-Proper	Laptop computer/(PR#1021)	59,958.00	52,450.00	7,508.00
4	ICTE	GF-Proper	Desktop computer/(PR#0503)	141,075.00	115,330.00	25,745.00
5	ICTE	GF-SA	Desktop computer	762,102.00	268,700.00	493,402.00
6	Other Machinery and Equipment	GF-Proper	Sound system & accessories	67,610.00	32,215.00	35,395.00
7	Other Machinery and Equipment	SEF	Broadcasting Equipment	443,800.00	329,800.00	114,000.00
8	Motor Vehicles	GF-Proper	Motorcycle	279,000.00	186,000.00	93,000.00
9	Motor Vehicles	GF-Proper	Rusco Multi Cab/green pick-up 2012, manual gas 4x4	430,000.00	215,000.00	215,000.00
10	Motor Vehicles	GF-Proper	FB types 4X2	328,000.00	164,000.00	164,000.00
11	Other Machinery and Equipment	GF-SA	Surveillance Equipment: PTZ camera Axis P5534-Egohz	3,192,000.00	2,052,000.00	1,140,000.00
12	Other Machinery and Equipment	GF-SA	Wireless radio firetide 7020	3,094,000.00	1,904,000.00	1,190,000.00
			Sub-total:	<u>8,979,423.55</u>	<u>5,481,433.55</u>	<u>3,497,990.00</u>
			Total:	<u>23,129,599.72</u>	<u>5,481,433.55</u>	<u>17,648,166.17</u>