

# Chapter IV. Financial

## LOCAL GOVERNMENT FINANCE

### INCOME AND EXPENSES

The financial profile of the Provincial Government of Cavite is composed of shares from internal revenue allotment, local taxes, shares from economic zones and Philippine Charity Sweepstakes Office, and gain on sale of disposed assets.

In 2009, the province generated a total income of Php2,233,627,229.07. Income share from General Fund amounted to Php1,988,535,492.40 while from Special Education Fund totalled to Php245,091,736.67. The 2009 income is higher by 11.92% or Php237,895,660.00 than previous year's income of Php1,995,731,569.05. Major contributor to increase in income can be attributed to the increase in IRA, rent income, business income (hospital) and property taxes (Figure 4.2). IRA increased by 13.24% or Php170,258,752.00 from Php1,286,352,549.00 in 2008 to Php1,456,611,301.00 in 2009. Business income (hospital) increased by 32.75% and share from economic zones increased by 45.42%. The Province's IRA dependency rate is at 65% (Figure 4.1).

Furthermore, the expenses of the province increased from Php1,362,062,349.55 in 2008 to Php1,586,189,747.40 in 2009. This corresponds to an increase by 16.46% or Php224,127,397.85.

The net income of the province in 2009 amounted to Php499,457,176.11 which is 6.31% lower than the 2008 net income of Php533,077,048.22.

Source: Provincial Accounting Office

Figure 4.1. Income by Source, Province of Cavite: 2009

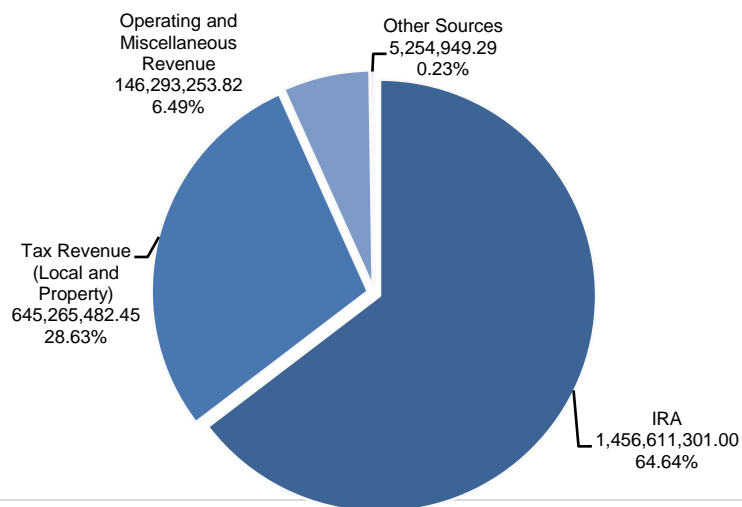


Figure 4.2. Combined Statement of Income and Expenses by Year, Province of Cavite: 2009

**Republic of the Philippines**  
**OFFICE OF THE PROVINCIAL ACCOUNTANT**  
**PROVINCE OF CAVITE**  
**COMBINED STATEMENT OF INCOME & EXPENSES**  
*For the year Ended December 31, 2009*

|  | GENERAL FUND            | SPECIAL EDUCATION FUND | TOTAL                   |
|--|-------------------------|------------------------|-------------------------|
| <b>INCOME</b>  |                         |                        |                         |
| Local Taxes  | 123,005,284.13          | 0.00                   | 123,005,284.13          |
| Sales Revenue  | 23,686,033.69           | 0.00                   | 23,686,033.69           |
| Less: Cost of Goods Sold                               | (14,011,222.92)         | 0.00                   | (14,011,222.92)         |
| Rent Income  | 5,476,591.80            | 0.00                   | 5,476,591.80            |
| Dividend Income  | 2,096.99                | 0.00                   | 2,096.99                |
| Interest Income  | 6,373,368.53            | 180,742.77             | 6,554,111.30            |
| Insurance Income                                       | 0.00                    | 0.00                   | 0.00                    |
| Permits & Licenses                                     | 1,630,610.00            | 0.00                   | 1,630,610.00            |
| Business Income (Hospital)                             | 89,467,521.67           | 0.00                   | 89,467,521.67           |
| Other Business & Service Income                        | 19,476,288.37           | 0.00                   | 19,476,288.37           |
| Income from Grants & Donations                         | 0.00                    | 0.00                   | 0.00                    |
| Property Taxes   | 275,121,180.16          | 247,139,018.16         | 522,260,198.32          |
| Less: RPT Discount                                     | (2,779,487.66)          | (3,007,046.91)         | (5,786,534.57)          |
| Other Income (IRA)                                     | 1,456,611,301.00        | 0.00                   | 1,456,611,301.00        |
| Other Income (Share from Economic Zones)               | 3,331,654.90            | 779,022.65             | 4,110,677.55            |
| Other Income (Share from PCSO)                         | 1,071,671.78            | 0.00                   | 1,071,671.78            |
| Gain on Sale of Disposed Assets                        | 72,599.96               | 0.00                   | 72,599.96               |
| <b>TOTAL INCOME</b>                                    | <b>1,988,535,492.40</b> | <b>245,091,736.67</b>  | <b>2,233,627,229.07</b> |
| <b>Less: EXPENSES</b>                                  |                         |                        |                         |
| Personnel Services                                     | 566,990,901.76          | 796,600.00             | 567,787,501.76          |
| Maintenance & Other Operating Expenses                 | 876,184,420.40          | 142,217,825.24         | 1,018,402,245.64        |
| <b>TOTAL EXPENSES</b>                                  | <b>1,443,175,322.16</b> | <b>143,014,425.24</b>  | <b>1,586,189,747.40</b> |
| <b>OPERATING INCOME</b>                                | <b>545,360,170.24</b>   | <b>102,077,311.43</b>  | <b>647,437,481.67</b>   |
| <b>Less:</b>   |                         |                        |                         |
| Finance Cost   | 0.00                    | 0.00                   | 0.00                    |
| Documentary Stamps                                     | 0.00                    | 1,214,658.04           | 1,214,658.04            |
| Bank Charges   | 185,385.00              | 0.00                   | 185,385.00              |
| Interest Expenses                                      | 20,172,041.14           | 4,147,135.78           | 24,319,176.92           |
| Other Financial Charges                                | 44,276.77               | 99,990.33              | 144,267.10              |
| <b>Total</b>   | <b>20,401,702.91</b>    | <b>5,461,784.15</b>    | <b>25,863,487.06</b>    |
| <b>Income before Subsidies and Extraordinary Items</b> | <b>524,958,467.33</b>   | <b>96,615,527.28</b>   | <b>621,573,994.61</b>   |
| <b>Add:</b>  |                         |                        |                         |
| Subsidies from Other LGUs                              | 0.00                    | 0.00                   | 0.00                    |
| Subsidies from Other Funds                             | 0.00                    | 0.00                   | 0.00                    |
| Subsidies from Other Special Accounts                  | 0.00                    | 0.00                   | 0.00                    |
| <b>Total</b>   | <b>0.00</b>             | <b>0.00</b>            | <b>0.00</b>             |
| <b>Less:</b>   |                         |                        |                         |
| Subsidies to Other NGAs                                | 5,679,890.00            | 0.00                   | 5,679,890.00            |
| Subsidies to Other LGUs                                | 116,436,928.50          | 0.00                   | 116,436,928.50          |
| Subsidies to Other Operating Units                     | 0.00                    | 0.00                   | 0.00                    |
| Subsidies to Other GOCCs                               | 0.00                    | 0.00                   | 0.00                    |
| Subsidies to NGO/Pos                                   | 0.00                    | 0.00                   | 0.00                    |
| Other Subsidies  | 0.00                    | 0.00                   | 0.00                    |
| <b>Total</b>   | <b>122,116,818.50</b>   | <b>0.00</b>            | <b>122,116,818.50</b>   |
| <b>Income before Extraordinary Items</b>               | <b>402,841,648.83</b>   | <b>96,615,527.28</b>   | <b>499,457,176.11</b>   |
| <b>Deduct Extraordinary Items: (Note)</b>              |                         |                        |                         |
| Loss of Asset  | 0.00                    | 0.00                   | 0.00                    |
| <b>NET INCOME</b>                                      | <b>402,841,648.83</b>   | <b>96,615,527.28</b>   | <b>499,457,176.11</b>   |

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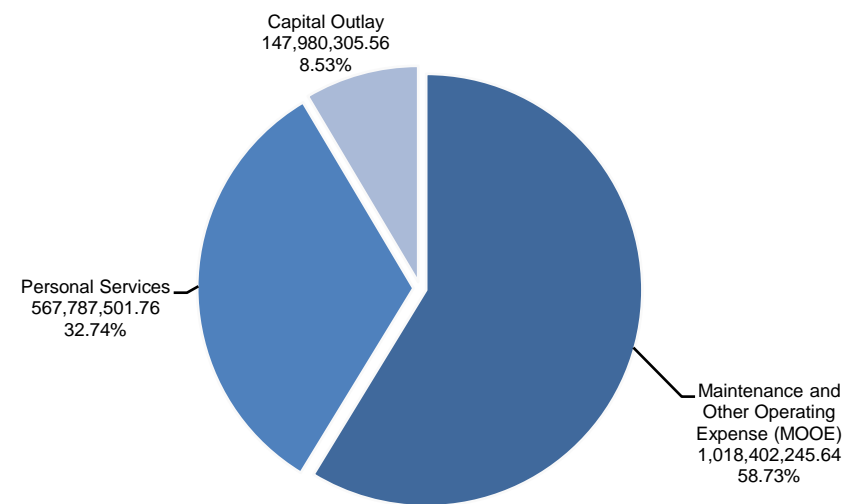
  
**ATTY. DORIS J. ENSOMO**  
 Provincial Accountant

Figure 4.3. Comparative Combined Statement of Income and Expenses Province of Cavite: 2008-2009

| Republic of the Philippines<br>OFFICE OF THE PROVINCIAL ACCOUNTANT<br>PROVINCE OF CAVITE<br>COMPARATIVE COMBINED STATEMENT OF INCOME & EXPENSES |                         |                         |                         |                |
|---|-------------------------|-------------------------|-------------------------|----------------|
|   | 2009                    | 2008                    | INCREASE<br>(DECREASE)  | %              |
| <b>INCOME</b>   |                         |                         |                         |                |
| Local Taxes   | 123,005,284.13          | 125,087,832.37          | (2,082,547.24)          | (1.66)         |
| Sales Revenue   | 23,686,033.69           | 26,895,032.68           | (3,208,998.99)          | (11.93)        |
| Less: Cost of Goods Sold  | (14,011,232.92)         | (15,201,076.88)         | 1,189,843.96            | (7.83)         |
| Rent Income   | 5,476,591.80            | 675,540.00              | 4,801,051.80            | 710.70         |
| Dividend Income   | 2,096.99                | 36,454.52               | (14,357.53)             | (87.26)        |
| Interest Income   | 6,554,111.30            | 5,417,168.04            | 1,136,943.26            | 20.99          |
| Insurance Income  | 0.00                    | 0.00                    | 0.00                    | #DIV/0!        |
| Permits & Licenses  | 1,630,610.00            | 6,478,840.92            | (4,848,230.92)          | (74.83)        |
| Business Income (Hospital)  | 89,467,521.67           | 67,396,856.63           | 22,070,665.04           | 32.75          |
| Other Business & Services Income  | 19,476,288.27           | 2,809,854.15            | 16,666,434.22           | 593.14         |
| Income from Grants & Donations  | 0.00                    | 0.00                    | 0.00                    |                |
| Property Taxes  | 522,260,198.32          | 495,327,231.32          | 26,932,977.00           | 5.44           |
| Less: RPT Discount  | (5,786,534.57)          | (10,440,631.83)         | 4,654,097.26            | (44.58)        |
| Other Income (RRA)  | 1,456,611,301.00        | 1,286,352,549.00        | 170,258,752.00          | 13.24          |
| Other Taxes (Share from Economic Zones)   | 4,110,677.55            | 2,826,712.53            | 1,283,965.02            | 45.42          |
| Other Taxes (Share from PCSO)   | 1,071,671.78            | 2,010,166.64            | (938,494.86)            | (46.69)        |
| Gain on Sale of Disposed Assets   | 72,599.96               | 79,049.96               | (6,450.00)              | (8.88)         |
| <b>TOTAL INCOME</b>   | <b>2,233,627,329.07</b> | <b>1,995,731,569.05</b> | <b>(237,895,660.02)</b> | <b>11.92</b>   |
| <b>Less: EXPENSES</b>   |                         |                         |                         |                |
| Personal Services   | 567,787,501.76          | 544,365,639.05          | 23,421,862.71           | 4.30           |
| Maint. & Other Operating Expenses-Current   | 1,018,402,245.64        | 817,696,710.50          | 200,705,535.14          | 24.55          |
| <b>TOTAL EXPENSES</b>   | <b>1,586,189,747.40</b> | <b>1,362,062,349.55</b> | <b>224,127,397.85</b>   | <b>16.46</b>   |
| <b>OPERATING INCOME</b>   | <b>647,437,481.67</b>   | <b>633,669,219.50</b>   | <b>13,768,262.17</b>    | <b>2.17</b>    |
| Less Finance Cost   | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| Documentary Stamps  | 1,214,658.04            | 0.00                    | 1,214,658.04            | #DIV/0!        |
| Bank Charges  | 185,385.00              | 150,000.00              | 35,385.00               | 23.59          |
| Interest Expenses   | 24,319,176.92           | 40,132,538.03           | (15,813,361.11)         | (39.40)        |
| Other Financial Charges   | 144,267.10              | 72,836.53               | 71,430.57               | 98.07          |
| Total   | <b>28,863,487.06</b>    | <b>40,355,374.56</b>    | <b>(14,491,887.50)</b>  | <b>(35.91)</b> |
| <b>Income before Subsidies and Extraordinary Items</b>  | <b>621,573,994.61</b>   | <b>593,313,844.94</b>   | <b>28,260,149.67</b>    | <b>4.76</b>    |
| Add: Subsidies from Other LGUs  | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| Subsidies from Other Funds  | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| Subsidies from Other Special Accounts   | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| Total   | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| Less: Subsidies to Other NGAs   | 5,679,890.00            | 847,936.72              | 4,831,953.28            | 569.85         |
| Subsidies to Other LGUs   | 116,436,928.50          | 50,687,860.00           | 65,749,068.50           | 129.71         |
| Subsidies to Operating Units  | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| Subsidies to GOCCs  | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| Subsidies to NGOs/Pos   | 0.00                    | 0.00                    | 0.00                    | #DIV/0!        |
| Subsidies to Other Funds  | 0.00                    | 0.00                    | 0.00                    | #DIV/0!        |
| Other Subsidies   | 0.00                    | 8,701,000.00            | (8,701,000.00)          | #DIV/0!        |
| Total   | <b>122,116,818.50</b>   | <b>60,236,796.72</b>    | <b>61,880,021.78</b>    | <b>102.73</b>  |
| <b>Income before Extraordinary Items</b>  | <b>499,457,176.11</b>   | <b>533,077,048.22</b>   | <b>(33,619,872.11)</b>  | <b>(6.31)</b>  |
| Deduct Extraordinary Items (Note)   |                         |                         |                         |                |
| Loss of Asset   | 0.00                    | 0.00                    | 0.00                    | 0.00           |
| <b>NET INCOME</b>   | <b>499,457,176.11</b>   | <b>533,077,048.22</b>   | <b>(33,619,872.11)</b>  | <b>(6.31)</b>  |

Certified Correct:  
  
**ATTY. DORIS J. ENSOMO**  
 Provincial Accountant

Figure 4.4. Expenses by Class, Province of Cavite: 2009



The provincial expenses can be classified into three main classes such as the maintenance and other operating expense, the personal services expense and the capital outlay. Majority of the province's expenses is at the MOOE which accounts for 59% of the total expenses. This is followed by the personal services at 33% of the total expenses. Correspondingly, this amount of personal services is within the limit set by the law, ticking only at 28% of the preceding year's total income. This is way far to exceed what the law is setting as standard at 45%. Capital outlay is only at 9% of the total expenses (Figure 4.4).

## INCOME CLASS CLASSIFICATION

Income Classification for provinces, cities and municipalities are based on Department of Finance Department Order No. 23-08 effective July 29, 2008.

As per Memorandum Circular No. 01-M(24)-08 dated November 12, 2008, income classification of the municipalities of the Province of Cavite are as follows: twelve (12) municipalities composed of Rosario and Kawit in District I; Bacoor in District II; Imus in District III; Carmona, Gen. Mariano Alvarez and Silang in District V; Gen. Trias and Tanza in District VI; and Alfonso, Indang and Naic in District VII are in the first class; Noveleta and Maragondon are classified as 3<sup>rd</sup> class municipalities; Amadeo, Magallanes, Mendez and Ternate are under 4<sup>th</sup> class; and the municipality of Gen. Aguinaldo fell in the 5<sup>th</sup> class. Dasmariñas City which was then a municipality also belongs to first class municipality.

Moreover, as per Memorandum Circular No. 01-C-08 dated November 27, 2008, Tagaytay City is in the 2<sup>nd</sup> class; and the cities of Cavite and Trece Martires are in the 4<sup>th</sup> class category with respect to average annual income from CYs 2004-2007 (Table 4.1). Dasmariñas, a newly converted city fall in the 1<sup>st</sup> class bracket.

Table 4.2. *Income Classification for Provinces, Cities and Municipalities, (Based on Department of Finance Department Order No. 23-08 effective July 29, 2008)*

| Class                 | Average Annual Income             |
|-----------------------|-----------------------------------|
| <b>Provinces</b>      |                                   |
| First                 | P450M or more                     |
| Second                | P360M or more but less than P450M |
| Third                 | P270M or more but less than P360M |
| Fourth                | P180M or more but less than P270M |
| Fifth                 | P90M or more but less than P180M  |
| Sixth                 | Below P90M                        |
| <b>Cities</b>         |                                   |
| First                 | P400M or more                     |
| Second                | P320M or more but less than P400M |
| Third                 | P240M or more but less than P320M |
| Fourth                | P160M or more but less than P240M |
| Fifth                 | P80M or more but less than P160M  |
| Sixth                 | Below P80M                        |
| <b>Municipalities</b> |                                   |
| First                 | P55M or more                      |
| Second                | P45M or more but less than P55M   |
| Third                 | P35M or more but less than P45M   |
| Fourth                | P25M or more but less than P35M   |
| Fifth                 | P15M or more but less than P25M   |
| Sixth                 | Below P15M                        |

Table 4.1. *Classification of Income of Cities and Municipalities Province of Cavite: Effective July 29, 2008*

| City/Municipality      | Average Annual Income (Php M) CYs 2004-2007) | Income Class |
|------------------------|--|--------------|
| <b>District I</b>      |  |              |
| Cavite City            | 208.724                                      | 4th          |
| Kawit                  | 69.373                                       | 1st          |
| Noveleta               | 41.267                                       | 3rd          |
| Rosario                | 351.135                                      | 1st          |
| <b>District II</b>     |  |              |
| Bacoor                 | 352.922                                      | 1st          |
| <b>District III</b>    |  |              |
| Imus                   | 293.365                                      | 1st          |
| <b>District IV</b>     |  |              |
| Dasmariñas City        | 425.750                                      | 1st          |
| <b>District V</b>      |  |              |
| Carmona                | 219.579                                      | 1st          |
| Gen. Mariano Alvarez   | 93.417                                       | 1st          |
| Silang                 | 173.000                                      | 1st          |
| <b>District VI</b>     |  |              |
| Trece Martires City    | 185.162                                      | 4th          |
| Amadeo                 | 31.695                                       | 4th          |
| Gen. Trias             | 339.756                                      | 1st          |
| Tanza                  | 115.431                                      | 1st          |
| <b>District VII</b>    |  |              |
| Tagaytay City          | 345.591                                      | 2nd          |
| Alfonso                | 56.255                                       | 1st          |
| Gen. Aguinaldo         | 22.489                                       | 5th          |
| Indang                 | 56.526                                       | 1st          |
| Magallanes             | 27.535                                       | 4th          |
| Maragondon             | 28.812                                       | 3rd          |
| Mendez                 | 29.715                                       | 4th          |
| Naic                   | 75.675                                       | 1st          |
| Ternate                | 32.193                                       | 4th          |
| <b>Cavite Province</b> | <b>1,135.806</b>                             | <b>1st</b>   |

Source: Department of Finance, Manila

## TAXABLE ASSESSMENT OF REAL PROPERTY

According to the Real Property Tax Code of the Philippines, the appraisal and assessment of real properties in a specific area or locality for taxation purposes shall be guided by the following fundamental principles:

- a. Real property shall be appraised at its current and fair market value;
- b. The appraisal of real property shall be uniform in each local political subdivision;
- c. Real property shall be classified for assessment purposes on the basis of its actual use;
- d. Real property shall be assessed on the basis of a uniform standard of value within each local political subdivision;
- e. In no case shall the appraisal and assessment of real property for taxation purposes and the collection of the real property tax be let to any private person; and
- f. The goal of property assessment shall be the equitable distribution of the tax burden.

Real property taxable assessment partly indicates the economic status of one area for the fact that it considers the current market value of the real property as well as the harmonized appraisal system implemented in each political subdivision.

For 2009, the assessments of real properties were done on the start and at the end of the year. In both periods, Bacoor topped the list with the highest assessment for a single municipality with around Php19B taxable assessment of real property. On the other hand, District V, composed of Carmona, Gen Mariano Alvarez and Silang, is the political subdivision with highest assessment of RPT. On the other hand, Gen. Aguinaldo has the lowest real property assessment both in January 1, 2009 and December 31, 2009 followed by Magallanes. The high assessment in Bacoor can be attributed to the kind of economy that it currently has. The area is dominated with commercial and business activities. Furthermore, the areas with high assessment are considered to be high trafficked vicinities where business and commerce transpire. Parallel to it, Magallanes and Gen. Aguinaldo are agricultural areas wherein people rely to agriculture as main income source.

The highest increase in assessment was recorded in Carmona that can be attributed to continuous economic growth in the municipality.

All of the districts in Cavite experienced increase in the assessment of their real properties from January 1, 2009 to December 31, 2009. Highest increase was recorded in District V followed by District VII. The highest contributor of increase in District VII is Tagaytay City. In totality, The taxable assessment of real property in the entire province is valued at Php4,127,081,091 that increased by 4.06% from January 1, 2009 (Table 4.3).

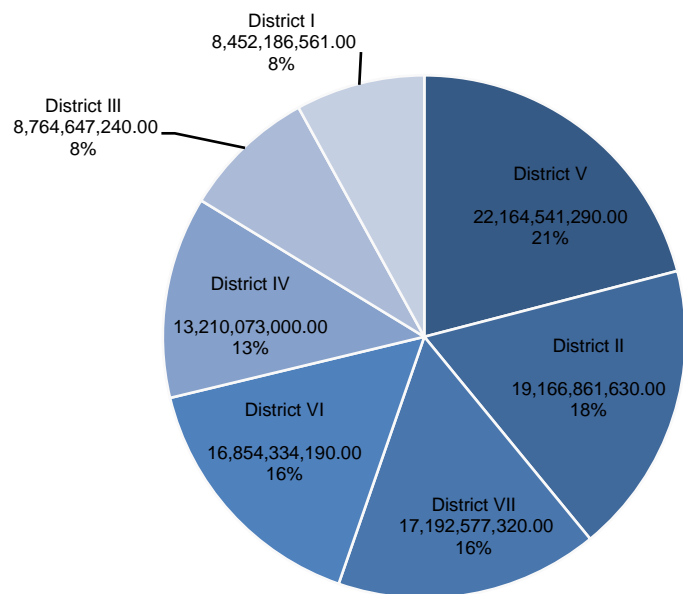
Table 4.3. Taxable Assessment of Real Property by City/Municipality Province of Cavite: 2009

| City/Municipality    | As of January 1, 2009  | As of December 31, 2009 | Increase (Decrease)  |
|----------------------|------------------------|-------------------------|----------------------|
| District I           | 8,139,533,530          | 8,452,186,561           | 312,653,031          |
| Cavite City          | 1,255,765,950          | 1,510,042,121           | 254,276,171          |
| Kawit                | 1,138,112,090          | 1,164,944,940           | 26,832,850           |
| Noveleta             | 767,389,560            | 785,577,400             | 18,187,840           |
| Rosario              | 4,978,265,930          | 4,991,622,100           | 13,356,170           |
| District II          | 18,584,975,370         | 19,166,861,630          | 581,886,260          |
| Bacoor               | 18,584,975,370         | 19,166,861,630          | 581,886,260          |
| District III         | 8,457,397,810          | 8,764,647,240           | 307,249,430          |
| Imus                 | 8,457,397,810          | 8,764,647,240           | 307,249,430          |
| District IV          | 12,658,413,480         | 13,210,073,000          | 551,659,520          |
| Dasmariñas City      | 12,658,413,480         | 13,210,073,000          | 551,659,520          |
| District V           | 20,986,249,880         | 22,164,541,290          | 1,178,291,410        |
| Carmona              | 14,723,159,420         | 15,765,535,490          | 1,042,376,070        |
| Gen. Mariano Alvarez | 1,053,725,700          | 1,103,985,350           | 50,259,650           |
| Silang               | 5,209,364,760          | 5,295,020,450           | 85,655,690           |
| District VI          | 16,477,468,530         | 16,854,334,190          | 376,865,660          |
| Trece Martires City  | 3,199,918,950          | 3,231,404,220           | 31,485,270           |
| Amadeo               | 539,958,660            | 557,724,020             | 17,765,360           |
| Gen. Trias           | 9,863,898,130          | 10,144,374,650          | 280,476,520          |
| Tanza                | 2,873,692,790          | 2,920,831,300           | 47,138,510           |
| District VII         | 16,374,101,540         | 17,192,577,320          | 818,475,780          |
| Tagaytay City        | 8,695,738,820          | 9,382,397,030           | 686,658,210          |
| Alfonso              | 1,113,174,620          | 1,137,379,410           | 24,204,790           |
| Gen. Aguinaldo       | 228,538,520            | 229,874,110             | 1,335,590            |
| Indang               | 482,202,250            | 535,508,950             | 53,306,700           |
| Magallanes           | 247,654,380            | 253,315,590             | 5,661,210            |
| Maragondon           | 680,125,970            | 687,677,630             | 7,551,660            |
| Mendez               | 335,751,490            | 346,157,840             | 10,406,350           |
| Naic                 | 2,113,290,380          | 2,139,431,740           | 26,141,360           |
| Ternate              | 2,477,625,110          | 2,480,835,020           | 3,209,910            |
| <b>TOTAL</b>         | <b>101,678,140,140</b> | <b>105,805,221,231</b>  | <b>4,127,081,091</b> |

Source: Provincial Assessor's Office, City Assessor's Offices

District V accounts for 21% of the total assessed tax value of real properties in the province. It is followed by the lone District of Bacoor with 18%. The least contributor of tax value of real properties is District I composed of Cavite City, Kawit, Noveleta and Rosario. Despite being highly urbanized city/municipalities, the increased appraisal of real property tax assessment in these areas are hindered by its limited land area (Figure 4.5).

Figure 4.5. Taxable Assessment of Real Property, Province of Cavite: 2009



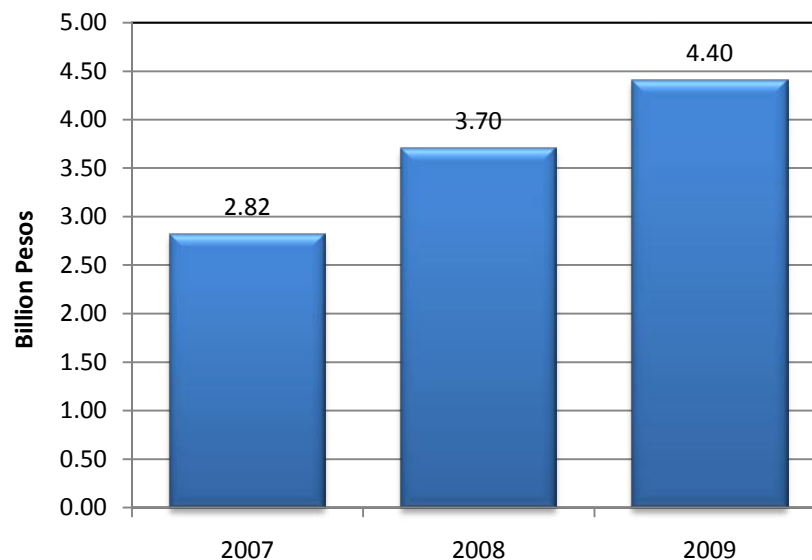
### INTERNAL REVENUE ALLOTMENT

One major source of income among municipalities and cities in the province is coming from the national government or more commonly known as the Internal Revenue Allotment (IRA).

The IRA provides considerable budget for a certain Local Government Unit which makes possible the implementation of localized programs and projects. Aside from the IRA received by the cities and municipalities, the Province is also receiving its share of IRA for programs and projects in the provincial level.

The total IRA received by the province consistently increased from 2007 to 2009. Having population as the main basis for IRA, Dasmariñas gained the highest IRA in 2009 in the amount of Php434M. It is followed by Bacoor with Php344M. The lowest IRA was recorded at Gen. Aguinaldo with Php31.3M in 2009. The Internal Revenue Allotment has a premise of giving government service to each and every Filipino citizen in a particular local government unit (Figure 4.6).

Figure 4.6. Internal Revenue Allotment by Year, Province of Cavite: 2007 to 2009



Source: Provincial Budget Office, Trece Martires City: 2009

Table 4.4. Internal Revenue Allotment (IRA) by City/Municipality, Province of Cavite: 2007 to 2009

| Local Government Unit     | 2007                 | 2008                 | 2009                 |
|---------------------------|----------------------|----------------------|----------------------|
| <b>District I</b>         | <b>310,730,076</b>   | <b>354,441,381</b>   | <b>416,958,229</b>   |
| Cavite City               | 169,181,933          | 177,347,473          | 209,399,574          |
| Kawit                     | 51,259,073           | 63,108,536           | 73,908,917           |
| Noveleta                  | 31,760,838           | 38,900,682           | 45,642,792           |
| Rosario                   | 58,528,232           | 75,084,690           | 88,006,946           |
| <b>District II</b>        | <b>199,829,527</b>   | <b>293,520,257</b>   | <b>344,487,043</b>   |
| Bacoor                    | 199,829,527          | 293,520,257          | 344,487,043          |
| <b>District III</b>       | <b>139,430,322</b>   | <b>183,132,788</b>   | <b>214,945,615</b>   |
| Imus                      | 139,430,322          | 183,132,788          | 214,945,615          |
| <b>District IV</b>        | <b>247,796,327</b>   | <b>369,626,394</b>   | <b>433,981,230</b>   |
| Dasmariñas City           | 247,796,327          | 369,626,394          | 433,981,230          |
| <b>District V</b>         | <b>241,817,748</b>   | <b>311,446,409</b>   | <b>365,172,584</b>   |
| Carmona                   | 42,560,672           | 58,375,137           | 68,445,313           |
| Gen. Mariano              | 81,011,831           | 100,456,311          | 117,780,733          |
| Silang                    | 118,245,245          | 152,614,961          | 178,946,538          |
| <b>District VI</b>        | <b>327,465,490</b>   | <b>483,476,046</b>   | <b>581,356,783</b>   |
| Trece Martires City       | 132,369,114          | 164,476,712          | 207,080,819          |
| Amadeo                    | 29,158,923           | 35,476,286           | 41,499,827           |
| Gen. Trias                | 81,865,465           | 156,054,056          | 183,245,477          |
| Tanza                     | 84,071,988           | 127,468,992          | 149,530,660          |
| <b>District VII</b>       | <b>427,110,083</b>   | <b>488,984,688</b>   | <b>587,273,233</b>   |
| Tagaytay City             | 143,633,171          | 152,445,295          | 193,121,325          |
| Alfonso                   | 39,193,360           | 47,538,686           | 55,662,057           |
| Gen. Aguinaldo            | 22,174,318           | 26,728,720           | 31,276,982           |
| Indang                    | 47,217,690           | 56,632,023           | 66,249,562           |
| Magallanes                | 25,888,785           | 29,102,491           | 34,090,307           |
| Maragondon                | 36,765,370           | 41,723,548           | 48,892,651           |
| Mendez                    | 27,638,298           | 32,600,277           | 38,144,863           |
| Naic                      | 60,093,753           | 73,073,874           | 85,671,851           |
| Ternate                   | 24,505,338           | 29,139,774           | 34,163,635           |
| <b>Province of Cavite</b> | <b>922,035,593</b>   | <b>1,229,961,353</b> | <b>1,456,611,301</b> |
| <b>TOTAL</b>              | <b>2,816,215,166</b> | <b>3,714,589,316</b> | <b>4,400,786,018</b> |

Source: Provincial Budget Office, City/Municipal Budget Offices

## LOCAL FINANCIAL INSTITUTIONS

### FINANCIAL INSTITUTIONS

According to the Central Bank of the Philippines, financial institutions in the country can be categorized into two. These are the banking and non-banking financial institutions. Cavite has 1,000 financial institutions of both categories. Furthermore, these broad classifications are subdivided into other types of financial firms. These are operating based on their prescribed mandates as to their classification.

#### Banking Institutions

Banking institutions are categorized into commercial banks, rural banks and thrift banks. The province currently has 279 banking institutions scattered all-over Cavite. The highest number of banking institutions is in Bacoor with 44 followed by Imus with 40 and Dasmariñas City with 36. As observed, these three districts hold numerous schools and commercial establishments that could account to the greater number of banking institutions. The presence of banking institutions is a good indicator of local economy because these institutions are medium of economic trading. The more banking institutions there are, the greater opportunity of financial trading to transpire in the area. Commercial banks with 128 financial institutions represent 45.88% of the total banking institutions followed by rural banks with 81 banking institutions and thrift banks with 70 (Table 4.5).

Commercial Banking System is also known as business banking. It is a bank that provides checking accounts, savings accounts, and money market accounts and that accepts time deposits. Cavite has a total of 128 commercial banks, the highest number of which are located in Imus (22) and Dasmariñas City (21). Due to unavailability of enough demand, there are 9 municipalities that do not have any commercial banks to date.

Rural Banking System provides saving facilities in rural areas and extends loans to farmers and small businessmen. Because of their credit and savings functions in the rural economy, rural banks receive considerable assistance from the government. There are 81 rural banks in the province, with the highest number of them concentrated in Bacoor with 12. Considering that District VII is an agricultural district, most number of rural banks (22) can be found in the said district.

Thrift Banking System is composed of private development banks, savings and mortgage banks and stock savings and provides loans at generally longer and easier terms to lower income groups. Loans are usually for basic social and economic needs, and are granted to small producers, such as farmers, micro and small entrepreneurs and consumers to finance their production and consumption requirements. There are 70 thrift banks in Cavite. Bacoor (17) has the most number of thrift banks.

Table 4.5. Banking Institutions by City/Municipality and Type Province of Cavite: 2009

| City/Municipality   | Rural Banks | Commercial Banks | Thrift Banks | Total      |
|---------------------|-------------|------------------|--------------|------------|
| <b>District I</b>   | <b>7</b>    | <b>25</b>        | <b>10</b>    | <b>42</b>  |
| Cavite City         | 2           | 8                | 1            | 11         |
| Kawit               | 1           | 4                | 4            | 9          |
| Noveleta            | 1           |                  | 4            | 5          |
| Rosario             | 3           | 13               | 1            | 17         |
| <b>District II</b>  | <b>12</b>   | <b>15</b>        | <b>17</b>    | <b>44</b>  |
| Bacoor              | 12          | 15               | 17           | 44         |
| <b>District III</b> | <b>6</b>    | <b>22</b>        | <b>12</b>    | <b>40</b>  |
| Imus                | 6           | 22               | 12           | 40         |
| <b>District IV</b>  | <b>6</b>    | <b>21</b>        | <b>9</b>     | <b>36</b>  |
| Dasmariñas          | 6           | 21               | 9            | 36         |
| <b>District V</b>   | <b>17</b>   | <b>20</b>        | <b>7</b>     | <b>44</b>  |
| Carmona             | 6           | 11               | 1            | 18         |
| GMA                 | 2           | 2                | 3            | 7          |
| Silang              | 9           | 7                | 3            | 19         |
| <b>District VI</b>  | <b>11</b>   | <b>15</b>        | <b>10</b>    | <b>36</b>  |
| Trece Martires City | 3           | 4                | 2            | 9          |
| Amadeo              | 3           |                  |              | 3          |
| Gen. Trias          | 3           | 8                | 3            | 14         |
| Tanza               | 2           | 3                | 5            | 10         |
| <b>District VII</b> | <b>22</b>   | <b>10</b>        | <b>5</b>     | <b>37</b>  |
| Tagaytay City       | 7           | 8                | 3            | 18         |
| Alfonso             | 2           |                  |              | 2          |
| Gen. Aguinaldo      | 1           |                  |              | 1          |
| Indang              | 3           |                  |              | 3          |
| Magallanes          | 2           |                  |              | 2          |
| Maragondon          | 1           |                  |              | 1          |
| Mendez              | 2           |                  |              | 2          |
| Naic                | 3           | 2                | 2            | 7          |
| Ternate             | 1           |                  |              | 1          |
| <b>Total</b>        | <b>81</b>   | <b>128</b>       | <b>70</b>    | <b>279</b> |

Source: Bangko Sentral ng Pilipinas

#### Non-Banking Institutions

A non-bank financial institution (NBFI) is a financial institution that does not have a full banking license or is not supervised by a national or international banking regulatory agency. NBFIs facilitate bank-related financial services, such as investment, risk pooling, contractual savings, and market brokering. According to the Central Bank of the Philippines, there are 721 non-banking financial institutions operating in Cavite as of December 2009. Majority of which is composed of pawnshops. District I has the most number with 135 followed by District IV, II and III with 127, 123, and 98 institutions, respectively.

Pawnshop is an individual or business that offers secured loans to people, with items of personal property used as collateral. These valuable items range from jewels and electronic gadgets such as cellular phones and laptops.

Financing and loan associations have also established visibility in Cavite. They serve as credit facilities to individuals especially in the community. The patrons of this financing institutions are those who are not formally employed or community people especially farmers. To name some are TSPI Development Corporation and Center for Agriculture and Rural Development (CARD) (Table 4.6).

Table 4.6. Non-Banking Institutions by City/Municipality and by Type, Province of Cavite: 2009

| City/Municipality   | Pawnshops  | Financing | Non-Stock Savings & Loan Assn. | Total      |
|---------------------|------------|-----------|--------------------------------|------------|
| <b>District I</b>   | <b>131</b> |           | <b>4</b>                       | <b>135</b> |
| Cavite City         | 59         |           | 4                              | 63         |
| Kawit               | 33         |           |                                | 33         |
| Noveleta            | 15         |           |                                | 15         |
| Rosario             | 24         |           |                                | 24         |
| <b>District II</b>  | <b>123</b> |           |                                | <b>123</b> |
| Bacoor              | 123        |           |                                | 123        |
| <b>District III</b> | <b>96</b>  | <b>1</b>  | <b>1</b>                       | <b>98</b>  |
| Imus                | 96         | 1         | 1                              | 98         |
| <b>District IV</b>  | <b>127</b> |           |                                | <b>127</b> |
| Dasmariñas          | 127        |           |                                | 127        |
| <b>District V</b>   | <b>89</b>  |           |                                | <b>89</b>  |
| Carmona             | 12         |           |                                | 12         |
| GMA                 | 27         |           |                                | 27         |
| Silang              | 50         |           |                                | 50         |
| <b>District VI</b>  | <b>82</b>  |           |                                | <b>82</b>  |
| Trece Martires City | 13         |           |                                | 13         |
| Amadeo              | 1          |           |                                | 1          |
| Gen. Trias          | 43         |           |                                | 43         |
| Tanza               | 25         |           |                                | 25         |
| <b>District VII</b> | <b>67</b>  |           |                                | <b>67</b>  |
| Tagaytay City       | 18         |           |                                | 18         |
| Alfonso             | 6          |           |                                | 6          |
| Gen. Aguinaldo      |            |           |                                |            |
| Indang              | 7          |           |                                | 7          |
| Magallanes          | 1          |           |                                | 1          |
| Maragondon          | 3          |           |                                | 3          |
| Mendez              | 6          |           |                                | 6          |
| Naic                | 25         |           |                                | 25         |
| Ternate             | 1          |           |                                | 1          |
| <b>Grand-Total</b>  | <b>715</b> | <b>1</b>  | <b>5</b>                       | <b>721</b> |

Source: Bangko Sentral ng Pilipinas