

Attachment 2. Budget Performance and Financial Statements

Financial Management is simply defined as planning, directing, monitoring, organizing, and controlling of an entity of their financial resources in an efficient and effective manner. It also includes manners on how to raise the funds and how to allocate it. Not only about long term budgeting but also how to allocate the short term resources like current assets.

In the government operation, **Public Financial Management** is a system of rules, procedures and practices for government to manage public finances. It encompasses the areas of budgeting, accounting, auditing, cash management, management of public debt, revenue generation and public reporting on public sector financial operations. It also seeks to address the key challenges of controlling government spending and making agencies operate efficiently and effectively.

The current system of public financial management being used by the provincial government drives the administration to check if the government spending is within limits. It also seeks to check if the spending is on the right things and if the best value for money is being obtained.

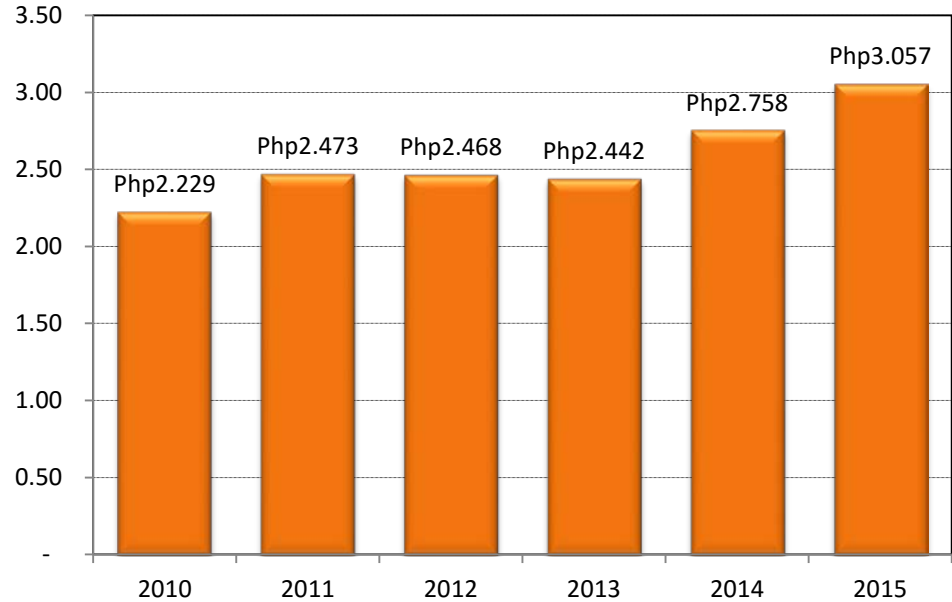
This part of the Local Government Report shall discuss the financial performance of the Province based on its official financial statements. Brief description on the trending of a particular financial aspect over five years will also be presented. The trending will cover that of the political terms of Gov. Juanito Victor C. Remulla Jr. from year 2010 to 2015.

Results of Operations

Provincial Operating Income

The income for the year 2015 have reached the amount of three billion fifty six million six hundred seventy three thousand one hundred sixty nine pesos and fifty four centavos (Php3,056,673,169.54). The province is still considered as IRA dependent with a dependency rate of 76.23%. The income of the province increased by 10.84% from 2014 to 2015. Despite the conversion of various municipalities into cities, the income of the province showed positive increasing trend from year 2010 to 2015.

Figure 1. Provincial Income by Year, FY 2010 to 2015

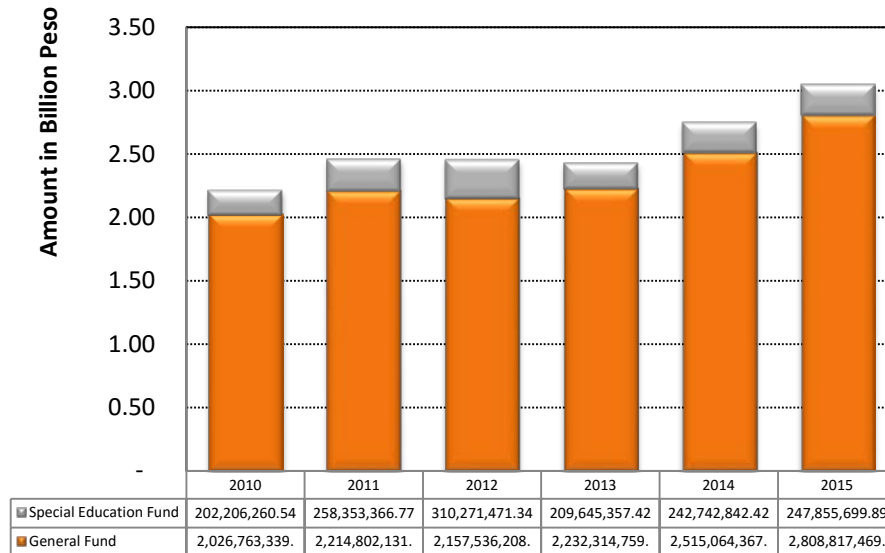


Financial management in the provincial government involves the classification of budget into two categories, the General Fund and the Special Education Fund. General funds are those that are being spent for the general expenses of the province like infrastructure projects, social services, economic services and everything other than education related programs which budgets are being drawn from the special education fund. Certain amount of budget is allocated under the special education fund in order to support the national government in the delivery of educational services. Special education fund is also being used to supplement teachers under the Local School Board, classroom construction and purchase of educational materials among other education related expenditures.

The proportion of SEF and General Fund remains in constant, majority of funds covers General Fund.

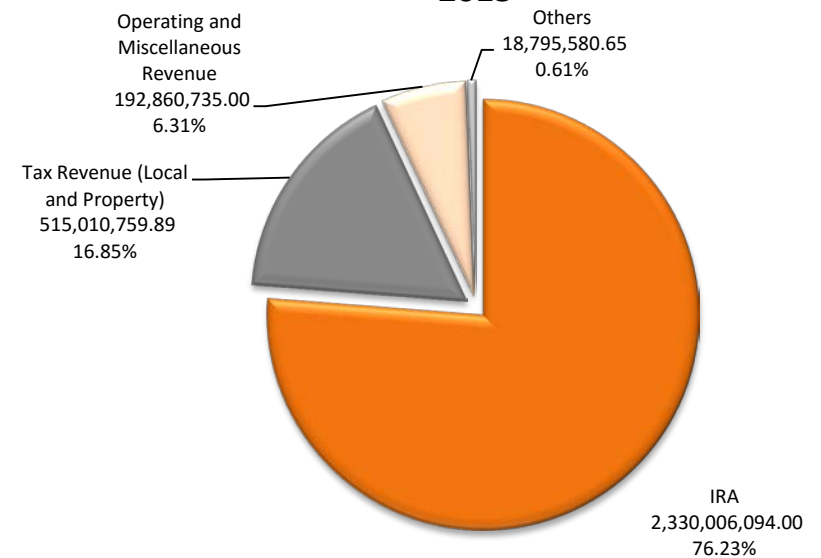
For the year 2015, 91.89% of the provincial revenue is classified under the General Fund and only 8.11% is Special Education Fund.

Figure 2. Provincial Income by Fund Category and by Year, FY 2010 to 2015



The Internal Revenue Allotment remains to be the major fund source of the Provincial Government. Fortunately, the IRA is not affected by the cityhood of municipalities. However the Local and Property taxes decreased dramatically despite the efforts of the provincial government on the massive tax campaigns. This was due to the to the conversion of municipalities into cities.

Figure 3. Income by Source, Province of Cavite: 2015



Sources of Income

The provincial income comes from various sources. The amount of income of the province is critical in defining and prioritizing the programs to be implemented under the local administration, social, environment and economic sectors. The source of income of the province comes from national government subsidy, local collections and other sources, being the first two as the principal resource. The national government subsidy is in the form of Internal Revenue Allotment or what is commonly known as IRA. The local collections are from the real property taxes, permits and licenses fees being collected by the province as well as service income and business income. The other income includes dividends, insurances, interests, share from economic zones and Philippine Charity and Sweepstakes Office (PCSO).

The sources of income for the year 2015 are Internal Revenue Allotment, Local Taxes, Operating and Miscellaneous Revenue and Others which is composed of Shares, Grants and Donations.

Provincial Operating Expenses

The provincial government has two major expense accounts such as Personal Services and Maintenance and Other Operating Expenses (MOOE). For the year 2014, the operating expenses of the province totaled to Php2,251,394,063.49. This can be translated to 73.66% of the income of the province. The operating expense increased by 19.05% equivalent to Php360M from 2014 to 2015 (Figure 4).

In the last six years, the highest operating expense is recorded in the year 2015 at Php2.25B. The expenses are composed mainly of personal services and maintenance and other operating expenses.

The operating expense is divided into two fund classification such as the Special Education Fund and General Fund. The expenses under the SEF amounted to Php221,787,827.97 that is equivalent to 9.85% of the total expenses. The general fund expenses on the other hand amounted to Php2,029,235.52 equivalent to 90.15% of the total operating expense (Figure 5).

The general fund was used-up up to 72.26% while the special education was used-up at 89.48%. The total fund utilization is pegged at 73.66%.

Figure 4. Total Operating Expenses by Year: 2010 to 2015

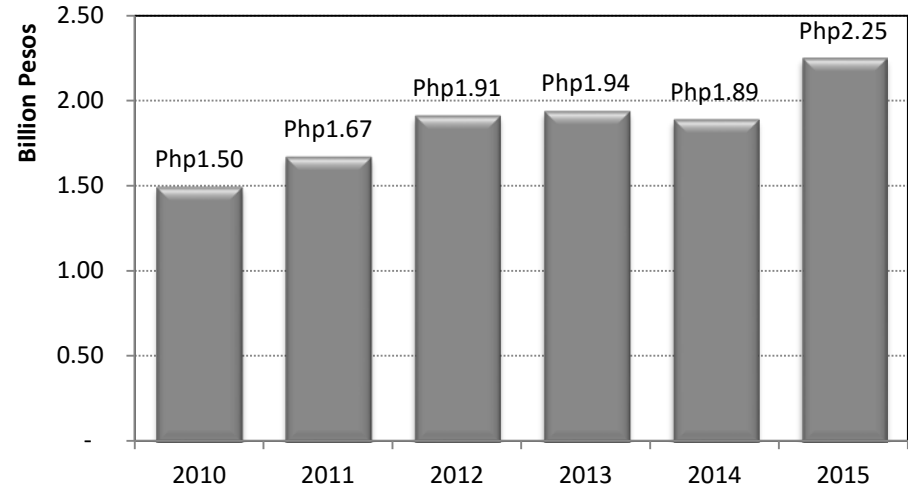
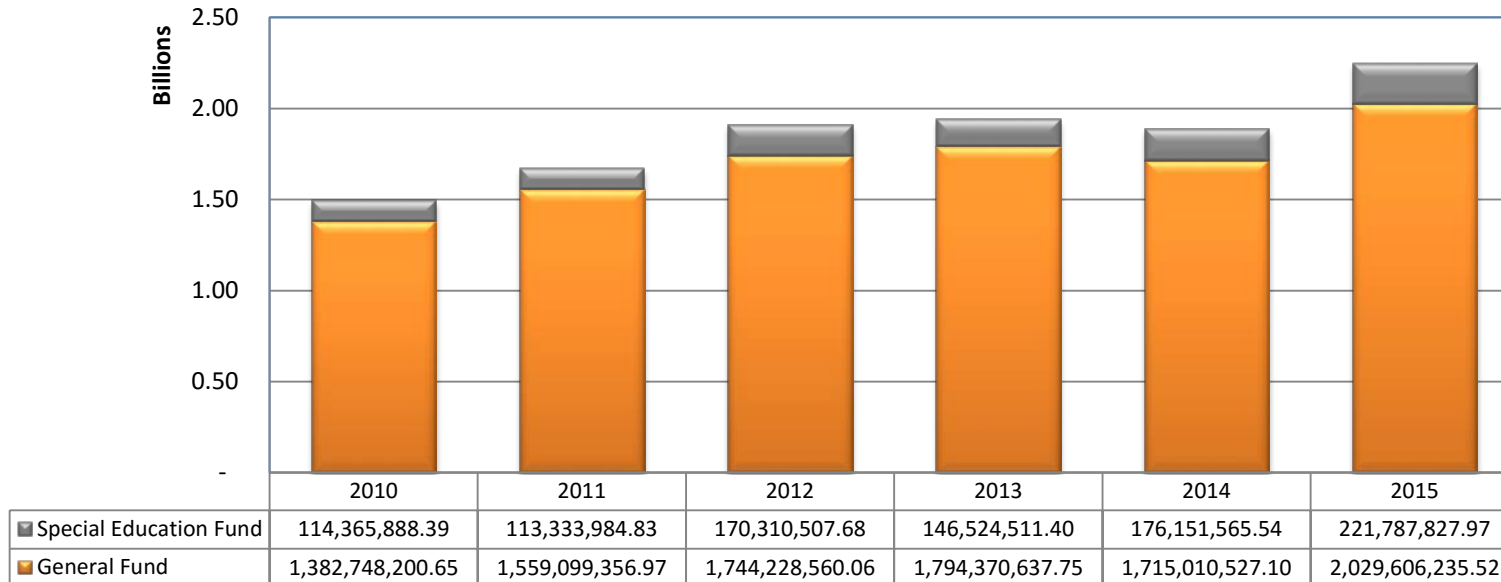


Figure 5. Operating Expenses with Fund Category by Year: 2010 to 2015

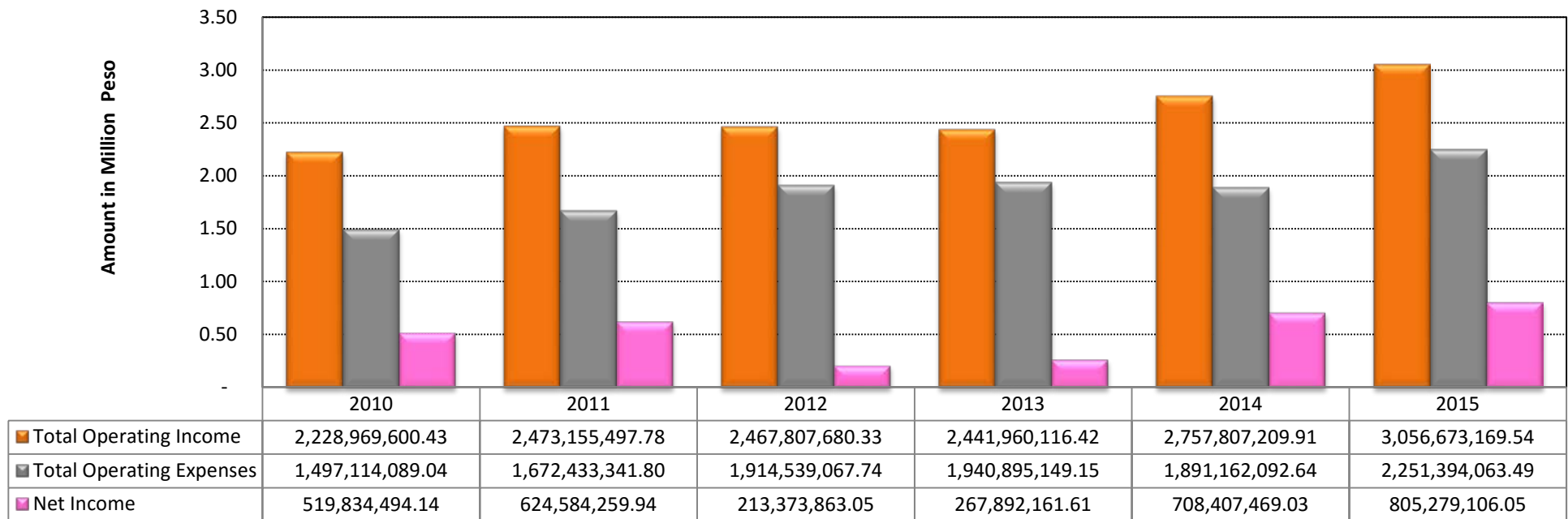


Gross Income, Expenses and Net Income

For the past six years, the provincial government showed remarkable financial performance in terms of spending, allowing the province to retain savings in its coffers. In the provincial government setting, the net income is the money remained from income after all the expenses have already been deducted except for extraordinary expenses.

For the year 2015, the province has a net income of Php805,279,106.05. The net income of the province generally had an increasing trend from 2010 up to 2015. It is highest in the year 2015 at 26.34% savings rate. The savings were due to austerity measures of the provincial government as well as to various innovations resulted in a more efficient provincial operation (Figure 6).

Figure 6. Comparative Gross Income, Expenditure and Net Income by Year, Province of Cavite: 2010 to 2015



Province of CAVITE
TRUST FUND - 401
Statement of Financial Position
as of December 31, 2015

ASSETS	Note	2015
Current Assets		
Cash and Cash Equivalents		93,793,798.52
Investments		-
Receivables		29,489,475.15
Inventories		-
Prepayments and Deferred Charges		-
Total Current Assets		<u><u>123,283,273.67</u></u>
Non-Current Assets		
Investments		-
Receivables		-
Property, Plant and Equipment		-
Total Non Current Assets		<u><u>-</u></u>
Total Assets		<u><u>123,283,273.67</u></u>
LIABILITIES		
Current Liabilities		
Financial Liabilities		3,390.00
Inter-Agency Payables		31,866,910.57
Intra-Agency Payables		33,535.00
Trust Liabilities		89,027,408.43
Total Current Liabilities		<u><u>120,931,244.00</u></u>
Non-Current Liabilities		
Financial Liabilities		-
Other Payables		2,352,029.67
Total Non Current Liabilities		<u><u>2,352,029.67</u></u>
Total Liabilities		<u><u>123,283,273.67</u></u>

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LAURO D. MONZON
Provincial Accountant

Province of CAVITE
TRUST FUND - 401
Statement of Financial Performance
For the Year Ended December 31, 2015

	Note	2015
Revenue		
Grants and Donations		-
Total Revenue		<u><u>-</u></u>
Less: Current Operating Expenses		
Personnel Services		-
Maintenance and Other Operating Expenses		27,871,908.75
Non-Cash Expenses		-
Current Operating Expenses		<u><u>27,871,908.75</u></u>
Surplus (Deficit) from Current Operation		
Add(Deduct) Transfer from General Fund of Unspent DRRMF		27,871,908.75
Surplus (Deficit) for the period		<u><u>-</u></u>

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Provincial Accountant

Province of CAVITE
TRUST FUND - 401
Statement of Cash Flows
For the Year Ended December 31, 2015

	Note	2015
Cash Flows From Operating Activities		
Cash Inflows		
Other Receipts		243,947,829.64
Total Cash Inflows		<u>243,947,829.64</u>
Cash Outflows		
To Suppliers and creditors		105,047,576.89
Other Expenses		140,312,625.15
Total Cash Outflows		<u>245,360,202.04</u>
Net Cash Flows from Operating Activities		<u>(1,412,372.40)</u>
Cash Flows From Investing Activities		
Cash Inflows		
Total Cash Inflows		
Cash Outflows		
Total Cash Outflows		
Net Cash Flows from Investing Activities		
Cash Flows From Financing Activities		
Cash Inflows		
Total Cash Inflows		
Cash Outflows		
Total Cash Outflows		
Net Cash Flows from Financing Activities		
Net Increase in Cash		<u>(1,412,372.40)</u>
Add: Cash at the Beginning of the period		<u>95,206,170.92</u>
Cash Balance at the End of the Period		<u>93,793,798.52</u>

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Province of CAVITE
SPECIAL EDUCATION FUND -221
Statement of Financial Position
as of December 31, 2015

ASSETS	Note	2015
Current Assets		
Cash and Cash Equivalents		14,981,843.98
Investments		270,710.00
Receivables		21,409,662.91
Inventories		913,973,307.76
Prepayments and Deferred Charges		-
Total Current Assets		<u>950,635,524.65</u>
Non-Current Assets		
Investments		
Receivables		-
Investment Property		
Property, Plant and Equipment		1,178,413,658.13
Biological Assets		
Intangible Assets		
Total Non Current Assets		<u>1,178,413,658.13</u>
Total Assets		<u>2,129,049,182.78</u>
LIABILITIES		
Current Liabilities		
Financial Liabilities		358,711,963.33
Inter-Agency Payables		6,743,967.97
Intra-Agency Payables		1,310,650.57
Trust Liabilities		1,680,266.64
Deferred Credits/Unearned Income		8,069,668.36
Total Current Liabilities		<u>376,516,516.87</u>
Non-Current Liabilities		
Financial Liabilities		
Deferred Credits/Unearned Income		
Provisions		
Other Payables		
Total Non Current Liabilities		<u>-</u>
Total Liabilities		<u>376,516,516.87</u>
NET ASSETS/EQUITY		
Government Equity		1,752,532,665.91
Total Liabilities and Net Assets/Equity		<u>2,129,049,182.78</u>

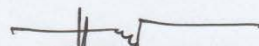
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LAURO D. MONZON
Provincial Accountant

**PROVINCE of CAVITE
STATEMENT OF CASH FLOWS
Special Education Fund
For the period ended December 31, 2015**

Cash Flows From Operating Activities	
Cash Inflows	
Share from Internal Revenue Allotment	
Collection from Taxpayers	36,388,858.34
Receipts from sale of goods and services	
Interest Income	
Dividend Income	
Other Receipts	1,310,650.57
Total Cash Inflows	37,699,508.91
Cash Outflows	
Payments to -	
Suppliers/Creditors	18,462,716.61
Employees	39,250.00
Interest Expenses	1,434,059.15
Other Disbursements	971,947.84
Total Cash Outflows	20,907,973.60
Cash Provided by (Used In)	16,791,535.31
Cash Flows From Investing Activities	
Cash Inflows	
Sale of Property, Plant and Equipment	
Sale of Debt Securities of Other Entities	
Collection of Principal on Loans to Other Entities	
Total Cash Inflows	-
Cash Outflows	
Purchase of Property, Plant and Equipment and Public Infrastructures	-
Purchase of Debt Securities of Other Entities	
Grant/Loans to Other Entities	
Total Cash Outflows	-
Cash Provided by (Used In)	-
Cash Flows From Financing Activities	
Cash Inflows	
Issuance of Debt Securities	
Acquisition of Loan	
Total Cash Inflows	-
Cash Outflows	
Retirement/Redemption of Debt Securities	
Payment of Loan Amortization	2,443,217.80
Total Cash Outflows	2,443,217.80
Cash Provided by (Used In)	(2,443,217.80)
Net Cash Provided By (Used In)	14,348,317.51
Cash at the Beginning of the Period	633,526.47
Cash at the End of the Period	14,981,843.98

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**Province of CAVITE
GENERAL FUND -101
Statement of Financial Position
as of December 31, 2015**

	Note	2015
ASSETS		
Current Assets		
Cash and Cash Equivalents		1,114,778,562.88
Investments		18,951,888.37
Receivables		147,534,471.57
Inventories		45,923,049.69
Prepayments and Deferred Charges		-
Total Current Assets		1,327,187,972.51
Non-Current Assets		
Investments		-
Receivables		-
Investment Property		
Property, Plant and Equipment		3,520,299,030.80
Biological Assets		
Intangible Assets		
Total Non Current Assets		3,520,299,030.80
Total Assets		4,847,487,003.31
LIABILITIES		
Current Liabilities		
Financial Liabilities		810,674,971.32
Inter-Agency Payables		43,664,839.34
Intra-Agency Payables		31,051,975.15
Trust Liabilities		14,255,809.68
Deferred Credits/Unearned Income		7,971,884.15
Total Current Liabilities		907,619,479.64
Non-Current Liabilities		
Financial Liabilities		69,032,577.41
Deferred Credits/Unearned Income		
Provisions		
Other Payables		80,543,385.17
Total Non Current Liabilities		149,575,962.58
Total Liabilities		1,057,195,442.22
NET ASSETS/EQUITY		
Government Equity		3,790,291,561.09
Total Liabilities and Net Assets/Equity		4,847,487,003.31

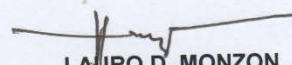
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LAURO D. MONZON
Provincial Accountant

PROVINCE of CAVITE
STATEMENT OF CASH FLOWS
GENERAL FUND - 101
For the month ended DECEMBER 31, 2015

Cash Flows From Operating Activities	
Cash Inflows	
Share from Internal Revenue Allotment	194,167,169.00
Collection from Taxpayers	31,782,135.28
Receipts from sale of goods and services	20,327,248.90
Interest Income	75,189.25
Dividend Income	-
Other Receipts	14,175,707.03
Total Cash Inflows	260,527,449.46
Cash Outflows	
Payments to -	
Suppliers/Creditors	111,815,990.10
Employees	96,788,962.48
Interest Expenses	265,777.91
Other Disbursements	78,551,462.46
Total Cash Outflows	287,422,192.95
Cash Provided by (Used In)	(26,894,743.49)
Cash Flows From Investing Activities	
Cash Inflows	
Sale of Property, Plant and Equipment	-
Sale of Debt Securities of Other Entities	-
Collection of Principal on Loans to Other Entities	-
Total Cash Inflows	-
Cash Outflows	
Purchase of Property, Plant and Equipment and Public Infrastructures	54,588,750.26
Purchase of Debt Securities of Other Entities	-
Grant/Loans to Other Entities	-
Total Cash Outflows	54,588,750.26
Cash Provided by (Used In)	(54,588,750.26)
Cash Flows From Financing Activities	
Cash Inflows	
Issuance of Debt Securities	-
Acquisition of Loan	-
Total Cash Inflows	-
Cash Outflows	
Retirement/Redemption of Debt Securities	908,323.39
Payment of Loan Amortization	908,323.39
Total Cash Outflows	(908,323.39)
Cash Provided by (Used In)	(82,391,817.14)
Net Cash Provided By (Used In)	1,197,170,380.02
Cash at the Beginning of the Period	1,114,778,562.88
Cash at the End of the Period	1,114,778,562.88


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Province of CAVITE
SPECIAL EDUCATION FUND - 221
Statement of Financial Performance
For the Year Ended December 31, 2015

	Note	2015
Revenue		
Tax Revenue		247,724,566.56
Share from Internal Revenue Collections		
Other Share from National Taxes		
Service and Business Income		131,113.33
Shares, Grants and Donations		
Gains		
Other Income		
Total Revenue		247,855,679.89
Less: Current Operating Expenses		
Personnel Services		194,300.00
Maintenance and Other Operating Expenses		124,836,375.11
Non-Cash Expenses		77,874,852.30
Financial Expenses		18,882,300.56
Current Operating Expenses		221,787,827.97
Surplus (Deficit) from Current Operation		26,067,851.92
Add (Deduct) :		
Transfersm Assistance and Subsidy From		
Transfersm Assistance and Subsidy To		
Surplus (Deficit) for the period		26,067,851.92

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Province of CAVITE
GENERAL FUND - 101
Statement of Financial Performance
For the Year Ended December 31, 2015

	Note	2015
Revenue		
Tax Revenue		267,286,193.33
Share from Internal Revenue Collections		2,330,006,094.00
Other Share from National Taxes		
Service and Business Income		191,065,865.67
Shares, Grants and Donations		1,663,736.00
Gains		
Other Income		18,795,580.65
Total Revenue		<u><u>2,808,817,469.65</u></u>
Less: Current Operating Expenses		
Personnel Services		869,588,853.95
Maintenance and Other Operating Expenses		1,035,899,292.69
Non-Cash Expenses		121,052,079.00
Financial Expenses		3,066,009.88
Current Operating Expenses		<u><u>2,029,606,235.52</u></u>
Surplus (Deficit) from Current Operation		
Add (Deduct) :		
Transfersm Assistance and Subsidy From		
Transfersm Assistance and Subsidy To		
Surplus (Deficit) for the period		<u><u>779,211,234.13</u></u>

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