

Simple Guide to the Annual Budget Report

The Annual Budget provides information on both the sources of revenues to fund the budget and the budgeted expenditures of the LGU, with details for Personal Services (PS), which includes salaries and wages and allowances of its personnel; for Maintenance and Other Operating Expenses (MOOE) including supplies, utilities, travel expenses, training and scholarships; and Capital Outlay (CO) as for example for office equipment land transportation equipment, buildings; and other Financial Expenses, which include interest expense, bank charges, and the like.

Preparation

- (1) Each LGU Office/Department Head prepares/fills in the required information on the form for the Annual Budget;
- (2) Local Budget Officer of the province, city or municipality, reviews the Annual Budget Report prepared by the Office/Department Head; and
- (3) The Local Chief Executive, i.e., Mayor or Governor, approves the Annual Budget. The Local Sanggunian acts on the Executive Budget with its passage of the Appropriations Ordinance.

Form Used

DBM Local Budget Preparation (LBP) Form No. 3: Programmed Appropriation and Obligation by Object of Expenditure

The form contains information on:

- (1) Object of Expenditure,
- (2) Account Code,
- (3) Past Year [Actual],
- (4) Current Year [Estimate],
- (5) Budget Year.

Column 1 details the major classes of expenditure: Current Operating Expenditures, which includes Personal Services and Maintenance and Other Operating Expenses, and Capital Outlays. Details on other Financial Expenses, such as bank charges and interest expense, are also required. The information over a three year period allows for comparative analysis of the utilization of the budget by each department of the LGU. (DBM LBP Form No. 3A provides the consolidated information or summary for all departments and offices.)

When to Post

On or before January 15 of each year, not later than 15 days after approval of the Annual Budget through the passage of Appropriations Ordinance by the Local *Sanggunian* and approval by the LCE. (Presuming the annual budget is approved before the end of the immediately prior year.)

**PROGRAMMED APPROPRIATION AND OBLIGATION
BY OBJECT OF EXPENDITURE**

OFFICE / SPECIAL PURPOSE APPROPRIATIONS:

Object of Expenditure (1)	Account Code (2)	Past Year (3)	Current Year (4)	Budget Year (5)
1.0 Current Operating Expenditures 1.1 Personal Service Salaries & Wages-Regular Salaries & Wages-Others 1.2 Maintenance & Other Operating Expenses Travel Expenses Training and Scholarship Expenses 2.0 Capital Outlay Buildings & Other Structures Office Equipment Land Transport Equipment 3.0 Financial Expenses				
Total Appropriations				
Prepared:	Reviewed:	Approved:		
Department Head	Local Budget Officer	Local Chief Executive		