

An Analysis of the Revenue Sources and their Utilization

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ABSTRACT

The purpose of this study is to determine the revenue sources of Barangay Malama and how these revenues are utilized. A descriptive survey method was used in the study. The study was conducted in Malama, Conner, Apayao. Participants were utilized through interviews and focus group discussions. Likewise, documentary analysis was used to gather data. Findings revealed that the barangay's revenue came from local sources, including internal revenue allotments and subsidies from the local and national governments. Local sources include a share in real property tax, business tax, community tax, clearance and certification fees, interest income, permits and licenses, and fines collected from individuals on violations of barangay ordinance. It was evidenced that the barangay has generated a revenue of 14,424,769.30 over the past five years. And this was utilized for the construction and implementation of all statutory and contractual obligations or social services programs, procurement of equipment, materials, and supplies of the barangay, meals and snacks during barangay meetings and assemblies, or economic services programs, and implementation of all budget requirement programs. The PPAs implemented the were the construction of a barangay outpost, construction of a stock room of the barangay hall, canal lining, street lights, improvement of the farm-to-market road, spring development, deep well, and water system, anti-drug abuse campaign, solid waste management, violence against women and children, calamity, mitigation preparedness, quick response, senior citizen, gender and development, barangay child protection, and COVID-19 related medical and health supplies and materials. Thus, the study concluded that Barangay Malama had various legal sources of revenue, although these were inadequate. Despite this, the barangay was able to utilize it in the implementation of its programs/projects/activities aligned with the barangay's development program.

Keywords: revenue, Barangay Malama, utilization, sources, programs.

INTRODUCTION

Revenue has been considered a significant issue in the economic development of any nation. And it is of great importance for planning and development. Governments rely on various sources of revenue—primarily taxes, fees, and non-tax income—to fund public services, infrastructure, and programs that promote social and economic welfare. The ability to generate adequate revenue and effectively allocate it determines a nation's capacity to provide essential services such as education, health care, transportation, and security. However, the methods and efficiency of revenue generation and utilization vary widely across countries, depending on their level of development, economic structure, administrative capacity, and policy priorities. High-income countries such as the United States of America, Germany, and Japan often have broad tax bases and strong institutional mechanisms that support high levels of public spending, particularly on social protection, education, infrastructure, defense and security, and research and innovation. In contrast, many developing and low-income countries such as Brazil, South Africa, Ethiopia, Haiti, and Nepal, respectively, face challenges such as narrow tax bases, dependence on external aid, and limited fiscal space, which can hinder effective service delivery and long-term development planning. Understanding how different countries generate and utilize their revenues provides valuable insights into public financial management practices, fiscal sustainability, and the role of government in economic development. This study examines the various approaches to revenue generation and the patterns of revenue utilization across selected countries, highlighting key trends, challenges, and best

practices in fiscal governance.

In the Philippines, revenue generation and utilization in any local government can hardly be overemphasized.

The organization, more specifically local government, is known to have attained or sustained a high level of economic growth and development without an ample supply of funds, and utilization of the establishment people of the locality are used to managing their affairs and achieving the set goals. This statement explains that local government systems are established and expected to perform as well as carry out specific responsibilities in improving the living standards of their local dwellers.

One of the measurements for the development of a certain barangay is through its efficiency and effectiveness in its revenue generation and utilization. What strategies, methods, and techniques are usually employed by the barangay officials to generate revenue for the improvement of their barangay and to cope financially? In like manner, how did they utilize such funds to come up with projects/programs/activities that will benefit the barangay constituents? Especially that these barangay constituents are looking for visible projects/programs/activities to lessen their doubt when it comes to spending patterns of a certain barangay. Much so if these barangay officials finished their terms without any projects/programs/activities established or implemented.

Relative to this is being transparent and accountable in delivering services to the people they serve. The Local Government Code of 1991 empowers local authorities to manage their internal affairs pursuant to the mandate of local autonomy. Local Government Units (LGUs) must be equally held responsible and accountable for their acts of deviating from the expressed provision of law. It cannot be overemphasized that one of the primary concerns of the national government is to ensure that public funds shall be spent judiciously and only for the very purpose or purposes for which such funds are intended. Under the Local Tax Code (PD 231) and under the Local Government Code of 1991 (RA 7160), Book II, states that the Local Governments are vested with a variety of taxing powers and are authorized to tap certain identified sources of revenue. Section 284 of the Local Government Code of the Philippines (RA 7160) sets up the formula for the distribution of the allotment. All or nearly all of the revenue that a local government has to spend comes from its Internal Revenue Allotment (IRA), though some local governments also have additional local sources of revenue, such as property taxes and government fees. Typically for municipalities, the IRA accounts for 90% of total revenues. Since cities have more sources of local revenues, their IRA ranges from 50% to 70% of their total budget. A portion of each local government unit's allotment is set aside for its Sangguniang Kabataan (SK) or youth council. The IRA is automatically released to each local government unit and may not be held back by the national government for any reason, except in the extreme case of an "unmanageable public sector deficit", in which case the allotment may be adjusted but provided it not be set to "be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year"

Former President Fidel V. Ramos stressed the importance of raising more revenues to propel economic recovery and growth. He referred not only to revenues raised by revenue-generating agencies of the government, such as the Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC), but also to revenues and receipts earned by profit-making government cooperatives. It is really necessary that there should be proper accountability for all these revenues due to the government's sound financial condition, and proper cash management is essential to the success of the organization.

According to the Department of Budget and Management, barangays are authorized to generate income from taxes on stores or retailers with fixed business establishments and gross sales or receipts in the preceding year of P50,000 or less in cities and P30,000 or less in municipalities at the rate not exceeding one percent (1%) on such gross sales or receipts. A barangay can also collect income from the following: service fees or charges for the use of barangay property or facilities; barangay clearance fees; fees or charges for the commercial breeding of fighting cocks and on cockpits and cockfights; fees or charges on places of recreation with admission fees; fees or charges for billboards, sign boards, neon signs and other outdoor advertisements; toll fees or charges for the use of any public road, pier or wharf, waterway, bridge, ferry, or telecommunications system funded and

constructed by the barangay; revenues from the operation of public utilities and barangay enterprises (markets, slaughterhouses, etc.); fines (not exceeding P1,000) for the violation of barangay ordinances; and, proceeds from the sale or lease of barangay property or loans and grants secured by the barangay government.

According to the 2020 census, Conner, Apayao is a first-class municipality that consists of twenty-one barangays. And Malama is the largest barangay.

Every barangay today is gearing towards development. Implementation of programs/projects/activities is inevitable because of the funds provided by the government, which will help improve a certain barangay. This is where barangay officials will be able to discharge their functions as to power, trust, service, honesty, accountability, and responsibility in generating and utilizing such resources. But some barangays do not generate and utilize resources as much as they should. That is why the researcher is very motivated to know the revenue sources of Barangay Malama, Conner, Apayao, and how these revenues are utilized. Hence, this study.

Conceptual Framework

Public revenue in a federal system assumes that there are benefits to be derived from decentralization. Public revenue decentralization occurs when lower tiers of government have statutory power to raise taxes and carry out spending activities within specified legal criteria. This is referred to as the Overlapping Authority Model propounded by Wright (1978) on Intergovernmental relationships. Public revenue decentralization occurs when much of the money is raised centrally, but part of it is allocated to lower levels of government through some revenue-sharing formula, otherwise known as administrative decentralization.

Coupled with the problems of scarce financial resources, the broadening of the local government function, operation, and responsibilities, and the complexity of the government, it has to be responsive to the increasing demand of the people in the local areas. In the context of this network from problem, local authorities have to carefully ensure proposed activities, examine the corresponding estimated project based on the benefit to be produced, would assured to the intended beneficiaries. These activities are to be accomplished with the application of the basic financial management function and budgeting; furthermore, the increase of revenue generated and well-balanced and distributed expenditures are dependent on the extent of implementation of the taxing power and the schemes of expenditures of the Local Government Unit based on existing policies.

Local development nowadays is thought of as the key supporting element for total development and social cohesion. Implementing local development by means of the specific institutions, such as Development Agencies, specially designed and established for this purpose, is the most effective and convenient way for accomplishing the expected benefits from local development. Local development has several reinforcing poles. Without underestimating the other factors important for local development, three main poles can be stated as the most crucial elements for local development, namely the market knowledge and experience, academic ground, and internationalization. Regarding the content and the necessities of local development, these three factors are considerably important. In order to achieve total development and a beneficial social cohesion, local development is seen as among the most effective paths. By well-understanding the key elements for local development and by deploying the accurate and built on purpose institutions, local development can succeed and be sustained. (Kisman, et. al, 2014)

Good governance is to promote and sustain holistic and integrated human development. The central focus is to see how the government enables, simplifies and authorizes its people, regardless of differences of caste, creed, class, and political ideology and social origin to think, and take certain decisions which will be in their best interest, and which will enable them to lead a clean, decent, happy, and autonomous existence. Good governance manages and allocates resources to respond to the combined problems of its citizens. Hence, states should be assessed on both the quality and quantity of public goods provided to citizens. The policy that supply public goods are guided by principles such as human rights, democratization and democracy, transparency, participation and decentralized power sharing, sound public administration, accountability, rule of law, effectiveness, equity, and strategic vision to rid corruption, provides rights, the means, and the capacity to

participate in the decisions that affect their lives and to hold their governments accountable for what they do. (Srivastava, 2010).

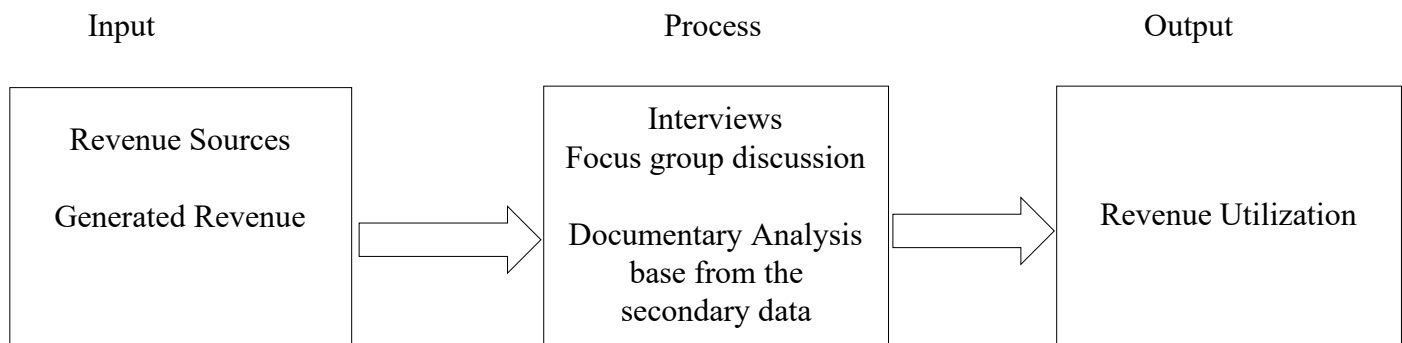


Figure 1. Research Paradigm

The paradigm showed the Input, Process and Output. Input variables consisted of the revenue sources and the generated revenue for the past five years. The process undertaken were interviews, focus group discussion and documentary analysis. Revenue Utilization was the Output variable.

Statement of the Problem

This study aimed to determine the revenue sources and their utilization at Barangay Malama, Conner, Apayao, from 2019-2023.

Specifically, this study sought answers to the following questions:

1. What are the sources of revenue of Barangay Malama?
2. How much is the generated revenue of Barangay Malama for the past five years?
3. How are revenues utilized in the barangay?
4. What are the programs/projects/activities implemented for the past five years?
5. What are the recommendations to improve the revenue generation of Barangay Malama?

REVIEW OF RELATED LITERATURE

Adejoh et. al (2019), to increase revenue, encourage tax compliance to increase advocacy. Also, control measures should be put in place to check possible fraud and embezzlement in revenue generation and utilization of State governments.

Adenugba et. al (2013), Revenue generation is the nucleus and the path to modern development. The study revealed the various methods of generating internal revenue, which are the enforcement of tax personnel, contributions, and creating awareness among the public. The findings of the study, however, show that revenue administration agencies need to be reviewed to generate more revenue.

Assiamah et. al (2015), on mobilizing sustainable local government revenue, revealed that property rates and business operating license fees constitute the major revenue sources for local government authorities. Accurate assessment of these revenues enhances the revenue base and effectiveness of their generation. Assessment of property rates and business operating license fees has been identified as one of the limiting factors that inhibit the revenue potential of local government authorities.

Cuillier et. al (2011), others have had to seek revenue from other sources. Cafés, for credit courses, grants, and partnerships with athletics departments are just a few of the ways that supplement their budgets. This study

gives an overview of revenue generation ideas and issues to consider.

Dang et. al (2015), the study examines the impact of revenue generation and utilization on social service delivery. The study finds that revenue generation as a whole has an impact on social service delivery, with the majority of the sources of revenue coming from the federation account, capital receipts, and other revenue.

Dickson (2012), examines the effectiveness of revenue generation and utilization in the local government system. The study is designed to address the issue of revenue generation and utilization.

Ibrahim (2014), revenue is a very essential element in the running of any administration or government; this government could be federal, state, local, or even a private establishment or organization. This is because it is through the revenue as a source of finance to the organization that the said organization will be able to carry out its activities or affairs efficiently and effectively. This revenue could mean money that comes to a person, organization, or government, and such a source could be property, shares, services, etc. Revenue could also mean money raised by a person, organization, or government of a country or state from many sources of taxes or levies available to it.

Kithatu-Kiwেকে (2013) the rationale for local fiscal autonomy suggests that local expenditure and local revenue generation should remain close. This is achieved through fiscal decentralisation to local government, to ensure efficient provision of local services that align with local needs, and to improve accountability to residents.

Oduola (2019) examined sources of tax revenue and their utilisation. The study revealed that tax revenues are often sourced from fees and charges like fines, right of occupancy, motor park/market/transport. Furthermore, the results revealed that tax revenues are mainly utilized for personnel costs, education, health, and medical expenses.

Tijani et. al (2019) examine revenue generation and performance in the local government council. Local governments should strive towards improving internally generated revenue and instill transparency and accountability in their management structure. It was recommended that there should be an adequate supply of social and economic services. Efforts of local governments should not only be directed towards the revenue-yielding activities alone but also to the provision of social services like good roads, basic health facilities, environmental sanitation, town halls, street lights, water supply, etc.

METHODOLOGY

This study employed the descriptive survey method to determine the sources of revenue for Barangay Malama, including revenue generated over the past five years, the utilization of revenue, and the programs/projects/activities implemented. It also provided recommendations to improve the sources of revenue. This study was conducted in Malama, Conner, Apayao. Malama is one of the twenty-one barangays in Conner, Apayao, and it is the business center of Conner, Apayao. The participants of the study were the barangay officials, namely the barangay Captain, barangay Kagawad and barangay secretary, and barangay treasurer, with a total of nine (9). The Budget Office from Local Government Unit, former barangay officials, presidents of organizations in Malama, Conner, Apayao were utilized as key informants. The study made use of interviews. All of the barangay officials were personally interviewed by the researcher, including the different informants. The researcher sought approval from the barangay Captain in pursuit of this study and conducted the interview and focus group discussion with the different participants. Finally, the data gathered were validated with the different informants. Data obtained were consolidated, analyzed, and interpreted.

RESULTS AND DISCUSSION

Sources of Revenue

From the data gathered during the conducted Focus Group Discussion (FGD) and validated from the record of the Budget Office of Conner, there were three different sources of revenue of barangay Malama, these were came from local sources, Internal Revenue Allotment, and subsidy from Local and National Government Units.

Local sources include a share in real property tax, business tax, community tax, clearance and certification fees, interest income, permits and licenses, and fines collected from individuals on violations of barangay ordinance. This shows that Barangay Malama has various and legal sources of revenue. As stated in the Local Government Code of the Philippines, Book II, Section 129, each local government unit shall exercise its power to create its sources of revenue and to levy taxes, fees, and charges, subject to the provisions herein, consistent with the basic policy of local autonomy.

Generated Revenue

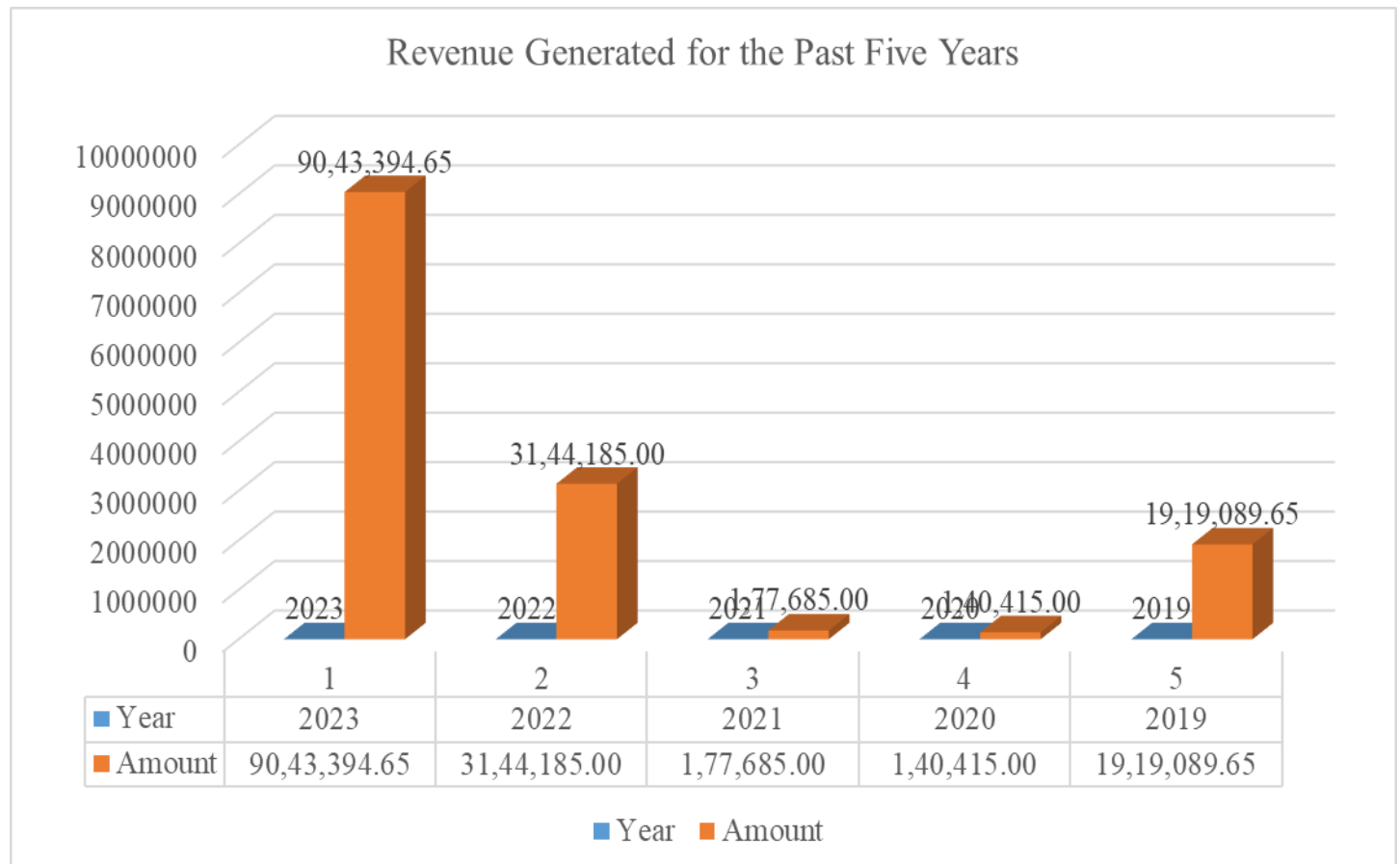


Figure 2. Generated Revenue

The source of this data was taken from the report on programmed appropriation and obligation by object of expenditures from the budget office of the Local Government Unit of Conner, Apayao, for the past five years. The total revenue reported is amounting to 14,424,769.30. The revenue generated over the past five years shows significant fluctuations, primarily influenced by the COVID-19 pandemic. In 2019, revenue amounted to ₱1,919,089.65, serving as the pre-pandemic baseline. However, in 2020, revenue drastically dropped to only ₱140,415.00, reflecting a 92.7% decrease due to the severe impact of lockdowns and economic restrictions. A slight improvement was observed in 2021 with revenues increasing to ₱177,685.00, yet this figure remained far below pre-pandemic levels, indicating that operations were still heavily constrained during this period. The year 2022 marked the start of a strong recovery, with revenue rising significantly to ₱3,144,185.00, a 1,670% increase from 2021, as restrictions eased and business activities resumed. This upward trend continued into 2023, where revenue surged to ₱9,043,394.65, representing a 187% growth compared to 2022 and far surpassing the pre-pandemic revenue levels. Overall, the analysis reveals a substantial gap during the pandemic years (2020–2021), where revenue performance was critically low. However, the post-pandemic years (2022–2023) show an exceptional rebound, indicating the effectiveness of recovery strategies and improved operational performance. This strong growth trajectory highlights the organization's resilience and adaptability, suggesting that sustaining the strategies implemented during the recovery period will be crucial in maintaining upward momentum in the coming years. However, the said report showed that the revenue generated was still inadequate to augment its yearly expenditures, and said revenue was fully utilized.

Utilization of Revenue

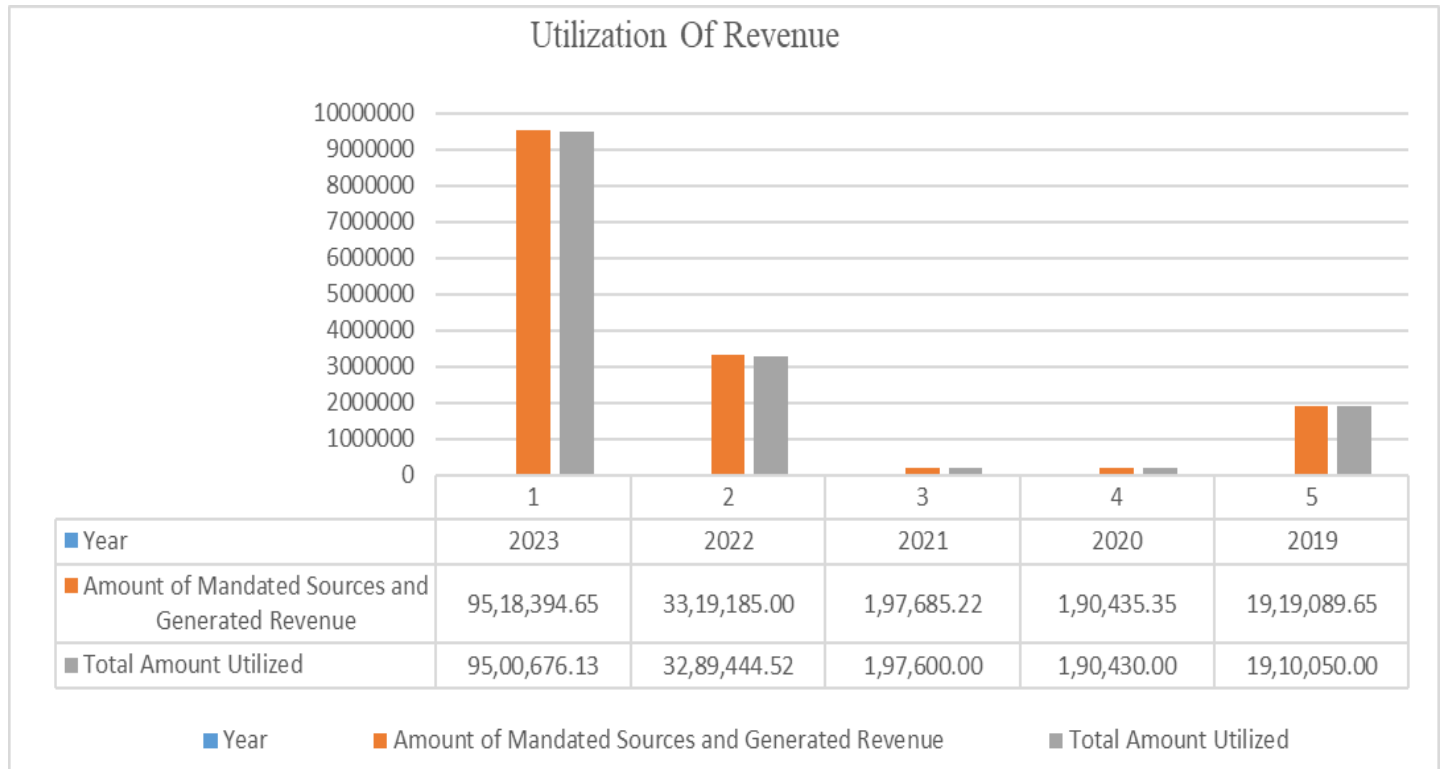


Figure 3. Utilization of Revenue

The utilization of revenue of Barangay Malama as a result of the focus group discussion conducted with the different barangay officials of Malama, the revenue utilization from 2019 to 2023 reveals significant variations in revenue generation and utilization trends. In 2019, the barangay generated ₱1,919,089.65 and utilized nearly the entire amount at ₱1,919,050.00, leaving only a minimal gap. However, in 2020 and 2021, there was a drastic decline in revenue due to the COVID-19 pandemic, with generated revenues of only ₱190,435.35 and ₱197,685.22, respectively. Despite the low income, the utilization rates remained almost at full capacity, indicating efficient use of limited resources. By 2022, revenue rebounded to ₱3,319,185.00, and the barangay continued to effectively utilize ₱3,289,444.52, reflecting improved fiscal performance. In 2023, revenue surged significantly to ₱9,518,394.65, with ₱9,500,676.13 utilized, showing consistent fiscal discipline with a minimal unspent balance. Throughout the five years, the barangay consistently allocated funds to economic, social, and budgetary requirement programs, with 2023 additionally expanding allocations to general services. The analysis highlights resilience during revenue downturns and effective utilization of available funds, with negligible gaps between generated and utilized amounts each year. Such utilization of programs, projects, and activities is aligned with the development program of the barangay.

Programs/Projects/Activities Implemented

The programs/projects/activities implemented by Barangay Malama for the past five years were classified as general services, social services, economic services, and budget requirement programs. PPAs under the general services were the construction of a barangay outpost at Purok 1 and the construction of a stock room of the barangay hall. Social services PPAs include canal lining in Purok 1, 4, 5, and 7, and street lights in Purok 2, 4, and 6. The economic services PPAs were the improvement of the farm-to-market road in Purok 1 and 5, spring development, deep well, and water system. Lastly, budget requirement programs include anti-drug abuse campaign, solid waste management, violence against women and children, calamity, mitigation preparedness, quick response, senior citizen, gender and development, barangay child protection, and COVID-19 related medical and health supplies and materials. These data came from the report of a certified statement of receipts taken from the budget office of LGU Conner. As shown in the report, there were a few PPA's of the barangay, but they were properly implemented. In the study of Boysillo (2017), programs and projects are implemented because funds have been given to the barangay as a subsidy for continuous development.

Recommendations to Improve the Revenue Generation

The recommendations taken from the participants during the focus group discussion to improve the sources of its revenue are fines for absences of barangay officials during meetings and other activities, collecting fees from outside ambulant vendors, and new business establishments/outlets located in Barangay Malama should collect fees.

CONCLUSION

Based on the results of this study, it can be concluded that Barangay Malama had various legal sources of revenue, although these were inadequate. Despite this, the barangay was able to utilize it in the implementation of its programs/projects/activities aligned with the barangay's development program. However, there is still a need to enhance its revenue generation at the local source so that it can generate more revenue and utilized it for more programs/projects/activities that are beneficial for the improvement of the barangay.

RECOMMENDATIONS

The following are recommended:

1. Barangay Malama is encouraged to sustain the existing revenue generation and utilization good practices.
2. Barangay Malama may consider strengthening local sources of revenue through making resolutions, policies, and other ordinances.
3. Barangay Malama may be encouraged to provide incentives for local business permits, community public-private partnerships, or digital recordkeeping to empower them.
4. The Local Government Unit of Conner is encouraged to improve tax mapping to enhance local enterprise development.
5. The researcher may consider undertaking further study, or a comparative analysis may be conducted to cover a wider scope or coverage to include other barangays in Conner, Apayao.

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