



Republic of the Philippines
SIPALAY WATER DISTRICT
Brgy. Mambaroto, Sipalay City, Negros Occidental

NOTES TO FINANCIAL STATEMENTS
ALL FUNDS
Calendar Year 2021

NOTE 1 – AGENCY PROFILE

The Sipalay Water District was formed by virtue of Resolution No. 46, Series of 1982 of the Sangguniang Bayan of Sipalay, Negros Occidental. On October 7, 1983 LWUA issued a Conditional Certificate of Conformance No. 252 sanctioning the operation of the SWD with five members of the Board of Directors who subsequently appointed a General Manager pursuant to PD 198, series of 1973, as amended. It became operational on April 01, 2003.

The mandated function of the water district is to acquire, maintain and operate a water supply system and distribution from domestic, industrial and agricultural use and waste water collecting, treatment and disposal. The creation, control as well as operation of the water district was in accordance with PD 198, otherwise known as the Provincial Water Utilities Act of 1973. Pursuant to the Supreme Court's Decision under General Resolution No. 91-237-38, water districts are considered government owned and /or controlled corporation whose original charter fall under Jurisdiction of the Commission on Audit and the Civil Service Commission.

NOTE 2- BASIS OF FINANCIAL STATEMENT PRESENTATION

The Financial Statement of SWD have been prepared in accordance with the Philippine Financial Reporting Standards and the Revised Chart of Accounts for Government Corporations classified as Government Business Enterprises (GBEs) pursuant to COA Circular 2015-010 dated December 1, 2015.

In compliance with COA Circular No. 2015-10 dated December 1, 2015, the existing three digits account code structure of PWD was converted to the eight digit account code based on the Revised

Chart of Accounts for Government Corporations Classifieds as GBEs.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition of Income and Accounting for Expenses

The Sipalay Water District recognized Income from Metered Sales in accrual basis while Fines and Penalties Business Income, Reconnection fee, Transfer fee, Installation Fee and other Sales (Materials) were recognized on cash basis. Expenses were charged to corresponding account on accrual basis.

Property, Plant and Equipment (PPE)

PPE of SWD is depreciated on a straight-line method based on the useful life of the assets.

Only those transactions that met the criteria for PPE provide for under Philippine Accounting Standards 16 shall be recognized as PPE and the amount of the transaction must be P 15,000.00 and above pursuant to the Revised Chart of Account for Government Corporation Classified as GBEs.

NOTE 4 - CASH AND CASH EQUIVALENTS

This Account is composed of the following:

	<u>2021</u>	<u>2020</u>
Cash Collecting Officers	32,862.92	10,482.83
Petty Cash	20,000.00	20,000.00
Cash In Bank, Local Currency- Current Account		
Land Bank of The Philippines (LBP)	5,792,944.01	14,443,607.08
Cash In Bank-Local Currency, Saving Account		

LBP Joint Savings Account	835,000.00	835,000.00
Total Cash and Cash Equivalents	<u>6,680,806.93</u>	<u>15,309,089.91</u>

- The Cash Collecting Officer Account represents remaining balance after deducting the total balance of the current year from the previous year
- Current Account maintained at LBP was for the operational needs of the District
- Current Account is maintained at LBP for the operational needs of the District
- The savings Account at LBP was maintained in compliance with the loan agreement between SWD and LWUA as reserve fund. No withdrawals were made on the account.
- Petty Operating Expenses were charged to the petty cash fund of the District

Note 5- Receivables

	<u>2021</u>	<u>2020</u>
Accounts Receivables	411,693.22	485,987.08
Receivables-Disallowances/Charges	249,360.00	-82,750.01
Due from Officers and Employees	20,023.61	-52,907.82
Other Receivables	8,250.00	3,172.31
Total Receivables	<u>689,326.83</u>	<u>353,501.56</u>

- Billed water sales that were not collected were recorded in Accounts Receivable
- Amount refunded for disallowance from BOD's and employees are recorded in Receivables-Disallowances/Charges
- Due from Officers and Employees account was from the balance of receivables from employees for advances that were not liquidated

Note 6 - Inventories

	<u>2021</u>	<u>2020</u>
Other Supplies and Materials Inventory	7,000.00	1,210,964.24
Semi Expendable Printing Equipment	18,971.00	7,700.00
Semi Expendable Other Machinery and Equipment	7,601.00	7,601.00
Semi Expendable Furniture and Fixtures	9,000.00	0.00
Total Inventories	<u>42,572.00</u>	<u>1,226,265.24</u>

Note 7- Other Current Assets

	<u>2021</u>	<u>2020</u>
Advances for Operating Expenses	11,560.00	15,797.51
Advances for Payroll	27,589.87	19,133.34
Advances to Officers and Employees	0.00	106,345.03
Total Other Current Assets	<u>39,149.87</u>	<u>141,275.88</u>

Note 8- Investments

	<u>2021</u>	<u>2020</u>
Sinking Fund	2,074,235.15	480,000.00
Total Investments	<u>2,074,235.15</u>	<u>480,000.00</u>

Note 9- Property Plant and Equipment

The PPE is composed of the following:

	<u>2021</u>	<u>2020</u>
Plant-Utility Plant in Service		
1. Land and Land Rights	188,474.42	188,474.42
2 Wells	3,429,648.52	2,812,558.26
3. Pumping Plant	2,320,247.90	2,320,247.90
4. Treatment Plant	18,507.75	18,507.75
5. Transmission and Distribution-Mains	19,046,420.12	13,027,990.38
6. Meters	890,000.00	0.00
7. Reservoir and Tank	1,534,198.00	1,534,198.00
8. Transmission Lines	10,880.00	10,880.00
9. Hydrants, Tools and Transmission Lines	142,112.36	142,112.36
10. Service Connection Materials Installed	1,033,912.75	1,033,912.75
11. Survey Expenses at Canturay	4,521.80	4,521.80

Construction In Progress- Infrastructure Assets:	-47,737.64	1,112,930.73
Total	28,571,185.98	21,045,665.98
Less: Accumulated Depreciation- Infra Assets	-8,111,410.78	-8,111,410.78
Net value of Plant-UPIS	20,459,775.20	12,934,255.20
Other Structure (Pumping Station 2)	1,257,942.28	0.00
Office Equipment	132,096.00	132,096.00
Other Equipment	886,502.00	313,720.00
Other PPE	41,300.00	0.00
Less: Accumulated Depreciation- Machinery and Equipment	-135,697.97	-60,087.86
Net Value of Machinery and Equipment	924,200.03	385,728.14
Total Property, Plant and Equipment	22,641,917.51	14,480,651.71

Note 10 -Financial Liabilities (Current Assets)

	<u>2021</u>	<u>2020</u>
Accounts Payable	136,494.80	0.03
Due to Officers and Employees	35,149.87	33,298.31
Interest Payable	46,651.37	46,651.37
Total Financial Liabilities	218,296.04	79,949.71

Note 11 - Inter-Agency Payables

	<u>2021</u>	<u>2020</u>
Due to BIR	570,245.19	587,212.32
Due to GSIS	47,227.17	13,079.53
Due to Pag-Ibig	0.00	-4,000.00
Due to Philhealth	0.00	-3,538.04
Total Inter-Agency Payables	617,472.36	592,753.81

- This pertains to unremitted taxes withheld on purchase of goods and services during project construction in 2003 and 2004

Note 12 - Trust Liabilities

	<u>2021</u>	<u>2020</u>
Customers' Deposits Payable	398.85	9,447.44
Total Trust	398.85	9,447.44

Liabilities

- This represents overpayment of water bill and were applied/deducted to the concessionaires succeeding bill

Note 13- Financial Liabilities (Non-Current Asset)

	<u>2021</u>	<u>2020</u>
Loans Payable-Domestic	29,409,440.34	29,574,618.34
Total Financial Liabilities	29,409,440.34	29,574,618.34

Note 14

- Government Equity

	<u>2021</u>	<u>2020</u>
Government Equity	3,640,318.85	3,640,318.85
Total Government Equity	3,640,318.85	3,640,318.85

Note 15- Retained Earnings/(Deficit)

	<u>2021</u>	<u>2020</u>
Retained Earnings/(Deficit)	-1,717,918.15	-1,906,303.85
Total Retained Earnings/(Deficit)	-1,717,918.15	-1,906,303.85

Note 16 - Service and Business Income

	<u>2021</u>	<u>2020</u>
Waterworks System Fees	8,623,090.61	5,877,400.29
Interest Income	726.77	0.00
Fines and Penalties-Business Income	195,249.95	149,009.30
Other Business Income	330,104.66	529,885.03
Total Service and Business Income	9,149,171.99	6,556,294.62

Note 17 - Personnel Services

	<u>2021</u>	<u>2020</u>
Salaries and Wages-Regular	2,060,424.00	0.00
Salaries and Wages-Casual/Contractual		1,535,172.00

	375,216.00	
Personnel Economic Relief Allowance	252,000.00	168,000.00
Representation Allowance	30,000.00	10,000.00
Transportation Allowance	30,000.00	10,000.00
Clothing/Uniform Allowance	60,000.00	24,000.00
Productivity Incentives Allowances	-	0.00
Honoraria	-	0.00
Overtime and Night Pay	172,482.24	153,476.80
Mid-Year and Year-End Bonus	399,545.00	115,931.00
Cash Gift	55,000.00	37,000.00
Other Bonuses and Allowances	195,000.00	153,431.00
Retirement and Life Insurance Premium	394,941.84	167,253.54
Pag-IBIG Contribution	12,600.00	8,900.00
PhilHealth Contribution	35,959.32	20,888.83
Employees Compensation Insurance Premium	16,976.06	7,486.32
Terminal Leave Benefits	98,844.19	138,561.15
Total Personnel services	4,188,988.65	2,550,100.64

Note 18- Other Maintenance and Operating Expenses

	<u>2021</u>	<u>2020</u>
Traveling Expense Local	71,094.50	140,802.76
Training Expense	0.00	81,800.00
Office supplies Expense	73,005.56	49,376.18
Accountable Forms Expense	92,000.00	119,180.00
Fuel, Oil And lubricants Expense	99,729.83	39,631.00
Chemical And Filtering Supplies Expense	568,585.00	383,450.00

Semi-Expendable Machinery And Equipment Expenses	22,687.00	0.00
Semi-Expendable Furniture, Fixtures and Books Expenses	0.00	3,487.00
Other Supplies and Materials Expense	11,225.00	10,962.50
Water Expenses	9,700.00	2,840.00
Electricity Expenses	670,661.38	635,333.28
Gas/ Heating Expenses	0.00	0.00
Other Utility Expenses	0.00	0.00
Postage and Courier Services	4,725.00	5,935.00
Telephone Expense	22,570.00	12,626.00
Internet Subscription Expense	10,601.00	12,048.00
Cable, Satellite , Telegraph And Radio Expenses	13,000.00	14,500.00
Generation, Transmission and Distribution Expenses	443,109.00	318,487.50
Extraordinary and Miscellaneous Expenses	9,160.00	3,800.00
Legal Services	0.00	4,650.00
Auditing Services	69,481.06	0.00
Other Professional Services	0.00	4,000.00
Janitorial Services	0.00	600.00
Other General Services	250.00	0.00
Repairs and Maintenance-Infrastructure Assets	34,220.00	81,059.32
Repairs and Maintenance-Building and Other Structure	27,208.00	6,617.00
Repairs and Maintenance-Machinery and Equipment	0.00	8,015.00
Repairs and Maintenance-Transportation Equipment	9,834.00	15,118.33
Repairs and Maintenance-Furniture and Equipment	0.00	0.00
Repairs and Maintenance-Service Concession Assets	0.00	0.00
Repairs and Maintenance-Semi-Expendable-Machinery and Equipment	2,450.00	1,800.00
Repairs and Maintenance-Semi-Expendable-Furniture, Fixtures and Books	0.00	10,000.00
Taxes, Duties and Licenses	125,827.31	104,323.44
Fidelity Bond Premiums	9,750.00	6,750.00
Insurance Expense	0.00	0.00
Labor and Wages	541,134.78	87,486.06

Advertising, Promotional and Marketing expense	0.00	2,500.00
Printing and Publication Expense	36,000.00	1,460.00
Representation Expense	89,068.00	90,689.00
Transportation and Delivery Expenses	1,780.00	840.00
Litigation/ Acquired Assets Expenses	0.00	0.00
Directors and Committee Members' Fees	106,920.00	107,640.00
Other Maintenance and Operating Expenses	1,590.00	0.00
Total Maintenance and Other Operating Expenses	3,177,366.42	2,367,807.37

Note 19 - Financial Expenses

	<u>2021</u>	<u>2020</u>
Interest Expense	2,018,880.29	708,376.51
Commitment Fees	0.00	0.00
Bank charges	860.00	715.00
Other Financial Charges		
	31,878.70	15,780.96
Total Financial Charges	2,051,618.99	724,872.47

Note 20- Non-Cash Expenses

	<u>2021</u>	<u>2020</u>
Depreciation- Infrastructure Assets	0.00	0.00
Depreciation- Machinery and Equipment	96,286.62	58,530.64
Depreciation- Transportation Equipment	0.00	0.00
Depreciation- Furniture and Fixtures	0.00	0.00
Other Discounts	26,519.23	13,451.78
Total Non-Cash Expenses	122,805.85	71,982.42