

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

**NOTES TO FINANCIAL STATEMENTS**  
**OPERATION FUNDS**  
**For the month of AUGUST 2023**

**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:

2023

2022

Cash Collecting Officers	29,741.65	13,752.74
Petty Cash	10,000.00	10,000.00
Cash In Bank, Local Currency- Current Account		
Land Bank of The Philippines (LBP) Operations	1,120,350.46	1,329,397.81
Cash In Bank-Local Currency, Saving Account		
LBP Joint Savings Account	-	835,000.00
<b>Total Cash and Cash Equivalents</b>	<u>1,160,092.11</u>	<u>2,188,150.55</u>

- The Cash Collecting Officer Account represents remaining balance after deducting the total balance of the current year from the previous year
- Operations Account maintained at LBP was for the operational needs of the District - OPERATIONS
- Special Project Account maintained at LBP was in credit

- 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>2023</u>	<u>2022</u>
Accounts Receivables	47,638.12	208,414.94
Allowance for Impairment Loss- AR	-	32,887.17
Receivables-Disallowances/Charges	200,599.49	212,760.00
Due from Officers and Employees	3,333.49	4,838.89
Other Receivables	0.00	0.00
<b>Total Receivables</b>	<u>251,571.10</u>	<u>393,126.66</u>

- Billed water sales that were not collected were recorded in Accounts Receivable
- The allowance for doubtful accounts of accounts receivable still needed to be adjusted once the aging of accounts receivable is corrected and finalized
- Amount refunded for disallowance from BOD's and employees are recorded in Receivables-Disallowances/Charges
- Dues from employees from unliquidated advances but refunded thru payroll deduction is accounted in Due from Officers and Employees Account
- Other Receivables account was from the overpayment made to suppliers

#### Note 6 - Inventories

	<u>2023</u>	<u>2022</u>
Semi Expendable Office Equipment	250,212.00	7,345.00
Semi Expendable Printing Equipment	43,723.00	43,723.00
Semi Expendable Disaster, Response and Rescue Equipment	7,000.00	7,000.00
Semi Expendable Other Machinery and Equipment	206,145.00	156,645.00
Semi Expendable Furniture and Fixtures	9,000.00	9,000.00
<b>Total Inventories</b>	<u>516,080.00</u>	<u>223,713.00</u>

#### Note 7- Other Current Assets

	<u>2023</u>	<u>2021</u>
Advances for Operating Expenss	0.00	0.00
Advances for Payroll	0.00	0.00
Advances to Officers and Employees	21,040.00	0.00
Prepaid Interest	0.00	25.40

**Total Other Current Assets**

21,040.00	25.40
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**Note 8- Investments**

	<u>2023</u>	<u>2022</u>
Sinking Fund	2,010,568.30	1,820,191.78
<b>Total Investments</b>	<b>2,010,568.30</b>	<b>1,820,191.78</b>

- The Sinking Fund Account with Savings Account no:1321-0994-47 and Passbook no. 4314716 under Account Name Sipalay Water District - LWUA JSA is being maintained in compliance with the loan agreement between SWD and LWUA as reserve fund. The district's deposited 20,000 Pesos monthly as reserve for emergency purposes on debt payment, operations and capital outlay.

**Note 9- Property Plant and Equipment**

The PPE is composed of the following:

	<u>2023</u>	<u>2022</u>
<b>Plant-Utility Plant in Service</b>		
1. Land and Land Rights	188,474.42	188,474.42
2 Wells	4,038,048.52	3,429,648.52
3. Pumping Plant	0.00	2,320,247.90
4. Treatment Plant	18,507.75	18,507.75
5. Transmission and Distribution-Mains	20,114,338.44	20,163,838.44
6. Meters	890,000.00	890,000.00
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	2,496,362.75	2,496,362.75
11. Survey Expenses at Canturay	4,521.80	4,521.80
Construction In Progress- Infrastructure Assets	0.00	-47,737.64
Total	29,437,444.04	31,151,054.30
Less: Accumulated Depreciation- Infra Assets	-8,804,959.94	-8,804,959.94
Net value of Plant-UPIS	20,632,484.10	22,346,094.36
Other Structure (Pumping Station 2)	1,257,942.28	1,257,942.28
Other Structures (Building-Pumping Station 1)	2,320,247.90	0.00
ok Less: Accumulated Depreciation- Other Structure (Pumping 2)	-79,669.68	-79,669.68
Net value of Other Structure (Pumping Station 2)	3,498,520.50	1,178,272.60
Office Equipment	-110,771.00	132,096.00
Other Equipment	1,660,277.92	2,434,177.92
Other PPE	41,300.00	41,300.00
Less: Accumulated Depreciation- Machinery and Equipment	-366,783.67	-366,783.67
Net Value of Machinery and Equipment	1,224,023.25	2,240,790.25
<b>Total Property, Plant and Equipment</b>	<b>25,355,027.85</b>	<b>25,765,157.21</b>

**Note 10 -Financial Liabilities ( Current Assets)**

	<u>2023</u>	<u>2022</u>
Accounts Payable	130,344.16	116,476.00
Due to Officers and Employees	0.00	295,133.14
Interest Payable	46,651.37	46,651.37
<b>Total Financial Liabilities</b>	<b>176,995.53</b>	<b>458,260.51</b>

**Note 11 - Inter-Agency Payables**

	<u>2023</u>	<u>2022</u>
Due to BIR	547,305.88	579,892.76
Due to GSIS	67,188.44	464.84
Due to Pag-Ibig	317.18	0.01
Due to Philhealth	0.01	0.01
<b>Total Inter-Agency Payables</b>	<b>614,811.51</b>	<b>580,357.62</b>

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

#### Note 12 - Trust Liabilities

	<u>2023</u>	<u>2022</u>
Customers' Deposits Payable	1,767.71	4,183.23
<b>Total Trust Liabilities</b>	<u>1,767.71</u>	<u>4,183.23</u>

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

#### Note 13- Financial Liabilities (Non-Current Asset)

	<u>2023</u>	<u>2022</u>
Loans Payable-Domestic	32,351,060.91	32,484,796.98
Other Financial Liability	3,523,407.08	0.00
<b>Total Financial Liabilities</b>	<u>35,874,467.99</u>	<u>32,484,796.98</u>

#### Note 14 -

##### Government Equity

	<u>2023</u>	<u>2022</u>
Government Equity	3,640,318.85	3,640,318.85
<b>Total Government Equity</b>	<u>3,640,318.85</u>	<u>3,640,318.85</u>

#### Note 15- Retained Earnings/(Deficit)

	<u>2023</u>	<u>2022</u>
Retained Earnings/(Deficit)	-10,389,581.35	-6,777,552.59
<b>Total Retained Earning/(Deficit)</b>	<u>-10,389,581.35</u>	<u>-6,777,552.59</u>

#### Note 16 - Service and Business Income

	<u>2023</u>	<u>2022</u>
Waterworks System Fees	787,171.75	9,228,292.12
Interest Income	0.00	1,195.78
Fines and Penalties-Business Income	17,327.17	281,234.74
Other Business Income	58,843.37	815,469.37
Income from grants and donations in cash	0.00	50,000.00
Other Miscellaneous Income	0	347.6
<b>Total Service and Business Income</b>	<u>863,342.29</u>	<u>10,376,539.61</u>

#### Note 17 - Personnel Services

	<u>2023</u>	<u>2022</u>
Salaries and Wages-Regular	207,134.00	2,215,608.00
Salaries and Wages-Casual/Contractual	52,634.75	484,413.00
Personnel Economic Relief Allowance	24,000.00	264,000.00
Representation Allowance	2,500.00	30,000.00
Transportation Allowance	2,500.00	30,000.00
Clothing/Uniform Allowance	6,000.00	66,000.00
Productivity Incentives Allowances	-	-
Honoraria	-	-
Overtime and Night Pay	20,703.37	233,690.54
Mid-Year and Year-End Bonus	-	457,331.00
Cash Gift	-	55,000.00
Other Bonuses and Allowances	-	275,000.00
Retirement and Life Insurance Premium	-	361,058.11
Pag-IBIG Contribution	1,200.00	13,200.00
PhilHealth Contribution	5,243.08	52,660.26
Employees Compensation Insurance Premium	-	15,000.00
Terminal Leave Benefits	82,623.50	274,158.43

**Total Personnel services**

404,538.70

4,827,119.34

**Note 18- Other Maintenance and Operating Expenses**

	<u>2023</u>	<u>2022</u>
Traveling Expense Local	47,680.00	235,584.00
Training Expense	46,000.00	80,000.00
Office supplies Expense	450.00	111,412.72
Accountable Forms Expense	0.00	87,100.00
Fuel, Oil And lubricants Expense	9,950.00	245,265.60
Chemical And Filtering Supplies Expense	1,700.00	428,106.00
Semi-Expendable Machinery And Equipment Expenses	165,500.00	14,112.80
Semi-Expendable Furniture, Fixtures and Books Expenses	0.00	1,872.00
Other Supplies and Materials Expense	2,107.00	48,397.40
Water Expenses	150.00	10,915.82
Electricity Expenses	81,504.27	1,070,252.44
Gas/ Heating Expenses	0.00	0.00
Other Utility Expenses	0.00	0.00
Postage and Courier Services	0.00	3,815.00
Telephone Expense	950.00	16,667.00
Internet Subscription Expense	2,099.00	22,467.00
Cable, Satellite , Telegraph And Radio Expenses	0.00	13,000.00
Generation, Transmission and Distribution Expenses	49,036.66	227,144.21
Extraordinary and Miscellaneous Expenses	0.00	22,293.00
Legal Services	0.00	200.00
Auditing Services	0.00	0.00
Janitorial Services	0.00	0.00
Other General Services	0.00	0.00
Repairs and Maintenance-Infrastructure Assets	300.00	114,471.00
Repairs and Maintenance-Building and Other Structure	0.00	178,645.00
Repairs and Maintenance-Machinery and Equipment	0.00	5,394.00
Repairs and Maintenance-Transportation Equipment	0.00	4,338.00
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	0.00	1,150.00
Repairs and Maintenance-Semi-Expendable-Furniture, Fixtures	0.00	5,200.00
Taxes, Duties and Licenses	0.00	76,435.66
Fidelity Bond Premiums	0.00	9,750.00
Insurance Expense	0.00	0.00
Labor and Wages	24,970.58	783,612.29
Advertising, Promotional and Marketing expense	0.00	0.00
Printing and Publication Expense	0.00	44,228.23
Representation Expense	5,885.00	85,717.00
Transportation and Delivery Expenses	600.00	2,000.00
Litigation/ Acquired Assets Expenses	0.00	0.00
Directors and Committee Members' Fees	7,560.00	90,720.00
Rent/Lease Expenses	0.00	0.00
Other Maintenance and Operating Expenses	0.00	56,659.00
<b>Total Maintenance and Other Operating Expenses</b>	<u>446,442.51</u>	<u>4,096,925.17</u>

**Note 19 - Financial Expenses**

	<u>2023</u>	<u>2022</u>
Interest Expense	153,737.46	2,060,604.87
Commitment Fees	0.00	0.00
Bank charges	0.00	280.00
Other Financial Charges	1,464.34	88,265.39
<b>Total Financial Charges</b>	<u>155,201.80</u>	<u>2,149,150.26</u>

**Note 20- Non-Cash Expenses**

	<u>2023</u>	<u>2022</u>
Depreciation- Infrastructure Assets	0.00	693,549.16

Depreciation- Building and Other Structures	0.00	79,669.68
Depreciation- Machinery and Equipment	0.00	231,085.70
Depreciation- Transportation Equipment	0.00	0.00
Depreciation- Furniture and Fixtures	0.00	0.00
Other Discounts	2,042.50	56,240.29
ImpairmentLoss-Loans and Receivables	359,940.52	10,420.75
<b>Total Non-Cash Expenses</b>	<b>361,983.02</b>	<b>1,070,965.58</b>