

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

NOTES TO FINANCIAL STATEMENTS
OPERATION FUNDS
For the month of SEPTEMBER 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	33,058.72	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	1,023,126.13	1,329,397.81
Cash In Bank-Local Currency, Saving Account		
LBP Joint Savings Account	-	835,000.00
Total Cash and Cash Equivalents	<u>1,066,184.85</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	-	33,028.25
Allowance for Impairment Loss- AR	-	-
Receivables-Disallowances/Charges	193,699.49	32,887.17
Due from Officers and Employees	3,333.49	212,760.00
Other Receivables	0.00	4,838.89
Total Receivables	<u>164,004.73</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
Total Inventories	<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	0.00	0.00
Prepaid Interest	0.00	25.40

Total Other Current Assets

0.00	25.40
------	-------

Note 8- Investments

Sinking Fund
Total Investments

<u>2023</u>	<u>2022</u>
2,040,771.32	1,820,191.78
<u>2,040,771.32</u>	<u>1,820,191.78</u>

- 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:

Plant-Utility Plant in Service

1. Land and Land Rights
2 Wells
3. Pumping Plant
4. Treatment Plant
5. Transmission and Distribution-Mains
6. Meters
7. Reservoir and Tank
8. Transmission Lines
9. Hydrants, Tools and Transmission Lines
10. Service Connection Materials
11. Survey Expenses at Canturay
Construction In Progress- Infrastructure Assets
Total
Less: Accumulated Depreciation- Infra Assets
Net value of Plant-UPIS
Other Structure (Pumping Station 2)
Other Structures (Building-Pumping Station 1)
Less: Accumulated Depreciation- Other Structure (Pumping 2)
Net value of Other Structure (Pumping Station 2)
Office Equipment
Other Equipment
Other PPE
Less: Accumulated Depreciation- Machinery and Equipment
Net Value of Machinery and Equipment
Total Property, Plant and Equipment

<u>2023</u>	<u>2022</u>
188,474.42	188,474.42
4,038,048.52	3,429,648.52
0.00	2,320,247.90
18,507.75	18,507.75
20,114,338.44	20,163,838.44
890,000.00	890,000.00
1,534,198.00	1,534,198.00
10,880.00	10,880.00
142,112.36	142,112.36
2,496,362.75	2,496,362.75
4,521.80	4,521.80
0.00	-47,737.64
<u>29,437,444.04</u>	<u>31,151,054.30</u>
-8,804,959.94	-8,804,959.94
<u>20,632,484.10</u>	<u>22,346,094.36</u>
1,257,942.28	1,257,942.28
2,320,247.90	0.00
-79,669.68	-79,669.68
<u>3,498,520.50</u>	<u>1,178,272.60</u>
-110,771.00	132,096.00
1,660,277.92	2,434,177.92
41,300.00	41,300.00
-366,783.67	-366,783.67
<u>1,224,023.25</u>	<u>2,240,790.25</u>
<u>25,355,027.85</u>	<u>25,765,157.21</u>

Note 10 -Financial Liabilities (Current Assets)

Accounts Payable
Due to Officers and Employees
Interest Payable
Total Financial Liabilities

<u>2023</u>	<u>2022</u>
185,088.56	116,476.00
199.62	295,133.14
46,651.37	46,651.37
<u>231,939.55</u>	<u>458,260.51</u>

Note 11 - Inter-Agency Payables

Due to BIR
Due to GSIS
Due to Pag-Ibig
Due to Philhealth
Total Inter-Agency Payables

<u>2023</u>	<u>2022</u>
564,270.65	579,892.76
-0.02	464.84
317.19	0.01
5,243.08	0.01
<u>569,830.90</u>	<u>580,357.62</u>

- 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	2,272.47	4,183.23
Total Trust Liabilities	<u>2,272.47</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	32,221,693.91	32,484,796.98
Other Financial Liability	3,523,407.08	0.00
Total Financial Liabilities	<u>35,745,100.99</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
Total Government Equity	<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
Total Retained Earning/(Deficit)	<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	751,814.23	9,228,292.12
Interest Income	253.78	1,195.78
Fines and Penalties-Business Income	18,522.57	281,234.74
Other Business Income	68,452.52	815,469.37
Income from grants and donations in cash	0.00	50,000.00
Other Miscellaneous Income	0	347.6
Total Service and Business Income	<u>839,043.10</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	55,020.00	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	-	66,000.00
Productivity Incentives Allowances	-	-
Honoraria	-	-
Overtime and Night Pay	27,678.62	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	65,238.46	361,058.11
Pag-IBIG Contribution	1,200.00	13,200.00
PhilHealth Contribution	-	52,660.26
Employees Compensation Insurance Premium	2,600.00	15,000.00
Terminal Leave Benefits	24,400.04	274,158.43

Total Personnel services

412,271.12	4,827,119.34
------------	--------------

Note 18- Other Maintenance and Operating Expenses

	<u>2023</u>	<u>2022</u>
Traveling Expense Local	44,670.00	235,584.00
Training Expense	0.00	80,000.00
Office supplies Expense	250.00	111,412.72
Accountable Forms Expense	0.00	87,100.00
Fuel, Oil And lubricants Expense	8,816.00	245,265.60
Chemical And Filtering Supplies Expense	1,200.00	428,106.00
Semi-Expendable Machinery And Equipment Expenses	0.00	14,112.80
Semi-Expendable Furniture, Fixtures and Books Expenses	0.00	1,872.00
Other Supplies and Materials Expense	3,678.00	48,397.40
Water Expenses	1,658.23	10,915.82
Electricity Expenses	75,885.23	1,070,252.44
Gas/ Heating Expenses	0.00	0.00
Other Utility Expenses	0.00	0.00
Postage and Courier Services	475.00	3,815.00
Telephone Expense	1,113.00	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	114,281.06	227,144.21
Extraordinary and Miscellaneous Expenses	1,050.00	22,293.00
Legal Services	200.00	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	0.00	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	1,040.00	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	50.76	76,435.66
Fidelity Bond Premiums	0.00	9,750.00
Insurance Expense	0.00	0.00
Labor and Wages	98,908.99	783,612.29
Advertising, Promotional and Marketing expense	0.00	0.00
Printing and Publication Expense	270.00	44,228.23
Representation Expense	5,000.00	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
Total Maintenance and Other Operating Expenses	368,805.27	4,096,925.17

Note 19 - Financial Expenses

	<u>2023</u>	<u>2022</u>
Interest Expense	101,757.57	2,060,604.87
Commitment Fees	0.00	0.00
Bank charges	0.00	280.00
Other Financial Charges	5,560.00	88,265.39
Total Financial Charges	107,317.57	2,149,150.26

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	4,060.92	56,240.29
ImpairmentLoss-Loans and Receivables	0.00	10,420.75
Total Non-Cash Expenses	<u>4,060.92</u>	<u>1,070,965.58</u>