

PART I:
AUDITED FINANCIAL STATEMENTS



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
REGIONAL OFFICE NO. XII
Brgy. Paraiso, Koronadal City

OFFICE OF THE SUPERVISING AUDITOR
CGAS C, WATER DISTRICTS AND OTHER STAND-ALONE AGENCIES

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS
General Santos City Water District
General Santos City

Unmodified Opinion

We have audited the accompanying financial statements of General Santos City Water District, which comprise the Statement of Financial Position as at December 31, 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year ended, and Notes to Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of General Santos City Water District as at December 31, 2023 and its financial performance and its cash flows for the year ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Unmodified Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of financial statements, and we have fulfilled our other ethical responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

COMMISSION ON AUDIT

By:


JOHN MICHAEL G. ENRIQUEZ
Supervising Auditor

June 14, 2024



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of the **General Santos City Water District** is responsible for the preparation of the financial statements as at December 31, 2023, including the additional components attached thereto in accordance with the Philippine Financial Reporting Standards (PFRS). The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the **General Santos City Water District** in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

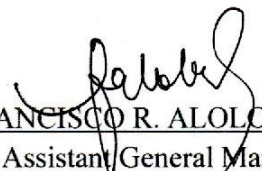


ENGR. MANUEL FORTUNATO D. YAPHOCKUN

Chairman of the Board

Jan. 24, 2024

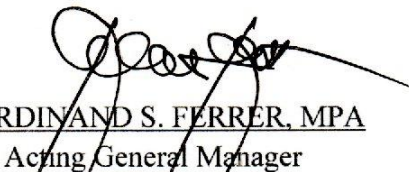
Date Signed



FRANCISCO R. ALOLOD, JR., CPA, CESE
Assistant General Manager for Finance

Jan. 24, 2024

Date Signed



FERDINAND S. FERRER, MPA
Acting General Manager

Jan. 24, 2024

Date Signed

GENERAL SANTOS CITY WATER DISTRICT

Statement of Financial Position

As of December 31, 2023

(With Comparative Figures for CY 2022)

In Philippine Pesos

| | Note | 2023 | 2022 |
|--|------|-------------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 173,698,908.80 | 114,813,908.74 |
| Receivables | 4 | 55,584,107.84 | 51,897,776.07 |
| Inventories | 5 | 92,836,316.16 | 100,698,268.84 |
| Prepayments | 6 | 149,130.00 | 8,050.00 |
| Total Current Assets | | 322,268,462.80 | 267,418,003.65 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 7 | 714,737,761.80 | 611,486,723.06 |
| Construction in Progress | 8 | 32,484,479.56 | 84,682,019.08 |
| Intangible Assets | 9 | 5,273,052.13 | 198,916.57 |
| Other Assets | 10 | 10,712,704.90 | 10,932,278.46 |
| Total Non-Current Assets | | 763,207,998.39 | 707,299,937.17 |
| TOTAL ASSETS | | 1,085,476,461.19 | 974,717,940.82 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Financial Liabilities | 11 | 23,839,440.65 | 25,042,035.32 |
| Inter-Agency Payables | 12 | 202.84 | 572.06 |
| Trust Liabilities | 13 | 4,969,375.53 | 10,080,217.73 |
| Deferred Credits/Unearned Revenue/Income | 14 | 1,524,887.83 | 1,112,853.46 |
| Provisions | 15 | 37,505,041.71 | 31,045,611.71 |
| Other Payables | 16 | 7,343.60 | 31,462.84 |
| Total Current Liabilities | | 67,846,292.16 | 67,312,753.12 |
| Non-Current Liabilities | | | |
| Financial Liabilities | 17 | 22,692,856.32 | 31,775,398.72 |
| Total Non-Current Liabilities | | 22,692,856.32 | 31,775,398.72 |
| Total Liabilities | | 90,539,148.48 | 99,088,151.84 |
| Equity | 18 | 994,937,312.71 | 875,629,788.98 |
| TOTAL LIABILITIES AND EQUITY | | 1,085,476,461.19 | 974,717,940.82 |

(See accompanying Notes to Financial Statements)

GENERAL SANTOS CITY WATER DISTRICT
Statement of Comprehensive Income
For the Year Ended December 31, 2023
(With Comparative Figures for CY 2022)
In Philippine Pesos

| | Note | 2023 | 2022 |
|--|------|-----------------------|-----------------------|
| REVENUE/INCOME | | | |
| Business Income | 19 | 563,446,343.39 | 501,855,129.22 |
| Total Revenue | | 563,446,343.39 | 501,855,129.22 |
| LESS: EXPENSES | | | |
| Personnel Services | 20 | 177,339,810.60 | 182,746,675.78 |
| Maintenance and Other Operating Expenses | 21 | 201,469,702.44 | 188,035,267.08 |
| Financial Expenses | 22 | 2,564,929.26 | 2,599,075.79 |
| Non-Cash Expenses | 23 | 51,459,416.17 | 56,355,676.75 |
| Total Expenses | | 432,833,858.47 | 429,736,695.40 |
| PROFIT (LOSS) | | 130,612,484.92 | 72,118,433.82 |

(See accompanying Notes to Financial Statements)

GENERAL SANTOS CITY WATER DISTRICT
Statement of Changes in Equity
For the Year Ended December 31, 2023
(With Comparative Figures for CY 2022)
In Philippine Pesos

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Government Equity, Beginning Balance | 8,764,842.84 | 8,764,842.84 |
| Add (Deduct): | 0.00 | 0.00 |
| Government Equity, Ending Balance | 8,764,842.84 | 8,764,842.84 |
| Contributed Capital, Beginning Balance | 47,754,281.79 | 47,754,281.79 |
| Add (Deduct): Additional Contributed Capital | 0.00 | 0.00 |
| Contributed Capital, Ending Balance | 47,754,281.79 | 47,754,281.79 |
| Retained Earnings, Beginning Balance | 819,110,664.35 | 752,258,866.14 |
| Add (Deduct): | | |
| Changes during the Period | (11,304,961.19) | (5,266,635.61) |
| Profit (Loss) for the Period | 130,612,484.92 | 72,118,433.82 |
| Retained Earnings, Ending Balance | 938,418,188.08 | 819,110,664.35 |
| Equity, Ending Balance | 994,937,312.71 | 875,629,788.98 |

GENERAL SANTOS CITY WATER DISTRICT
Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Figures for CY 2022)
In Philippine Pesos

| | 2023 | 2022 |
|--|------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Inflows | | |
| Collection of service and business income | 529,342,564.67 | 482,151,309.91 |
| Collection of other non-operating income | 44,966,186.21 | 38,336,779.95 |
| Total Cash Inflows from Operating Activities | 574,308,750.88 | 520,488,089.86 |
| Cash Outflows | | |
| Payment of personnel services | 161,261,369.97 | 169,349,222.00 |
| Payment of maintenance and other operating expenses | 201,469,702.44 | 188,307,461.93 |
| Purchase of inventory held for consumption | 42,593,623.35 | 52,488,628.18 |
| Payment of guaranty deposits | 7,212,894.26 | 5,243,572.54 |
| Other disbursements | 20,878,036.91 | 9,370,778.37 |
| Total Cash Outflows from Operating Activities | 433,415,626.93 | 424,759,663.02 |
| Net Cash Provided by/(Used in) Operating Activities | 140,893,123.95 | 95,728,426.84 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash Inflows | | |
| Total Cash Inflows from Investing Activities | 0.00 | 0.00 |
| Cash Outflows | | |
| Construction of infrastructure assets | 27,790,846.18 | 0.00 |
| Construction of buildings and other structures | 3,958,671.96 | 0.00 |
| Purchase of machinery and equipment | 20,148,150.90 | 0.00 |
| Purchase of transportation equipment | 320,000.00 | 0.00 |
| Purchase of furniture, fixtures, and books | 627,916.68 | 0.00 |
| Purchase of other property, plant, and equipment | 17,515,064.51 | 108,428,177.62 |
| Total Cash Outflows from Investing Activities | 70,360,650.23 | 108,428,177.62 |
| Net Cash Provided by/(Used in) Investing Activities | (70,360,650.23) | (108,428,177.62) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash Inflows | | |
| Total Cash Inflows from Financing Activities | 0.00 | 0.00 |
| Cash Outflows | | |
| Payment of domestic loans | 11,647,473.66 | 11,676,218.27 |
| Total Cash Outflows from Financing Activities | 11,647,473.66 | 11,676,218.27 |
| Net Cash Provided by/(Used in) Financing Activities | (11,647,473.66) | (11,676,218.27) |
| INCREASE/(DECREASE) IN CASH | 58,885,000.06 | (24,375,969.05) |
| ADD: CASH AND CASH EQUIVALENTS, JANUARY 1 | 114,813,908.74 | 139,189,877.79 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | 173,698,908.80 | 114,813,908.74 |

General Santos City Water District
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

(All amounts are in Philippine Peso unless otherwise stated)

1. Agency Background

The General Santos City Water District (GSCWD) was established on August 21, 1987 through Sangguniang Panlungsod (SP) Board Resolution No. 116, as amended by SP Board Resolution No. 224, series of 1987 of the Sangguniang Panlungsod pursuant to the provisions of Sections 3, 27 and 45 of Titles I and II of Presidential Decree (PD) No. 198, as amended. Subsequently, the Local Water Utilities Administration (LWUA) issued a Conditional Certificate of Conformance (CCC) No. 370 on November 29, 1988 to formally establish the GSCWD.

Under Section 5 of Title II of PD No. 198, the purposes of forming a local water district include the following:

- Acquiring, installing, improving, maintaining, and operating water supply and distribution systems for domestic, industrial, municipal, and agricultural uses for residents and lands within the boundaries of such districts;
- Providing, maintaining, and operating wastewater collection, treatment, and disposal facilities; and
- Conducting such other functions and operations incidental to water resources development, utilization, and disposal within such districts, as are necessary or incidental to said purpose.

Vision

The leading water utility and septage management service provider while upholding environmental stewardship and sustainability.

Mission

We commit to fulfill this vision through sound management, professional staff, efficient service, sustainable development, and active participation and partnership with the community in the protection of our water resources.

Quality Policy

The General Santos City Water District is a water service provider committed to the highest standards in furtherance of its mission of providing safe, potable, and reliable water service to the public.

To ensure quality of service, GSCWD will practice, as a team, the following principles:

- Adopt new systems and procedures for continuous efficient and innovative services to obtain the highest customer satisfaction possible;
- Conscientiously adhere to service standards and strive for excellence towards operational efficiency in customer service;
- Comply with all applicable statutory and legal requirements;
- Provide a well-balanced communication to all employees and stakeholders;
- Engage competent personnel and provide continuous personnel training and development; and
- Consistently implement all the controls identified in all processes.

For all its continual improvement, GSCWD shall regularly review the performance of its Quality Management System. The results of which shall be the basis for its actions.

The first re-categorization of GSCWD from small to medium category was in 2001. Eight years thereafter, in 2009, it was re-categorized from medium to large category water district with active service connections of 25,617.

GSCWD was classified as “Category A” in March 2012. As of December 31, 2023, the District has 59,577 active service connections and serves an estimated population of 297,885.

Board of Directors

The powers, privileges, and duties of GSCWD are exercised and performed by and through the Board of Directors, as the policy-making body, composed of the following:

| | | |
|---------------|--|----------------|
| Chairman | - Engr. Manuel Fortunato D. Yaphockun | - Education |
| Vice Chairman | - Atty. Rabmor Thomas T. Bartolome | - Business |
| Secretary | - Ms. Marjorie B. Cartojano, MM, REB, REA, REC | - Women |
| Treasurer | - Mr. Isaias L. Golez, Jr. | - Civic |
| P.I.O. | - Engr. Pedro B. Acharon, Jr. | - Professional |

After the retirement of the previous General Manager Engr. Arn B. Gellangarin on February 18, 2023, GSCWD’s operation is headed by the Acting General Managers, Engr. Rogelio A. Besana, Jr., RMP (from February 19, 2023 to August 18, 2023) and Ferdinand S. Ferrer, MPA (from August 19, 2023 to December 31, 2023). The Acting General Manager, subject to the approval of the Board, has full supervision and control over the maintenance, operation, and construction of water supply and administrative facilities of the District with full power and authority to exercise management

prerogatives. As of December 31, 2023, GSCWD has two hundred twenty-seven (227) permanent employees, twenty-seven (27) casual, and thirty (30) job orders.

In the quest for further improvements in terms of service quality, GSCWD has obtained the ISO 9001:2015 accreditation on March 7, 2018. The Department of Health (DOH) has granted the District a certificate of accreditation for bacteriological and physical analysis with Accreditation No. 12-0001-17-LW-1. A Certificate of Proficiency was then issued annually for excellent performance in the proficiency scheme for water microbiological testing laboratory.

GSCWD also received a plaque of recognition for being one of the first local water districts to join the e-FOI Portal and for its exceptional and significant contribution to the Freedom of Information Program’s progress and development. Furthermore, GSCWD was recognized as “Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM)” Bronze Awardee as per CSC Resolution No. 1801157. This shows that the District has fully met the national level enhanced PRIME-HRM Maturity Level II standards of the four (4) core Human Resource areas.

Year after year, GSCWD has received numerous splendid awards and commendable achievements, which manifest its exemplary performance in fulfilling its vision, mission, and objectives.

Operational Highlights

The financial position and performance of GSCWD for the calendar year 2023 as compared to the previous year 2022 are presented below.

Financial Condition

| Particulars | 2023 | 2022 | Increase (Decrease) | Percentage |
|--------------------|------------------|----------------|----------------------------|-------------------|
| Total Assets | 1,085,476,461.19 | 974,717,940.82 | 110,758,520.37 | 11.36 |
| Total Liabilities | 79,757,122.20 | 99,088,151.84 | (19,331,029.64) | (19.51) |
| Total Equity | 1,005,719,338.99 | 875,629,788.98 | 130,089,550.01 | 14.86 |

For CY 2023, total assets increased by ₱110,758,520.37 or 11.36% while total liabilities decreased by ₱19,331,029.64 or 19.51%. The government equity increased by ₱130,089,550.01 or 14.86%.

Financial Performance

| Particulars | 2023 | 2022 | Increase (Decrease) | Percentage |
|--------------------|----------------|----------------|----------------------------|-------------------|
| Income | 563,446,343.39 | 501,855,129.22 | 61,591,214.17 | 12.27 |
| Expenses | 432,833,858.47 | 429,736,695.40 | 3,097,163.07 | 0.72 |
| Profit (Loss) | 130,612,484.92 | 72,118,433.82 | 58,494,051.10 | 81.11 |

For the year ended December 31, 2023, the income increased by ₱61,591,214.17 or 12.27% and the expenses also increased by ₱3,097,163.07 or 0.72%, which resulted in the increase of GSCWD's profit by ₱58,494,051.10 or 81.11%.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the financial statements are summarized below.

Philippine Accounting Standards (PAS) 1, Presentation of Financial Statements, provides a framework for financial statement presentation, requiring a more specific statement of financial position line items applicable to the entity. It also requires the presentation of comparative financial statements and information.

The financial statements have been prepared using the measurement bases specified by the Philippine Financial Reporting Standards (PFRS) for each type of asset, liability, income, and expense. Specifically, the financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets, property, plant and equipment, and investment property pursuant to COA regulations.

Basis of Financial Statement Preparation

GSCWD has adopted the PFRS. Corollary thereto, it observes the reportorial requirements of regulatory agencies such as the Commercial Practices Systems (CPS), an accounting system prescribed by the Local Water Utilities Administration (LWUA).

LWUA issued Memorandum Circular No. 003-08, dated June 16, 2008, prescribing the use of the CPS-NGAS Modified Chart of Accounts to facilitate the implementation of a unified accounting system that conforms to both NGAS and LWUA's regulatory and reportorial requirements. Understandably, both CPS and NGAS, as their names connote, are accounting systems needing further guidance of standards prescribed under the PFRS.

With the issuance of COA Circular No. 2016-006 dated December 29, 2016, the District's financial statements for the year ended 2023 have been prepared in accordance with the PFRS. GSCWD also adopts the Updated Revised Chart of Accounts for Government Corporations under COA Circular No. 2020-002 dated January 28, 2020.

Basis of Recording

GSCWD uses the calendar year for its financial reporting and adopts the accrual method of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on an accrual basis except for transactions where an accrual basis is impractical or when the law requires other methods.

Monetary Denomination Used

The financial statements are presented in Philippine pesos, GSCWD's functional currency, and all values represent absolute amounts except when otherwise indicated.

3. Cash and Cash Equivalents

Cash includes cash on hand and cash in bank (local currency). Cash is valued at face value. It includes undeposited collections, petty cash, and cash-collecting officers/change funds.

Office collections are deposited intact the following banking day to the Authorized Government Depository Banks (AGDBs) as prescribed in Department Circular No. 01-2017 dated May 11, 2017. Deposits in banks are available for general expenditures incurred in operations. Reserve funds are set aside for specific purposes such as Debt Service Reserve, Operation and Maintenance Reserve, and Capital Reserve for Expansion.

Petty Cash is maintained under the Imprest Fund System. All replenishments are directly charged to the appropriate expense accounts. The fund shall be sufficient for nonrecurring, emergency, and petty expenses.

Cash and Cash Equivalents consist of the following:

| Particulars | 2023 | 2022 |
|--|-----------------------|-----------------------|
| <i>Cash on Hand</i> | | |
| Cash-Collecting Officers | 1,371,062.40 | 1,017,729.88 |
| Petty Cash | 50,000.00 | 20,000.00 |
| <i>Cash in Bank-Local Currency</i> | | |
| Cash in Bank-Local Currency, Current Account | | |
| LBP Current 0172-0182-54 | 50,918,448.70 | 19,765,946.72 |
| DBP Current 0925-006982-030 | 702,107.64 | 702,107.64 |
| Al Amanah Current 094-005-01-00711-0 | 1,306,089.15 | 2,443,675.02 |
| DBP Current 0925-024593-030 | 26,842,161.46 | 28,363,297.54 |
| UCPB Current 20407-000175-8 | 0.00 | 3,055,317.30 |
| Eastwest Bank Current 200000183481 | 0.00 | 103,648.24 |
| LBP Current 0172-1017-12 | 25,992,887.11 | 7,144,439.90 |
| DBP - SMP Current 0925-028786-030 | 210,836.11 | 210,467.84 |
| LBP Current 0172-1035-96 | 10,673.35 | 10,100.00 |
| LBP Current 0172-1045-41 | 13,921,820.18 | 0.00 |
| DBP Special Savings 0925-028786-160 | 52,372,822.70 | 51,977,178.66 |
| Total | 173,698,908.80 | 114,813,908.74 |

All banks are authorized government depository banks pursuant to Section 2 (5.2.1) of DOF Department Circular No. 01-2017.

The beginning bank balance of ₱103,648.24 under Eastwest Bank Account No. 200000183481 was transferred to DBP Current Account No. 0925-024593-030 on January 4, 2023.

LBP Current Account No. 0172-1017-12 and DBP Current Account No. 0925-006982-030 were garnished by BIR in July 2009 due to a Tax Liability case. But Warrants of Garnishment to these bank accounts were lifted as per lifting orders dated October 19, 2020. Meanwhile, LBP CA No. 0172-1017-12 is being used for Electronic Commerce Payments, Inc. as a bank collecting agent effective November 2020 while the DBP Current Account No. 0925-006982-030 is being used for the Forest Program Fund.

DBP-SMP Current Account No. 0925-028786-030 consists of the grants from DENR-EMB Region XII for the Feasibility Study of the Septage Management Program amounting to ₱3,347,800.00. The remaining amount of ₱209,180.39, exclusive of interest income, represents the project's withholding tax portion, which was already remitted to BIR using the DBP current account check. The differing amount of ₱1,655.72 represents the accumulated interest income earned.

LBP Current Account No. 0172-1045-41 is a newly-opened bank account in lieu of UCPB Current Account No. 20407-000175-8 due to the merger of LBP and UCPB which took effect on March 1, 2022, pursuant to Executive Order No. 142. The said bank account serves as a depository bank for collecting agents, particularly MLhuillier Pawnshop.

The amounts collected from LBP collecting banks were transferred to DBP Current Account No. 0925-024593-030 for the payment of current operations.

DBP Special Savings Account represents 3% of water sales which is a mandatory policy to set up reserves for payment of loans, rehabilitation of water sources and systems in case of calamity, and expansion of water services. This includes interest income and hold-out accounts due to DBP loan availments. During the year 2023, there was no increase in reserve funds except for the interest earned from such account.

All cash balances were consistently reconciled monthly with the bank balances through the preparation of the Bank Reconciliation Statements.

4. Receivables

Receivables are stated at face value less allowance for impairment accounts. Allowance for probable losses is set up at a level to provide for potential receivables, the collection of which is considered remote.

Under PAS 39, the carrying amount of the asset shall be reduced either directly or through the use of an allowance account. Periodic evaluation of accounts is conducted to identify those requiring a sufficient level of allowance and determine the proper level thereof.

Receivables include the following:

| Particulars | 2023 | 2022 |
|---|----------------------|----------------------|
| <i>Loans and Receivable Accounts</i> | | |
| Accounts Receivable-Customers | 75,020,436.16 | 72,320,745.38 |
| Accounts Receivable-Materials | 190,508.33 | (720,500.36) |
| Less: Allowance for Impairment-A/R | (22,324,641.71) | (21,885,662.62) |
| Accounts Receivable, Net | 52,886,302.78 | 49,714,582.40 |
| <i>Other Receivables</i> | | |
| Loans Receivable-Motorcycle | 1,169,306.62 | 1,008,502.00 |
| Other Receivables | 1,528,498.44 | 1,174,691.67 |
| Total | 55,584,107.84 | 51,897,776.07 |

The Accounts Receivable-Customers includes all amounts due on open accounts arising from services rendered to customers for water sales and incidental services. Any advance payments made by concessionaires were recognized as unearned revenue under the "Other Unearned Revenue" account.

The negative balance of the Accounts Receivable-Materials in CY 2022 was caused by the ongoing computerization. However, through exerted efforts, several discrepancies were finally noted, identified, and adjusted in CY 2023 to reconcile the account balances between SL and GL.

Provisions for the Allowance for Impairment-Accounts Receivable include the following:

| Period Covered | Amount |
|-----------------------|----------------------|
| 2010 | 647,428.85 |
| 2011 | 687,546.90 |
| 2012 | 744,480.74 |
| 2013 | 1,002,240.36 |
| 2014 | 257,589.08 |
| 2015 | 284,834.93 |
| 2016 | 301,514.06 |
| 2017 | 1,608,376.23 |
| 2018 | 1,823,010.65 |
| 2019 | 3,920,051.31 |
| 2020 | 3,732,784.38 |
| 2021 | 3,599,116.85 |
| 2022 | 3,276,688.28 |
| 2023 | 438,979.09 |
| Total | 22,324,641.71 |

Liquidation of cash advances is in accordance with the guidelines provided under COA Circular 97-002 dated February 10, 1997 and COA Circular 2009-002 dated May 18, 2009. Section 7 of Joint Memorandum Circular (JMC) No. 2020-1 on the Guidelines on the Grant of Fiscal Year 2020 Performance-Based Bonus for Local Water Districts

(LWDs) further states that no cash advances granted to officials and employees shall remain unliquidated and the officials and employees who fail to liquidate cash advances shall not be entitled to receive the PBB.

Loans Receivable-Motorcycle represents the loans granted to meter readers and field maintenance workers for the purchase of motorcycles. These motorcycles are intended to be used in the performance of their primary duties and responsibilities, as specified in the Memorandum of Agreement.

Other Receivables pertain to the amount due from other debtors and entities. It also includes materials borrowed by other water districts wherein follow-up letters for the settlement of accounts were already sent and duly received by the concerned water districts.

5. Inventories

Inventories are stated at cost, which includes purchase price, import duties and taxes, freight, handling, and other costs directly attributable to the acquisition of finished goods, materials, and services, as well as other costs incurred in bringing the inventories to their present location and condition.

Under PAS 2, inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined using the moving average method.

Per Section 4.2 of COA Circular No.2022-004 dated May 31, 2022, the increase in the capitalization threshold from ₱15,000 to ₱50,000 is considered as a change in accounting policy and shall be applied retrospectively.

Inventories include assets held for transfer and consumption in the normal course of operations. Inventories of GSCWD include materials and supplies that are kept in stock for future use in operations. These are grouped into office supplies, accountable forms, laboratory, construction materials, and other supplies and materials inventory.

Purchase of supplies and materials for stock, regardless of whether or not they are consumed within the accounting period, shall be recorded as inventory following the perpetual inventory method.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of GSCWD.

This includes the following:

| Particulars | 2023 | 2022 |
|---|--------------|--------------|
| <i>Inventories Held for Consumption</i> | | |
| Office Supplies Inventory | 2,380,408.94 | 1,990,205.99 |
| Accountable Forms, Plates and Stickers Inventory | 2,740,120.00 | 2,014,600.00 |
| Medical, Dental and Laboratory Supplies Inventory | 2,648,120.87 | 2,287,202.36 |

| Particulars | 2023 | 2022 |
|--|----------------------|-----------------------|
| Construction Materials Inventory | 84,585,152.88 | 94,313,511.89 |
| Other Supplies and Materials Inventory | 482,513.47 | 92,748.60 |
| Total | 92,836,316.16 | 100,698,268.84 |

The inventory is automated through the Total Works Management System (TWMS). The Inventory Management Committee has already coordinated with MIS to continuously set up a separate database for the warehouse (Stock Card) and Accounting (Bin Card) for the monthly reconciliation of accounts. Necessary adjustments/corrections to arrive at the correct balances for the fair presentation of inventory accounts shall be made when TWMS has been set up.

A large amount of Construction Materials Inventory was kept in stock to address the need for day-to-day operations, especially during emergency cases.

GSCWD has ongoing inventory reconciliation to identify and address the discrepancies and match the inventory records maintained by the concerned departments against the actual physical count.

6. Prepayments

Prepayments are carried at a cost less the amortized portion. These include the following:

| Particulars | 2023 | 2022 |
|----------------------|-------------------|-----------------|
| Prepaid Rent | 99,130.00 | 8,050.00 |
| Prepaid Subscription | 50,000.00 | 0.00 |
| Total | 149,130.00 | 8,050.00 |

Prepaid Rent amounting to ₱99,130.00 represents the advance payment for lot rental in Vineyard Agrarian Reform Beneficiaries Cooperative (VARBC) for the construction of a pump house and ground reservoir for the operation of the water system in Barangay San Jose and Fatima areas.

Prepaid Subscription of ₱50,000.00 pertains to a one-month advance payment for the text blast subscription with Globe Telecom.

7. Property, Plant and Equipment

Recognition

An item is recognized as Property, Plant and Equipment (PPE) if it meets the characteristics and recognition criteria as PPE such as:

- Tangible items;
- Held for use in the production or supply of goods or services, for administrative purposes; and

- Expected to be used during more than one reporting period.

PPE item is recognized as an asset if:

- It is probable that the future economic benefits or service potential associated with the item will flow to the entity;
- The cost or fair value of the item can be measured reliably; and
- The cost is at least P50,000.00.

GSCWD implemented COA Circular No. 2022-004 which provides the guidelines on the implementation relative to the increase in the capitalization threshold from ₱15,000 to ₱50,000.

Measurement at Recognition

An item recognized as PPE is measured at cost. A PPE acquired through the non-exchange transaction is measured at its fair value as of the date of acquisition. The cost of the PPE is the cash price equivalent or, for PPE acquired through non-cash exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- Initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is required or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.

Measurement after Recognition

After recognition, all PPE is stated at cost less accumulated depreciation and impairment losses.

When particular parts of PPE are required to be replaced at intervals, GSCWD recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as an expense in income or loss as incurred.

Depreciation

Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is computed based on carrying values of the property using the straight-line method over their estimated useful lives. As outlined in COA Circular No. 2017-004, a residual value equivalent to ten percent (10%) of the acquisition cost/appraisal value is deducted before dividing the same by the estimated useful life.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made for those assets.

Depreciation Method

The straight-line method of depreciation is adopted unless another method is more appropriate for GSCWD's operations. The residual value of the PPE is deducted in computing for its depreciation.

Estimated Useful Life

GSCWD uses the life span of PPE based on LWUA's Commercial Practices Manual and as prescribed by COA in determining the specific estimated useful life for each asset based on experience.

Adjustments arising from the revision of the assets' useful life are charged to the current and subsequent year's depreciation expenses of the particular assets pursuant to COA Circular No. 2004-005 dated August 9, 2004.

Residual Value

GSCWD uses a residual value equivalent to at least ten percent (10%) of the cost of the PPE.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Derecognition

GSCWD derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use.

Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income or loss when the asset is derecognized.

The PPE account includes the following:

| Particulars | 2023 | 2022 |
|--|------------------|------------------|
| <i>Land</i> | | |
| Land | 63,024,171.06 | 63,024,171.06 |
| <i>Land Improvements</i> | | |
| Other Land Improvements | 10,589,440.56 | 9,269,784.57 |
| <i>Less: Accumulated Depreciation-Other Land Improvements</i> | (5,718,666.13) | (4,875,699.67) |
| Net Value-Other Land Improvements | 4,870,774.43 | 4,394,084.90 |
| <i>Infrastructure Assets</i> | | |
| Water Supply Systems | 1,085,984,861.94 | 971,032,841.18 |
| <i>Less: Accumulated Depreciation-Water Supply Systems</i> | (523,802,688.90) | (488,285,148.91) |
| Net Value-Water Supply Systems | 562,182,173.04 | 482,747,692.27 |
| Power Supply Systems | 8,604,343.49 | 7,770,879.33 |
| <i>Less: Accumulated Depreciation-Power Supply Systems</i> | (1,794,919.00) | (1,035,805.99) |
| Net Value-Power Supply Systems | 6,809,424.49 | 6,735,073.34 |
| <i>Buildings and Other Structures</i> | | |
| Buildings | 17,996,019.34 | 17,996,019.34 |
| <i>Less: Accumulated Depreciation-Buildings</i> | (9,902,478.60) | (9,022,876.17) |
| Net Value-Buildings | 8,093,540.74 | 8,973,143.17 |
| Other Structures | 32,947,189.64 | 19,845,941.55 |
| <i>Less: Accumulated Depreciation-Other Structures</i> | (3,776,520.21) | (2,685,039.21) |
| Net Value-Other Structures | 29,170,669.43 | 17,160,902.34 |
| <i>Machinery and Equipment</i> | | |
| Office Equipment | 4,736,556.58 | 4,372,156.58 |
| <i>Less: Accumulated Depreciation-Office Equipment</i> | (3,259,658.57) | (2,932,686.89) |
| Net Value-Office Equipment | 1,476,898.01 | 1,439,469.69 |
| Information and Communications Technology Equipment | 35,311,063.12 | 23,182,302.22 |
| <i>Less: Accumulated Depreciation-ICT Equipment</i> | (17,780,670.29) | (13,765,887.78) |
| Net Value-ICT Equipment | 17,530,392.83 | 9,416,414.44 |
| Communications Equipment | 53,100.00 | 53,100.00 |
| <i>Less: Accumulated Depreciation-Communications Equipment</i> | (17,700.64) | (13,092.64) |
| Net Value-Communications Equipment | 35,399.36 | 40,007.36 |
| Medical Equipment | 2,427,008.00 | 1,580,018.00 |
| <i>Less: Accumulated Depreciation-Medical Equipment</i> | (1,231,518.26) | (1,127,947.09) |
| Net Value-Medical Equipment | 1,195,489.74 | 452,070.91 |

| Particulars | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Other Machinery and Equipment | 25,734,852.25 | 18,926,852.25 |
| <i>Less: Accumulated Depreciation-Other Machinery and Equipt.</i> | (14,941,113.26) | (12,149,984.94) |
| Net Value-Other Machinery and Equipment | 10,793,738.99 | 6,776,867.31 |
| <i>Transportation Equipment</i> | | |
| Motor Vehicles | 23,933,652.13 | 23,502,352.13 |
| <i>Less: Accumulated Depreciation-Motor Vehicles</i> | (15,819,257.39) | (13,890,060.56) |
| Net Value-Motor Vehicles | 8,114,394.74 | 9,612,291.57 |
| <i>Furniture, Fixtures and Books</i> | | |
| Furniture and Fixtures | 1,909,100.70 | 1,072,184.02 |
| <i>Less: Accumulated Depreciation-Furniture and Fixtures</i> | (468,405.76) | (357,649.32) |
| Net Value-Furniture and Fixtures | 1,440,694.94 | 714,534.70 |
| Total Net Value | 714,737,761.80 | 611,486,723.06 |

8. Construction in Progress

Construction in progress is stated at cost. While the construction is in progress, project costs are accrued based on the contractors' accomplishment reports and billings. These represent costs incurred for technical services and capital works program contracted by GSCWD to facilitate the implementation of the project.

For assets under construction, the Construction Period Theory shall be applied for costing purposes. Liquidated damages charged and paid for by the contractor shall be deducted from the total cost of the assets.

Construction in progress is transferred to the related PPE accounts when the construction or installation and related activities necessary to prepare the PPE to its intended use have been completed and the PPE is ready for service.

Construction in progress is not depreciated until such time that the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

Any related expenses incurred during the construction of the project, such as license fees, permit fee, clearance fees, etc. shall be capitalized. When the PPE is retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated impairment, if any, are removed from the accounts, and any resulting gain or loss is credited to or charged against the current operations.

Construction in progress includes the following:

| Particulars | 2023 | 2022 |
|--------------------------------|----------------------|----------------------|
| Infrastructure Assets | 32,130,025.23 | 80,208,243.48 |
| Buildings and Other Structures | 354,454.33 | 4,473,775.60 |
| Total | 32,484,479.56 | 84,682,019.08 |

This account consists of the following projects:

| Particulars | Amount |
|--|----------------------|
| Construction in Progress - Infrastructure Assets | |
| Activation of Well No. 26, Cabrero Lot, SM Village, Brgy. Sinawal | 631,225.46 |
| Powerline Supply/Transformer/Metering | 423,554.84 |
| Installation of 500MM Steel Distribution Pipelines & Other Appurtenances | 2,661,289.96 |
| Overhead Fire Hydrant @ PS No. 1 | 197,469.36 |
| Overhead Fire Hydrant @ PS No. 19 | 264,765.46 |
| Pipeline Expansion | 27,951,720.15 |
| Construction in Progress - Buildings and Other Structures | |
| Buildings and Other Structures | 354,454.33 |
| Total | 32,484,479.56 |

Completed projects are reclassified to their appropriate PPE accounts and their corresponding depreciation are recognized on the date of completion, in accordance with Section 41, Volume I of NGAS Manual.

9. Intangible Assets

This includes the following:

| Particulars | 2023 | 2022 |
|--|---------------------|-------------------|
| <i>Intangible Assets</i> | | |
| Computer Software | 385,000.00 | 385,000.00 |
| Less: Accumulated Amortization-Computer Software | (263,083.47) | (186,083.43) |
| Net Value-Computer Software | 121,916.53 | 198,916.57 |
| <i>Development in Progress</i> | | |
| Development in Progress-Computer Software | 5,151,135.60 | 0.00 |
| Total | 5,273,052.13 | 198,916.57 |

10. Other Assets

Other Assets consist of furniture, fixtures and equipment that are already fully depreciated with 10% salvage value. These are further classified into serviceable and unserviceable assets. The serviceable assets are those fully depreciated but still used by GSCWD while the unserviceable assets are those waiting for disposal.

The Inventory Committee is in the process of implementing the guidelines and procedures set forth under COA Circular No. 2020-006 on the one-time cleansing of PPE account balances including other assets (serviceable and unserviceable).

Reconciliation of Other Assets account shall take place when the physical inventory is conducted and the inventory system is established.

Other Assets account is composed of the following:

| Particulars | 2023 | 2022 |
|---------------------|----------------------|----------------------|
| <i>Other Assets</i> | | |
| Serviceable | 6,526,538.24 | 6,746,111.80 |
| Unserviceable | 4,186,166.66 | 4,186,166.66 |
| Total | 10,712,704.90 | 10,932,278.46 |

11. Financial Liabilities – Current Portion

Current liabilities are present obligations of GSCWD arising from past event, the settlement of which is expected to result in an outflow of the District's resources embodying economic benefits.

This includes the following:

| Particulars | 2023 | 2022 |
|---------------------------------------|----------------------|----------------------|
| <i>Payables</i> | | |
| Accounts Payable | 14,762,298.17 | 15,964,892.84 |
| Notes Payable - DBP (Current Portion) | | |
| DBP (PN 2017-043) | 3,300,000.00 | 3,300,000.00 |
| DBP (PN 2018-224) | 5,777,142.48 | 5,777,142.48 |
| Total | 23,839,440.65 | 25,042,035.32 |

For 2023, a total amount of ₱9,077,142.48 was reclassified to the current portion of long-term debt of Loans Payable-Domestic pursuant to PAS 1. This is to properly recognize the current portion of long-term debt and assess the ability of the District to meet its current obligations out of its current assets.

Accounts Payable represents the following unpaid balances:

| Particulars | Amount |
|--|---------------|
| Labor from Disconnectors & Reconnectors | 1,140,101.23 |
| Notarization of New Service Applications | 94,450.00 |
| Other Accounts Payable from Procurement of Goods/Services: | |
| Adan Neil Sand and Gravel | 1,600.00 |
| Bureau of Internal Revenue | 2,548,070.72 |
| Board of Directors | 35,600.00 |
| Columbia Computer Center Davao, Inc. | 27,300.00 |
| Diangas Glass and Construction Depot, Inc. | 34,485.00 |
| Drona Marketing | 403,865.00 |
| DC Tech Micro Services, Inc. | 44,000.00 |
| Flexicord Trading Corp. | 30,000.00 |
| GKAS Airconditioning Services | 5,000.00 |
| Lagao Auto Parts Repair and Services | 22,200.00 |
| Mars Agriventure Marketing and Services | 13,743.48 |
| Nation MFG Industrial Prod. Corp. | 10,008,880.00 |

| Particulars | Amount |
|---|----------------------|
| Note Dame Business Resource Center Foundation, Inc. | 202,500.00 |
| RML Shell Station | 88,879.62 |
| Southworld Enterprises | 26,000.00 |
| Starbright Office Depot | 4,060.00 |
| Willmark Marketing | 28,476.00 |
| Working Students | 816.25 |
| Z Gas Gasoline Station | 2,270.87 |
| Total | 14,762,298.17 |

12. Inter-Agency Payables

This account includes:

| Particulars | 2023 | 2022 |
|--------------|---------------|---------------|
| Due to GSIS | 202.84 | 572.06 |
| Total | 202.84 | 572.06 |

The preceding balance of ₱202.84 pertains to reconciling items due to the death of two employees (Florante Tibayan and Diosdado Pagal).

13. Trust Liabilities

This includes the following:

| Particulars | 2023 | 2022 |
|------------------------------------|---------------------|----------------------|
| Guaranty/Security Deposits Payable | 4,969,375.53 | 10,051,087.68 |
| Customers' Deposits Payable | 0.00 | 29,130.05 |
| Total | 4,969,375.53 | 10,080,217.73 |

Guaranty/Security Deposits Payable of ₱4,969,375.53 represents the liability arising from the receipt of cash or cash equivalents to guarantee (a) that the winning bidder shall enter into a contract with the procuring entity; and (b) performance by the contractor of the terms of the contract. The amount shall be refunded after the fulfillment of the purpose of the bond or forfeiture upon failure to comply with the purpose of the bond.

14. Deferred Credits/Unearned Revenue/Income

This includes the following:

| Particulars | 2023 | 2022 |
|---|---------------------|---------------------|
| <i>Deferred Credits/Unearned Revenue/Income</i> | | |
| Deferred Revenue from Grants and Donations | 146,652.00 | 146,652.00 |
| Other Deferred Credits | 1,029,645.96 | 345,359.76 |
| <i>Unearned Revenue/Income</i> | | |
| Other Unearned Revenue/Income | 348,589.87 | 620,841.70 |
| Total | 1,524,887.83 | 1,112,853.46 |

Deferred Revenue from Grants and Donations of ₱146,652.00 pertains to the contribution of DBP for the conservation and protection of the environment and to simultaneously stimulate rural productivity under the DBP Forest Project located in Mt. Matutum Landscape, Sitio Tinefulan, Brgy. Maligo, Polomolok, South Cotabato.

Other Deferred Credits represents the amount already paid in advance by subdivision owners as follows:

| Particulars | Amount |
|-----------------------------------|---------------------|
| Golden Arches | 105,414.00 |
| Meneses Compound, Purok Masagana | 63,269.87 |
| Sarah C. Salvador, Salvani Street | 54,123.89 |
| Pamela C. Reyes | 97,974.00 |
| PE 04 Palmwoods Subdivision | 24,578.00 |
| Jog Town Center | 244,685.00 |
| Gladies Daguno | 348,196.00 |
| St. Anne Homes | 91,405.20 |
| Total | 1,029,645.96 |

Other Unearned Revenue of ₱348,589.87 represents the advance payments of concessionaires for water services.

15. Provisions

This includes the following:

| Particulars | 2023 | 2022 |
|------------------------|----------------------|----------------------|
| Leave Benefits Payable | 37,505,041.71 | 31,045,611.71 |
| Total | 37,505,041.71 | 31,045,611.71 |

Leave Benefits Payable represents the monetary value of leave credits of employees less the monetized portion of the total leave credits of each employee. The significant decrease in the Leave Benefits Payable is due to the numerous monetization of employees' leave credits totaling ₱12,718,036.91 in CY 2023 compared to ₱3,465,570.04 in CY 2022.

During the audit of the financial statements for the year ended December 31, 2023, COA auditors identified that the District failed to correctly accrue the employees' accumulated leave credits' monetary value contrary to Philippine Accounting Standard (PAS) 19. This resulted in an understatement of Leave Benefits Payable and an overstatement of Retained Earnings by ₱10,782,026.28 in the prior period.

The following adjustments were made to correct this error:

Debit Retained Earnings: ₱10,782,026.28
 Credit Leave Benefits Payable: ₱10,782,026.28

16. Other Payables

This includes the following:

| Particulars | 2023 | 2022 |
|--------------------|-----------------|------------------|
| Other Payables | 7,343.60 | 31,462.84 |
| Total | 7,343.60 | 31,462.84 |

Other Payables of ₱7,343.60 represents the stale check issued to Mr. Eduardo Villamor per Check No. 80638988 dated December 19, 2022 under JEV # 22-12-4963. The check was claimed by Mr. Villamor but not presented to the bank for encashment/deposit.

17. Financial Liabilities – Non-Current Portion

Financial Liabilities – Non-Current Portion includes the following:

| Particulars | 2023 | 2022 |
|---|----------------------|----------------------|
| <i>Bills/Bonds/Loans Payable</i> | | |
| Loans Payable-Domestic | | |
| DBP (PN 2017-043) | 8,250,000.00 | 11,550,000.00 |
| DBP (PN 2018-224) | 14,442,856.32 | 20,225,398.72 |
| Total | 22,692,856.32 | 31,775,398.72 |

The loans refinanced by DPB and Al-Amanah Islamic Bank from LWUA at a lower interest rate on November 16, 2011 were fully settled in November 2021.

The existing loans are the additional loans granted by DBP in 2017 totaling ₱85 million (PN 2017-043 – ₱33 million; PN 2018-224 – ₱52,000,000) at an interest rate of 5.33%. The interest rate from the previous loan buy-out was reduced from 9.2% to 5.33% per annum but was adjusted in April 2023 to 7.68% and 7.72%, respectively. These loans will mature in the year 2027.

18. Equity

Equity pertains to the District's restricted/paid-in government capital, contributed capital, and retained earnings. Prior period adjustments are added to/deducted from the beginning balance of the retained earnings account.

This is composed of the following accounts:

| Particulars | 2023 | 2022 |
|---|-------------------------|-----------------------|
| <i>Government Equity</i> | | |
| Government Equity | 8,764,842.84 | 8,764,842.84 |
| Contributed Capital | 47,754,281.79 | 47,754,281.79 |
| <i>Retained Earnings/(Deficit)</i> | | |
| Retained Earnings/(Deficit) | 949,200,214.36 | 819,110,664.35 |
| Total | 1,005,719,338.99 | 875,629,788.98 |

Government Equity consists of the following government and private water systems, and lots turned over/donated to GSCWD:

| Particulars | 2023 | 2022 |
|--|---------------------|---------------------|
| LGU Water Systems - 1989 | 3,198,224.00 | 3,198,224.00 |
| Rosario Village Subdivision Phase I - August, 1991 | 1,396,420.00 | 1,396,420.00 |
| Sarangani Homes Phase I - July, 1993 | 850,000.00 | 850,000.00 |
| Doña Soledad Subd Phase I - October, 1993 | 3,058,677.00 | 3,058,677.00 |
| Claudland - August 2005 | 261,521.84 | 261,521.84 |
| Total | 8,764,842.84 | 8,764,842.84 |

Contributed Capital represents the distribution lines for all turned-over subdivisions within the District's coverage area amounting to ₱42,866,149.28 per JEV # 12-02-0531 dated February 28, 2012 and well site locations amounting to ₱543,750.00 per COA AOM GSC 2014-003 dated April 24, 2014 (JEV # 14-09-2981). Additional contributed capital of ₱200,000.00 was donated by Prime Land Subdivision per JEV # 17-09-3104 dated September 12, 2017. The five parcels of donated land were also recorded per COA AOM 19-03 (2018) dated February 1, 2019 (JEV # 19-07-2750).

For CY 2023, there was no additional contributed capital.

Contributed Capital is composed of the following:

| Particulars | 2023 | 2022 |
|---|--------------|--------------|
| Alpine Ville Subdivision | 8,555,126.41 | 8,555,126.41 |
| Las Villas Subdivision | 2,691,099.14 | 2,691,099.14 |
| Agan Home Phase 1 to 3 | 1,652,409.30 | 1,652,409.30 |
| Malesido Homes P-3A to P-3B | 4,975,882.66 | 4,975,882.66 |
| Agan Centro Phase 1 and 2 | 3,560,414.20 | 3,560,414.20 |
| Issabella Homes | 3,737,941.62 | 3,737,941.62 |
| Camella Homes | 7,587,369.11 | 7,587,369.11 |
| Agan Grandville Subdivision | 2,079,784.68 | 2,079,784.68 |
| Agan North Subdivision | 1,669,756.78 | 1,669,756.78 |
| Colinas Verdes (Sta. Luisa Subdivision) | 6,107,492.02 | 6,107,492.02 |
| Núñez St., Riverside-Well#5 | 393,750.00 | 393,750.00 |
| Núñez St., Purok Matatag-Well #1 | 150,000.00 | 150,000.00 |
| Lislet Amri Grande | 17,223.36 | 17,223.36 |
| Maria Ana Liza | 31,650.00 | 31,650.00 |
| Prime Land Subdivision | 200,000.00 | 200,000.00 |
| Calumpang @ PS#9 | 185,779.40 | 185,779.40 |
| Doña Soledad Well | 373,635.00 | 373,635.00 |
| Rosario Village Well | 103,709.10 | 103,709.10 |
| Sarangani Homes Well | 624,435.00 | 624,435.00 |
| Roca Subdivision & PS#6 | 386,294.25 | 386,294.25 |
| Freeman, Sunshine Ville | 25,000.00 | 25,000.00 |
| Lacewood Subdivision | 734,328.87 | 734,328.87 |
| Vivienne Heights Subdivision | 35,050.18 | 35,050.18 |

| | | |
|-----------------------------|----------------------|----------------------|
| Agan Greenville Subdivision | 19,080.00 | 19,080.00 |
| Aganland, Lagao Subdivision | 33,672.00 | 33,672.00 |
| Brixton Homes Subdivision | 1,720,308.65 | 1,720,308.65 |
| Communities, General Santos | 103,090.06 | 103,090.06 |
| Total | 47,754,281.79 | 47,754,281.79 |

19. Business Income

Business Income includes the following:

| Particulars | 2023 | 2022 |
|-------------------------------------|-----------------------|-----------------------|
| <i>Business Income</i> | | |
| Waterworks System Fees | | |
| Residential | 410,782,839.53 | 389,621,174.66 |
| Government | 20,767,958.75 | 15,902,514.60 |
| Commercial | 101,341,254.34 | 72,471,236.80 |
| <i>Sales Discounts</i> | 0.00 | (408,423.68) |
| Interest Income | 452,344.36 | 355,766.48 |
| Fines and Penalties-Business Income | 8,147,368.26 | 7,648,301.13 |
| Other Business Income | 21,954,578.15 | 16,264,559.23 |
| Total | 563,446,343.39 | 501,855,129.22 |

20. Personnel Services

Personnel Services is composed of the following:

| Particulars | 2023 | 2022 |
|---|---------------|---------------|
| <i>Salaries and Wages</i> | | |
| Salaries and Wages-Regular | 81,830,987.60 | 73,336,574.02 |
| Salaries and Wages-Casual/Contractual | 4,365,394.61 | 5,934,586.53 |
| <i>Other Compensation</i> | | |
| Personnel Economic Relief Allowance (PERA) | 5,925,402.81 | 5,710,772.67 |
| Representation Allowance (RA) | 1,211,625.00 | 1,066,500.00 |
| Transportation Allowance (TA) | 1,211,625.00 | 1,066,500.00 |
| Clothing/Uniform Allowance | 1,488,000.00 | 1,428,000.00 |
| Productivity Incentive Allowance | 9,336,259.46 | 17,765,147.62 |
| Longevity Pay | 685,000.00 | 750,000.00 |
| Overtime and Night Pay | 8,935,277.07 | 7,292,621.75 |
| Year-End Bonus | 7,201,104.00 | 6,798,005.80 |
| Cash Gift | 1,238,000.00 | 1,196,000.00 |
| Mid-Year Bonus | 7,063,024.00 | 6,455,680.00 |
| Other Bonuses and Allowances | 25,859,701.75 | 29,601,601.55 |
| <i>Personnel Benefit Contributions</i> | | |
| Retirement and Life Insurance Premiums | 10,348,560.77 | 9,339,910.36 |
| Pag-IBIG Contributions | 297,600.00 | 287,200.00 |
| PhilHealth Contributions | 1,649,007.90 | 1,302,106.79 |
| Employees Compensation Insurance Premiums | 297,800.00 | 286,300.00 |

| | | |
|--|-----------------------|-----------------------|
| Provident/Welfare Fund Contributions | 0.00 | 5,523,053.40 |
| <i>Other Personnel Benefits</i> | | |
| Terminal Leave Benefits | 8,395,440.63 | 7,606,115.29 |
| Total | 177,339,810.60 | 182,746,675.78 |

Salaries and Wages represent the employee's earnings at a particular period. This is the gross amount before the deduction of taxes and other statutory and contractual obligations. Payroll for contractual/job order employees is recognized under the General Services (MOOE).

Other Compensation includes allowances, overtime pay and other bonuses granted to employees.

Personnel Benefit Contributions are statutory and contractual obligations which represent the government/employer counterpart.

Other Personnel Benefits pertain to the monetary value of Terminal Leave Benefits of employees incurred during the year.

21. Maintenance and Other Operating Expenses

Maintenance and Other Operating Expenses include the following:

| Particulars | 2023 | 2022 |
|--|---------------|---------------|
| <i>Traveling Expenses</i> | | |
| Traveling Expenses-Local | 3,133,406.60 | 2,400,338.62 |
| <i>Training and Scholarship Expenses</i> | | |
| Training Expenses | 2,847,580.81 | 1,780,998.06 |
| <i>Supplies and Materials Expenses</i> | | |
| Office Supplies Expenses | 2,441,555.10 | 2,119,993.22 |
| Accountable Forms Expenses | 819,780.00 | 785,100.00 |
| Medical, Dental and Laboratory Supplies Expenses | 1,962,366.27 | 1,220,699.45 |
| Fuel, Oil and Lubricants Expenses | 5,317,563.76 | 5,712,274.60 |
| Semi-Expendable Machinery and Equipment Expenses | 3,104,074.65 | 4,132,244.18 |
| Semi-Expendable Furniture, Fixtures and Books Expenses | 1,147,491.30 | 588,007.00 |
| Other Supplies and Materials Expenses | 3,454,622.67 | 2,928,592.47 |
| <i>Utility Expenses</i> | | |
| Electricity Expenses | 1,883,664.76 | 1,766,498.80 |
| <i>Communication Expenses</i> | | |
| Postage and Courier Services | 99,580.00 | 104,471.00 |
| Telephone Expenses | | |
| Landline | 10,217.64 | 56,162.21 |
| Mobile | 752,660.00 | 524,055.35 |
| Internet Subscription Expenses | 2,155,083.76 | 1,459,676.78 |
| <i>Generation, Transmission and Distribution Expenses</i> | | |
| Generation, Transmission and Distribution Expenses-Electricity | 90,747,211.11 | 90,494,235.99 |
| Generation, Transmission and Distribution Expenses-Fuel and Oil | 1,441,309.05 | 1,423,021.31 |

| Particulars | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Generation, Transmission and Distribution Expenses-Chemicals | 1,330,581.49 | 2,476,855.52 |
| <i>Confidential, Intelligence and Extraordinary Expenses</i> | | |
| Extraordinary and Miscellaneous Expenses | 128,051.77 | 135,577.27 |
| <i>Professional Services</i> | | |
| Legal Services | 20,350.00 | 117,750.00 |
| Auditing Services | 0.00 | 450,000.00 |
| Other Professional Services | 249,550.00 | 0.00 |
| <i>General Services</i> | | |
| Security Services | 8,146,878.99 | 7,205,637.39 |
| <i>Repairs and Maintenance</i> | | |
| Repairs and Maintenance-Land Improvements | 388,700.00 | 0.00 |
| Repairs and Maintenance-Infrastructure Assets | 24,038,210.68 | 22,590,951.70 |
| Repairs and Maintenance-Building and Other Structures | 1,217,240.43 | 975,341.69 |
| Repairs and Maintenance-Machinery and Equipment | 2,024,881.58 | 2,038,370.83 |
| Repairs and Maintenance-Transportation Equipment | 1,899,053.29 | 1,351,047.56 |
| Repairs and Maintenance-Furniture and Fixtures | 60,648.60 | 37,833.00 |
| <i>Taxes, Insurance Premiums and Other Fees</i> | | |
| Taxes, Duties and Licenses | 11,087,123.18 | 10,214,641.09 |
| Fidelity Bond Premiums | 204,000.00 | 95,625.00 |
| Insurance/Reinsurance Expenses | 2,154,058.37 | 1,821,573.08 |
| <i>Other Maintenance and Operating Expenses</i> | | |
| Advertising, Promotional and Marketing Expenses | 2,837,067.06 | 3,078,399.38 |
| Representation Expenses | 2,098,532.24 | 1,143,440.19 |
| Rent/Lease Expenses | 135,904.11 | 124,803.75 |
| Membership Dues and Contributions to Organizations | 97,500.00 | 139,951.00 |
| Donations | 1,147,096.62 | 6,867,466.99 |
| Other Maintenance and Operating Expenses | 20,886,106.55 | 9,673,632.60 |
| Total | 201,469,702.44 | 188,035,267.08 |

22. Financial Expenses

Financial Expenses consist of interest incurred on loans from DBP as follows:

| Particulars | 2023 | 2022 |
|----------------------------------|---------------------|---------------------|
| <i>Financial Expenses</i> | | |
| Interest Expenses | | |
| DBP (PN 2017-043) | 944,506.56 | 945,846.68 |
| DBP (PN 2018-224) | 1,620,422.70 | 1,653,229.11 |
| Total | 2,564,929.26 | 2,599,075.79 |

23. Non-Cash Expenses

Non-Cash Expenses are composed of the following:

| Particulars | 2023 | 2022 |
|---|----------------------|----------------------|
| <i>Depreciation</i> | | |
| Depreciation-Land Improvements | 842,966.46 | 758,285.82 |
| Depreciation-Infrastructure Assets | 36,167,024.26 | 42,175,305.44 |
| Depreciation-Buildings and Other Structures | 2,142,101.79 | 1,656,062.89 |
| Depreciation-Machinery and Equipment | 7,286,961.68 | 5,440,197.49 |
| Depreciation-Transportation Equipment | 1,929,196.83 | 2,856,063.63 |
| Depreciation-Furniture, Fixtures and Books | 110,756.44 | 116,073.16 |
| <i>Amortization</i> | | |
| Amortization-Intangible Assets | 77,000.04 | 77,000.04 |
| <i>Impairment Loss</i> | | |
| Impairment Loss-Loans and Receivables | 2,466,553.44 | 3,276,688.28 |
| <i>Discounts and Rebates</i> | | |
| Other Discounts | 436,855.23 | 0.00 |
| Total | 51,459,416.17 | 56,355,676.75 |

24. Compliance with RA 7656

In compliance with Republic Act 7656, the Philippine Association of Water Districts (PAWD) circularized Office of the Government Corporate Counsel (OGCC) Opinion No. 190, series of 2010, addressing whether all local water districts (LWDs) are required to declare and remit fifty percent (50%) of its annual earnings to the National Treasury. The OGCC opined in the negative. Relevant portions of the said Opinion are as follows:

"Following the definition of government-owned or controlled corporations (GOCC) in the afore-cited cases, water districts are government instrumentalities exercising corporate powers. They are, therefore, not covered by RA 7656. Moreover, it bears emphasis that water districts are created purposely for public service as Section 5, Chapter II of PD 198 provides. Local water districts also do not receive any government subsidy and financial support/appropriation from the government. Its operating income is derived principally from the collection of water consumption fees and loans from Local Water Utilities Administration (LWUA) or Government Banks for its development and expansion programs. Most important, the manner of utilization and disposition of its income is restricted under Section 41 of PD 198, thus: Sec. 41. Disposition - The income of the district shall be disposed of according to the following priorities: First, to pay its contractual and statutory obligations and to meet its essential current operating expenses. Second, to allocate at least fifty percent (50%) of the balance exclusively as a reserve for debt service and operating and maintenance, to be used for such purposes only during periods of calamities force majeure of unforeseen events. Third, to allocate the residue as a reserve exclusively for expansion and improvement of its facilities."

Hence, no part of the water district's income shall be used or disposed of for any other purpose than those mentioned above. To require the water districts to remit 50% of its

earnings to National Treasury would constitute a violation of its Charter on the disposition of its income. Relying on this legal basis, the GSCWD is not remitting the fifty percent (50%) of its annual earnings to the National Treasury.

Moreover, the District is exempted from paying income taxes per Republic Act No. 10026 or An Act Granting Income Tax Exemption to Local Water Districts.

25. Approved Water Rates

The Approved Water Rates of GSCWD per LWUA Board Resolution No. 049, s. 2001 dated March 12, 2001 are the following:

| CLASSIFICATION | MINIMUM CHARGES | COMMODITY CHARGES | | | | | |
|-----------------------|-----------------|-------------------|-----------|-----------|-----------|-----------|------------|
| | | 11-20 CUM | 21-30 CUM | 31-40 CUM | 41-50 CUM | 51-60 CUM | 61 & Above |
| Domestic/Government | 212.00 | 23.05 | 26.65 | 30.50 | 34.50 | 34.50 | 34.50 |
| Commercial/Industrial | 424.00 | 46.10 | 53.30 | 61.00 | 69.00 | 69.00 | 69.00 |
| Commercial A | 371.00 | 40.30 | 46.60 | 53.35 | 60.35 | 60.35 | 60.35 |
| Commercial B | 318.00 | 34.55 | 39.95 | 45.75 | 51.75 | 51.75 | 51.75 |
| Commercial C | 265.00 | 28.80 | 33.30 | 38.10 | 43.10 | 43.10 | 43.10 |
| Commercial D | 212.00 | 23.05 | 26.65 | 30.50 | 34.50 | 34.50 | 34.50 |
| Bulk Sales | 636.00 | 69.15 | 79.95 | 91.50 | 103.51 | 103.51 | 103.51 |

26. Approval of Financial Statements

The financial statements for CY 2023 were approved by the Acting General Manager and authorized for issue on January 24, 2024.