Republic of the Philippines
Province of Negros Oriental
MUNICIPALITY OF BASAY

Notes to Financial Statements

Note 1. Profile

Basay was originally a barrio of Bayawan, Negros Oriental until June 15, 1968 when it was converted into a Municipality by virtue of Republic Act (R.A) No. 5421 sponsored by the former Congressman Lamberto Macias.

Pursuant to R.A. No. 7160, also known as the Local Government Code of 1991, the Municipality is mandated to exercise the powers expressly granted, necessary, and appropriated for its efficient and effective governance, including those which are essential to the promotion of the general welfare. It is required to ensure and support the preservation and enrichment of culture, promote health and safety, enhance the right of the people to a balanced ecology, encourage and support the development of appropriate and self-reliant and technological capabilities, improve public morals, economic prosperity and social justice, promote full employment of its constituents, maintain peace and order, and preserve the comfort and convenience of the community.

Note 2. Statement of Compliance and Basis of Preparation of Financial Statements

The consolidated financial statements of the Municipality have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The consolidated financial statements are presented in pesos, which is the functional and reporting currency of the Municipality. The accounting policies have been applied since the year 2015.

Note 3. Summary of Significant Accounting Policies

3.1 Basis of accounting

The financial statements are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS).

3.2 Consolidation

The Municipality maintains special accounts under the General Fund for the following economic enterprises it operates:

- Water Works System
- Market Administration
- Slaughterhouse

3.3 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Municipality recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. An asset's carrying amount is written down immediately 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. The Municipality derecognizes items of property, plant and equipment 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 on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

Public Infrastructures were not previously recognized in the books. The Municipality availed of the 5-year transitional provision for the recognition of the Public Infrastructure. For the first year of implementation of the PPSAS, the Municipality did not recognize the Public Infrastructure in the books of accounts.

3.4 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of the Cash Local Treasury and Cash in Bank-Local Currency, Current and Savings Account, with an original maturity of three months or less, which are readily convertible to cash. Receipts, which have officially come into the possession of the local government as trustee agent or administrator, are recorded as Trust Liabilities in the Trust Fund Books

3.5 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

3.6 Provisions

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

3.7 Changes in Accounting Policies and Estimates

The Municipality recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The LGU recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

3.8 Budget Information

The annual budget is prepared on the modified cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Municipality. As a result of the adoption of the Modified cash basis for budgeting purposes, there are bases, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line items.

Note 4. Cash and Cash Equivalents

This account is composed of the following:

		2024		2023
Cash- Local Treasury	₱	112,196.39	₱	33,837.29
Cash in Bank- Local Currency, Current Account		60,137,598.45		73,773,344.60
Cash in Bank- Local Currency, Savings Account		260,023.21		260,023.21
TOTAL	**₱**	**60,509,818.05**	**₱**	**74,067,205.10**

The Cash- Local Treasury, ₱112,196.39 pertains to the collections on the last working day of the year.

Note 5. Receivables

This account of composed of the following:

		2024		2023
Special Education Tax Receivable	₱	1,674,610.15	₱	1,674,610.15
Due from Local Government Units		275,936.13		275,936.13
Due from Other Funds		1,650,280.89		1,732,678.89
Advances for Payroll		0.00		0.25
Advances to Officers and Employees		3,379,262.99		3,465,244.81
Receivables –Disallowances/Charges		2,213,301.44		2,700,746.26
Due from Officers and Employees		882,014.00		882,014.00
Other Receivables		392,405.23		492,823.23
Total	**₱**	**10,467,810.83**	**₱**	**11,224,053.72**

Included in the balance of Other Receivables account are the receivables from KKK loan beneficiaries amounting to ₱45,071.05 which have been outstanding for more than ten years. It also included the ₱2,710.70 the receivable from Mr. Ponce Enopia, District Supervisor of Basay Elementary School who already died.

Note 6. Inventories

This account is composed of the following:

Accountable Forms, Plates and Stickers	₱	302,282.56	₱	199,334.71
Other Supplies and Materials Inventory		2,412,710.31		1,250,408.49
Total	**₱**	**2,714,992.87**	**₱**	**1,449,743.20**

Accountable Forms Inventory consists mainly of accountable forms with money Value. The Other Supplies and Materials Inventory represents the 1,998 pieces of house plates purchased by the Municipal Treasurer’s Office (MTO) before Republic Act No. 7160 took effect. These were intended to be distributed to the residents of Municipality Basay but never materialized. The house plates are kept in the MTO.

No inventory items were pledged as security during the current or prior financial year.

Note 7. Prepayments and Deferred Charges

This account of composed of the following:

	2024	2023
Advances to Contractors	₱ 473,070.45	₱ 473,070.45
Prepaid insurance	386,960.96	359,591.05
Other Prepayments	331.00	331.00
Total	**₱ 860,362.41**	**₱ 832,992.52**

Note 8. Property, Plant and Equipment

This account of composed of the following:

	Balance, December 31, 2023	Net Additions/ (Reductions)	Balance, December 31, 2024
Land	₱ 8,912,664.56	₱ 0.00	₱ 8,912,664.56
Land Improvements	3,343,968.53	0.00	3,343,968.53
Infrastructure Assets	104,753,654.20	29,059,336.40	133,812,990.60
Buildings and Other Structures	79,648,724.11	50,000.00	79,698,724.11
Furniture, Fixtures and Books	3,988,310.97	199,223.00	4,187,533.97
Machinery and Equipment	79,230,971.56	976,579.00	80,207,550.56
Transportation Equipment	37,563,340.34	86,390.00	37,649,730.34
Other, Property, Plant and Equipment	6,945,898.67	0.00	6,945,898.67
Construction in Progress	149,191,336.89	6,752,068.62	155,943,405.51
Total Cost	**₱473,578,869.83**	**₱37,123,597.02**	**₱510,702,466.85**
Less: Accumulated Depreciation	(58,452,914.86)	(12,695,511.48)	(71,148,426.34)
Book Value	**₱415,125,954.97**	**₱24,428,085.54**	**₱439,554,040.51**

Note 9. Biological Assets

This account consists of 11 heads of cattle from Australia and were given to the Municipality of Basay through the Department of Agriculture, Regional Office No. VII, Cebu City, valued at ₱215,000.00 and 11 heads of carabao from the Province of Negros Oriental valued at ₱143,845.00.

Note 10. Current Liabilities

This account of composed of the following:

Note 10.1 Financial Liabilities

Accounts Payable	₱ 5,930,955.92	₱ 8,490,862.77
Due to Officers and Employees	2,516,048.81	3,376,650.80
Loans Payable – Domestic	13,148,218.64	18,918,418.72
Total	**₱ 21,595,223.37**	**₱30,785,932.29**

Note 10.2 Inter – Agency Payables

	2024	2023
Due to BIR	₱ 397,362.91	₱ 2,981,822.94
Due to GSIS	2,296,093.10	1,635,257.07
Due to Pag-IBIG	148,416.09	52,856.27
Due to PhilHealth	174,426.03	175,539.92
Due to NGAs	23,011,516.37	27,019,689.31
Due to GOCCs	(6,443.26)	276.74
Due to LGUs	4,398,996.90	7,052,241.81
Total	**₱30,420,393.61**	**₱38,917,684.06**

Note 10.3 Intra - Agency Payables

This account pertains to Due to Other Funds amounting to ₱1,756,466.05 and ₱1,838,161.46 in CYs 2024 and 2023, respectively.

Note 10.4 Trust Liabilities

This account pertains to Bail Bonds Payable amounting to ₱136,230.71 and ₱173,930.71 in CYs 2024 and 2023, respectively.

Note 10.5 Deferred Credits/Unearned Income

This account pertains to Deferred Special Education Tax amounting to ₱1,676,696.53 in both CYs 2024 and 2023.

Accounts payable are trade payables normally settled on 60-day term. The Due to Officers and Employees account represents the amount deducted from the terminal leave of Mr. Eutiquio Cuinto and Ms. Gemma Dorothy Sala at ₱25,000.00 each and ₱55,000.00 from Ms. Erlinda T. Lucasanto as deduction for the disallowance of the additional Christmas bonus granted in 2001 and 2004.

The Due to BIR, Due to GSIS, Due to Pag-IBIG and Due to PhilHealth accounts represent the amounts deducted from the salaries of officials and employees to be remitted to the respective government agencies immediately on the month following the month for which these were deducted. On the other hand, the Due to NGAs, Due to GOCCs and Due to LGUs accounts represent balances of funds received by the LGU for specific purposes.

Note 10.6 Other Payables

This account pertains to Other Payables amounting to ₱11,192,842.91 and ₱10,950,806.02 in CYs 2024 and 2023, respectively. The negative balance of Other Payables pertains to over remittance of deductions from CFI and DCCO loans of employees. The accounting office is now tracing the records to determine the employees with over remitted balances.

Note 11. Non-Current Liabilities

The non-current financial liabilities pertain to non-current portion of Loans Payable- Domestic amounting to ₱98,413,876.54 and ₱108,856,913.56 in CYs 2024 and 2023. The Municipality availed of the loan on February 4, 2009 from the Land Bank of the Philippines (LBP) to finance the construction of Basay Waterworks System with an interest rate of 10% per annum, payable in 15 years. The LBP loan for the wheel loader was granted in September 2014. Repayment of all loans are chargeable against the 20% Development Fund.

Loan 1: Purpose: Construction of New Basay Multi-Purpose Public Building (1st Release)	14,109,248.35
Loan 2: Purpose: Construction of New Basay Multi-Purpose Public Building (2nd Release)	16,030,457.61
Loan 3: Purpose: Construction of New Basay Multi-Purpose Public Building (3rd Release)	12,336,656.35
Loan 4: Purpose: Construction of New Basay Multi-Purpose Public Building (4th Release)	22,095,988.63
Loan 5: Purpose: Construction of New Basay Multi-Purpose Public Building (5th Release)	22,477,841.40
Loan 6: Purpose: Purchase of Prime Mover	6,392,368.40
Loan 7: Purpose: Purchase of Fire Truck	4,971,315.80
TOTAL NON-CURRENT LOANS PAYABLE	**98,413,876.54**

Other Payables under non-current liabilities amounted to ₱864,330.45 and ₱875,076.90 in CYs 2024 and 2023, respectively.

Note 12. Tax Revenue

This account is composed of the following:

	2024	2023
Community Tax	₱ 223,525.87	₱ 253,929.96
Real Property Tax - Basic	881,001.99	477,632.00
Discount on Real Property Tax - Basic	(76,132.76)	(47,541.42)
Special Education Tax	1,088,348.18	578,260.67
Discount on Special Education Tax	(187,501.72)	(108,891.25)
Business Tax	29,915.00	199,187.11
Tax on Sand, Gravel & Other Quarry Products	19,050.00	79,165.88
Tax on Delivery Trucks and Vans	119,006.74	0.00
Amusement Tax	29,915.00	7,184.79
Other Taxes	179,806.89	102,634.09
Tax Revenue–Fines and Penalties – Taxes on Individual and Corporation	248,090.27	79,977.91
Tax Revenue–Fines and Penalties – Property Taxes	289,422.69	99,719.21
Total	**₱ 2,844,284.35**	**₱ 1,721,258.95**

Note 13. Share from National Taxes

This account pertains to Share from Internal Revenue Collections amounting to ₱155,434,108.00 and ₱146,296,000.00 in CYs 2024 and 2023, respectively.

Note 14. Service and Business Income

This account consists of the following:

		2024		2023
Permit Fees	₱	371,970.89	₱	165,963.41
Registration Fees		165,060.00		154,160.10
Clearance and Certificate Fees		589,902.60		738,191.35
Fishery Rental, Fees and Charges		0.00		13,520.00
Fees for Sealing and Licensing of Weights and Measures		661.00		3,510.00
Other Service Income		1,957,225.12		1,147,626.36
Waterworks System Fees		250,180.25		366,648.00
Receipt from Market Operations		257,328.26		534,356.00
Receipt from Slaughterhouse Operation		350,211.60		565,499.60
Garbage Fees		52,969.00		108,815.00
Interest Income		26,808.88		38,979.60
Total Service and Business Income	**₱**	**4,022,317.60**	**₱**	**3,837,269.42**

Note 15. Share, Grants and Donation

This account pertains to Grants and Donations in Kind amounting to ₱28,469,503.15 in CY 2024.

Note 16. Personnel Services

This account is composed of the following:

Salaries and Wages – Regular	₱	31,249,716.86	₱	29,950,499.21
Salaries and Wages-Casual/Contractual		3,187,852.84		2,653,758.48
Personal Economic Relief Allowance (PERA)		3,196,952.75		3,051,902.90
Representation Allowance (RA)		1,706,906.25		1,492,031.25
Transportation Allowance (TA)		1,706,906.25		1,492,031.25
Clothing/Uniform Allowance		909,000.00		750,149.38
Subsistence, Laundry, Quarters Allowance		264,000.00		236,520.28
Laundry Allowance		26,400.00		17,345.00
Honoraria		1,563,002.75		1,484,079.75
Hazard Pay		1,078,773.25		864,461.23
Longevity Pay		55,000.00		105,000.00
Overtime and Night Pay		0.00		269,185.99
Year-End Bonus		5,785,025.50		5,465,716.00

	2024	2023
Cash Gift	663,250.00	636,000.00
Other Bonuses and Allowances	55,000.00	74,884.25
Retirement and Life Insurance Premiums	4,065,189.54	3,734,046.74
Pag-IBIG Contribution	312,200.00	284,909.38
PhilHealth Contribution	809,817.11	665,584.92
Employees Compensation Insurance Premiums	134,462.93	148,492.24
Terminal Leave Benefits	300,342.86	681,161.89
Other Personnel Benefits	15,030,327.60	6,248,605.26
Total	**₱72,100,126.49**	**₱ 60,306,365.40**

Note 17. Maintenance and Other Operating expenses

This account of composed of the following:

Traveling Expenses – Local	₱ 8,321,939.33	₱ 8,400,331.27
Office Supplies Expense	2,994,381.88	3,653,899.27
Accountable Forms Expense	52,961.15	89,799.79
Non- Accountable Forms Expenses	33,928.75	0.00
Animal/Zoological Supplies Expenses	1,139,928.00	0.00
Food Supplies Expense	0.00	1,286,634.64
Drugs and Medicines Expenses	3,003,725.54	4,843,572.79
Medical, Dental and Laboratory Supplies Expenses	1,158,745.00	467,957.00
Fuel, Oil and Lubricant Expenses	5,523,107.28	6,043,246.60
Agricultural and Marine Supplies Expenses	325,625.00	1,120,442.00
Other Supplies and Materials Expenses	1,186,586.50	1,115,568.76
Water Expenses	0.00	12,959.00
Electricity Expenses	2,718,711.53	2,195,989.30
Postage and Courier Services	205.00	805.00
Internet Subscription Expenses	151,872.00	151,872.00
Intelligence Expenses	0.00	300,000.00
Environment/Sanitary Services	0.00	41,390.00
Repairs and Maintenance – Infrastructure Assets	2,006,087.20	19,781,548.14
Repairs and Maintenance – Buildings and Other Structures	1,233,583.80	1,863,473.16
Repairs and Maintenance – Machinery and Equipment	224,934.00	138,275.00
Repairs and Maintenance – Transportation Equipment	2,169,240.38	2,536,885.12
Repairs and Maintenance – Other Property, Plant and Equipment	4,655.00	0.00
Taxes, Duties and Licenses	9,944.00	720.00
Fidelity Bond Premiums	49,936.00	11,602.50
Rent Expenses	328,000.00	0.00
Donation	8,171,280.03	3,983,060.85
Other maintenance and operating expenses	67,889,632.20	42,215,210.24
Total	**₱108,699,009.57**	**₱ 100,255,242.43**

Note 18. Non-Cash Expenses

This account is composed of the following:

	2024	2023
Depreciation-Land Improvements	₱ 80,597.05	₱ 80,597.05
Depreciation-Buildings and Other Structures	1,856,370.34	1,700,641.27
Depreciation-Machinery and Equipment	8,364,019.32	5,765,198.44
Depreciation-Transportation Equipment	3,076,414.02	2,851,665.40
Depreciation-Furniture, Fixtures and Books	202,071.48	170,085.70
Depreciation-Other Property, Plant and Equipment	536,309.20	507,287.47
Total	**₱14,115,781.41**	**₱ 11,075,475.33**

Note 19. Financial Expenses

This account pertains to Interest Expenses from Loans Payable- Domestic amounting to ₱8,123,852.22 and ₱6,935,359.64 CYs 2024 and 2023, respectively.

Note 20. Transfers, Assistance and Subsidy From

This account of composed of the following:

Subsidy from National Government	₱ 44,778,800.70	₱ 17,726,264.96
Subsidy from Local Government Units	3,635,560.75	4,915,889.29
Total	**₱ 48,414,361.45**	**₱ 22,642,154.25**

Transfers from other government agencies represent funds received for specific projects undertaken by the LGU. Funds received were based on the budget submitted. A Memoranda of Agreement (MOA) was executed between the LGU and the proponent government agencies stipulating the terms and conditions on the fund utilization.

Note 21. Transfers, Assistance and Subsidy To

This account pertains to Transfers for Project Equity Share/LGU Counterpart amounting to ₱40,000.00 and ₱4,147,423.16 in CYs 2024 and 2023, respectively.

Note 22. Reconciliation of Net Cash Flows from Operating Activities to Surplus/(Deficit)

Surplus/(Deficit)	₱ 36,105,804.86	₱ (8,223,183.34)
Add: (Deduct)		
Non-Cash Transactions		
Depreciation	14,115,781.41	11,075,475.33
Grants and Donations in Kind	(28,449,942.99)	19,538,452.00
Decrease in Current Liabilities	2,424,198.98	45,132,648.71

	2024	2023
Non-Cash Current Liabilities- Loans Payable	(13,148,218.64)	(18,918,418.72)
Wrongly Recognized Current Liability in 2022	0.00	(14,475,425.43)
Increase in Current Liabilities	0.00	(2,159,008.39)
Increase in Receivables	0.00	(482,908.56)
Decrease in Receivables	692,740.49	200.00
Increase in Inventories	(767,849.17)	(1,041,469.16)
Increase in Prepayments	(27,369.91)	(336,564.97)
Decrease in Prepayments	0.00	
Other Adjustments	0.00	(306,936.39)
Prior Period Adjustments	(3,388,683.94)	(1,793,278.09)
Net Cash from Operating Activities	**₱ 7,556,461.09**	**₱ 28,009,582.99**

Note 23. Reconciliation of Comparison of Budget and Actual Amounts and the Statement of Financial Performance

Reconciliation of Comparison of Budget and Actual Amounts and the Statement of Financial Performance for the Year Ended December 31,2024					
	Income	Personal Services	MOOE	Financial Expenses	Capital Outlay
Comparison Statement of Budget and Actual	190,770,213.10	60,811,123.74	71,573,650.57	8,123,852.22	38,468,405.49
Entity Differences					
Basis Differences:					
Income not considered budgetary items					
Non-cash income					
Gain on Sale of Assets	-				
Receipts not considered as income					
Sale of capital assets					
Borrowings					
Non-cash expenses:					
Depreciation			-		
Amortization – Intangible Assets					
Impairment Loss					
Losses					
Debt Service (Loan Amortization, Retirement of Debt Instruments)				-	
Interest Expenses capitalized					
Capital Expenditures					(38,468,405.49)
Timing Differences:	-				
Prepayments charged to current appropriations		-	-		-
Unconsumed Inventories charged to current appropriations					
Consumed Inventories and deferred charges charged to prior period appropriations			-		
Trust Fund		11,289,002.75	37,125,359.00		
Per Statement of Financial Performance	**190,770,213.10**	**72,100,126.49**	**108,699,009.57**	**8,123,852.22**	**(0.00)**

Note 24. Local Disaster Risk Reduction Management Fund (LDRRMF)

The LDRRMF represents the amount set aside by the LGU to support its disaster risk management activities pursuant to R.A. No. 10121 otherwise known as the "Philippine Disaster Risk Reduction and Management Act. Of 2010." The amount available and utilized during the year totaled ₱25,155,667.50 and ₱14,715,727.61 respectively, broken down as follows:

Particulars	Amount		
	Available	**Utilized**	**Balance**
Current year Appropriation			
Quick Response Fund (QRF)	₱ 2,428,434.36	₱ 0.00	₱ 2,428,434.36
Mitigation Fund (MF)			

MOOE	2,830,000.00	2,567,797.00	262,203.00
Capital Outlay	2,836,346.83	2,394,948.52	441,398.31
Subtotal	**8,094,781.19**	**4,962,743.52**	**3,132,035.67**
Continuing Appropriation:			
Special Trust Fund			
CY 2019	1,391,063.23	1,391,063.23	0.00
CY 2020	1,936,755.14	1,195,608.19	741,146.95
CY 2021	3,873,277.60	2,269,681.68	1,603,595.92
CY 2022	6,059,213.70	3,369,814.42	2,689,399.28
CY 2023	3,800,576.64	1,526,816.57	2,273,760.07
Subtotal	**17,060,886.31**	**9,752,984.09**	**7,307,902.22**
Grand Total	**₱25,155,667.50**	**₱ 14,715,727.61**	**₱10,439,937.89**