Republic of the Philippines
Province of Negros Oriental

Municipality of Santa Catalina

Notes to Financial Statements

Note I. General /Agency Profile

1.1 Creation:

The Municipality of Santa Catalina, Negros Oriental was created by virtue of Executive Order No. 111 issued by former President Manuel Roxas on December 19, 1947. The Municipality is classified as a 1st class Municipality effective July 2005 per Bureau of Local Government Finance Memorandum Circular No. 01-M (30)-5 dated December 16, 2005.

The Municipality is bestowed with powers, duties and responsibilities as mandated under Republic Act No. 7160. It can plan its own affairs in conformity with the national goal for sustainable, social and economic growth in order to deliver efficient basic services.

Vision

Santa Catalina, a leading Agri-Industrial Municipality and Nature-Tourism destination in Central Visayas in 2029, anchored on a God-centered and responsive community living in a secured and ecologically balanced environment through its genuinely concerned and dynamic leaders.

Mission

To uplift the quality of life of every Santahanon by providing dynamic investment opportunities and creating a conducive climate for tourism and agri-industrial growth.

Fund Composition

As required under Sections 308, 309 and 310 of the Local Government Code, the Municipality of Santa Catalina maintains three separate books for the General Fund, Special Education Fund and Trust Fund.

1.2 Economic Enterprises Operations:

The Municipality of Santa Catalina is operating the following economic enterprises, namely: Market, Slaughterhouse and Cemetery.
For Calendar Year 2019, the Municipality substantially allocated funds for the programs, projects and activities geared towards the economic

and the provision for basic services and facilities to improve the economic and social lives of its constituents.

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

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

Note 3. Summary of Significant Accounting Policies

3.1 Basis of Accounting

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

Included in the consolidated financial statements are transactions of the three funds: General, Special Education and Trust Fund. The General Fund consists of transactions of the General Fund Proper and special accounts, namely; Market Operations, Slaughterhouse Operations, Cemetery Operations and 20% Development Fund.

3.2 Accounting Policy Observed for each account:

3.2.1 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 position of the local government as trustee agent or administrator, are recorded as Trust Liabilities in the Trust Fund Books.

3.2.2 Receivables

Receivables are recognized by the Municipality for allowable cash advances granted to Officers and Employees, and audit disallowances which have become final and executory, and those which are expected to be collected during the regular course of business, including non-recurring receivables from the National Government Agencies.

3.2.3 Inventories

Supplies and Materials purchased are recorded at cost and directly issued to the requisitioning department since the Municipality does not purchase supplies and materials to be carried in stock.

3.2.4 Prepayments and Deferred Charges

Prepayments are recorded as assets before they are used or consumed and recorded as liability when received and considered earned upon rendition of service or the passage of time. Adjusting journal entries for prepayments are required at the statement date to record the portion of the prepayment that represents the expense incurred or the revenue earned in the current accounting period.

3.2.5 Property, Plant and Equipment

Property, Plant and Equipment are recorded at cost less accumulated depreciation. Depreciation is only recognized on property, plant and equipment acquired from CY 2002. The construction period theory is used in recording property, plant and equipment to be constructed. All related expenses incurred during the construction of the project are capitalized. The Straight– Line Method of depreciation is used in the depreciation of Property, Plant and Equipment and a residual value computed at five percent of the cost of assets is set and depreciation is computed on the second month after the purchase.

Public Infrastructures were not previously recognized in the books. The LGU availed of the 5-year transitional provision for the recognition of the Public Infrastructure. For the CY 2016, the LGU records back to the books the CY 2015 Public Infrastructures.

3.2.6 Biological Assets

Biological Assets are initially converted at cost.

3.2.7 Intangible Assets

Intangible Assets are initially converted at cost.

3.2.8 Current Liabilities

Payable accounts are recognized and recorded in the books of accounts only upon acceptance of the goods/inventory/other assets and services to the Municipality.

3.2.9 Long-term Liabilities

The Municipality recognizes long-term liabilities for the amount received, although repayments are made in accordance with the repayment agreement.

3.2.10 Equity

The Equity portion in the Financial Statements in a given period of time is composed of plant, property and equipment including public infrastructures in process, funds set aside to finance the continuing appropriations, funds allocated to settle existing obligations, funds allocated for Calamity Fund Savings, and funds available for operations.

Note 4. Cash and Cash Equivalents

This account is broken down as follows:

		2024		2023
Cash- Local Treasury	₱	554,456.96	₱	3,399,673.82
Cash in Bank, Local Currency, Current Account		571,657,748.46		513,328,984.05
Cash in Bank, Local Currency, Savings Account		43,172,919.98		43,255,024.72
Total	**₱**	**615,385,125.40**	**₱**	**559,983,682.59**

Cash and Cash Equivalents beginning were adjusted in order to comply with International Public Sector Accounting Standards (IPSAS) that Cash-Disbursing Officers should be classified to Advances to Special Disbursing Officer (Receivable).

The Cash- Local Treasury totaling ₱554,456.96 pertains to the collections, which was deposited at Land Bank of the Philippines on January 2 and 6, 2025.

Note 5. Investments

This account pertains to Treasury Bills amounting to ₱580.00 in CYs 2024 and 2023 without any movement.

Note 6. Receivables

This account is composed of:

Loans and Receivables				
Real Property Tax Receivables	₱	20,881,378.82	₱	26,689,882.95
Special Education Tax Receivables		30,019,046.05		33,518,820.13
Total	**₱**	**50,900,424.87**	**₱**	**60,208,703.08**
Inter-Agency Receivables				
Due from GOCC's	₱	14,850.00	₱	14,850.00
Due from LGU's		103,855.27		103,855.27
Total	**₱**	**118,705.27**	**₱**	**118,705.27**
Other Receivables				
Receivables-Disallowances/Charges	₱	430,634.94	₱	437,784.94
Due from Officers and Employees		11,927.32		20,473.96
Other Receivables		166,082.38		166,082.78
Total	**₱**	**608,644.64**	**₱**	**624,341.68**
Grand Total	**₱**	**51,627,774.78**	**₱**	**60,951,750.03**

Receivables-Disallowances/Charges account represents amount due from Officers and Employees resulting from audit disallowances, which have become final and executory. Due from Officers and Employees account consists of overpayment of salary.

Intra-Agency Receivables amounting to ₱468,560.24 and ₱237,243.26 in CYs 2024 and 2023, respectively, is the reciprocal account of Intra-Agency Payable in Note 14. This is eliminated in the preparation of the Statement of Financial Position.

Note 7. Inventories

This account consists of:

		2024		2023
Merchandise Inventory	₱	389,400.00	₱	389,400.00
Medical, Dental and Laboratory Supplies Inventory		63,330.00		63,330.00
Textbooks and Instructional Materials Inventory		6,635.00		6,635.00
Construction Materials Inventory		11,683.25		11,683.25
Other Supplies and Materials Inventory		53,189.30		53,189.30
Total	**₱**	**524,237.55**	**₱**	**524,237.55**

Note 8. Prepayments and Deferred Charges

This account pertains to Advances to Contractors amounting to ₱6,951,438.08 and ₱7,169,358.99 in CY 2024 and 2023, respectively.

Note 9. Property, Plant and Equipment

This account is composed of the following:

		Balance, December 31, 2023		Net Addition/ (Reduction)		Balance, December 31, 2024
Land	₱	53,964,792.90	₱	0.00	₱	53,964,792.90
Land Improvements		8,571,508.14		0.00		8,571,508.14
Infrastructure Assets		508,020,577.40		58,997,317.53		567,017,894.93
Buildings and Other Structures		238,631,834.44		39,578,998.73		278,210,833.17
Machinery and Equipment		119,375,326.17		16,216,685.00		135,592,011.17
Transportation Equipment		41,886,398.28		15,016,500.00		56,902,898.28
Furniture, Fixtures and Books		755,080.00		(50,000.00)		705,080.00
Construction in Progress		296,825,471.69		33,975,988.53		330,801,460.22
Other Property, Plant and Equipment		2,962,181.30		80,000.00		3,042,181.30
Total Cost	**₱**	**1,270,993,170.32**	**₱**	**163,815,489.79**	**₱**	**1,434,808,660.11**
Less: Accumulated Depreciation		242,145,031.81		69,020,978.65		311,166,010.46
Net Book Value	**₱**	**1,028,848,138.51**	**₱**	**94,794,511.14**	**₱**	**1,123,642,649.65**

Watercraft with book value of ₱408,768.16 was destroyed during typhoon Helen in June 2004. The Municipal Agriculture Office was not able to submit a notice of
loss or apply for relief of accountability to the Commission on Audit.

Note 10. Biological Assets

This account is composed of the following:

		2024		2023
Breeding Stocks	₱	539,325.00	₱	539,325.00
Plants and Trees		13,767,251.11		13,767,251.11
Total	**₱**	**14,306,576.11**	**₱**	**14,306,576.11**

Note 11. Intangible Assets

This account is composed of the following:

Computer Software	₱	599,212.66	₱	599,212.66
Less: Accumulated Amortization-Computer Software		569,252.02		569,252.02
Total	**₱**	**29,960.64**	**₱**	**29,960.64**

Note 12. Financial Liabilities

This account is composed of the following:

12.1 Current

Accounts Payable	₱	32,687,268.50	₱	24,510,262.16
Loans Payable- Domestic		8,062,806.76		7,198,162.60
Due to Officers and Employees		780,780.49		753,645.36
Leave Benefits Payables		40,179.09		40,179.09
Total	**₱**	**41,571,034.84**	**₱**	**32,502,249.21**

12.2 Non-Current

Loans Payable–Domestic in the amount of ₱ 93,232,252.50 and ₱ 62,983,922.90 in CYs 2024 and 2023, respectively, represents loan balance of the municipality from Land Bank of the Philippines for the New Sta. Catalina Public Market and Terminal Complex.

New Sta. Catalina Public Market and Terminal Complex

Loan Particulars	Details
Annual Amortization: Principal	8,062,806.76
Cumulative Payment: Principal	9,430,025.35
Cumulative Payment: Interest	9,468,407.08
Interest Rate	6.5% subject to quarterly repricing
Maturity Date	7/8/2033

Multi-purpose Building Phase 11 (1st tranche)

Loan Particulars	Details
Annual Amortization: Principal	2,562,125
Cumulative Payment: Principal	0.00
Cumulative Payment: Interest	0.00
Interest Rate	6.5% subject to quarterly repricing
Maturity Date	12/23/2039

Note 13. Inter-Agency Payables

This account is composed of the following:

		2024		2023
Due to BIR	₱	1,072,802.96	₱	348,440.86
Due to GSIS		2,731,447.03		2,301,931.71
Due to Pag-IBIG		153,190.92		77,623.39
Due to PhilHealth		1,116,368.19		1,025,266.42
Due to NGA's		47,914,680.26		38,343,984.62
Due to GOCC's		25,168.00		25,168.00
Due to LGU's		4,597,022.97		4,056,657.59
Total	**₱**	**57,610,680.33**	**₱**	**46,179,072.59**

Note 14. Intra-Agency Payables

Intra-Agency Payables amounting to ₱ 624,148.15 and ₱ 846,994.48 in CYs 2024 and 2023, respectively, is the reciprocal account of Intra-Agency Payables in Note 6. This is eliminated in the preparation of the Statement of Financial Position.

Note 15. Trust Liabilities

This account is composed of the following:

Trust Liabilities	₱	0.00	₱	74.98
Trust Liabilities – DRRMF		24,815,861.78		32,475,340.87
Bail Bonds Payable		5,000.00		5,000,.00
Guaranty/Security Deposits Payable		1,812,377.85		2,155,095.79
Customer's Deposit		31,288.99		31,288.99
Total	**₱**	**26,664,528.62**	**₱**	**34,666,800.63**

Note 16. Deferred Credits/Unearned Income

This account is composed of the following:

Deferred Real Property Tax	₱	20,881,378.82	₱	26,689,882.95
Deferred Special Education Tax		30,019,046.05		33,518,820.13
Other Deferred Credits		834,037.39		833,296.15
Total	**₱**	**51,734,462.26**	**₱**	**61,041,999.23**

Note 17. Other Payables

This account pertains to Other Payables amounting to ₱11,924,704.79 and ₱17,307,865.14 in CYs 2024 and 2023, respectively.

Note 18. Tax Revenue

This account is composed of the following:

		2024		2023
Community Tax	₱	893,620.84	₱	835,181.83
Real Property Tax-Basic		2,464,218.51		2,284,325.82
Discount on Real Property Taxes-Basic		*(514,089.58)*		*(495,462.24)*
Special Education Tax		3,061,984.98		2,745,426.87
Discount on Special Education Tax	₱	*(395,628.67)*	₱	*(381,315.19)*
Business Taxes		7,201,362.82		5,446,905.43
Tax on Sand, Gravel and other Quarry Products		246,160.20		173,965.80
Amusement Tax		67,736.25		107,090.00
Franchise Tax		121.950.00		161,600.00
Tax Revenue – Fines and Penalties – Taxes on Individual and Corporation		39,178.66		34,531.29
Tax Revenue – Fines and Penalties – Property Taxes		666,660.54		571,735.89
Tax Revenue-Fines & Penalties-Taxes on Goods and Services		86,963.36		100,031.28
Total	**₱**	**13,940,117.91**	**₱**	**11,584,016.78**

Note 19. Share from National Taxes

This account pertains to the Share from Internal Revenue Collections amounting to ₱ 357,663,539.70 and ₱336,416,751.00 in CYs 2024 and 2023, respectively.

Note 20. Service and Business Income

This account consists of the following:

Permit Fees	₱	1,072,127.44	₱	1,093,615.44
Registration Fees		467,883.00		594,696.00
Registration Plates, Tags and Sticker Fees		560.00		5,340.00
Clearance and Certification Fees		448,915.00		233,960.00
Supervision and Regulation Enforcement Fees		42,300.00		83,082.50
Inspection Fees		227,900.00		260,724.00
Verification and Authentication Fees		35,775.00		32,837.50
Processing Fees		23,354.00		24,525.00
Occupation Fees		70,580.00		69,140.00

Fees for Sealing and Licensing of Weights and Measures		0.00		120.00
Fines and Penalties-Service Income		208,565.42		184,368.61
		2024		**2023**
Service Income	**₱**	**2,597,959.86**	**₱**	**2,582,409.05**
Rent Income	₱	248,081.50	₱	194,325.00
Receipts from Market Operations		4,422,712.00		4,409,120.50
Receipts from Slaughterhouse Operations		155,276.00		153,484.60
Receipts from Cemetery Operations		115,450.00		170,330.00
Garbage Fees		341,580.00		336,800.00
Interest Income		536,663.01		519,316.02
Fines and Penalties-Business Income		109,355.00		70,845.00
Business Income	**₱**	**5,929,117.51**	**₱**	**5,854,221.12**
Total	**₱**	**8,527,077.37**	**₱**	**8,436,630.17**

Note 21. Share, Grants and Donations

The balance of this account amounted to ₱3,600,000.00 and ₱4,219,000.00 in CYs 2024 and 2023, which represents vehicles, donated from Department of Health and Philippine Charity Sweepstakes office.

Note 22. Miscellaneous Income

This balance of this account amounted to ₱ 903,754.39 and ₱4,519,456.13 in CYs 2024 and 2023, respectively.

Note 23. Personnel Services

This account consists of the following:

Salaries and Wages – Regular	₱	59,724,625.59	₱	56,415,791.30
Salaries and Wages- Casual/ Contractual		7,215,194.98		6,776,297.92
Personnel Economic Relief Allowance (PERA)		4,464,167.48		4,417,134.59
Representation Allowance (RA)		2,150,137.50		1,951,575.00
Transportation Allowance (TA)		1,941,675.00		1,762,575.00
Clothing/Uniform Allowance		1,349,000.00		1,128,000.00
Subsistence Allowance		392,850.00		376,900.00
Laundry Allowance		56,753.91		53,852.47
Honoraria		750,930.66		644,659.36
Hazard Pay		3,310,367.44		3,222,244.67
Longevity Pay		400,027.52		328,398.95
Overtime and Night Pay		0.00		298,987.36
Year-End Bonus		6,097,515.55		5,434,522.50
Cash Gift		957,500.00		948,500.00
Other Bonuses and Allowances		6,677,145.00		6,796,839.00
Retirement and Life Insurance Contributions		7,979,478.05		7,548,116.36

Pag-IBIG Contributions		434,105.23		224,700.00
Philhealth Contributions		1,677,222.62		1,246,602.55
Employees Compensation Insurance Premiums		226,297.96		224,610.47
Terminal Leave Benefits		1,461,412.32		2,001,755.27
		2024		**2023**
Other Personnel Benefits		9,619,715.43		7,185,599.65
Total	**₱**	**116,886,122.24**	**₱**	**108,987,662.42**

Note 24. Maintenance and Other Operating Expenses

This account is composed of the following:

Travelling Expenses - Local	₱	5,576,433.17	₱	5,364,996.92
Travelling Expenses – Foreign		0.00		50,000.00
Training Expenses		744,197.44		1,026,776.00
Scholarship Expenses		2,073,200.00		1,402,300.00
Office Supplies Expenses		3,194,050.06		2,917,247.00
Accountable form Expenses		204,987.00		202,025.00
Animal/Zoological Supplies Expenses		601,209.02		244,077.40
Welfare Goods Expenses		1,096,200.00		442,744.00
Drugs and Medicines Expenses		3,892,407.58		2,322,650.77
Medical, Dental and Laboratory Supplies Expenses		689,006.40		867,280.90
Fuel, Oil and Lubricants Expenses		7,289,146.36		6,607,777.11
Agricultural and Marine Supplies Expenses		669,989.00		317,422.00
Other Supplies and Materials Expenses		3,326,017.00		1,598,455.72
Water Expenses		6,348.00		17,122.00
Electricity Expenses		4,994,683.98		4,723,006.25
Postage and Courier Service		34,450.00		30,137.00
Telephone Expenses		386,021.04		403,986.16
Internet Subscription Expenses		380,895.35		415,646.07
Prizes		921,200.00		426,000.00
Survey Expenses		0.00		155,000.00
Extraordinary and Miscellaneous Expenses		18,025.00		3,000.00
Auditing Services		55,166.55		38,264.50
Other Professional Services		311,045.40		294,000.00
Environment/Sanitary Services		8,997,023.09		9,026,917.64
Repairs and Maintenance-Infrastructure Assets		4,471,223.09		4,419,472.24
Repairs and Maintenance-Buildings and Other Structures		1,545,223.52		1,384,117.08
Repairs and Maintenance-Machinery and Equipment		2,433,678.86		3,042,437.25
Repairs and Maintenance-Transportation Equipment		1,934,028.61		1,871,222.44
Repairs and Maintenance-Other Property, Plant and Equipment		1,088.00		1,914.00
Fidelity Bond Premiums		125,628.75		111,003.75

Insurance Expenses	468,894.65	378,438.71
Donations	31,366,616.70	28,372,762.54
Other Maintenance and Operating Expenses	80,464,442.52	70,075,296.45
Total	**₱ 168,272,526.14**	**₱ 148,553,496.90**

Note 25. Financial Expenses

This account pertains to Bank Charges amounting to ₱317,307.00 and ₱18,000.00 in CYs 2024 and 2023, respectively.

Note 26. Non-Cash Expenses

This account is composed of the following:

	2024	**2023**
Depreciation- Other Land Improvements	₱ 168,588.00	₱ 507,147.48
Depreciation-Infrastructure Assets	47,780,188.10	41,885,207.39
Depreciation-Buildings and Other Structure	7,925,468.09	6,290,808.16
Depreciation-Machinery and Equipment	9,124,306.63	8,219,006.71
Depreciation-Transportation Equipment	3,787,523.81	2,506,291.55
Depreciation-Furniture, Fixtures and Books	10,925.04	10,925.04
Depreciation-Other Property, Plant and Equipment	285,436.28	258,954.60
Total	**₱ 69,082,435.95**	**₱ 59,678,340.93**

Note 27. Transfer, Assistance and Subsidy From

This account pertains to Subsidy from Local Government Units amounting to ₱1,522,146.74 and ₱2,268,090.78 in CYs 2024 and 2023, respectively.

Note 28. Transfer, Assistance and Subsidy To

This account pertains to Subsidy to Local Government Units amounting to ₱1,450,000.00 in CY 2023.

Note 29. Reconciliation of Net Cash Flows from Operating Activities to Surplus/Deficit

Surplus/(Deficit)	₱ 31,598,244.78	₱ 48,756,444.61
Add: (Deduct)		
Non-Cash Transactions		
Depreciation	69,082,435.95	59,678,340.93
Increase (Decrease) in Payables	201,933.98	(17,697,806.74)
Increase (Decrease) in Current Assets	217,920.91	7,823,260.47

Increase in Receivables	(215,619.94)	4,526,935.31
Net Cash from Operating Activities	**₱ 100,884,915.68**	**₱ 103,087,174.58**

Note 30. Request for Reconciliation of Comparison of Budget and Actual Amounts and the Statement of Financial Performance

Reconciliation between Actual Amounts on a comparable basis as presented in this Statement and in 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	**381,034,489.37**	**115,921,455.50**	**167,739,276.14**	**12,467,516.33**	**62,463,026.11**
Basis Differences:					
Non-cash income	3,600,000.00				
Loan amortization	-			(7,630,484.70)	
Interest expenses capitalized		-	-	(4,546,454.63)	-
Finacial expense charged to MOOE			(26,730.00)	26,730.00	
Project Subsidy/Transfers to Trust Fund		964,666.74	557,480.00		
Timing Differences:					
Expense charged to CY 2025			2,500.00		
Capital Expendetures not part of Financial Performance					(62,463,026.11)
Per Statement of Financial Performance	**384,634,489.37**	**116,886,122.24**	**168,272,526.14**	**317,307.00**	**-**

Note 31. 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 ₱88,844,709.87 and ₱21,233,204.51 respectively, broken down as follows:

Particulars	**Amount**		
	Available	**Utilized**	**Balance**
Current Year Appropriation:			
Quick Response Fund (QRF)	₱ 5,644,944.35	₱ 997,150.00	₱ 4,667,844.35
Mitigation Fund (MF)			
MOOE	12,204,165.73	2,664,159.47	9,540,006.26
Capital Outlay	1,014,154.42	0.00	1,014,154.42
Sub-Total	**18,882,314.50**	**3,661,309.47**	**15,222,005.03**
Continuing Appropriation:	**25,244,188.75**	**58,500.00**	**25,185,688.75**
Special Trust Fund			
Cash Assistance from LGU's	1,375,000.00	0.00	1,375,000.00
CY 2019	6,924,920.30	3,085,353.41	3,839,566.89
CY 2020	4,809,318.32	4,023,813.69	785,504.63
CY 2021	3,614,720.42	1,660,708.12	1,954,012.30
CY 2022	14,372,336.78	7,293,633.53	7,078,703.25
CY 2023	13,620,910.80	1,449,886.29	12,171,024.51
Sub-Total	**43,342,206.62**	**17,513,395.04**	**25,828,811.58**

Particulars	Amount		
	Available	Utilized	Balance
Grand Total	**₱ 88,844,709.87**	**₱ 21,233,204.51**	**₱ 67,611,505.36**

Note 32. Adjustments

Adjustments that appeared in the Statements of Cash Flows under operating activities were generated upon the implementation Electronic New Government Accounting System Version 2.0, which the Accounting Office could not trace.