



Republic of the Philippines
WAO WATER DISTRICT
(Government Owned and Controlled Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Agency Background

The WAO Water District was established thru Presidential Decree No. 198, as amended, as the enabling law to the creation of water districts, on May 26, 1993. The District was issued the Conditional Certificate of Conformance (CCC No. 519) by the Local Water Utilities Administration (LWUA). The mandates of the District are:

- * To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of the district;
- * To provide, maintain and operate waste water collection treatment and disposal facilities; and
- * To conduct such other functions and operations incidental to water resource development, utilization and disposal within the district, as are necessary or incidental to said purpose.

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

Chairman	-	Ms. Angelita L. Yufig
Vice Chairman	-	Mr. Pablo P. Pasco, Jr.
Secretary	-	Ms. Josephine B. Ata
Treasurer	-	Ms. Marcelina S. Balista
Auditor	-	Mr. Rogelio R. Musico

Day to day activities are executed by its General Manager, Engr. Tomas C. Carumba, Jr., together with the other Twelve (12) permanent employees, Four (4) casual employees and Fourteen (14) Job Order employees.

2. Summary of Significant Accounting Policies

* The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

* Other Property, Plant and Equipment are carried at cost less accumulated which is computed using the straight-line method based on the estimated depreciation service lives of the property ranging from 5 to 30 years. The lives of the equipment are capitalized. The cost and related depreciation are removed from the accounts when assets are retired and disposed of and any resulting gain or loss is credited or charged to current operations.

* Inventories are carried at cost using the Moving Average Method.

* The District uses the accrual basis of accounting. Revenues are recorded during the period in which services are given/rendered and expenses are recorded at the times these are incurred.

3. Property, Plant & Equipment

This consists of the following accounts:

	2018		2017	
Buildings	P	1,091,200.00	P	1,091,200.00
Other Structures		1,516,634.29		1,516,634.29
Office Equipment		1,146,427.51		971,492.51
Information and Communication Technology Equipment		912,313.92		755,884.52
Motor Vehicles		1,844,054.15		1,687,598.15
Furniture and Fixtures		351,420.26		351,420.26
Other Property, Plant & Equipment		22,415,028.51		17,509,403.94
Water Supply Systems		14,759,628.87		14,012,363.42
Total		44,036,707.51		37,895,997.09
Less: Accumulated Depreciation		8,561,634.45		7,408,664.46
Total		35,475,073.06		30,487,332.63
Add: Land		586,000.00		586,000.00
Total	P	36,061,073.06	P	31,073,332.63

4. Cash

This consist of:

	2018	2017
Cash-Collecting Officers	P 3,191.61	P 3,945.75
Petty Cash	-	10,000.00
Cash in Bank-Local Currency, Current Account	1,892,846.35	1,563,771.24
Cash in Bank-Local Currency, Savings Account	711,021.13	872,453.87
Cash in Bank-Local Currency, Time Deposits	200,000.00	200,000.00
Total	P 2,807,059.09	P 2,650,170.86

Cash-Collecting Officers - the amount represents the collection of water sales which were undeposited by year-end, December 31, 2018.

Petty Cash - the amount operated on an imprest basis.

Cash in Bank-Local Currency, Current - the amount used as general fund of the Water District.

Cash in Bank-Local Currency, Savings - represents the reserve fund as per requirement of Local Water Utilities Administration.(Based on 3% of water sales)

Cash in Bank-Local Currency, Time Deposits - represents the savings intended for the terminal leave benefits of the Wao Water District's employees.

5. Receivables

This consists of the following receivables accounts:

	2018	2017
Accounts Receivables	P 966,720.68	P 1,117,348.71
Other Receivables	888,483.37	498,155.00
Due from Officers and Employees	-	-
Total	1,855,204.05	1,615,503.71
Less: Allowance for Impairment - Accounts Receivable	934,590.18	934,590.18
Total	P 920,613.87	P 680,913.53

Accounts Receivables - includes all amounts due on open accounts arising from services rendered to customers for water sales and incidental services.

Other Receivables - represent the balances of registration and installation fee of concessionaires not yet paid as of December 31, 2018.

Due from Officers and Employees - represents the cash advances given to Officers and necessary Employees for transportation, emergency purchase and other expenditures to carry out the affairs of the Water District.

Allowance for Impairment - Accounts Receivable - is set-up to provide for estimated losses due to non-collection of accounts from customers.(Based on 1% of water sales).

6. Inventories

This consists of the following inventory accounts:

	2018	2017
Office Supplies Inventory	P 83,202.29	P 88,430.68
Accountable Forms, Plates and Stickers Inventory	6,000.00	1,009.00
Construction Materials Inventory	1,457,221.42	763,573.47
Other Supplies and Materials Inventory	113,050.00	31,837.00
Total	P 1,659,473.71	P 884,850.15

Inventories are carried at cost using the First In-First Out Method(FIFO)

7. Government Equity

This consists of the following accounts:

	2018	2017
Contributed Capital	P 10,740,032.81	P 10,740,032.81
Revaluation Surplus	1,091,200.00	1,091,200.00
Accumulated Surplus/(Deficit)	22,637,446.49	18,118,759.85
Total	P 34,468,679.30	P 29,949,992.66

Contributed Capital - represents the grant and donated capital or the cost of the existing water system in WAO which were turned over by the Municipal Government to Wao Water District. Subsequent capital additions, such as subsidies were added to this account.

Revaluation Surplus - represents the cost of office building at market value.

Accumulated Surplus/(Deficit) - consists of the balance of accumulated earnings of the Wao Water District.

8. Loans Payable-LWUA

This pertains to the loan availed from LWUA for the water system project of the District.

Loan No.	Date Granted	Principal Amount	Interest Rate	Term	Balance as of	
					12/31/2018	12/31/2017
LA#3-787	1999	P 2,000,000.00	8.5%	305mo	P 2,219,885.14	P 2,445,457.14
		2,241,936.07	10.5%			
		4,241,936.07			2,219,885.14	2,445,457.14

The District has a monthly amortization of P34,805.00 starting January, 2015 due to the repriced of interest rate of loans of 8.2% per annum by Local Water Utilities Administration per Memorandum Circular No. 003-15 dated March 18, 2015.

9. Loans Payable-LBP

This pertains to the loan availed from Land Bank of the Philippines , to financed the expansion of existing water system of the District.

Promisory No.	Date Granted	Principal Amount	Interest Rate	Term	Balance as of	
					12/31/2018	12/31/2017
9667-TL13-	May, 2013	3,372,300.00	9.0%	8 years	P 1,339,798.08	P 1,875,083.83
0694-001	Oct., 2013	374,700.00				
		3,747,000.00			1,339,798.08	1,875,083.83

The District has a quarterly amortization of more or less P200,000.00 over Eight(8) years. The computation of actual interest and total amount due shall be provided through statement of account (SOA) to be sent by Land Bank of the Philippines prior to due date.

10. Accounts Payable

This consist of all unpaid obligations at the end of the year.

	2018		2017	
Accounts Payables	P	3,270,898.15	P	906,372.20
Total	P	3,270,898.15	P	906,372.20

11. Inter-Agency Payables

This consists of the amount due to other government agencies, such as:

	2018		2017	
Due to BIR	P	48,386.61	P	39,199.06
Due to GSIS		50,650.08		40,957.22
Due to PAG-IBIG		28,003.20		11,662.71
Due to PHILHEALTH		3,576.82		2,200.00
Total	P	130,616.71	P	94,018.99

12. Other Liabilities

This pertains to the amount of deposits made by the concessionaires as guaranty for water meter installations.

	2018		2017	
Customers' Deposits Payable	P	18,342.35	P	18,342.35
Total	P	18,342.35	P	18,342.35

13. Income

Wao Water District derives its income from the following sources: Income from waterworks system, fines and penalties, other business income, and miscellaneous income.

	2018		2017	
Registration Fees	P	1,928,500.00	P	1,260,000.00
Fines and Penalties - Service Income		728,934.60		595,920.22
Other Service Income		1,456,022.49		584,829.40
Waterworks System Fees		16,261,834.48		12,408,984.00
Interest Income		7,093.71		8,912.30
Other Business Income		175,665.45		449,808.22
Income from Grants and Donations in Cash		59,000.00		618,079.68
Gain on Sale of Property, Plant and Equipment				-
Total	P	20,617,050.73	P	15,926,533.82

14. Salaries and Wages

This consist of:

	2018		2017	
Salaries and Wages-Regular	P	3,049,375.00	P	2,539,016.00
Salaries and Wages- Casual/ Contractual		2,085,612.18		1,747,014.58
Total	P	5,134,987.18	P	4,286,030.58

15. Personnel Benefit Contributions

This consists of the following accounts:

		2018		2017
Retirement and Life Insurance Contributions	P	355,732.56	P	311,186.22
PAG-IBIG Contributions		15,200.00		13,000.00
PHILHEALTH Contributions		34,607.81		26,262.50
Employees Compensation Insurance Premiums		15,200.00		13,300.00
Total	P	420,740.37	P	363,748.72

16. Repairs and Maintenance

This account is broken down as follows:

		2018		2017
Repairs & Maintenance - Machinery and Equipment	P	105,631.08	P	56,016.37
Repairs & Maintenance - Transportation Equipment		320,430.95		219,540.62
Repairs & Maintenance - Furniture and Fixtures		9,168.00		13,300.00
Repairs & Maintenance- Other Property, Plant and Equipment		1,955,587.32		1,314,140.46
Total	P	2,390,817.35	P	1,602,997.45

17. Taxes, Insurance Premiums and Other Fees

This account is broken down as follows:

		2018		2017
Taxes, Duties and Licenses	P	410,634.31	P	328,447.33
Fidelity Bond Premium		21,003.75		19,503.75
Total	P	431,638.06	P	347,951.08

18. Financial Expenses

This consist of the following accounts:

		2018		2017
Interest Expenses	P	342,653.58	P	409,416.53
Total	P	342,653.58	P	409,416.53