



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 district, 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 function 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	-	Mr. Rogelio R. Musico
Vice Chairman	-	Ms. Elizabeth O. Carumba
Secretary	-	Ms. Josephine B. Ata
Treasurer	-	Ms. Ana Maria R. Yao
Auditor	-	Ms. Marcelina S. Balista

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 Twenty one (21) Job Order Employees.

2 Summary of Significant Accounting

Policies

- * The accompanying financial statements have been prepared in compliance

with accounting principles generally accepted in the Philippines.

* Property, Plant and Equipment are carried at cost less accumulated depreciation which is computed using the straight-line method based on the estimated 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 operation.

* 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:

	2019	2018
Buildings	P 1,500,587.09	P 1,091,200.00
Other Structures	1,961,951.78	1,516,634.29
Office Equipment	1,265,888.11	1,146,427.51
Information & Communication Tech. Equip.	994,311.92	912,313.92
Motor Vehicles	1,844,054.15	1,844,054.15

Furniture & Fixtures		436,932.13		351,420.26
Other Property, Plant & Equipment	#####		##	22,415,028.51
Water Supply Systems	#####		##	14,759,628.87
Total	P #####		P ##	44,036,707.51
Less: Accumulated Depreciation		9,942,246.22		8,561,634.45
Total	P #####		P ##	35,475,073.06
Add: Land		586,000.00		586,000.00
Total	P #####		P ##	36,061,073.06

4 Cash

This consist
of:

	2019	2018
Cash-Collecting Officer	P 10,859.03	P 3,191.61
Cash in Bank-Local Currency, Current Account	1,691,117.03	1,892,846.35
Cash in Bank-Local Currency, Current Account 2	200,022.66	-
Cash in Bank-Local Currency, Savings Account	1,099,264.25	711,021.13
Cash in Bank-Time Deposits	-	200,000.00

Total	P	3,001,262.97	P	2,807,059.09
--------------	----------	---------------------	----------	---------------------

Cash-Collecting Officer - represents the undeposited collection on water sales.

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

Cash in Bank-Local Currency, Savings - reserve fund of LW UA (1.5% water sales)

Cash in Bank-Local Currency, Current Account 2 - saving intended for terminal benefits

5 Receivables

This consists of the following receivables accounts:

	2019	2018
Accounts Receivable-Customers	P 942,773.46	P 966,720.68
Other Receivables	808,775.74	888,483.37
Total	1,751,549.20	1,855,204.05
Less: Allowance for Impairment- Accounts Receivable	500,000.00	934,590.18
Total	P 1,251,549.20	P 920,613.87

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

Other Receivables - represents the balance of registration and installation fee of concessionaires not yet paid as of December 31, 2019.

Allowance for Impairment - Accounts Receivables 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:

	2019	2018
Office Supplies Inventory	P 140,904.22	P 83,202.29
Accountable Forms, Plates & Sticker Inventory	54,000.00	6,000.00
Other Supplies and materials	151,590.38	113,050.00
Construction Materials Inventory	1,252,536.08	1,457,221.42
Total	P 1,599,030.68	P 1,659,473.71

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

7 Government Equity

This consists of the following accounts:

	2019	2018
Contributed Capital	P ##### ##	P 10,740,032.81
Revaluation Surplus	1,091,200.00	1,091,200.00
Accumulated Surplus(Deficit)	##### ##	22,637,446.49
Total	P ##### ##	P 34,468,679.30

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 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	
					12/31/2019	12/31/2018
LA#3 - 787	1999	P 2,000,000.00	8.5 %	305 mos.	1,975,107.14	2,219,885.14
		2,241,936.07	10.5%			
		4,241,936.07			1,975,107.14	2,219,885.14

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	
					12/31/2019	12/31/2018
9667-TL13-	May, 2013	3,372,300.00	9.0 %	8 years	804,512.36	1,339,798.08

0694 - 001	Oct., 2013	374,700.00			
		3,747,000.00			
		0		804,512.36	1,339,798.08

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 (SO A) to be sent by Land Bank of the Philippines prior to due date.

1 Accounts Payable

0

.

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

	2019	2018
Accounts Payable	P 2,860,531.80	P 3,270,898.15

1 Inter-Agency

1 Payables

.

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

	2019	2018
Due to BIR	P 51,260.92	P 48,386.61
Due to GSIS	76,662.18	50,650.08
Due to PAG-IBIG	33,627.50	28,003.20
Due to PHILHEALTH	4,457.59	3,576.82
Total	P 166,008.19	P 130,616.71

1 Other Liabilities

2

.

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

	2019	2018
Customers' Deposits Payables	P 18,342.35	P 18,342.35

1 Income

3

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

	2019	2018
Waterworks System	P ##### ##	P 16,261,834.4 8
Other Service Income	1,332,533.0 1	1,456,022.49
Fines and Penalties	523,574.17	728,934.60
Registration Fees	990,500.00	1,928,500.00
Interest Income	7,049.11	7,093.71
Other Business Income	134,060.78	175,665.45
Income from Grants and Donations	85,017.20	59,000.00
Miscellaneous Income	-	378,000.00
Total	P ##### ##	P 20,617,050.7 3

1 Salaries and Wages

4

This consist of:

	2019	2018
Salaries and Wages-Regular	P 3,983,873.10	P 3,049,375.00
Salaries and Wages-Emergency	1,954,984.79	2,085,612.18
Total	P 5,938,857.89	P 5,134,987.18

1 Personnel Benefit Contributions

5

This consists of the following accounts:

	2019	2018
Life and Retirement Insurance Contributions	P 462,235.80	P 355,732.56
PAG-IBIG Contributions	19,100.00	15,200.00
PHILHEALTH Contributions	44,428.72	34,607.81
ECC Contributions	19,100.00	15,200.00
Total	P 544,864.52	P 420,740.37

1 Repairs and Maintenance

6

This account is broken down as follows:

	2019	2018
Repairs & Maint.-Office Equipment	P 145,057.25	P 105,631.08
Repairs & Maint.-Motor Vehicles	250,551.99	320,430.95
Repairs & Maint.-Furniture & Fixtures	19,023.25	9,168.00
Repairs & Maint.-Other PPE	1,865,538.67	1,955,587.32
Total	P 2,280,171.16	P 2,390,817.35

1 Taxes, Insurance Premium and Other

7 Fees

This account is broken down as follows:

	2019	2018
Taxes, Duties and Licenses	P 415,601.08	P 410,634.31
Fidelity Bond Premium	21,003.75	21,003.75
Total	P 436,604.83	P 431,638.06

1 Financial Charges

8

This consist of the following accounts:

	2019	2018
Interest Expenses	P 275,205.90	P 342,653.58
Total	P 275,205.90	P 342,653.58