



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	-	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, Six (6) 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 Philippine Financial Reporting Standards (PFRS).

* Other Property, Plant and Equipment are carried at cost less accumulated depreciation 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:

	2020	2019
Buildings	P 1,500,587.09	P 1,500,587.09
Other Structures	1,961,951.78	1,961,951.78
Office Equipment	1,457,088.11	1,265,888.11
Information and Communication Technology Equipment	1,324,150.62	994,311.92
Motor Vehicles	1,948,789.15	1,844,054.15
Furniture and Fixtures	496,932.13	436,932.13
Construction in Progress - Infrastructure Assets	20,983,327.78	159,390.48
Other Property, Plant & Equipment	34,637,133.31	34,637,133.31
Water Supply Systems	15,725,136.44	15,169,503.66
Total	80,035,096.41	57,969,752.63
Less: Accumulated Depreciation	12,651,858.89	9,942,246.82
Total	67,383,237.52	48,027,505.81
Add: Land	586,000.00	586,000.00
Total	P 67,969,237.52	P 48,613,505.81

4. Cash

This consist of:

	2020	2019
Cash-Collecting Officers	P 66,702.06	P 10,859.03
Petty Cash	-	-
Cash in Bank-Local Currency, Current Account 1	885,738.40	1,691,117.03
Cash in Bank-Local Currency, Current Account 2	585,066.36	200,022.66
Cash in Bank-Local Currency, Current Account 3	6,211,004.73	-
Cash in Bank-Local Currency, Savings Account	1,483,923.73	1,099,264.25
Total	P 9,232,435.28	P 3,001,262.97

Cash-Collecting Officers - the amount represents the collection of water sales which were undeposited by year-end, December 31, 2020

Petty Cash - the amount operated on an imprest basis.

Cash in Bank-Local Currency, Current 1 - the amount used as general fund of the Water District.

Cash in Bank-Local Currency, Current 2 - a separate account intended for employee benefits to ensure availability of funds in case of retirement and monetization as per BOD Resolution No. 17 Series of 2019.

Cash in Bank-Local Currency, Current 3 - a separate account used for Wao Water District's Expansion Project.

Cash in Bank-Local Currency, Savings - represents the reserve fund as per requirement of Local Water Utilities Administration. That is 1.5% of water sales as per BOD Resolution No. 26 Series of 2019.

5. Receivables

This consists of the following receivables accounts:

	2020	2019
Accounts Receivables	P 1,010,088.61	P 942,773.46
Other Receivables	951,222.77	808,775.74
Due from Officers and Employees	24,500.00	-
Total	1,985,811.38	1,751,549.20
Less: Allowance for Impairment - Accounts Receivable	500,000.00	500,000.00
Total	P 1,485,811.38	P 1,251,549.20

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, 2020.

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.

6. Inventories

This consists of the following inventory accounts:

	2020	2019
Office Supplies Inventory	P 171,921.03	P 140,904.22
Accountable Forms, Plates and Stickers Inventory	-	54,000.00
Construction Materials Inventory	2,340,443.33	1,252,536.08
Other Supplies and Materials Inventory	120,287.73	151,590.38
Total	P 2,632,652.09	P 1,599,030.68

Inventories are carried at cost using the Average Price.

7. Government Equity

This consists of the following accounts:

	2020		2019	
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)		31,309,892.80		25,992,671.84
Total	P	43,141,125.61	P	37,823,904.65

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	
					12/31/2020	12/31/2019
LA#3-787	1999	P 2,000,000.00	8.5%	305mo	P 1,709,483.14	P 1,975,107.14
		2,241,936.07	10.5%			
		4,241,936.07			1,709,483.14	1,975,107.14

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-LWUA (Expansion Project)

This pertains to the loan availed from LWUA for the Wao Water Supply System Expansion Project (Kili-Kili).

Loan No.	Date Granted	Principal Amount	Interest Rate	Term	Balance as of	
					12/31/2020	12/31/2019
LA#4-2886	2020	24,277,397.00			P 24,277,397.00	P -
					24,277,397.00	-

As of date, the Wao Water Supply System Expansion Project is still on-going and the amortization schedule will be furnished as soon as LWUA obtain a duly signed Certificate of Project Completion from LWUA's Engineering Service.

10. 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			
					12/31/2020	12/31/2019		
9667-TL13-	May, 2013	3,372,300.00	9.0%	8 years	P	269,226.64	P	804,512.36
0694-001	Oct., 2013	374,700.00						
		3,747,000.00				269,226.64		804,512.36

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.

11. Loans Payable-WDC

This pertains to the amount advanced by WDC/DOLE to Wao Water District to finance the entire project cost that enables the district to serve the water requirement of the company as per Memorandum of Agreement dated February 9, 2018.

Promisory No.	Date Granted	Principal Amount	Interest Rate	Term	Balance as of			
					12/31/2020	12/31/2019		
			N/A	5yrs	P	10,734,564.00	P	10,734,564.00
						10,734,564.00		10,734,564.00

The advanced amount shall be paid back by Wao Water District within Sixty (60) months from the commencement of the supply of water to DOLE Philippines, Inc.

12. Accounts Payable

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

		2020		2019
Accounts Payables	P	788,377.70	P	2,860,531.80
Total	P	788,377.70	P	2,860,531.80

13. Inter-Agency Payables

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

		2020		2019
Due to BIR	P	196,971.49	P	51,260.92
Due to GSIS		144,979.01		76,662.18
Due to PAG-IBIG		34,479.51		33,627.50
Due to PHILHEALTH		5,189.82		4,457.59
Due to GOCC's		-		82,378.17
Total	P	381,619.83	P	248,386.36

14. Other Liabilities

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

	2020		2019	
Customers' Deposits Payable	P	18,342.35	P	18,342.35
Total	P	18,342.35	P	18,342.35

15. Income

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

	2020		2019	
Registration Fees	P	1,340,500.00	P	990,500.00
Fines and Penalties - Service Income		389,396.90		523,574.17
Other Service Income		1,185,400.21		1,332,533.01
Waterworks System Fees		24,023,178.84		18,080,481.82
Interest Income		6,184.17		7,049.11
Other Business Income		434,850.92		134,060.78
Income from Grants and Donations in Cash		35,000.00		85,017.20
Gain on Sale of Property, Plant and Equipment		-		-
Total	P	27,414,511.04	P	21,153,216.09

16. Salaries and Wages

This consist of:

	2020		2019	
Salaries and Wages-Regular	P	4,664,687.00	P	3,983,873.10
Salaries and Wages- Casual/ Contractual		2,401,182.58		1,954,984.79
Total	P	7,065,869.58	P	5,938,857.89

17. Personnel Benefit Contributions

This consists of the following accounts:

	2020		2019	
Retirement and Life Insurance Contributions	P	545,456.90	P	462,235.80
PAG-IBIG Contributions		21,200.00		19,100.00
PHILHEALTH Contributions		60,059.61		44,428.72
Employees Compensation Insurance Premiums		20,700.00		19,100.00
Total	P	647,416.51	P	544,864.52

18. Repairs and Maintenance

This account is broken down as follows:

	2020		2019	
Repairs & Maintenance - Machinery and Equipment	P	111,749.45	P	145,057.25
Repairs & Maintenance - Transportation Equipment		220,983.34		250,551.99
Repairs & Maintenance - Furniture and Fixtures		43,325.00		19,023.25
Repairs & Maintenance- Other Property, Plant and Equipment		2,672,232.73		1,865,538.67
Total	P	3,048,290.52	P	2,280,171.16

19. Taxes, Insurance Premiums and Other Fees

This account is broken down as follows:

	2020		2019	
Taxes, Duties and Licenses	P	569,244.80	P	415,601.08
Fidelity Bond Premium		21,003.75		21,003.75
Total	P	590,248.55	P	436,604.83

20. Financial Expenses

This consist of the following accounts:

	2020		2019	
Interest Expenses	P	606,926.22	P	275,205.90
Total	P	606,926.22	P	275,205.90