

**Part I**

**AUDITED FINANCIAL  
STATEMENTS**

---



*Republic of the Philippines*  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

---

## **INDEPENDENT AUDITOR'S REPORT**

### **THE BOARD OF DIRECTORS**

Pili Water District  
Pili, Camarines Sur

### **Unmodified Opinion**

We have audited the financial statements of the Pili Water District (PIWAD), Pili, Camarines Sur, which comprise the Statement of Financial Position as at December 31, 2020, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PIWAD as at December 31, 2020, and its comprehensive income and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards (PFRS).

### **Basis for Unmodified Opinion**

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the WD's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

**COMMISSION ON AUDIT**

By:



**EDNA A. BELMONTE**  
State Auditor IV  
Supervising Auditor

April 16, 2021




## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of the Pili Water District is responsible for the preparation of the financial statements as at December 31, 2020, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Pili Water District in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

  
**Dr. Antonio L. Ortega**  
Chairman of the Board

\_\_\_\_\_  
Date Signed

  
**Joan T. Agor, CPA**  
Acting Division Manager - BFS

\_\_\_\_\_  
Date Signed

  
**Engr. Paulino S. Cunanan**  
General Manager

\_\_\_\_\_  
Date Signed

**PILI WATER DISTRICT**

Pili, Camarines Sur

**Statement of Financial Position**

As at December 31, 2020

(With Comparative Figures for CY 2019)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	2	₱ 25,033,939.82	₱ 36,616,413.34
Receivables, Net	3	14,879,319.33	12,583,793.81
Inventories	4	22,299,362.79	16,833,480.90
Prepayments	5	1,074,183.85	722,856.96
<b>Total Current Assets</b>		<b>₱ 63,286,805.79</b>	<b>₱ 66,756,545.01</b>
<b>Non-Current Assets</b>			
Investments	6	₱ 25,784,718.77	₱ 22,740,103.67
Property, Plant and Equipment, net	7	255,211,878.08	247,737,921.77
Intangible Assets, net	8	261,918.56	111,024.93
Other Assets	9	2,824,781.32	2,352,046.30
<b>Total Non-Current Assets</b>		<b>₱ 284,083,296.73</b>	<b>₱ 272,941,096.67</b>
<b>TOTAL ASSETS</b>		<b>₱ 347,370,102.52</b>	<b>₱ 339,697,641.68</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Current Financial Liabilities	10	₱ 24,768,031.56	₱ 24,768,160.25
Inter-Agency Payables	11	1,386,547.91	1,349,719.95
Trust Liabilities	12	1,192,988.41	1,201,006.56
Other Payables	13	2,611,509.40	2,945,992.20
<b>Total Current Liabilities</b>		<b>₱ 29,959,077.28</b>	<b>₱ 30,264,878.96</b>
<b>Non-Current Liabilities</b>			
Non-Current Financial Liabilities	14	₱ 19,530,584.46	₱ 34,488,659.16
Deferred Credits	15	8,003,109.89	8,097,294.95
<b>Total Non-Current Liabilities</b>		<b>₱ 27,533,694.35</b>	<b>₱ 42,585,954.11</b>
<b>TOTAL LIABILITIES</b>		<b>₱ 57,492,771.63</b>	<b>₱ 72,850,833.07</b>
<b>EQUITY</b>			
Retained Earnings/(Deficit)	16	₱ 289,877,330.89	₱ 266,846,808.61
<b>TOTAL EQUITY</b>		<b>₱ 289,877,330.89</b>	<b>₱ 266,846,808.61</b>
<b>TOTAL LIABILITES AND EQUITY</b>		<b>₱ 347,370,102.52</b>	<b>₱ 339,697,641.68</b>

(See accompanying Notes to Financial Statements)

**PILI WATER DISTRICT**  
Pili, Camarines Sur

**Statement of Comprehensive Income**  
For the Year Ended December 31, 2020  
(With Comparative Figures for CY 2019)

	<u>Note</u>		<u>2020</u>		<u>2019</u>
<b>Income</b>					
Service and Business Income	17	P	120,296,605.78	P	114,735,417.46
Shares, Grants and Donations	18		409,582.44		409,582.44
<b>Total Income</b>		<b>P</b>	<b>120,706,188.22</b>	<b>P</b>	<b>115,144,999.90</b>
<b>Less: Expenses</b>					
Personnel Services	19	P	31,532,072.63	P	28,228,031.23
Maintenance and Other					
Operating Expenses	20		38,299,091.90		38,427,358.91
Financial Expenses	21		4,031,274.30		5,255,887.98
Non-Cash Expenses	22		21,391,957.93		18,603,369.87
<b>Total Expenses</b>		<b>P</b>	<b>95,254,396.76</b>	<b>P</b>	<b>90,514,647.99</b>
<b>Net Income (Loss)</b>		<b>P</b>	<b>25,451,791.46</b>	<b>P</b>	<b>24,630,351.91</b>

(See accompanying Notes to Financial Statements)

**PILI WATER DISTRICT**

Pili, Camarines Sur

**Statement of Changes in Equity**  
For the Year Ended December 31, 2020  
(With Comparative Figures for CY 2019)

	<u>2020</u>	<u>2019</u>
<b>Appropriated Retained Earnings</b>		
Restricted Capital	P <u>23,380,787.96</u>	P <u>23,380,787.96</u>
<b>Unappropriated Retained Earnings</b>		
Retained Earnings, beginning	P 243,466,020.65	P 218,123,653.33
Add: Net Income for the year	<u>25,451,791.46</u>	<u>24,630,351.91</u>
<b>Total</b>	<b>P 268,917,812.11</b>	<b>P 242,754,005.24</b>
Add/(Less): Prior Years' Adjustment	<u>(2,421,269.18)</u>	<u>712,015.41</u>
<b>Retained Earnings, Ending</b>	<b>P <u>266,496,542.93</u></b>	<b>P <u>243,466,020.65</u></b>
 <b>TOTAL EQUITY</b>	 <b>P <u><u>289,877,330.89</u></u></b>	 <b>P <u><u>266,846,808.61</u></u></b>

**PILI WATER DISTRICT**  
Pili, Camarines Sur

**Statement of Cash Flows**  
For the Year Ended December 31, 2020  
(With Comparative Figures for CY 2019)

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Collection of Income/Revenue	P <u>5,377,173.77</u>	P <u>4,802,036.02</u>
Collection of service and business income	4,086,363.28	3,700,559.77
Collection of other income	1,290,810.49	1,101,476.25
Collection of Receivables	P <u>111,095,838.92</u>	P <u>103,775,047.60</u>
Collection of loans and receivables	111,095,838.92	103,775,047.60
Other Receipts	P <u>794,483.09</u>	P <u>3,290,524.41</u>
Advance collection of income	413,993.25	272,968.22
Unused Petty Cash Fund	21,466.00	9,533.89
Refund of cash advances	46,501.65	185,660.60
Other Miscellaneous Receipts	260,822.19	2,822,361.70
Insurance Claim for Warehouse building	51,700.00	0.00
Adjustments	P <u>590,664.83</u>	P <u>29,342.00</u>
Restoration of cash for cancelled/lost/stale checks/ADA	590,664.83	29,342.00
<b>Total Cash Inflows</b>	<b>P <u>117,858,160.61</u></b>	<b>P <u>111,896,950.03</u></b>
<b>Cash Outflows</b>		
Payment of Expenses	P <u>52,007,766.23</u>	P <u>47,374,812.19</u>
Payment of personnel services	24,432,421.98	26,889,845.65
Payment of maintenance and other operating expenses	27,575,344.25	20,484,966.54
Purchase of Inventories	P <u>12,653,157.67</u>	P <u>2,293,651.71</u>
Purchase of inventory held for consumption	12,653,157.67	2,293,651.71
Grant of Cash Advances	P <u>469,670.00</u>	P <u>1,813,632.00</u>
Advances to officers and employees	469,670.00	1,813,632.00
Prepayments	P <u>1,696,339.70</u>	P <u>695,569.55</u>
Other Prepayments	1,696,339.70	695,569.55
Payments of Accounts Payable	P <u>9,787,851.33</u>	P <u>24,846,690.34</u>
Remittance of Personnel Benefit Contributions and Mandatory Deductions	P <u>12,045,578.75</u>	P <u>14,470,757.22</u>
Remittance of taxes withheld	4,532,651.37	6,107,092.84
Remittance to GSIS/Pag-IBIG/PhilHealth	7,512,927.38	8,363,664.38
Other Disbursements	P <u>202,718.00</u>	P <u>0.00</u>
Payment of Cash bond to DPWH	192,718.00	0.00
Other disbursements - Refund of Advance Payment"	10,000.00	0.00



	<u>2020</u>	<u>2019</u>
Adjustments	<b>P 9,031,210.07</b>	<b>P 0.00</b>
Other adjustments-Transfer of funds from		
LBP CA to DBP	4,045,767.78	0.00
LBP CA to LBP Time Deposit	4,985,442.29	0.00
<b>Total Cash Outflows</b>	<b>P 97,894,291.75</b>	<b>P 91,495,113.01</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>P 19,963,868.86</b>	<b>P 20,401,837.02</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Receipt of Interest earned	P 124,321.72	P 160,717.06
Adjustments Proceeds of funds from LBP CA to DBP	4,045,767.78	5,407,946.35
LBP CA to LBP Time Deposit	4,985,442.29	0.00
Transfer of funds from Sinking Fund	2,000,000.00	0.00
<b>Total Cash Inflows</b>	<b>P 11,155,531.79</b>	<b>P 5,568,663.41</b>
<b>Cash Outflows</b>		
Purchase/Construction of Property, Plant and Equipment	<b>P 20,001,558.16</b>	<b>P 19,061,505.83</b>
Construction of infrastructure assets	932,971.79	0.00
Construction of buildings and other structures	642,613.59	1,181,939.35
Purchase of machinery and equipment	4,443,687.35	3,892,744.70
Purchase of transportation equipment	573,517.67	730,000.00
Purchase of furniture, fixtures and books	146,361.14	44,269.29
Construction in Progress	12,846,302.73	12,842,649.57
Intangible Assets	43,259.23	0.00
Purchase of other property, plant and equipment	252,892.86	369,902.92
Payment of retention fee to contractors	119,951.80	0.00
Adjustments: Reserve(Sinking fund)	<b>P 5,084,316.00</b>	<b>P 5,084,316.00</b>
<b>Total Cash Outflows</b>	<b>P 25,085,874.16</b>	<b>P 24,145,821.83</b>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>P (13,930,342.37)</b>	<b>P (18,577,158.42)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Inflows</b>		
<b>Total Cash Inflows</b>	<b>P 0.00</b>	<b>P 0.00</b>
<b>Cash Outflows</b>		
Payment of Long-Term Liabilities	<b>P 17,616,000.01</b>	<b>P 17,616,000.01</b>
Payment of domestic loans	17,616,000.01	17,616,000.01
<b>Total Cash Outflows</b>	<b>P 17,616,000.01</b>	<b>P 17,616,000.01</b>
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>P (17,616,000.01)</b>	<b>P (17,616,000.01)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>P (11,582,473.52)</b>	<b>P (15,791,321.41)</b>
Cash and Cash Equivalents, January 1	36,616,413.34	52,407,734.75
<b>Cash and Cash Equivalents, December 31</b>	<b>P 25,033,939.82</b>	<b>P 36,616,413.34</b>

**PILI WATER DISTRICT**  
Pili, Camarines Sur

**Notes to Financial Statements**  
December 31, 2020

**Agency Background**

The Pili Water District (PIWAD) was formed on April 2, 1990 through Sangguniang Bayan Resolution No. 56 and later maintained as a water district (WD) by virtue of Presidential Decree (PD) No. 198. The PIWAD was granted Conditional Certificate of Conformance (CCC) No. 176 by virtue of Local Water Utilities Administration (LWUA), after compliance with the legal requirements of the decree.

As a government-owned and controlled corporation with original charter, it has the following purposes:

- Acquiring, installing, maintaining and operating a water supply and distribution systems for domestic, industrial, municipal, and agricultural uses for residential and lands within the boundaries of such District;
- Providing, maintaining and operating wastewater collection, treatment, and disposal facilities; and
- Conducting such other functions and operations incidental to water resources development, utilization, and disposal within such District, as are necessary or incidental to said purpose.

The Water District (WD) is under Category B with 15,044 service connections as of December 31, 2020. It has 99 employees consisting of 44 permanent, 41 job orders and 14 casuals under the managerial supervision of Engr. Paulino S. Cunanan, General Manager.

All powers expressly granted by PD No. 198 as amended by PD Nos. 768, 1479 and Republic Act (RA) No. 9286, necessary, implied from or incidental to the powers and purposes of the above-mentioned laws are exercised and performed by the Board of Directors (BOD). The policy-making body of the WD is composed of five members of the BOD representing sectors for professionals, civic, education, business and women

The sources of water supply of the WD are from nine deep wells, two springs and one surface. To improve the water supply facilities and expansion of the water services area of the WD, it had availed a Level III loan from LWUA. The project was funded under the Small Town Water Supply Sector Project (STWSSP) package.

## **1. Significant Accounting Policies and Corporate Procedures**

The accompanying financial statements have been prepared in conformity with applicable laws and Commission on Audit (COA) accounting policies, rules and regulations.

### **Methods of Accounting**

The WD adopted the Philippine Financial Reporting Standards (PFRS) on a calendar year basis and emphasized cost and revenue information under a responsible manager in a responsibility center.

Accrual basis of accounting is adopted where all expenses shall be recognized when incurred and reported in the financial statements in the period to which they relate while income is on accrual basis except for transactions where accrual basis is impractical. Statement of Cash Flows is strictly on a cash basis and prepared adopting the Direct Method.

Asset method is used in recording disbursements when expenditures apply to more than one accounting period. The expense is recorded upon utilization and consumption. Purchases are directly recorded as assets.

Moving average method is used in recording supplies and materials for inventory.

Depreciation is accounted for using the straight line method with 10 per cent of the cost of fixed assets as residual value in the computation of depreciation. Recording depreciation starts at the month following the month of purchase or completion of construction.

The WD has adopted the Revised Chart of Accounts for Government Corporations as per COA Circular No. 2015-010 dated December 1, 2015.

### **Recognition**

Intangible assets are recognized when it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity and the cost or fair value of the assets can be measured reliably.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives.

The straight line method is adopted in the amortization of the expected future economic benefits or service potential thereof.

Liabilities are recognized only when goods are delivered and/or services rendered or when supplier's bills are received.

Deferred and accrued income and expenses are taken at the end of the year.

**Classification**

Cash shortages and disallowed payments are directly recorded using appropriate accounts setting aside the contingent accounts.

Equipment with serviceable life of more than one year are classified under Property, Plant and Equipment and charged to capital outlay.

Financial expenses are separately classified from Maintenance and Other Operating Expenses.

**Valuation**

Supplies Inventories are valued at cost using the Moving Average method.

Receivables are recorded at net realizable value. Allowance for Impairment is computed based in the percentage provided for under the New Government Accounting System (NGAS) and Board Resolution No. 3 series of 2006 as follows:

6 months to 1 year	1%
1 to 2 years	2%
2 to 3 years	3%
3 to 4 years	4%
4 years and up	5%

Property, Plant and Equipment are recorded at cost plus other charges incidental to the acquisition of such fixed assets.

**Petty Cash Fund**

Imprest System is adopted for maintaining Petty Cash Fund.

Replenishment of Petty Cash Fund shall be made when the fund balance reaches the minimum of 75 per cent utilization or as the needs arise as determined by the General Manager.

**Billing of Receivables**

All water sales and services rendered but not yet paid are properly billed.

## Property, Plant and Equipment

Property, Plant and Equipment (PPE) includes properties of relatively permanent character that are used in normal utility operations. It is carried at cost less accumulated depreciation. The initial cost of PPE consists of its purchase price and other costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the PPE have been put into operation, such as repairs and maintenance are normally charged to income in the year the costs are incurred. In situations where it can be closely demonstrated that expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of PPE.

Construction in Progress represents properties under construction and is stated at cost based on construction period theory. This includes the cost of construction, equipment, and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use.

### 2. Cash and Cash Equivalents ₱25,033,939.82

Account Title	2020	2019
Cash – Collecting Officer	₱ 1,089,785.31	₱ 765,595.13
Petty Cash Fund	6,000.00	6,000.00
Cash in Bank	<u>23,938,154.51</u>	<u>35,844,818.21</u>
<b>Total</b>	<b><u>₱ 25,033,939.82</u></b>	<b><u>₱ 36,616,413.34</u></b>

Cash – Collecting Officer pertains to the amount of collections with the Cashier pending deposit as of December 31, 2020. This amount was deposited intact in January 4, 2021.

The decrease in the Cash in Bank of ₱11,906,663.70 was used to finance the WD's capital expenditure for the year.

### 3. Receivables, Net ₱14,879,319.33

Account Title	2020	2019
Accounts Receivable	₱ 11,578,534.31	₱ 10,464,847.10
Less: Allowance for Impairment-Accounts Receivable	<u>333,541.92</u>	<u>423,813.11</u>
Account Receivable, net	₱ 11,244,992.39	₱ 10,041,033.99
Receivables – Disallowances/Charges	2,138,213.19	1,412,823.19
Other Receivables	<u>1,496,113.75</u>	<u>1,129,936.63</u>
<b>Total</b>	<b><u>₱ 14,879,319.33</u></b>	<b><u>₱ 12,583,793.81</u></b>

Accounts Receivable includes all amounts due on open accounts arising from services rendered to customers for water sales and incidental services. The customers are categorized as domestic/government, semi-commercial, commercial/industrial and bulk sale/loading.

Receivables – Disallowances/Charges represents the amount of disallowances/charges in audit which have become final and executory. The increase in Receivables – Disallowances/Charges is due to recording of disallowances amounting to ₱ 841,740. As of December 31, 2020, settlements through payroll deductions amounted to ₱115,350.

Other Receivables includes amount due from other debtor not falling under any of the specific receivable accounts.

**Assignment to Development Bank of the Philippines (DBP) of Water District's Billed Water or Accounts Receivable**

*Included in the covenant of the DBP refinancing is the assignment of the Billed Water or Accounts Receivable of the WD to the said bank and it shall be subject to inspection, audit, checking and extractions from the books, records and journals, orders, receipts and other data relating to the assigned Accounts Receivable.*

**4. Inventories**

**₱22,299,362.79**

Account Title	2020	2019
Office Supplies Inventory	₱ 580,907.44	₱ 563,912.44
Accountable Forms Inventory	310,582.42	273,122.97
Non-Accountable Forms	139,291.75	164,064.07
Chemicals and Filtering Materials Inventory	867,605.89	575,569.14
Construction Materials Inventory	19,050,352.73	14,324,402.62
Other Supplies Inventory	698,847.81	629,102.55
Semi Expendable Office Equipment	43,286.80	8,400.00
Semi-Expendable Information and Communication Technology Equipment	345,398.50	105,734.50
Semi-Expendable Other Machinery and Equipment	224,389.70	173,773.86
Semi-Expendable Furniture and Fixtures	38,699.75	15,398.75
<b>Total</b>	<b><u>₱ 22,299,362.79</u></b>	<b><u>₱ 16,833,480.90</u></b>

Office Supplies Inventory includes the cost of office supplies purchased/received for use in office operations.

Construction Materials Inventory consists of materials which are kept in stock by the WD for use in new service connections, repairs and maintenance of its transmission and distribution lines. This account includes water meters, pipes of different sizes, coupling and other items.

Chemicals and Filtering Materials Inventory includes chlorine and DPD reagents used for residual testing.

**5. Prepayments ₱1,074,183.85**

Account Title	2020	2019
Prepaid Registration	₱ 7,411.38	₱ 3,948.70
Prepaid Insurance	539,177.05	191,312.84
Guaranty Deposits	<u>527,595.42</u>	<u>527,595.42</u>
<b>Total</b>	<b><u>₱ 1,074,183.85</u></b>	<b><u>₱ 722,856.96</u></b>

Prepaid Insurance represents the unamortized portion of insurance for service vehicle and the unamortized portion of the insurance of the WD's properties as part of the loan term agreement with DBP.

**6. Investments ₱25,784,718.77**

Account Title	2020	2019
Sinking Fund	<b><u>₱ 25,784,718.77</u></b>	<b><u>₱ 22,740,103.67</u></b>

The Sinking Fund pertains to cash set aside in reserve for specific long-term purposes. It includes, among others: an Operation and Maintenance Reserve for repairs of damaged WD's facilities due to natural calamities, public disorders, and the like; and a Capital Reserve for expansion of the WD's facilities.

**7. Property, Plant and Equipment, net ₱255,211,878.08**

The components of the account are the following:

Account Title	Per Books	Accumulated Depreciation	Book Value
Land	₱ 4,698,863.96	₱ 0.00	₱ 4,698,863.96
Land Improvements	138,478.44	124,630.60	13,847.84
Flood Control Systems	6,627,128.67	4,355,108.03	2,272,020.64
Power Supply Systems	9,396,039.12	3,732,683.72	5,663,355.40
Plant – Utility in Plant Service	254,754,685.21	117,758,156.00	136,996,529.21
Buildings	38,948,619.80	7,602,197.85	31,346,421.95
Water Plant, Structure and Improvements	33,615,759.19	10,842,269.56	22,773,489.63
Other Structures	82,349.94	23,241.66	59,108.28
Machinery	42,399,193.02	17,336,290.63	25,062,902.39
Office Equipment	2,899,465.06	1,465,661.01	1,433,804.05
Information and	5,593,428.40	3,204,603.79	2,388,824.61

Communications Technology			
Communication Equipment	1,711,283.98	440,070.63	1,271,213.35
Technical and Scientific Equipment	1,657,090.20	385,292.12	1,271,798.08
Other Equipment	2,972,069.51	942,468.94	2,029,600.57
Motor Vehicles	16,520,722.51	9,343,668.53	7,177,053.98
Furniture and Fixtures	<u>1,576,968.60</u>	<u>703,602.31</u>	<u>873,366.29</u>
<b>Total</b>	<b>₱ 423,592,145.61</b>	<b>₱178,259,945.38</b>	<b>₱245,332,200.23</b>
Add: Construction in Progress (CIP)			<u>9,879,677.85</u>
<b>Property, Plant and Equipment, net</b>			<b><u>₱255,211,878.08</u></b>

The land consisting of two residential lots of 240 square meters each at Central Park Subdivision, Cadlan, Pili and a 5,000 square meter lot at Sta. Rita Industrial Park are mortgaged with DBP as part of the loan term agreement.

The CIP represents properties under construction and is stated at cost based on construction period theory. This includes the cost of construction, equipment, and other direct costs. The CIP account is not depreciated until such time that the relevant assets are completed and put into operational use.

#### 8. Intangible Assets ₱261,918.56

Account Title	Acquisition Cost	Accumulated Amortization	Book Value
Computer Software	₱ 594,270.32	₱ 467,335.68	₱ 126,934.64
Website	86,199.23	54,255.31	31,943.92
Other Intangible Assets	<u>1,043,680.00</u>	<u>940,640.00</u>	<u>103,040.00</u>
<b>Intangible Assets, net</b>	<b><u>₱ 1,724,149.55</u></b>	<b><u>₱ 1,462,230.99</u></b>	<b><u>₱ 261,918.56</u></b>

Account Title	2020	2019
Computer Software	₱ 126,934.64	₱ 89,719.48
Website	31,943.92	21,305.45
Other Intangible Assets	<u>103,040.00</u>	<u>0.00</u>
<b>Total</b>	<b><u>₱ 261,918.56</u></b>	<b><u>₱ 111,024.93</u></b>

Other Intangible Assets pertains to cost incurred in acquiring ISO 9001:2015 Certificate which will be amortized over its useful life.

#### 9. Other Assets ₱2,824,781.32

Account Title	2020	2019
Other Assets	<u>₱ 2,824,781.32</u>	<u>₱ 2,352,046.30</u>



Other Assets include serviceable assets not used in operations and unserviceable, fully depreciated items awaiting disposal.

**10. Current Financial Liabilities ₱24,768,031.56**

These are obligations maturing within one year from Statement of Financial Position date and are composed of the following:

Account Title	2020	2019
Loans Payable-Domestic	₱ 14,958,074.70	₱ 13,584,825.71
Due to Officers and Employees	1,944,290.73	1,472,673.21
Accounts Payable	<u>7,865,666.13</u>	<u>9,710,661.33</u>
<b>Total</b>	<b><u>₱ 24,768,031.56</u></b>	<b><u>₱ 24,768,160.25</u></b>

This account includes: Loans Payable-Domestic, which represents the current portion of the long-term debt; Due to Officers and Employees, which represents liabilities due to officers and employees of the agency arising from unpaid travel expenses, benefits and other expenses; and Accounts Payable, which is the amount of indebtedness to entities arising from business.

**11. Inter-Agency Payables ₱1,386,547.91**

Inter-Agency Payables consist of payables due to Bureau of Internal Revenue (BIR), Government Service Insurance System (GSIS), Home Development Mutual Development Fund (HDMF), PhilHealth and to other GOCCs, broken down as follows:

Account Title	2020	2019
Due to BIR	₱ 865,406.10	₱ 741,719.13
Due to GSIS	319,620.81	438,408.53
Due to Pag-IBIG	121,443.60	103,593.64
Due to PhilHealth	45,227.40	35,158.65
Due to SSS	<u>34,850.00</u>	<u>30,840.00</u>
<b>Total</b>	<b><u>₱ 1,386,547.91</u></b>	<b><u>₱ 1,349,719.95</u></b>

Due to BIR pertains to amount of taxes due/amount withheld for remittance to the BIR.

Due to GSIS pertains to contributions due/collections received/amounts withheld for remittance to the GSIS.

Due to Pag-IBIG pertains to contributions due/collections received/amounts withheld for remittance to the HDMF.

Due to PhilHealth pertains to contributions due/collections received/amounts withheld for remittance to the Philippine Health Insurance Corporation (PHIC).

Due to SSS pertains to contributions due/collections received/amounts withheld for remittance to the Social Security System (SSS).

**12. Trust Liabilities ₱1,192,988.41**

Account Title	2020	2019
Customer's Deposits Payable	₱ 1,141,883.60	₱ 1,149,901.75
Guaranty/Security Deposits Payable	<u>51,104.81</u>	<u>51,104.81</u>
<b>Total</b>	<b><u>₱ 1,192,988.41</u></b>	<b><u>₱ 1,201,006.56</u></b>

Customer's Deposits Payable pertains to the deposits made by customers normally before the extension of any service connections as a security for the payment of subsequent bills, or as a meter deposit.

**13. Other Payables ₱2,611,509.40**

Account Title	2020	2019
Other Payables	<u>₱2,611,509.40</u>	<u>₱2,945,992.20</u>

Other Payables includes the following:

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| a. Retention money deducted from contractors and suppliers, reclassified as Guaranty/Security Deposits Payable account in CY 2021                                                                                                                                                                                                                                                                                                                                                                                                   | ₱1,342,167.21               |
| b. Advance payment from concessionaires, reclassified under Other Unearned Revenue in CY 2021                                                                                                                                                                                                                                                                                                                                                                                                                                       | 276,282.52                  |
| c. Outstanding balance of the ₱1,000,000.00 fund release per Memorandum of Agreement (MOA) was signed by the WD and LGU-Pili in partnership with the Department of Interior and Local Government (DILG), dated August 26, 2015 to implement the SALINTUBIG program for the construction of metered public faucets The MOA states that the WD shall refund 10 per cent of its monthly collection from the metered public faucets in the form of bill rebate until such time the investment of the LGU-Pili has been fully recovered. | 993,059.67                  |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b><u>₱2,611,509.40</u></b> |

**14. Non-Current Financial Liabilities** **₱19,530,584.46**

Account Title	2020	2019
Loans Payable-Domestic (Long-Term Debt)	<b><u>₱19,530,584.46</u></b>	<b><u>₱34,488,659.16</u></b>

This account pertains to loans contracted to finance various long-term projects of the WD for purposes of providing safe, reliable, sound and economically viable water supply and waste water disposal system. The loan availments shall constitute a first lien on all properties of the WD including those constructed or procured through the loan availments.

However, last March 18, 2008, Asian Development Bank (ADB) - LWUA loan was refinanced by the DBP at nine per cent interest per annum.

Loans Payable to DBP totaled ₱34,488,659.16 as of December 31, 2020. The amount of ₱14,958,074.70 pertains to the current portion of the loan and was classified under Current Liability while the amount of ₱19,530,584.46 pertains to the non-current portion and was recorded under Non-Current Financial Liabilities.

**15. Deferred Credits** **₱8,003,109.89**

Account Title	2020	2019
Deferred Credits	<b><u>₱ 8,003,109.89</u></b>	<b><u>₱ 8,097,294.95</u></b>

This account includes the grant from the European Community through the ADB and the Philippine Government for the construction and rehabilitation of Pili Waterworks System in the total amount of ₱16,987,046.91. The grant is being amortized over 25 years starting CY 2009.

**16. Retained Earnings** **₱289,877,330.89**

This account consists of the accumulated earnings or losses of the WD and adjustments thereto.

Account Title	2020	2019
Appropriated Retained Earnings	₱ 23,380,787.96	₱ 23,380,787.96
Unappropriated Retained Earnings	<u>266,496,542.93</u>	<u>243,466,020.65</u>
<b>Total</b>	<b><u>₱ 289,877,330.89</u></b>	<b><u>₱ 266,846,808.61</u></b>

**17. Service and Business Income** **₱120,296,605.78**

This account includes the net revenues derived from the utility operation.

<b>Account Title</b>	<b>2020</b>	<b>2019</b>
Registration Fees	₱ 252,125.00	₱ 213,000.00
Clearance and Certification Fees	600.00	500.00
Inspection Fees	136,950.00	128,800.00
Processing Fees	100,150.00	88,700.00
Fines and Penalties-Service Income	3,466,781.15	3,767,958.00
Other Service Income	3,722,193.70	5,153,360.85
Rent/Lease Income	1,396,000.06	1,101,476.25
Waterworks Systems Fees	110,848,682.15	103,009,784.55
Interest Income	254,519.68	513,269.43
Fines and Penalties-Business Income	118,604.04	134,238.99
Other Business Income	0.00	624,329.39
<b>Total</b>	<b><u>₱120,296,605.78</u></b>	<b><u>₱ 114,735,417.46</u></b>

#### **18. Shares, Grants and Donations**

**₱409,582.44**

<b>Account Title</b>	<b>2020</b>	<b>2019</b>
Income from Grants and Donations in Kind	<b><u>₱ 409,582.44</u></b>	<b><u>₱ 409,582.44</u></b>

#### **19. Personnel Services**

**₱31,532,072.63**

<b>Account Title</b>	<b>2020</b>	<b>2019</b>
Salaries and Wages - Regular	₱ 16,538,188.15	₱ 14,652,409.35
Salaries and Wages - Casual	2,072,525.94	1,670,523.47
Personal Economic Relief Allowance	1,292,636.24	1,140,091.65
Representation Allowance	519,500.00	282,000.00
Transportation Allowance	519,500.00	282,000.00
Clothing/Uniform Allowance	306,000.00	288,000.00
Subsistence Allowance	783,600.00	692,537.50
Productivity Incentive Allowance	287,500.00	242,000.00
Other Bonuses and Allowances	718,000.00	480,000.00
Hazard Pay	731,000.00	0.00
Longevity Pay	20,000.00	15,000.00
Overtime and Night Pay	1,213,738.56	1,381,946.72
Cash Gift	271,500.00	230,000.00
Year End Bonus	3,060,621.00	2,656,258.00
Retirement and Life Insurance Premiums	2,244,242.25	1,946,271.42
Pag-IBIG Contributions	65,300.00	58,000.00
PhilHealth Contributions	260,790.24	190,695.01
Employees Compensation Insurance Premiums	65,200.00	58,000.00
Terminal Leave Benefits	0.00	1,200,590.23
Other Personnel Benefits	562,230.25	761,707.88
<b>Total</b>	<b><u>₱ 31,532,072.63</u></b>	<b><u>₱ 28,228,031.23</u></b>

**Maintenance and Other Operating Expenses****₱38,299,091.90**

<b>Account Title</b>	<b>2020</b>	<b>2019</b>
Traveling Expenses – Local	₱ 956,113.98	₱ 2,248,190.88
Training Expenses	248,203.38	903,085.38
Office Supplies Expenses	592,822.84	746,949.70
Accountable Forms Expenses	122,740.55	111,867.82
Non-Accountable Forms Expense	61,385.92	70,765.09
Fuel, Oil and Lubricants Expenses	2,625,800.41	3,008,721.36
Chemicals and Filtering Supplies Expenses	1,081,106.02	925,569.06
Semi-Expendable Machinery and Equipment Expenses	306,261.35	456,259.64
Semi-Expendable Furniture and Fixtures	6,399.00	194,841.05
Other Supplies and Materials Expenses	373,002.16	398,528.08
Water Expenses	163,200.70	160,193.65
Electricity Expenses	6,700,752.97	6,746,690.17
Postage and Courier Expenses	11,079.00	8,993.00
Telephone Expenses	248,095.11	152,254.51
Internet Subscription Expenses	376,842.00	256,753.43
Generation, Transmission and Distribution Expenses	1,567,883.45	1,262,717.82
Legal Services	122,000.00	123,000.00
Security Services	2,954,768.56	1,973,893.42
Other General Services	10,248,767.99	9,729,076.53
R&M - Infrastructure Assets	2,816,843.16	2,200,981.21
R&M - Buildings and Other Structures	38,415.14	109,853.47
R&M - Machinery and Equipment	229,508.21	286,346.91
R&M - Transportation Equipment	556,109.41	604,439.93
R&M - Furniture and Fixtures	2,400.00	3,395.85
Taxes, Duties and Licenses	2,320,574.39	2,248,300.10
Fidelity Bond Premiums	113,468.75	174,750.00
Insurance Expenses	686,165.44	475,113.36
Representation Expenses	381,124.01	534,921.21
Transportation and Delivery Expenses	5,759.20	1,400.00
Rent/Lease Expenses	11,019.20	11,058.35
Membership Dues and Contributions to Org.	12,702.00	55,128.00
Subscription Expenses	5,000.00	1,000.00
Directors' and Committee Members' Fees	996,840.00	974,475.00
Other Maintenance and Operating Expenses	<u>1,355,937.60</u>	<u>1,267,844.93</u>
<b>Total</b>	<b><u>₱38,299,091.90</u></b>	<b><u>₱38,427,358.91</u></b>

**20. Financial Expenses****₱4,031,274.30**

<b>Account Title</b>	<b>2020</b>	<b>2019</b>
Bank Charges	₱ 100.00	₱ 0.00
Interest Expense	3,839,213.62	5,005,607.62
Other Financial Charges	<u>191,960.68</u>	<u>250,280.36</u>
<b>Total</b>	<b><u>₱ 4,031,274.30</u></b>	<b><u>₱ 5,255,887.98</u></b>

**21. Non-Cash Expenses****₱21,391,957.93**

<b>Account Title</b>	<b>2020</b>	<b>2019</b>
Depreciation - Land Improvements	₱ 2,077.00	₱ 12,463.08
Depreciation - Infrastructure Assets	10,320,154.40	9,233,477.67
Depreciation - Buildings and Other Structures	2,514,555.05	2,021,430.14
Depreciation - Machinery and Equipment	5,024,301.93	4,352,644.85
Depreciation - Transportation Equipment	1,615,931.91	1,501,794.44
Depreciation - Furnitures and Fixtures	131,696.89	106,583.95
Amortization - Intangible Assets	496,338.92	74,312.47
Other Discounts	<u>1,286,901.83</u>	<u>1,300,663.27</u>
<b>Total</b>	<b><u>₱ 21,391,957.93</u></b>	<b><u>₱ 18,603,369.87</u></b>