



Republic of the Philippines
PILI WATER DISTRICT

Sta. Rita Agro Industrial Park ,San Jose ,Pili ,Camarines Sur
☎ (054) 477 - 7136; (054) 477 - 7131/477 - 7133 Local 102 - 116
✉ piliwd@yahoo.com 🌐 www.piliwaterdistrict.gov.ph



PILI WATER DISTRICT
CONDENSED STATEMENT OF INCOME AND EXPENSES
For the year ended December 31, 2019

INCOME		2019	2018
Business Income	Note 13	<u>113,463,579.65</u>	<u>101,586,234.13</u>
Less: Other Discounts		<u>1,300,663.27</u>	<u>1,146,682.00</u>
Income before Expenses	Note 13	<u>112,162,916.38</u>	<u>100,439,552.13</u>
Less: Expenses			
Personal Services	Note 14	28,228,031.23	27,554,879.75
Maintenance and Other Operating Expenses	Note 14	55,730,065.51	45,425,112.80
Financial Expenses	Note 14	5,255,887.98	6,337,795.36
TOTAL EXPENSES		<u>89,213,984.72</u>	<u>79,317,787.91</u>
Income (Loss) from Operation		<u>22,948,931.66</u>	<u>21,121,764.22</u>
Add: Other General Income			
Other General Income	Note 15	<u>1,681,420.25</u>	<u>2,013,002.09</u>
Net Income (Loss) Before Income Tax		<u>24,630,351.91</u>	<u>23,134,766.31</u>

(See accompanying Notes to Financial Statements)

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CONDENSED BALANCE SHEET
As of December 31, 2019
(with comparative figures with 2018)

ASSETS

		2019	2018
CURRENT ASSETS			
Cash and Cash Equivalents	Note 2	36,616,413.34	52,407,734.75
Trade and Other Receivables-Net	Note 3	12,583,793.81	10,177,407.73
Inventories	Note 4	16,833,480.90	13,348,669.43
Prepayments	Note 5	722,856.96	570,055.68
Total Current Assets		66,756,545.01	76,503,867.59
NON-CURRENT ASSETS			
Investment	Note 6	22,740,103.67	17,416,461.97
Property, Plant and Equipment	Note 7	247,848,946.70	223,380,921.72
Other Assets	Note 8	2,352,046.30	2,164,012.52
Total Non-Current Assets		272,941,096.67	242,961,396.21
TOTAL ASSETS		339,697,641.68	319,465,263.80

LIABILITIES AND EQUITY

Current Liabilities			
Payable Accounts	Note 9	24,768,160.25	14,152,596.32
Inter-Agency Payables	Note 9	1,349,719.95	2,336,153.06
Other Liability Accounts	Note 9	4,146,998.76	4,389,287.61
Total Current Liabilities		30,264,878.96	20,878,036.99
Non-Current Liabilities			
Loans Payable-Domestic-Long Term Debt	Note 10	34,488,659.16	48,073,484.87
Deferred Credits	Note 11	8,097,294.95	9,009,300.65
Total Non-Current Liabilities		42,585,954.11	57,082,785.52
TOTAL LIABILITIES		72,850,833.07	77,960,822.51
EQUITY			
Restricted Capital	Note 12	23,380,787.96	23,380,787.96
Retained Earnings, End	Note 12	243,466,020.65	218,123,653.33
Total Equity		266,846,808.61	241,504,441.29
TOTAL LIABILITES AND EQUITY		339,697,641.68	319,465,263.80



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ID 9108641792

(See accompanying Notes to Financial Statements)

PILI WATER DISTRICT
STATEMENT OF CASH FLOWS

As of the year ended December 31, 2019
(with comparative figures with 2018)

	2019	2018
CASH INFLOWS:		
From Operations	111,896,950.03	117,383,254.64
From Investing Activities	5,568,663.41	8,158,773.23
TOTAL	117,465,613.44	125,542,027.87
LESS: CASH OUTFLOWS		
From Operations	91,495,113.01	80,490,108.72
From Investing Activities	24,145,821.83	27,032,611.37
From Financing Activities	17,616,000.01	17,635,575.14
TOTAL	133,256,934.85	125,158,295.23
NET CASH INFLOW	(15,791,321.41)	383,732.64
Add: Cash balance, Dec. 1	52,407,734.75	52,024,002.11
Cash Balance, Dec. 31	36,616,413.34	52,407,734.75



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ACCOUNTING POLICIES AND EXPLANATORY NOTES

December 31, 2019

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 by virtue of Presidential Decree 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;
- Conducting such other functions and operations incidental to water resources development, utilization, and disposal within such district, as are necessary of incidental to said purpose.

The sources of water supply of the district are from six (6) wells, two (2) springs and one (1) surface. To improve the water supply facilities and expansion of the water services area of the district, it had availed a Level III loan from LWUA. The project was funded under the Small Town Water Supply Sector Project (STWSSP) package.

All powers expressly granted by PD 198 as amended by PD 768, 1479 and RA 9286, necessary, implied from or incidental to the powers and purposes abovementioned are exercised and performed by the Board of Directors. It is composed of five (5) members representing sectors for professional, civic, education, business and women. They are the policy making body of the agency.

1. Significant Accounting Policies and Corporate Procedures

The accompanying financial statements have been prepared in conformity with applicable laws, COA accounting policies, rules and regulations and International Accounting Standards (IAS).

Methods of Accounting

The corporation adopted the New Government Accounting System (NGAS) on a calendar year basis and emphasized cost and revenue information under a responsible manager in a responsibility center.



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Modified 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. Cash Flow Statement is strictly 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 accounting is followed using the straight line method with 10% 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 district has not adopted the Revised Chart of Accounts for Government Corporations as per COA Circular No. 2015-010 dated December 01, 2015.

Recognition

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 doubtful accounts is computed based in the percentage provided for under the NGAS and Board Resolution No. 3 series of 2006 as follows: 6 months to 1 year at 1%; 1 to 2 years at 2%; 2 to 3 years at 3%; 3 to 4 years at 4% and 4 years and up at 5%.



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

Petty Cash Fund

Imprest System adopted for maintaining petty cash fund.

Replenishment of Petty Cash Fund shall be made when the fund balance reaches the minimum of 75% 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.

2. Cash and Cash Equivalents **P 36,616,413.34**

Particulars	2019	2018
Cash – Collecting Officer	765,595.13	225,295.87
Petty Cash Fund	6,000	31,000.00
Cash in Bank	35,844,818.21	52,151,438.88
Total	36,616,413.34	52,407,734.75

Cash comprised cash on hand and cash in bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash – Collecting Officer comprised the amount of collections with the Cashier pending deposit.

3. Receivables **P 12,538,793.81**

Balances as of December 31, 2019 are as follows:

	2019	2018
Accounts Receivable	10,464,847.10	9,780,585.80
Less: Allowance for Doubtful Accounts	<u>423,813.11</u>	<u>423,813.11</u>
Account Receivable, net	10,041,033.99	9,356,772.69



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Receivables – Disallowances/Charges	1,412,823.19	189,156.49
Other Receivables	1,129,936.63	631,478.55
Total	12,538,793.81	10,177,407.73

Accounts Receivable – Customers include 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 shortage by the district’s former Cashier.

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

The valuation of the account is carried at net realizable value. Allowance for doubtful accounts is based on the percentage provided under the NGAS.

Assignment to 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 district to the said bank and it shall be subject to inspection, audit, checking and make extractions from the books, records and journals, orders, receipts and other data relating to the assigned Accounts Receivable.

4. Inventories P 16,833,480.90

	2019	2018
Accountable Forms Inventory	273,122.97	242,798.07
Office supplies Inventory	563,912.44	523,182.06
Other Supplies Inventory	629,102.55	775,161.42
Non-Accountable Forms	164,064.07	180,031.06
Construction Materials Inventory	14,324,402.62	10,947,910.71
Semi Expandable Office Equipment	8,400.00	
Semi-Expandable Info & Comm. Tech. Equipment	105,734.50	269,138.75
Semi-Expandable Machinery		26,600.00
Semi-Expandable Other Machinery and Equipment	173,773.86	151,906.92
Semi-Expandable Furniture and Fixtures	15,398.75	49,590.35
Chemicals & Filtering Materials Inventory	575,569.14	182,350.09
Total	16,866,480.90	13,348,669.43

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



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Construction Materials Inventory consist of materials which are kept in stock by the water districts for use for its 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 regents use for residual testing.

5. *Prepayments* ***P 722,856.96***

	2019	2018
Prepaid Registration	3,948.70	
Guaranty Deposits	527,595.42	420,500.33
Prepaid Insurance	191,312.84	3,941.13
Total	722,856.96	570,055.68

Prepaid Insurance represents the unamortized portion of insurance for service vehicle and the unamortized portion of the insurance of the district’s properties as part of the loan term agreement with Development Bank of the Philippines.

6. *Investment* ***P 22,740,103.67***

	2019	2018
Sinking Fund	22,740,103.67	17,416,461.97

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 Water District’s facilities due to natural calamities, public disorders, and the like; and a Capital Reserve for expansion of the Water District’s facilities. Five percent (5%) of monthly water sales is set aside for this account.

7. *Property, Plant and Equipment* ***P 247,848,946.70***

Property, Plant & Equipment include 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 comprises 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 of 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. The components of the account are the following:



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Account Title	Per Books	Accumulated Depreciation	Book Value
Land	4,698,863.96		4,620,463.96
Land Improvements	138,478.44	122,553.60	15,924.84
Flood Control Systems	6,627,128.67	4,145,596.67	2,481,532.00
Power Supply Systems	8,499,619.38	3,663,627.65	4,835,991.73
Plant – Utility in Plant Service	247,119,041.80	112,236,253.27	134,882,788.53
Buildings	35,841,974.77	6,428,355.12	29,413,619.65
Water Plant, Structure and Improvements	24,616,178.85	6,282,535.69	18,333,643.16
Other Structures	82,349.94	19,535.94	62,814.00
Machinery	41,775,339.66	14,236,710.85	22,538,628.81
Office Equipment	3,249,161.70	1,576,367.69	1,672,794.01
Information and Communications Tech	4,928,94.40	2,532,719.67	2,396,194.73
Communication Equipment	766,979.46	352,810.92	414,168.54
Sports Equipment	18,999.00	10,259.28	8,739.72
Technical and Scientific Equipment	1,415,031.20	262,302.92	1,152,728.28
Other Equipment	2,193,299.51	691,841.85	1,501,457.66
Motor Vehicles	15,588,888.43	7,727,736.62	7,861,151.81
Furniture and Fixtures	1,465,826.77	583,560.42	882,266.35
Computer Software	535,310.32	445,590.84	89,719.48
Website	42,000.00	20,694.55	21,305.45
Total			238,264,332.71
Add: Construction in Progress			9,584,613.99
Property, Plant & Equipment-net			247,848,946.70

- The land account amounting to Php 3, 761,790.61 consisting of two (2) residential lots of 240 square meters each at Central Park Subdivision, Cadlan, Pili and one (1) 5,000 square meter lot at Sta. Rita Industrial Park is mortgage with the Development Bank of the Philippines as part of the loan term agreement.

8. Other Assets **P 2, 352,046.30**

	2019	2018
Other Assets	2,352,046.30	2,164,012.52

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

9. Current Liabilities **P 24,768,160.25**

These are obligations maturing within one year from balance sheet date and composed of the following:



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	2019	2018
Payable Accounts	24,768,160.25	14,152,596.32
Inter-Agency Payables	1,349,719.95	2,336,153.06
Other Liability Accounts	4,146,998.96	4,389,287.61
Total	24,768,160.25	20,878,036.99

Payable Accounts includes Loans Payable-Domestic amounting to Php 13,584,825.71 which represents the current portion of the long-term debt; Due to Officers and Employees amounting to Php 1,472,673.21 for liabilities due to officers and employees of the agency arising from unpaid travel expenses, benefits and other expenses; and Accounts Payable amounting to Php 9,710,661.33 which are the amount of indebtedness to entities arising from business.

Inter-Agency Payables consists of payables due to BIR, GSIS, HDMF, Philhealth and to other GOCC broken down as follows:

Due to BIR	P	741,719.13
Due to GSIS		438,408.53
Due to Pag-ibig		103,593.64
Due to SSS		30,840.00
Due to Philhealth		<u>35,158.65</u>
Total Inter-Agency Payable	P	1,349,719.95

Due to BIR in the amount of Php 741,719.13 pertain to amount of taxes due/amount withheld for remittance to the Bureau of Internal Revenue (BIR).

Due to GSIS in the amount of Php 438,408.53 pertain to contributions due/collections received/amounts withheld for remittance to the Government Service Insurance System (GSIS).

Due to Pag-ibig in the amount of Php 103,593.64 pertains to contributions due/collections received/amounts withheld for remittance to the Home Mutual Development Fund (HDMF).

Due to Philhealth in the amount of P35,158.65 pertains to contributions due/collections received/amounts withheld for remittance to the Philippine Health Insurance Corporation (PHIC).

Other Current Liability Accounts pertains to Guaranty Deposit Payable and Other Payables, as follows:

Guaranty Deposits	P	1,149,901.75
Other Payables		2,945,992.20
Performance/Bidders Payable		<u>51,104.81</u>
Total	P	4,146,998.76

Guaranty Deposits in the amount of Php 1, 149,901.75 pertains to the deposits made by customer's normally before the extension of any service connections as a security for the payment of subsequent bills, or as a meter deposit.



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10. Loans Payable-Domestic (Long Term Debt) **P 34,488,659.16**

	2019	2018
Loans Payable – Domestic (Long Term Debt)	34,488,659.16	48,073,484.87

This account pertains to loans contracted to finance various long term projects of the water district 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 water district including those constructed or procured through the loan availments.

However, last March 18, 2008, said ADB-LWUA loan was refinanced by the Development Bank of the Philippines at nine percent (9%) interest per annum.

11. Deferred Credits **P 8,097,294.95**

	2019	2018
Deferred Credits	8,097,294.95	9,009,300.65

This account includes all deferred credits not covered by other liability accounts including advance payment of billings and receipts and amounts that cannot be entirely liquidated or classified until additional information is received.

Grant received by Pili Water District amounting to Php 1,442,000.00.

A grant amounting to Php 1, 442,000.00 was received by the district from the Local Water Utilities Administration (LWUA) last April 2007. At the time it was received, LWUA did not commit as to whether it was a grant or a loan. It was recorded in the books as Other Deferred Credits.

As of September 30, 2009, the said amount has been exhausted by the district in the various improvements of the pumping stations. As of this time, no communication has been received as to the treatment of the said amount.

12. Retained Earnings **P 243,466,020.65**

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

	2019	2018
Appropriated Retained Earnings	23,380,787.96	23,380,787.96



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Unappropriated Retained Earnings	243,466,020.65	218,123,653.33
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A. Appropriated Retained Earnings	P	23,380,787.96
B. Unappropriated Retained Earnings	P	243,466,020.65

13. Income Before Expenses **P 112,162,916.38**

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

	2019	2018
Business Income		
Income from Waterworks system & Structures	103,009,784.55	93,061,423.20
Registration Fees	213,000.00	232,200.00
Inspection Fees	128,800.00	116,900.00
Processing Fees	88,700.00	90,300.00
Fines and Penalties	3,767,958.00	3,720,149.90
Other Service Income	5,153,360.85	3,134,534.78
Rent/Lease Income	1,101,476.25	1,228,976.25
Clearance and Certification Fees	500.00	1,750.00
Total	113,463,579.65	101,586,234.13
Less: Discounts on Income from W/W System	1,300,633.27	1,146,682.00
Income before Expenses	112,162,916.38	100,439,552.13

14. Operating And Maintenance Expense **P 89,213,984.72**

This account includes the operating expenses incurred by the water district in its utility operation as follows:

	2019	2018
Type of Operating Expenses		
Personal Services	28,228,031.23	27,554,879.75
Maintenance & Other Operating Expenses	55,730,165.51	45,425,112.80
Financial Expenses	5,255,887.98	6,337,795.36
Total	89,213,984.72	79,317,787.91

Personal Services include Salaries and Wages for Regular, Casual and Contractual Personnel, Other Compensation, Personnel Benefit Contribution and Other Personnel Benefits.



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Maintenance and Other Operating Expenses include all other expenses which do not fall in the Personal Services and Financial Services. These include traveling expenses, training expenses, supplies and materials expenses, utilities expense, communication expenses, generation, transmission and distribution expenses, professional services, general services, repairs and maintenance expenses and other maintenance and operating expenses.

Financial Expenses include bank charges, interest expenses, documentary taxes and other financial charges.

15. Other General Income **P 1,681,420.25**

	2019	2018
Interest Income	513,269.43	596,981.41
Other Business Income	624,329.39	443,544.74
Income from Grants and Donations	409,582.44	409,582.44
Other Fines and Penalties	134,238.99	562,893.50
Total	1,681,420.25	2,013,002.09