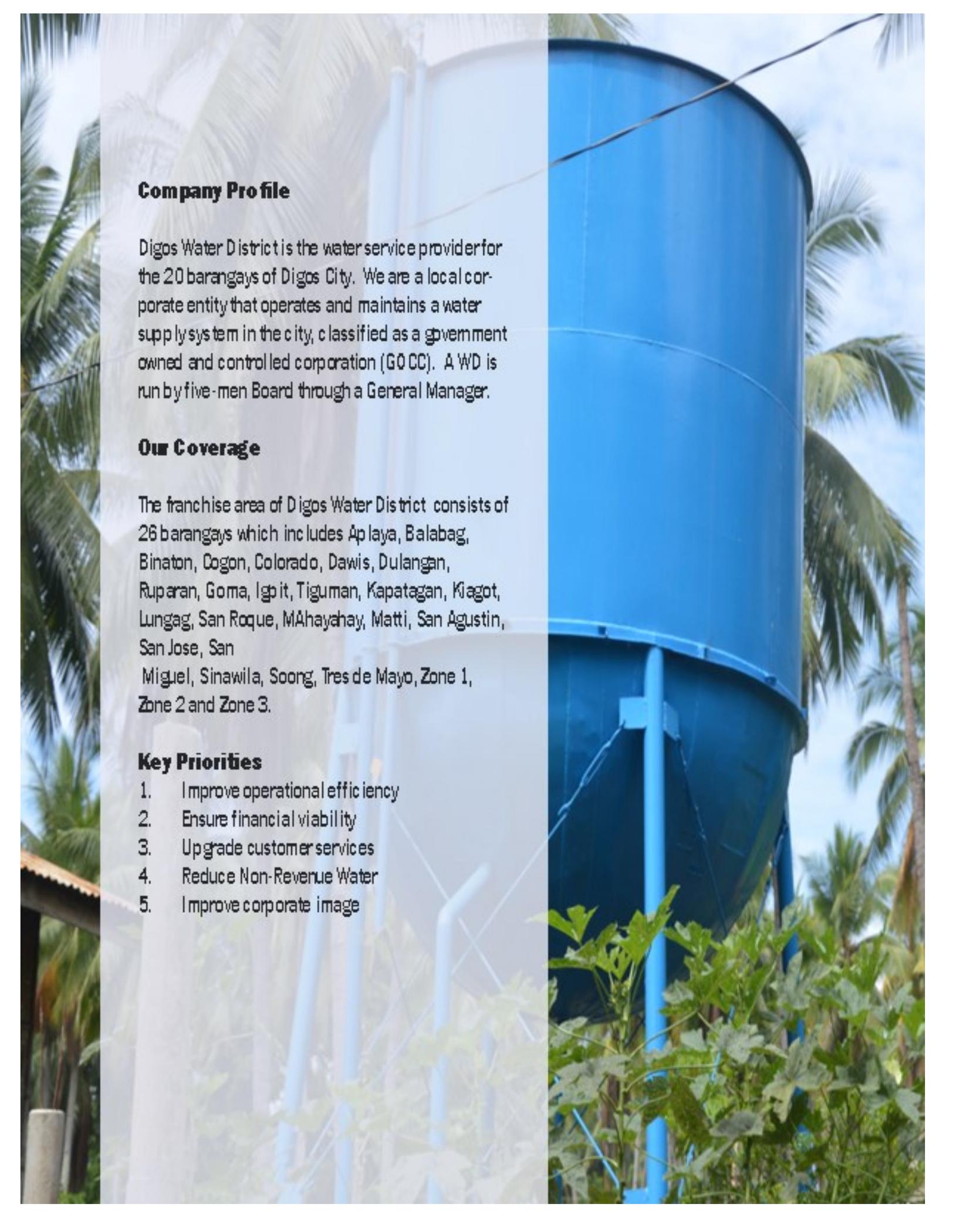


DIGOS WATER DISTRICT



2013
Annual Report

Advancing Towards Growth



Company Profile

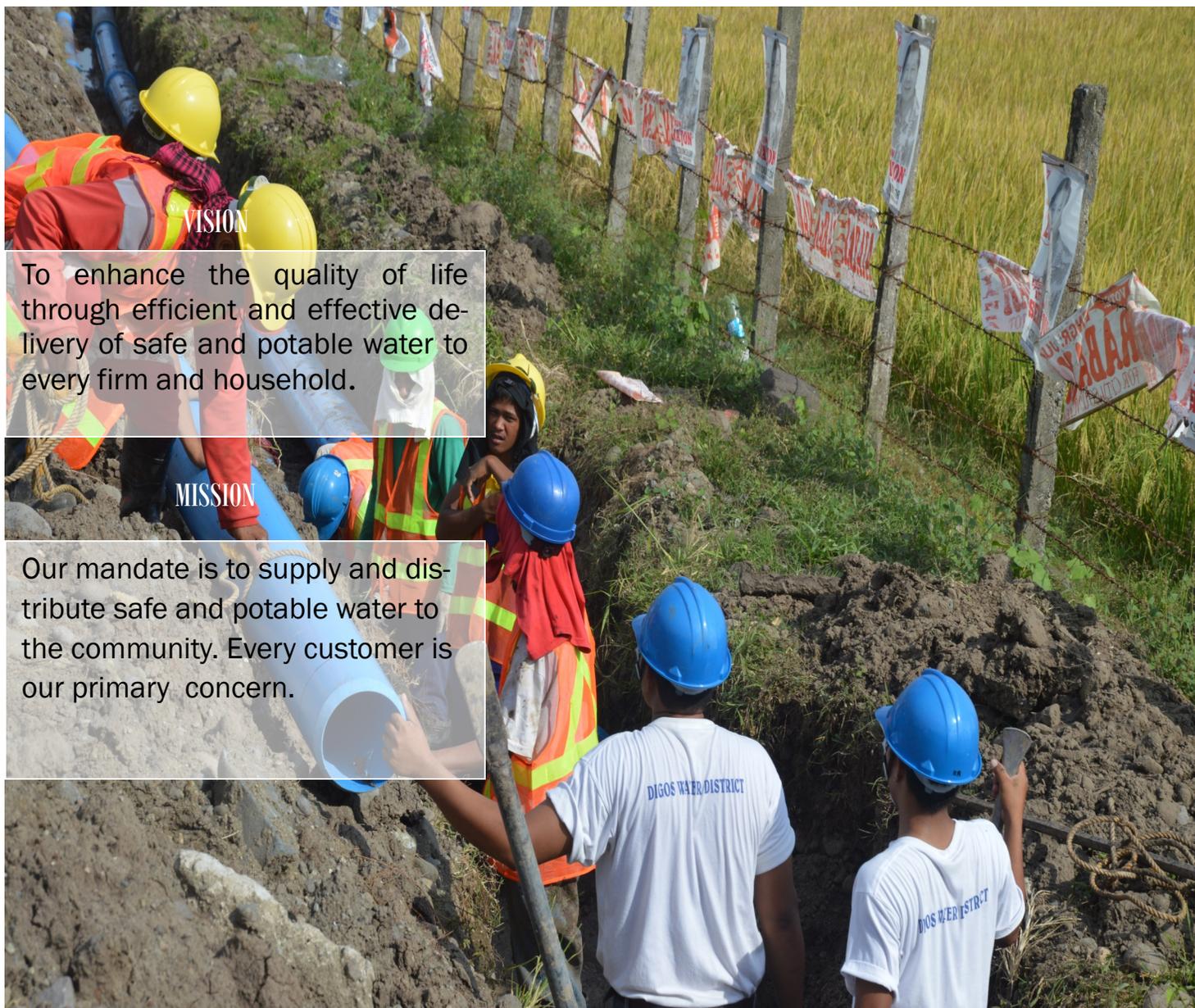
Digos Water District is the water service provider for the 20 barangays of Digos City. We are a local corporate entity that operates and maintains a water supply system in the city, classified as a government owned and controlled corporation (GOCC). A WD is run by five-men Board through a General Manager.

Our Coverage

The franchise area of Digos Water District consists of 26 barangays which includes Aplaya, Balabag, Binaton, Cogon, Colorado, Dawis, Dulangan, Ruparan, Goma, Igot, Tiguman, Kapatagan, Kiagot, Lungag, San Roque, MAhayahay, Matti, San Agustin, San Jose, San Miguel, Sinawila, Soong, Tres de Mayo, Zone 1, Zone 2 and Zone 3.

Key Priorities

1. Improve operational efficiency
2. Ensure financial viability
3. Upgrade customer services
4. Reduce Non-Revenue Water
5. Improve corporate image



VISION

To enhance the quality of life through efficient and effective delivery of safe and potable water to every firm and household.

MISSION

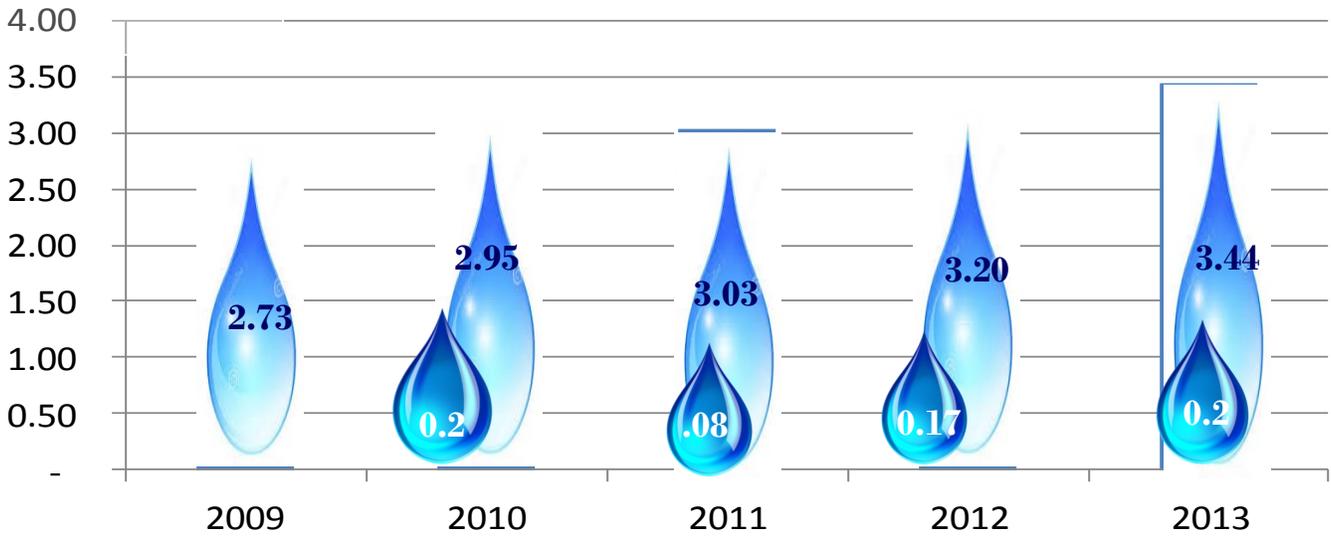
Our mandate is to supply and distribute safe and potable water to the community. Every customer is our primary concern.

	2009	2010	2011	2012	2013
Financial Performance					
Revenue (in million peso)	72.06	79.07	81.41	88.61	98.82
Net Income (in million peso)	9.76	8.74	7.20	9.55	14.95
Assets (in million peso)	112	118	124	128	153
Liability (in million peso)	51.69	50.25	49.30	42.30	52.03
Equity	60.37	67.94	74.87	86.13	101.08
Operating Highlights					
No. Of New Service Connections	889	953	1,025	996	950
No. Active Service Connections	11,875	12,563	13,381	14,227	14,875
Non Revenue Water	23%	23.31%	22.55%	23.39%	22.68%
Billed Volume in MCM	2.72	2.95	3.03	3.25	3.44
km of main line in used	210	222	233	233	250

2013

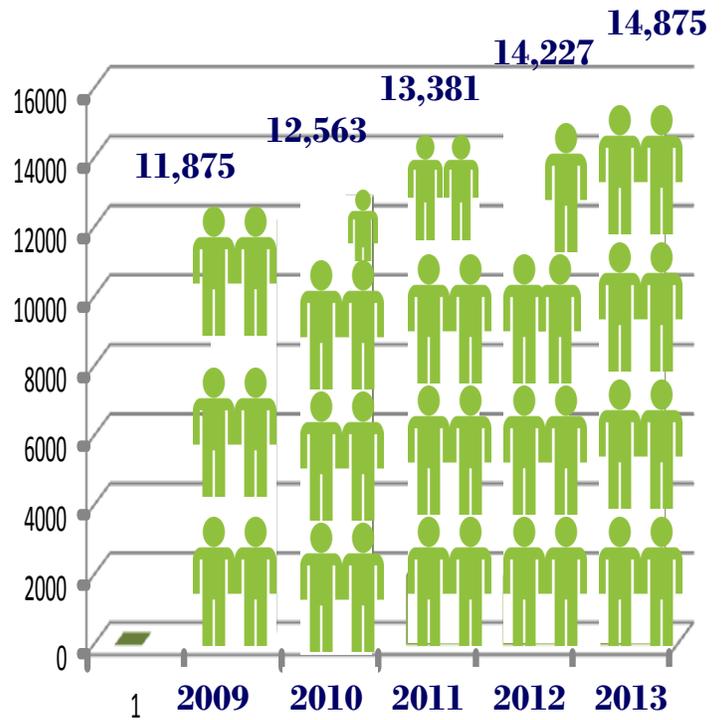
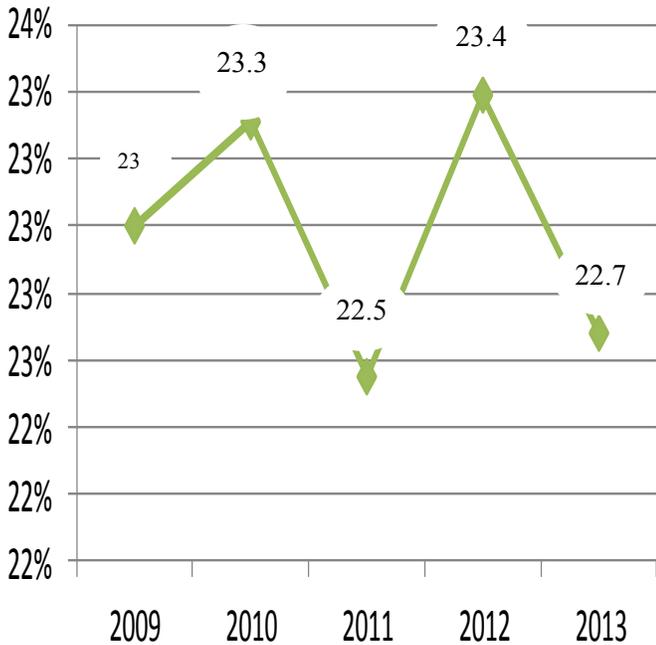
AT A GLANCE

BILLED VOLUME (in cubic meters)



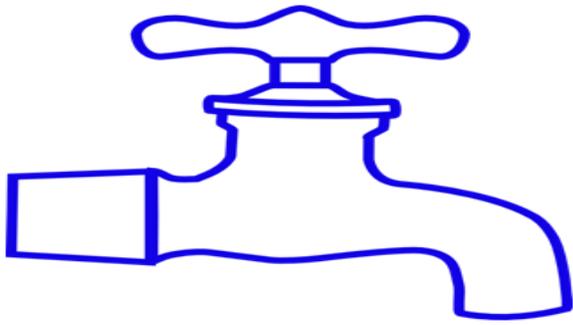
NON-REVENUE WATER (%)

22.7%

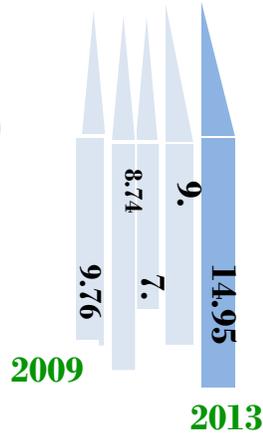


ACTIVE SERVICE CONNECTIONS

14,875 CONNECTIONS



NET INCOME
(in million pesos)



1. Do you receive 24-...

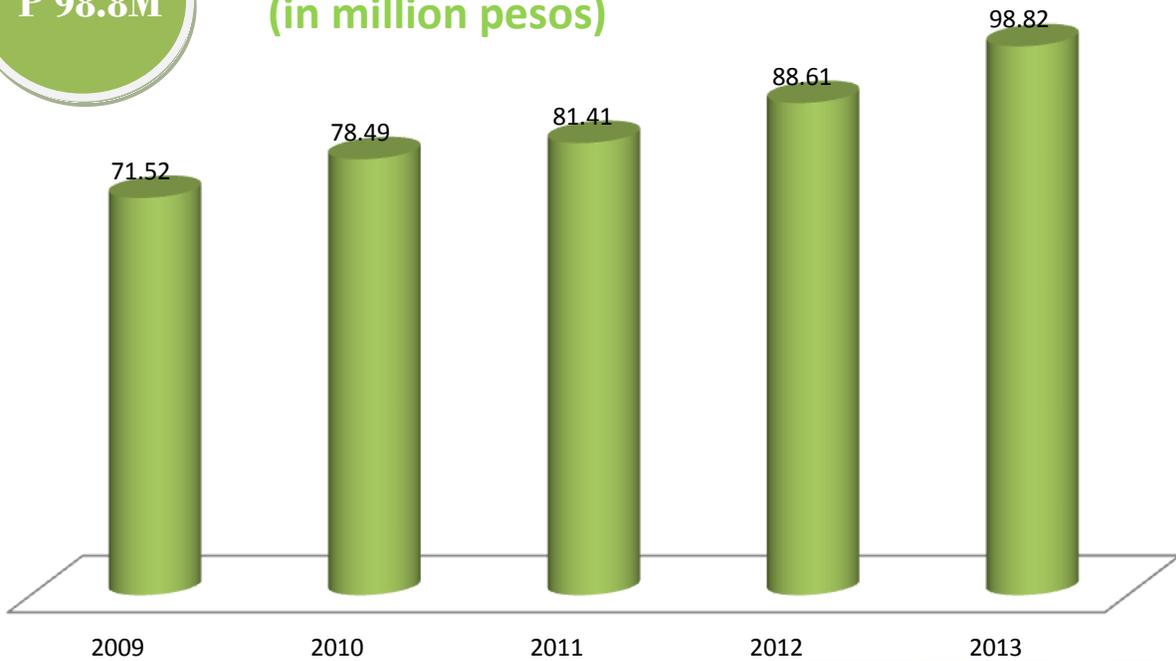


5. Are you satisfied with the...



P 98.8M

REVENUES
(in million pesos)



General Manager's Report



2013 was a banner year for Digos Water District. With the underlying solid macroeconomic fundamentals, DWD attained significant improvement in operational and financial

The water district's consolidated revenues grew to P98.82 million in 2013, 11% higher than the previous year, while cost of maintenance and other operating expenses rose to P41 million at a 7% increase.

Our net income had skyrocketed into P14.95 million, compared to P9.55 million net income in 2012. This is relatively higher than the preceding year. DWD's financial position reflects robust growth and strengthened profitability and cash flows.

Despite the migration from the old 'big structure' into Category B, Personnel Services is controlled at 40%, maintaining a Staff Productivity Index (SPI) of 188.

To increase reach and reliability of our water service, a large number of system projects crucial to improving the supply balance of the entire water network and water system were completed in 2013. The additional water source (production well) situated in barangay Ruparan denominated as Pump Station 8 and the construction of 170 cu.m concrete ground tank in the same barangay supplied more water to the concessionaires in the elevated areas. As a result, a total of P12.6 million was disbursed for Artesian Wells, Reservoir, Pumping Stations and the like. These are concrete proofs the management's aggressive efforts towards expansion. In the next three (3) years, the water district will continue to invest in capital expenditures that will meet the water demands in the city.

Aside from implementing sound cost management and efficiency initiatives, DWD's excellent performance and sustained growth continues to be possible because of our most critical resource – our people.

Aside from implementing sound cost management and efficiency initiatives, DWD's excellent performance and sustained growth continues to be possible because of our most critical resource – our people.

To ensure that we are capable of addressing the talent requirements to maximize the emerging opportunities, a master plan that covers the different disciplines in human resource management has been developed.

The Guidelines on Program on awards and Incentives for Service Excellence (PRAISE) was also amended. Such development provides more benefits within the ambit of law to deserving employees.

I am grateful for the commitment and timeless efforts of the entire DWD workforce, the guidance provided by our Board, the trust of our concessionaires and the wisdom and divine providence of the Greatest Architect of the Universe.



ISAIROS B. GRAVADOR
General Manager





Inside Stories

Adjustment of Water Tariffs

After eight (8) years of stalled water rates, Digos Water District was constrained to implement the new water tariff as confirmed by the Local Water Utilities Administration (LWUA) due to pressing conditions.

LWUA had approved/confirmed the proposed water rates of Digos Water District (DWD) for the years 2002-2005 way back December 4, 2001 thru LWUA Board Resolution No. 269, s. 2001. In In the said Resolution, the Administration approved three (3) sets of water tariff adjustment effective

January 2002, February 2005 and January 2007 respectively. Nonetheless, the implementation of the third set of increase was deferred in consideration of the plight of ordinary consumers.

The DWD management exerted aggressive efforts to keep the water rates flat for eight (8) long years. However, the costs of oil products, electricity and all other commodities had escalated uncontrollably, making the existing water rates no longer adequate to satisfy the operational cash requirements of the water district.

CLASSIFICATION	SIZE	MINIMUM	COMMODITY CHARGE			
			11-20 cu. m	21-30cu. m	31-40 cu. m	41 cu. m up
Residential/ Government	1/2"	P 205.95	P 22.95	P 26.15	P 30.15	P 35.00
Commercial/Industrial	DOUBLE THE RESIDENTIAL RATE					
Bulk	TRIPLE THE RESIDENTIAL RATE					

The new water rates implemented effective May 2013 billing

“The condonation of unpaid taxes is not automatic and that a local water district must meet certain requirements before it can avail of the tax incentives.”

DWD migrated into LWUA MacRo Structure

Digos Water District made a giant leap on its history as far as organizational structure is concerned as it migrated into the LWUA-MacRo Category B structure. The Water District was classified by LWUA as Category B on March 2012 and was given three years to comply with the re-categorization.

Seventy (70) positions were upgraded giving premium on the length of service of the employees concerned. Practically, the migration was concentrated on the upgrading of positions with no promotions involved. Another tranche of implementation will be made in the next years subject to availability of funds.

Application for Tax Condonation

The Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular No. 68-2012 which laid down the procedure in the application and approval of condonation of tax liabilities of local water districts pursuant to Republic Act No. 10026. The law exempts water districts in the provinces, cities, and towns from paying income tax for the period starting August 13, 1996 until the effectivity of the said act.

In issuing Memorandum Circular No. 68-2012, BIR Commissioner Kim S. Jacinto – Henares said that “the condonation of unpaid taxes is not automatic and that a local water district must meet certain requirements before it can avail of the tax incentives.”

Henares said these liabilities may be condoned under certain circumstances such as financial incapacity as provided for by law.

Along with other water districts throughout the country,

Digos Water District filed a letter of application detailing the unpaid taxes, including the basic tax, penalties, and other relevant data to BIR main office as well as its financial statements to avail of the tax incentive.

Local water districts (LWD's) are given until April 30, 2013 to apply for the tax condonation. For the multi-million peso tax debts to be written off, the BIR chief said that water districts must submit the necessary documents on or before deadline.

Creation of Risk Assessment Team

Digos WD cooperates with the global community in the resolution of climate change issues, including disaster risk reduction. As a jumpstart, GM Isauros B. Gravador of Digos Water District created the Risk Assessment Team through inter-office memorandum no. 2013-63 dated 24 October 2013.

The team is headed by Engr. Amancio G. Paquibot, Division Manager of Engineering Division, backed up by other six (6) personnel of DWD namely: Engr. Franklin S. Retes, Engr. Cesar S. Sornito, Engr. Felomio A. Daub, Ms. Amelia U. Velarde, Ms. Aileen R. Banogbanog and Engr. Kendrick Cabintoy.

Among the duties of the Risk Assessment Team (RAT) is to: (1) inspect all facilities and structures of the water district to determine their structural integrity; (2) recommend procedures to avoid damage to persons and property; (3) recommend physical and structural repairs including retro fitting of structures; (4) submit status or risk rating of all structures; and (5) recommend for budget inclusions such necessary programs to prevent or mitigate risks.

The RAT is expected to submit their recommendations to the General Manager before the end of first quarter of 2014.



Operational Highlights

Digos Water District has been aggressively implementing capital expenditure projects that would improve water services. This involved expansion of distribution network, construction of major facilities and development of new water source.

DWD spent P12,600,275.24 on capital expenditure projects in 2013 to enhance the water district's service delivery capabilities. A total of 17 kilometres of pipes were laid, bringing the total pipe network in the franchise area to 245,953 LM.

An additional 950 new water service connections were linked to our expanded network, representing a growth of 6.6% in billed services. From its original out of 3.25 MCM in 2012, water production was later increased to around 3.44 MCM.

Water Supply and Facilities

The existing operational waterworks facilities serving the franchise area of DWD consists of eight (8) deep well sources, six (6) pump stations, an elevated storage tank and four (4) ground reservoir. These water sources produce a total of 6,528,000 cubic meters of water. Our average daily water production for 2013 is 12,203 cubic meters.

Service Expansion and Improvement

Around 950 water service connections were added to our distribution network in 2013. This expanded our customer base to around 104,125.

DWD has been aggressively implementing capital expenditure projects that would improve water services in the city. This involved the replacement of old leaky pipes and expansion of distribution network. The Engineering Division had successfully laid down the following as of December 31, 2013:

Type of Line	Length in km
Total Pipe Line	250,157 LM
Transmission Line	4,204 LM
Distribution Line	245,953 LM



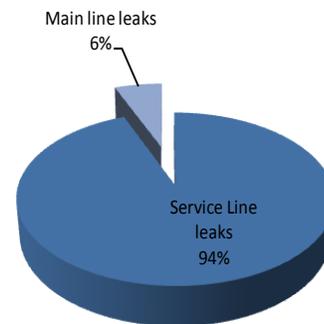
Replacement of Old Water Meters

To spread out the capital outlay, the Water District replaces the existing water meters ranging from 5 years old and above in an annual basis. As of December 31, 2013, 391 water meters have been replaced.

Leak Detection, Investigation and Repair

Water leaks can cause material damage, create additional consumption costs and reduce water pressure. The Engineering Division sees to it that visible water leaks are promptly spotted and attended to the soonest time possible. Three teams are sent in the field to monitor leakages within the service area.

In 2013, the total number of leaks along mainlines and service lines had reached 2,104. Out of these leakage incidents, 94% are leaks along service lines and the remaining 6% are leaks along mainline, meter base and before water meter.





CUSTOMER SATISFACTION

DIGOS Water District does not only exist for the sole purpose of providing water. We also strive to satisfy the needs of our concessionaires.

At the end of 2013, DWD’s customer base totalled 14,875 service connections. The table below summarizes the number of customers per category and their respective billed volumes for 2013:

CUSTOMER CATEGORY	BILLED SERVICES		BILLED VOLUME	
	Accounts	%	Jan.-Dec. 2013	
Dec. 2013 Billing				
Residential	13,552	91.77%	2,997,938	cu.m.
Government	178	1.21%	163,392	cu.m.
Commercial	1,037	7.02%	300,697	cu.m.
TOTAL BILLED	14,767	100.00%	3,462,027	cu.m.

The following initiatives were implemented in 2013 to further enhance services to concessionaires:

Complaints Monitoring and Resolution

Service is our business. Hence, the voice of our concessionaires matter to us. At our best efforts, we see to it that every complaint lodged before our desks is given due attention and prompt action.

Basically, the consumers communicate through telephones. Two telephone lines are specifically intended to accommodate customers’ needs. For walk-in co complaints, we have customer service assistants whose posts are strategically located near the front door. To accommodate the working class type of customers, we had implemented ‘no noon-break policy since 2010 for front liners.

“We are committed to deliver safe and potable drinking water to our customers.”



During the year, we were able to attend a total of 14,925 inquiries, requests, complaints and lea reports all acted upon.

“Read and Bill” Program

In 2013, DWD successfully migrated its billing system to the Read-and-Bill (R&B). Through the migration of this new system, our meter readers are able to issue a Statement of Account (SOA) to DWD customers on site, immediately after their meters are read.

This new system reduced the incidence of delayed issuance of SOAs and allowed us to address our customers’ ill-related concerns faster.

The new R & B system paved the way to a better billing experience for customers, and the water district aims to make bills payment even more convenient in the future.

Dripping Blowout Program

The management devised a program aimed at recognizing the efforts of concessionaires who have been promptly paying their bills for the last six (6) months and encourage prompt paying of obligations at the same time. The program was open to all concessionaires who has an active account with the dis-

trict and who have been paying their bills promptly for the last six (6) months. Determination of winners was effected through raffle draw which was held on 21 December 2013. Prizes consisted of appliances, rice and grocery items.

Regular Radio Program

To apprise the concessionaires of the recent development and activities of Digos Water District, we maintain a block time every Thursday at DXDA FM. The management designated DWD personnel as anchors of the 30-minute radio program. Such program tackles issues affecting water district operations and convey information relevant to water service.

Ensuring Water Quality

We are committed to deliver safe and potable drinking water to our customers. We monitor and regularly draw samples from the different sampling points of our service area. These samples undergo strict bacteriological, physical and chemical examination to ensure that the water meets the Philippine National Standards for Drinking Water (PNSDW) of the Department of Health (DOH).

None among the 136 water samples randomly took yielded negative results for the presence of bacteria.

Corporate Governance

Management & Corporate Governance

DWD adheres to the principles of transparency, accountability and fairness. It aims for the high standards of public service and strive to nurture a culture of good governance within the water district.

Governance Structure



The DWD Board of Directors

All powers, privileges and duties of the district is exercised and performed by and through the Board. However, the executive, administrative and ministerial power is delegated to the management.

The transparency, improvement and systemization in governance are overseen by the Board of Directors. The BOD is the guardian of fairness, transparency and accountability in all major financial and business dealings of the WD in order to serve its mandate.

The Board has five (5) members appointed by the local chief executive. The members of the board must be representative of the different sectors viz : (1) civic oriented service clubs; (2) professional associations; (3) business, commercial or financial organizations; (4) educational institutions; and (5) women’s organizations. Any Filipino citizen of voting age may be appointed as director except for public officials.

Board Remuneration

The rules prescribing the compensation of the Board of Directors of local water districts (LWD) is set forth in Executive Order 65. Under EO 65, the maximum per diem per meeting actually attended by members of the Board of Directors of LWDs shall be based on the classification of a particular LWD. For Category B such as Digos, the maximum per diem per meeting is P6,660.00 but no director shall receive per diems in any given month in excess of the equivalent of two (2) meetings. The Board Chairperson is however entitled to receive an additional amount not exceeding twenty percent (20%) of the amount authorized for the members of the Board for each meeting he/she actually attended. This entitlement is not included in the annual cap under Section 4 of EO 65 and should be provided additional appropriation in the WD budget.

Meetings

The organizational meeting of the Board is held at the first meeting of each odd-numbered year while regular meetings are held every 2nd and 4th Thursday of the month. It is in the 4th Thursday of the month that the Financial Reports are being taken up in the meeting.

Position	Board Member	Gender	Sector Represented
Chairman	Atty. Ollita P. Atillo – Anyog	F	Professional
Vice Chairman	Rev. Hamuel G. Tequis	M	Education
Secretary	Engr. Emilio D. Almazan	M	Civic
Member	Dir. Arturo S. Ang	M	Business
Member	Dir. Esther S. Molina	F	Women

Board Member	Number of Meetings	Meetings Attended	Percentage (%)
Atty. Ollita P. Atillo – Anyog	24	23	96%
Rev. Hamuel G. Tequis	24	24	100%
Engr. Emilio D. Almazan	24	24	100%
Dir. Arturo S. Ang	24	24	100%
Dir. Esther S. Molina	24	24	100%

Quorum

A majority of the Board present in person shall constitute quorum for all meetings of the Board. Under PD 198, no resolution or motion shall be adopted or become effective without the affirmative vote of a majority of the authorized number of members of the Board.

Code of Conduct and Ethical Standards

The Water District’s commitment to the highest standards of ethics, good governance and integrity is institutionalized with the Board’s adoption of the Code of Conduct and Ethical Standards in 2009. The Code defines appropriate behaviour for board members, officers in accordance with provisions of Republic Act NO. 6713 and Republic Act No. 3019, as amended, otherwise known as The Anti-Graft and Corrupt Practices Act. It carefully delineates ways in which board members should conduct themselves to avoid actual impropriety or the appearance of it.

Top Management

NAME	POSITION
Atty. Isauros B. Gravador	General Manager
Ms. Amelia U. Velarde	Manager, Administrative Division
Ms. Mercedes C. Relatado	Manager, Commercial Division
Engr. Amancio G. Paquibot	Manager, Engineering Division
Ms. Belen J. Villegas	Manager, Finance Division
Engr. Felomino A. Daub	Manager, Water Resources Division

Human Resource Development

DWD currently employs a workforce of 79 personnel. Out of the workforce in 2013, 8% are occupying managerial positions, 13% supervisory and 79% are rank-and-file employees. Approximately 59% of the employees are from operations, while the remaining 41% are from the support group.

Collective Negotiation Agreement

The Samahang Manggagawa ng Digos Water District (SAMADIWAD) is the sole and exclusive negotiating agent of the rank-and-file employees of DWD. The Collective Negotiation Agreement (CNA) between the Samahan and the management was forged on 09 November 2011. Its CNA was registered with the Civil Service Commission under Certificate of Registration No. 546.

SAMADIWAD was primarily instituted for the purpose of promoting moral, social, economic well-being of all its members and to foster harmonious relationship between labor and management.



Employee Development

DWD recruits talented, hard-working individuals to its workforce and is committed to helping them reach their full potential through professional development programs and opportunities. In 2013, a total of 32 training programs were facilitated, focused on enhancing technical, functional and leadership capabilities of the people.

	Training Hours
TRAINING CATEGORY	
Professional Development	320
Management & Leadership	144
Technical	1,008
Number of Employees	79
Average Training Hours per Employee	46 hrs
Percentage of EE who attended seminars	41%

Corporate Social Responsibility



Corporate Social Responsibility (CSR) is an integral part of our business strategy. We are currently engaged in initiatives that promote sustainable water management and community development. At the same time, we cultivate partnerships for enhanced services and extend valuable assistance to charitable institutions and calamity – stricken areas.

Environmental Management

The Digos Water District, being the major stakeholder of the watershed is faced with the challenge of managing the local

watershed or any activity on it may impact on the quantity and quality of water the district is providing to the people. In its commitment for the conservation of the natural resources, DWD has initiated programs for the environment ever since its creation. In July 2003, the District resolved to have a more active stance in the conservation of Digos Watershed. The project continues to roll as of the present.

Tree Growing

The Program on tree growing was intensified by the partnerships forged by the district with other agencies and organizations. One of the important partnerships is with the Teril

Farmer's Association which is assisted by Ugnayan Foundation which is also a partner organization of DWD. Although the collaborative activities started way back in 2011, the partnership was formalized in 2013 with the signing of the Memorandum of Agreement. The Adopt-A-Tree Program was then launched that targets other organization who are willing to assist the community in its drive to greening Sitio Teril. It is hoped that with the program, other sitios will follow suit as they will be able to appreciate the positive impact of the program. Sitio Teril is part of the Digos Watershed.

Riverbank Rehabilitation and Maintenance

This Program is being implemented to conserve riverbanks or prevent further erosion that eventually affects the turbidity of the Digos River. DWD is maintaining a 200-meter strip of the bank it has become a show-window for other landowners in managing lands that are adjacent to rivers or body of water.

World Water Day

This is a worldwide celebration aiming to increase awareness on the importance of water, threats, and the looming water crisis. DWD posts information materials to spread the word on water. A water Quality Monitoring for Digos River was also conducted using the test kits given out by IWA (international Water Association) and WEF (Water Environment Federation).

Earth Day

In cooperation with the Global Village Association International and ChildFund – Cor Jesu College, DWD initiated the Earth Day 2013: The Face of Climate Change. Children and Youth from different schools and who are beneficiaries of ChildFund Philippines participated in the whole-day activity. Student leaders from Youth Community Service Club of Cor Jesu College also joined in the fun. The 1-day program included lecture, discussions, mini-theatre arts, games and tree growing. The event was held on April 24, 2013 at the DWD Eco Living and Learning Center in Barangay Dulangan, Digos City.

Environment Awareness Month

Every month of June, the Philippines is celebrating the Environment Month. DWD also celebrated the Environment Month through Information and Education Campaign. In its radio program, environmental concerns is given emphasis to increase awareness among listeners of the program.

27th International Coastal Cleanup

Every 3rd Saturday of September, the International Coastal Cleanup is celebrated. On September 21, 2013, DWD celebrated the event with the overwhelming support and participation of Ramon Magsaysay Central elementary School. More than a hundred students, teachers and parents scour the shores of Barangay Dawis, more or less a kilometre in distance. Participants were briefed on the use of the Trash card which kept track of what are polluting the shores and bodies of water. Data were forwarded to Ocean Conservancy which keeps the data base.

30k Trees for 30

In 2010 on the occasion of its 30th Founding Anniversary, DWD launched the "30k Trees for 30 – giving back Project. We initiated the planting and growing of at least 30,000 trees in the different areas of Digos City including schools within 5-year period in partnership with other agencies, groups, entities, or individuals. This is our share in our thrust to mainstream environmental responsibility and take the lead in the challenging task of rehabilitation.

As of December 31, 2013, there are approximately 25,000 trees being planted and grown in different areas. DWD looks forward to the day when Digos will celebrate the beauty of the forest that its own people created.



FINANCIALS

2013 was a banner year for Digos Water District. With the underlying solid macroeconomic fundamentals, DWD attained significant improvement in operational and financial performance.

The water district's consolidated revenues grew to P98.82 million in 2013, 11% higher than the previous year, while cost of maintenance and other operating expenses rose to P41 million at a 7% increase.

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Despite the migration from the old 'big structure' into Category B, Personnel Services is controlled at 40%, maintaining a Staff Productivity Index (SPI) of 188.

DIGOS WATER DISTRICT

Digos City

Detailed Balance Sheet

As of December 31, 2013

(With Comparative Figures for CY 2012)

	Notes	2013		2012
ASSETS				
<i>Current Assets</i>				
Cash - Collecting Officer	P	259,113.98	P	117,116.02
Petty Cash Fund		56,000.00		31,000.00
Cash in Bank - Local Currency, Current Account		18,184,836.84		6,522,243.50
Cash in Bank - Local Currency, Savings Account		0.00		872,460.65
<i>Sub-total - Cash & Cash Equivalents</i>		0.00		872,460.65
Accounts Receivable	P	18,499,950.82	P	7,542,820.17
Less: Allowance for Bad Debts	P	9,209,767.73	P	8,258,182.66
<i>Accounts Receivables- Net</i>		(92,097.68)		(82,399.92)
Loans Receivable	1 & 3	9,117,670.05	P	8,175,782.74
<i>Sub-total - Receivables</i>		0.00		214,524.03
Office Supplies Inventory	P	9,117,670.05	P	8,390,306.77
Accountable Forms Inventory	P	543,098.52	P	512,360.10
Medical, Dental & Laboratory Supplies Inventory		44,950.00		0.00
Gasoline, Oil & Lubricants		45,900.00		46,234.17
Other Supplies Inventory		29,121.28		13,055.12
		81,305.05		75,818.19

Spare Parts Inventory		129,558.82		30,526.08
Construction Materials Inventory		9,120,791.01		3,691,740.71
<i>Sub-total - Inventories</i>	1	P 9,994,724.68	P	4,369,734.37
Prepaid Insurance		118,903.50		156,309.53
Guaranty Deposits	4	75,972.46		75,972.46
Other Current Assets	4	5,649,287.82		4,797,311.03
<i>Total Current Assets</i>		P 43,456,509.33	P	25,332,454.33
Non-Current Assets				
Investments	5	P 8,068,633.93	P	7,987,649.42
Property, Plant & Equipment				
Land		P 3,135,597.16	P	2,770,097.16
Buildings	6	P 8,633,966.35	P	8,657,460.04
Less: Accumulated Depreciation		(2,134,236.83)		(1,570,106.43)
<i>Buildings - Net</i>		P 6,499,729.52	P	7,087,353.61
Other Structures	6	P 20,948,850.79	P	20,976,027.55
Less: Accumulated Depreciation		(13,300,393.04)		(12,230,857.41)
<i>Other Structures - Net</i>		P 7,648,457.75	P	8,745,170.14
Office Equipment	6	P 1,941,593.00	P	1,981,879.17
Less: Accumulated Depreciation		(1,400,791.66)		(1,423,643.09)
<i>Office Equipment - Net</i>		P 540,801.34	P	558,236.08
Furniture & Fixtures	6	P 861,055.27	P	893,508.44
Less: Accumulated Depreciation		(652,967.72)		(680,106.91)
<i>Furniture & Fixtures - Net</i>		P 208,087.55	P	213,401.53
IT Equipment & Software		P 8,844,102.00	P	9,426,653.54
Less: Accumulated Depreciation		(5,463,444.44)		(6,264,268.45)
<i>IT Equipment & Software - Net</i>		P 3,380,657.56	P	3,162,385.09
Communication Equipment		P 843,044.43	P	929,363.93
Less: Accumulated Depreciation		(690,159.73)		(748,359.55)
<i>Communication Equipment - Net</i>		P 152,884.70	P	181,004.38
Other Machinery & Equipment		P 4,528,601.43	P	3,524,346.41
Less: Accumulated Depreciation		(1,743,630.04)		(1,790,179.76)
<i>Other Machinery & Equipment - Net</i>		P 2,784,971.39	P	1,734,166.65
Motor Vehicle		P 6,059,832.29	P	6,439,378.58
Less: Accumulated Depreciation		(4,526,954.51)		(4,521,953.59)
<i>Motor Vehicle - Net</i>		P 1,532,877.78	P	1,917,424.99
Other Transportation Equipment		P 0.00	P	5,400.00
Less: Accumulated Depreciation		0.00		(5,398.00)
<i>Other Transportation Equipment - Net</i>		P 0.00	P	2.00
Other Property, Plant & Equipment		P 702,633.11	P	743,294.18
Less: Accumulated Depreciation		702,621.11		743,271.18
<i>Other Property, Plant & Equipment - Net</i>		P 12.00		23.00
Artesian Wells, Reservoirs, Pumping Stations & Conduits		P 104,903,717.53		98,304,368.72
Less: Accumulated Depreciation		46,666,454.78		43,789,087.65
Artesian Wells, Reservoirs, Pumping Stations & Conduits - Net		P 58,237,262.75		54,515,281.07
Construction in Progress		P 9,738,590.42	P	6,646,966.22
<i>Total Property, Plant & Equipment</i>		P 93,859,929.92	P	87,531,511.92

FINANCIALS

Other Assets					
Restricted Assets	7	P	7,666,339.50	P	7,585,920.94
Other Assets	7		61,347.77		0.00
<i>Sub-total Other Assets</i>			<u>7,727,687.27</u>	P	<u>7,585,920.94</u>
<i>Total Non-Current Assets</i>			P <u>109,656,251.12</u>	P	<u>103,105,082.28</u>
Total Assets			<u>P 153,112,760.45</u>	P	<u>128,437,536.61</u>
LIABILITIES AND EQUITY					
<i>Current Liabilities</i>					
Accounts Payable	8	P	9,056,103.35	P	3,644,442.20
Due to Officers and Employees			115,631.32		1,650.00
Due to BIR			804,267.69		698,917.76
Due to GSIS			520,737.18		509,466.97
Due to Pag-IBIG			62,451.67		103,635.18
Due to PhilHEALTH			37,550.00		34,650.00
Guaranty Deposits Payable			5,809,899.29		4,843,507.99
Bidders Bond Payable			1,743,194.64		1,205,188.42
Other Payables			3,913.91		1,671,520.42
Loans Payable - Current	8		<u>2,552,648.40</u>		<u>0.00</u>
			P <u>20,706,397.45</u>	P	<u>12,712,978.94</u>
<i>Non-Current Liabilities</i>					
Loans Payable	9	P	<u>31,326,753.94</u>	P	<u>29,592,136.13</u>
Total Liabilities			P <u>52,033,151.39</u>	P	<u>42,305,115.07</u>
Equity	10 & 11		101,079,609.06		86,132,421.54
Total Liabilities and Equity			<u>153,112,760.45</u>		<u>128,437,536.61</u>

(See accompanying Notes to Financial Statements)

Republic of the Philippines
DIGOS WATER DISTRICT
 Digos City

Detailed Statement of Income and Expenses
 For the Year Ended December 31, 2013
 (With Comparative Figures for 2012)

	Notes	2013	2012
Gross Income			
Business Income			
Income from Waterworks System	P	91,046,089.89	P 80,244,366.80
Less: Discount on Senior Citizen		<u>(71,149.43)</u>	<u>(58,032.21)</u>
<i>Net Income from Waterworks System</i>	P	90,974,940.46	P 80,186,334.59
Rent Income - Meters		865,995.00	782,135.00
Sales Revenue		<u>0.00</u>	<u>237.00</u>
	P	<u>91,840,935.46</u>	<u>P 80,968,469.59</u>
Service Income			
Fines and Penalties	P	6,924,607.82	P 6,518,175.72
Miscellaneous Income		60,183.58	6,419.50
Gains/Loss on Sale of Disposed Assets		<u>-</u>	<u>645,726.40</u>
<i>Total</i>	P	<u>98,825,726.86</u>	<u>P 88,138,791.21</u>
Add: Other Income			
Interest Income	P	<u>257,335.29</u>	<u>P 414,089.43</u>
Gross Income	P	<u>99,083,062.15</u>	<u>P 88,552,880.64</u>
Less: Expenses			
<i>Personal Expenses</i>			
Salaries and Wages - Regular		17,851,807.47	P 16,809,580.73
Salaries and Wages - Casual		739,397.39	1,165,560.25
Personal Economic Relief Allowance		1,877,061.75	1,960,805.76
Representation Allowance		402,000.00	318,000.00
Transportation Allowance		402,000.00	318,000.00
Clothing/Uniform Allowance		390,000.00	410,000.00
Productivity Incentive Allowance		164,000.00	164,000.00



FINANCIALS

Other Bonuses & Allowances	4,536,282.54	3,330,304.81
Honoraria	817,251.16	645,840.00
Longevity Pay	130,000.00	106,300.00
Overtime & Night Pay	921,860.54	796,315.18
Cash Gift	391,500.00	410,000.00
Year-end Bonus	1,617,196.58	1,551,426.00
Life & Retirement Insurance Contributions	2,232,991.80	2,146,627.36
Pag-IBIG Contributions	272,770.76	357,771.24
PhilHEALTH Contributions	215,025.00	203,274.51
ECC Contributions	93,134.15	96,901.22
Terminal Leave Benefits	584,323.53	778,254.43
Provident Fund Benefits	5,355,542.24	5,012,754.75
Other Personnel Benefits	872,622.73	527,082.43
<i>Sub-total Personal Services</i>	<u>P 39,866,767.64</u>	<u>P 37,108,798.67</u>
<i>Maintenance and Other Operating Exp.</i>		
Traveling Expenses	P 220,864.39	P 308,678.79
Training and Scholarship Expenses	786,784.15	618,426.76
Office Supplies Expenses	546,683.73	426,897.63
Accountable Forms Expenses	38,597.37	38,005.32
Drugs and Medicines Expenses	2,436.55	1,141.00
Medical, Dental & Laboratory Expenses	663,318.14	625,564.23
Gasoline, Oil & Lubricants Expenses	1,674,223.82	1,234,328.56
Other Supplies Expenses	29,107.84	58,547.62
Water Expenses	192,961.52	124,886.40
Electricity Expenses	13,274,640.32	14,175,024.23
Postage & Deliveries	258,174.00	179,735.50
Telephone Expenses - Landline	79,679.45	78,060.17
Telephone Expenses - Mobile	166,059.47	171,991.20
Internet Expenses	48,000.00	48,000.00
Cable, Satellite, etc.	5,400.00	5,345.00
Membership, Dues and Contri. to Org.	58,125.80	40,266.45
Advertising Expenses	122,006.40	84,472.80
Printing and Binding Expenses	2,560.00	39,600.00
Representation Expenses	168,809.59	110,181.60
Legal Services	56,000.00	62,000.00
Auditing Services	77,655.99	0.00
Environment/Sanitary Services	168,738.92	128,198.30
Janitorial Services	67,782.00	68,211.00
Security Services	1,152,532.91	1,114,140.15

Other Professional Services	1,525,981.60		651,812.62
Repairs & Maintenance - Office Buildings	85,491.98		86,252.47
Repairs & Maintenance - Other Structures	114,438.66		73,557.62
Repairs & Maintenance - Office Equipment	22,622.00		19,782.00
Repairs & Maintenance- Furniture & Fixtures	13,781.50		4,679.80
Repairs & Maintenance-IT Equipt. & Software	59,660.00		119,220.09
Repairs & Maintenance - Communication Equipt.	25,049.00	#	16,638.00
Repairs & Maintenance - Other Machinery & Equipt.	93,455.00		49,031.00
Repairs & Maintenance - Motor Vehicles	540,087.13		443,092.85
Repairs & Maintenance - Artesian Wells, etc.	4,220,685.89		4,365,536.56
Donations	2,400.00		700.00
Extraordinary Expenses	360,000.00		360,000.00
Miscellaneous Expenses	1,331,799.01		1,242,480.17
Taxes, Duties & Licenses	2,042,125.62		1,911,269.66
Fidelity Bond Premiums	38,857.50		0.00
Insurance Expenses	134,074.08		152,926.39
Bad Debts	9,697.76		0.00
Depreciation - Buildings	582,924.55		413,969.46
Depreciation - Other Structures	1,090,673.05		1,079,531.96
Depreciation - Office Equipt.	216,710.34		196,027.64
Depreciation - Furniture & Fixtures	75,040.20		83,058.68
Depreciation - IT Equipt.	1,050,239.00	#	877,475.09
Depreciation - Communication Equipt.	56,705.69		56,227.30
Depreciation - Other Mach. & Equipt.	336,392.12		233,133.41
Depreciation - Motor Vehicles	447,743.21		516,644.25
Depreciation - Other PPE	0.00		0.00
Depreciation - Artesian Wells, etc.	7,071,056.32		5,979,865.36
Other MOOE	15,400.00		0.00
<i>Sub-total MOOE</i>	<u>P 41,424,233.57</u>		<u>P 38,674,615.09</u>
<i>Financial Expenses</i>			
Interest Expenses	P 2,302,439.14		P 3,220,175.66
Other financial Charges	<u>543,496.40</u>		<u>0.00</u>
<i>Sub-total Financial Expenses</i>	<u>P 2,845,935.54</u>		<u>P 3,220,175.66</u>
Total Expenses	<u>P 84,136,936.75</u>		<u>P 79,003,589.42</u>
NET INCOME (LOSS)	<u>P 14,946,125.40</u>		<u>P 9,549,528.22</u>

(See accompanying Notes to Financial Statements)



FINANCIALS

Republic of the Philippines
DIGOS WATER DISTRICT
Digos City

STATEMENT OF CHANGES IN EQUITY

For the year Ended December 31, 2013

(With Comparative Figures for CY 2012)

	2013	2012
Government Equity, January 1	<u>86,132,421.54</u>	<u>74,874,863.71</u>
Add: Retained Earnings		
Retained Earnings		
Prior Years' Adjustments	1,062.12	1,708,029.61
Net Income (Loss) for the period	<u>14,946,125.40</u>	<u>9,549,528.22</u>
Government Equity, December 31	<u>101,079,609.06</u>	<u>86,132,421.54</u>

Republic of the Philippines
DIGOS WATER DISTRICT
Digos City

CASH FLOW STATEMENT

For the year Ended December 31, 2013
 (With comparative figures for 2012)
 (In Pesos)

	2013	2012
Cash Flows from Operating Activities:		
Cash Inflows:		
Collection of Receivables	96,909,245.84	86,384,032.07
Collection of Income	9,054.50	19,986.11
Receipts of Bidder's Bond	1,062,277.32	1,330,266.28
Refund from Cash Advance	200,079.01	1,539,690.07
Collection's from Customers' Deposits	1,250,191.93	653,380.00
Collection of Other Receivables	864,430.65	1,714,153.64
Interest Income	18,719.01	93,739.84
	100,313,998.26	91,735,248.01
Cash Outflows:		
Payment of Operating Expenses	51,545,669.34	60,160,255.93
Payment of Payables	3,796,707.40	3,969,103.04
Remittance of GSIS/Pagibig/Withholding	13,797,621.27	12,943,914.83
Purchases of Office and Other Supplies	1,653,007.68	1,210,084.56
Payment of Prepaid Expenses	131,441.15	223,792.96
Refund of Guaranty Deposit/Retention Fee	465,477.91	
Refund of Performance, Guaranty & Bidders Bond to Contractors	400,930.00	
	71,790,854.75	78,507,151.32
Total Cash Provided (Used) by Operating Activities	28,523,143.51	13,228,096.69
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds form sale of Disposed Assets	-	645,726.40
Maturing Time Deposit	-	3,571,853.36
	-	4,217,579.76



FINANCIALS

Cash Outflows		
Payment of Liabilities for the Purchase/ Construction of:		
Land	295,500.00	345,000.00
Office Structures	1,031,035.92	2,607,270.15
Office Equipment	206,645.00	200,279.00
Furnitures and Fixtures	65,040.00	5,485.00
Information Technology	1,183,546.00	1,998,403.00
Communication Equipment	77,330.00	124,200.00
Other Machineries and Equipment	1,393,473.00	248,755.00
Motor Vehicles	63,200.00	480,100.00
Artesian Wells, Reservoirs, Pump Station, Etc.	12,600,275.24	6,209,970.55
	16,916,045.16	12,219,462.70
Total Cash Provided (Used) by Investing Activities	(16,916,045.16)	(8,001,882.94)
Cash Flows from Financing Activities		
Cash Inflows:		
Proceeds for borrowings	17,265,804.83	-
	17,265,804.83	-
Cash Outflows:		
Cash Payment on Loan Principal	2,845,905.54	3,681,389.13
Payment of interest on Domestic Loans (LWUA/LBP)	15,069,866.99	3,210,175.96
	17,915,772.53	6,891,565.09
Total Cash Provided (Used) by Financing Activities	(649,967.70)	(6,891,565.09)
Cash Provided by Operating, Investing & Financing Activities	10,957,130.65	(1,665,351.34)
Add: Cash and Cash Equivalents - Beg.	7,542,820.17	9,208,171.51
CASH AND CASH EQUIVALENTS - ENDING	18,499,950.82	7,542,820.17

(See accompanying Notes to Financial Statements)

**DIGOS WATER DISTRICT
ACCOUNTING POLICIES AND EXPLANATORY NOTES**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The District uses the Chart of Accounts prescribed under COA Circular No. 2004-002 dated April 29, 2004 otherwise known as the "New Government Accounting System" (NGAS)-Corporate effective January 01, 2005.

Provision for Uncollectible Accounts

The District followed the practice of charging bad debts to operations using an allowance method of one (1) percent on the outstanding receivable balance of the customers account. One year after the date of disconnection after taking into consideration the series of demand letters sent, still the customer refuses to pay, the District shall offset the Customer's Guarantee Deposit to Account Receivable.

Inventories

Inventories are valued at cost using the moving average method.

Recognition of Income and Expense

The District adopts the accrual basis of accounting in recognition for income and expense.

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by GM Isauros B. Gravador and authorized for issue on January 23, 2014.

RECEIVABLES, Net

This account consists of the following:

	2013	2012
Accounts Receivable		
1-30 days	P 2,713,293	P 2,302,532
31-60 days	1,107,631	1,009,456
61-90 days	304,849	376,092
90 days above	4,945,783	4,570,308
Adjustment	(422)	(206)
	P 9,071,134	P 8,258,182
Accounts Receivable (Others)	138,634	214,524
	P 9,209,768	P 8,472,706
Allowance for Bad Debts	(92,098)	(82,400)
Net	P 9,117,670	P 8,390,306

Accounts Receivables are open receivables arising from services rendered to customers for water sales and other incidental services. The concessionaires are categorized as Residential, Government and Commercial.

Accounts Receivable (Others) are loans to concessionaires for unpaid service fee and materials.

OTHER CURRENT ASSETS

These consist of the following:

	2013	2012
Other Current Assets		
DBP-5000012-01-7	P 2,711,263	P 1,890,105
Treasury Bills-DBP	2,938,025	2,907,206
	P 5,649,288	P 4,797,311
Guaranty Deposit	75,972	75,972
	P 5,725,260	P 4,873,283

Other Current Assets pertain to deposits made by customers normally before the extension of any service connection as security for the payment of subsequent bills.

Guaranty Deposit consists of deposit to Pryce Gas Inc., DASURECO and Digos Avenue Trading.

INVESTMENTS

	2013	2012
This account consists of the following:		
Sinking Fund		
DBP-5000136-01-5	P 3,243,60	P 3,212,616
DBP-5000137-02-5	4,825,025	4,775,034
	P 8,068,634	P 7,987,650

Sinking Fund represents fund for possible equity to LWUA Loan.

PROPERTY, PLANT AND EQUIPMENT, Net

This account consists of the following:

	2013	2012
Land	P 3,135,597	P 2,770,097
Office Buildings	8,633,967	8,657,460
Other Structures	20,948,851	20,976,028
Office Equipment	1,941,593	1,981,879
Furnitures and Fixtures	861,055	893,508
IT Equipment & Software	8,844,102	9,426,654
Communication Equipment	843,045	929,364
Other Machinery & Equipment	4,528,601	3,524,346
Motor Vehicle	6,059,832	6,439,379
Other Transportation Equipment	-	5,400
Other Property, Plant & Equipment	702,633	743,294
Artesian Wells, Reservoirs, PS, etc.	104,903,718	98,304,369
	P 161,402,994	154,651,778
Accumulated Depreciation	(77,281,654)	(73,767,232)
Net	P 84,121,340	80,884,546
Construction in Progress	9,738,590	6,646,966
	P 93,859,930	P 87,531,512

The decrease in the amount of Total Office Building, Other Structures, Office Equipment and Furnitures and Fixtures is due to the recorded Disposed viceable Assets in September per JEV #2013-09-1737.

OTHER ASSETS	2013	2012
These consist of the following:		
Restricted Assets		
DBP 5000013-01-2	P 6,238,845	P 6,173,401
DBP 5000321-01-0	1,427,495	1,412,520
	P 7,666,340	P 7,585,921
Other Assets	61,348	-
	P 7,727,688	P 7,585,921

Restricted Assets represents reserves for LWUA/WD Joint Accounts, Other Debts Service Reserve and Terminal Leave Funds.

Other Assets are unserviceable Property, Plant and Equipment.

PAYABLE ACCOUNTS

These consist of the following:

	2013	2012
Accounts Payable		
30 days	P 9,052,616	P 3,640,954
1 year above	3,488	3,488
	P 9,056,104P	3,644,442
Due to Officers & Employees	115,631	1,650
Loans Payable-Current	2,552,648	-
	P 11,724,383	P 3,646,092

Details of Loans Payable-Current are as follows:

<u>Loans Account</u>	
DBP (Take Out A)	P 1,119,888
DBP (Take Out B)	1,150,757
LWUA LA No. 4-2543	<u>282,003</u>
	P 2,552,648



LONG TERM LIABILITIES

These consist of the following:

		2013		2012
Loans Payable - Domestic	P	31,326,754	P	29,592,136

Details of Loans Payable are as follows:

Loans Account	Paying Period	Interest Rate	Principal	Balance Loan	As of 12/31/13
DBP (Take Out A)	15 years	6.50%	16,798,320		12,598,740
DBP (Take Out B)	11 years	6.00%	12,619,803		10,605,977
DBP (On-Going)	-	-	4,646,000		4,646,000
LA No. 4-2543	10 years	7.50%	4,814,159		3,476,037
			P 38,878,282	P	31,326,754

GOVERNMENT EQUITY

2013

2012

This consists of the following:

Value of PPE	P	183,092	P	183,092
District's Share for the Rural Productivity Support Program Fund		631,125		631,125
International Dev. Agency under World Bank Grant		1,600,053		1,600,053
CDF-Angara Counterpart of City Gov't. of Digos For Rural Development		4,210,875		4,210,875
Donation from Benedictine Priest		50,000		50,000
Value of Turn-over Cost		30,000		30,000
Donation from CDF of Cong. Almendras		11,333		11,333
		640,000		640,000

RETAINED EARNINGS

This consists of the following:

2013

2012

Balance, Beginning	P	78,775,944	P	67,518,386
Prior Period Adjustment		1,062		1,708,030
Adjusted Balance		78,777,006		69,226,416
Add: Net Income		14,946,125		9,549,528
Balance, End	P	93,723,131	P	78,775,944

Appropriation of Net Income for CY 2013 per Board Resolution Nos. 09-02 Series of 2014

Debt Service	P	3,736,531
Operating & Maintenance Expenses		3,736,531
Expansion & Improvements of Physical Facilities		7,473,063

TOTAL	P	14,946,125
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DIGOS WATER DISTRICT

Rizal Avenue, Digos City, PH
Telephone Nos. (+63) (82) 553-2121, 553-2111
Tele fax: (+63) (82) 553-8742; 553-2872
e-mail ad: digoswaterdistrict@yahoo.com.ph

“Service is our Business”

DIGOS WATER DISTRICT



2013
Annual Report
Advancing Towards Growth

ADVANCING TOWARDS GROWTH

DWD ANNUAL REPORT 2013