

# ANNUAL REPORT 2015

## RESILIENCE AMIDST CHANGE



DIGOS WATER DISTRICT  
RIZAL AVENUE, DIGOS CITY



## **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). AWD 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, Ipiit, 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.

## **VISION**

"The leading water district in the innovative delivery of safe and potable water to every firm and household built on sustainable development and excellent workforce."

## **MISSION**

"To efficiently deliver top-quality products and generate superior returns while responsibly meeting its commitments to its partners in the most honorable manner."

## **CORPORATE GOALS**

1. a 10% annual growth rate in revenue;
2. A 15% Return on Equity in 2015, increasing in 1% increments annually to end with 20% ROE by 2020;
3. A 95% overall Customer Satisfaction Rating in annual surveys;
4. A 95% Employee Satisfaction Rating in annual surveys.

## **CORE STRATEGY**

"Instituting quality management systems all throughout the organization."

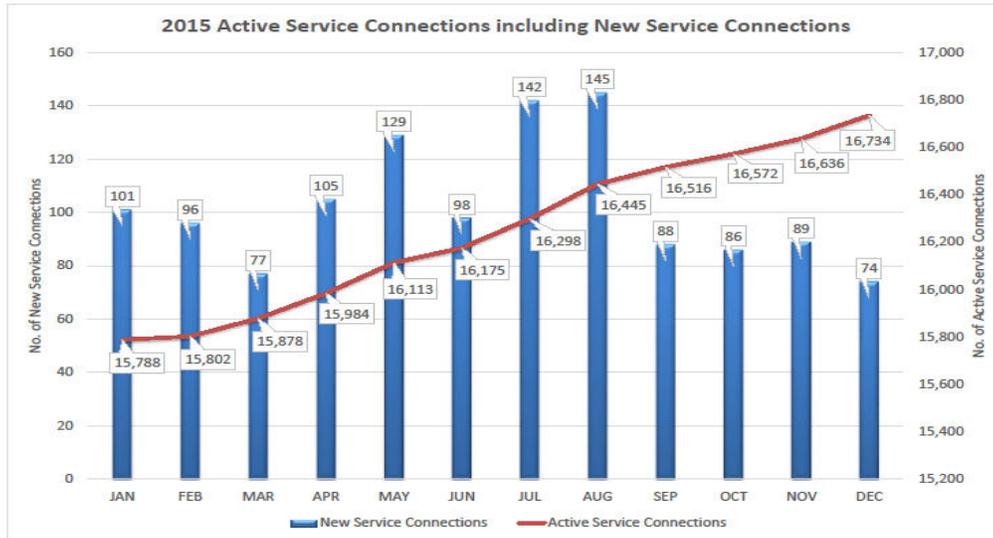
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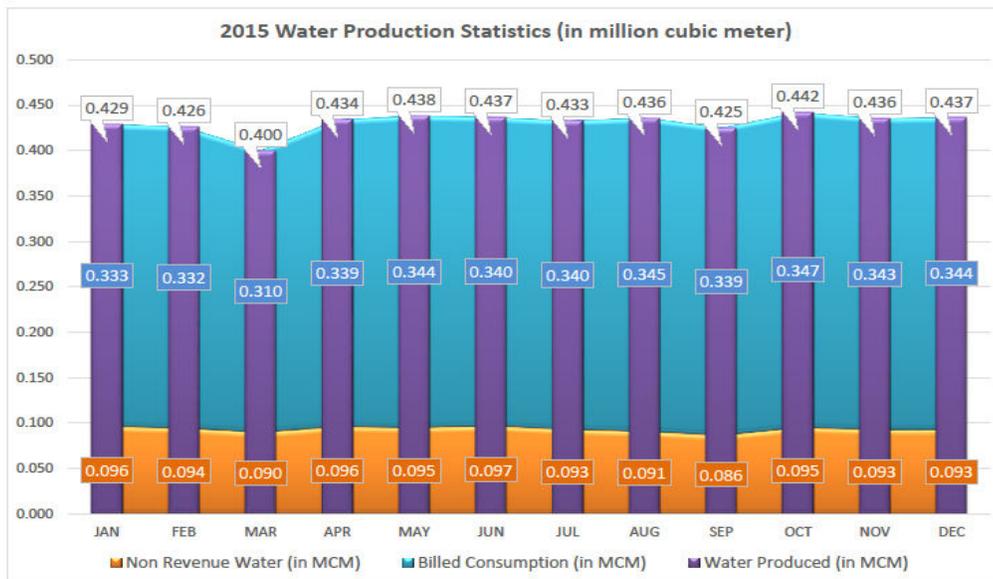
## KEY HIGHLIGHTS

Year	2009	2010	2011	2012	2013	2014	2015
<b>Financial Performance</b>							
Revenue (in million peso)	72.06	79.07	81.41	88.61	99.08	110.09	123.52
Net Income (in million peso)	9.76	8.74	7.20	9.55	14.95	18.90	26.87
Assets (in million peso)	112.06	118.20	124.17	128.44	153.11	186.21	204.12
Liability (in million peso)	51.69	50.26	49.30	42.31	52.03	66.64	57.89
Equity (in million peso)	60.37	67.94	74.87	86.13	101.08	119.57	146.24
<b>Financial Ratio</b>							
Current Ratio	3.49:1	3.18:1	2.42:1	2:62:1	2:49:1	2.77:1	3.27:1
Debt Equity Ratio	0.85: 1	0.73:1	0.66:1	0.49:1	0.51:1	0.56:1	0.4:1
Collection Ratio	91%	90%	90%	90%	90%	93%	93%
Collection Efficiency Ratio	95%	95%	96%	93%	93%	96%	95%
Return on Equity	16%	13%	10%	11%	15%	16%	18%
Revenue Performance	105%	102%	95%	97%	98%	102%	103%
<b>Operating Highlights</b>							
No. of New Service Connections	889	953	1,025	996	950	965	1,021
No. of Active Service Connections	11,875	12,563	13,381	14,227	14,875	15,713	16,734
Non Revenue Water	23.01%	23.31%	22.55%	23.39%	22.68%	22.61%	21.61%
Billed Volume (in MCM)	2.73	2.95	3.03	3.25	3.44	3.68	4.05
Km. of main line in use	210	222	233	233	250	260	283

# The Year at a Glance

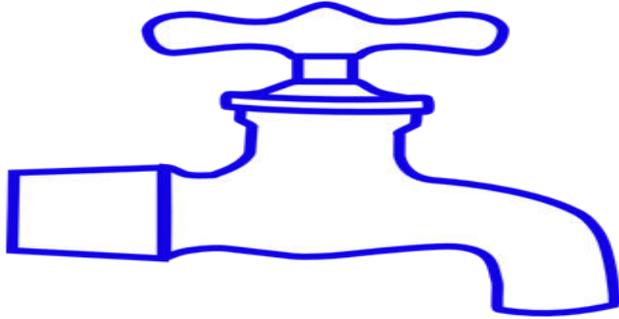


## Active vs. New Service Connections

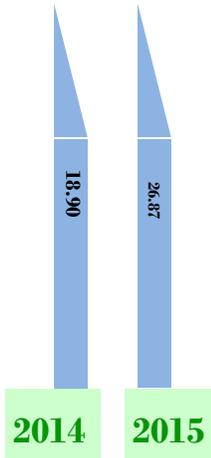


## Water production (2015)

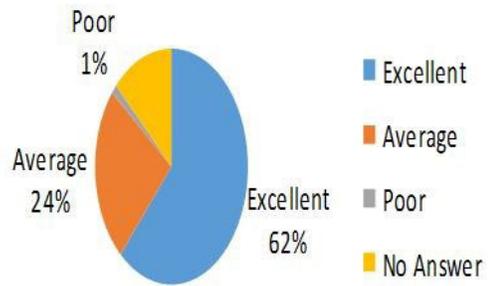
The Year at a Glance



**NET INCOME**  
(in million pesos)

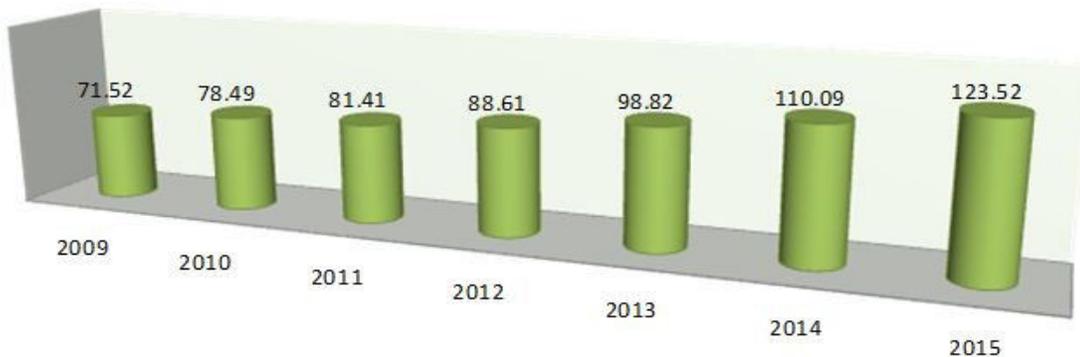


No Answer 13%  
**DWD's overall performance**



**Revenue (in million peso)**

■ Revenue (in million peso)



## Message from the General Manager



**The path towards change is never easy. If it is, then everybody will just embrace it without hesitation. Diffi-**

**cult? Yes it is but DOABLE.**

The path towards change does not happen overnight. In this world where everything happens by just a single click, threading into something uncertain is quite challenging. It takes a brave soul to accept change. Nonetheless, it is just a beginning of a quite intricate journey.

Just like what happened in Digos Water District. When it had become inevitable for us to change directions, we were also confronted of the fear of the unknown, the fear of failure. Then we started sailing towards change. Apparently, it was not a smooth-sailing. Every employee had to face their worst enemies that is, themselves. Every single day, everybody has to combat with the desire to give up when the going gets tough. Each one has to remain in high spirits in the midst of a challenging change stage.

Needless to say, 2015 turned out to be a crucial year for DWD as it began to hurdle with radical change in all phases of its operations. It is the initial roll-out of the approved plans and programs as outlined in DWD vision 2020.

In the initial implementation of the strategic plan, Digos Water District's operational waterworks posted revenue this year of 124 million which is higher by 12% from the past year's revenue of 110 million. Although total expenses for this year of 97 million is higher by 6% from the past year's expenses of 91 million, nevertheless,

in totality, this year's 27 million net income signifies an increase of 42% compared to the same net income of 19 million a year ago.

Further, DWD's ability to meet its financial obligations in terms of liquidity denotes an interest and principal payments on loans has a favorable 5.72:1 debt service coverage ratio.

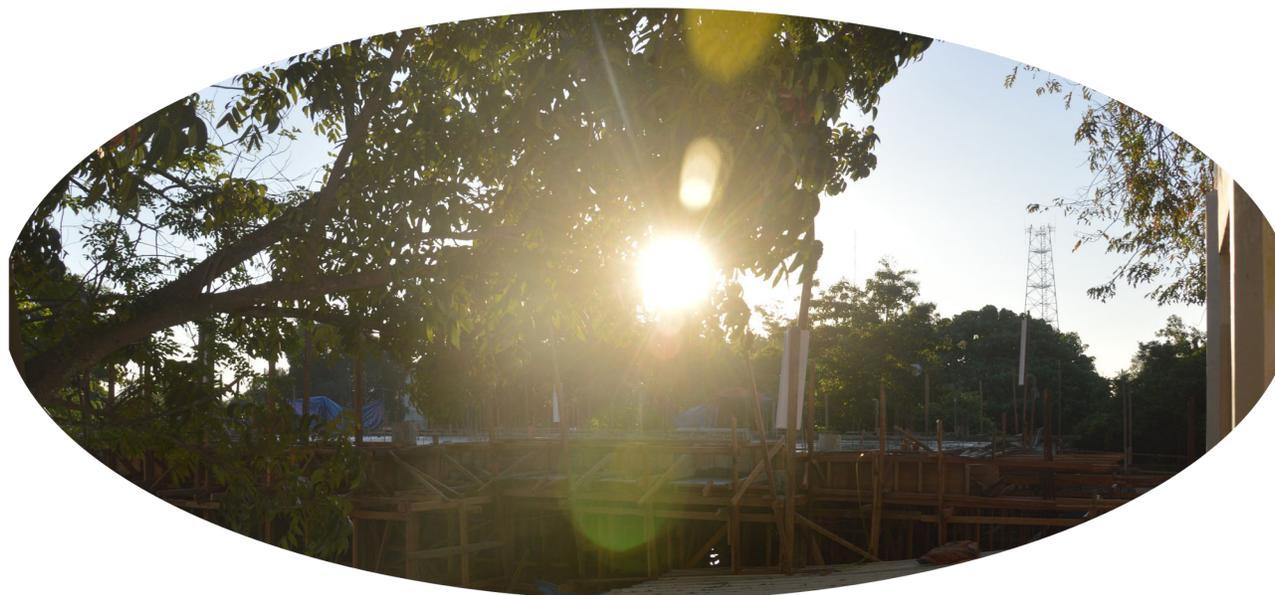
This year's actual revenue of 124 million is higher by 3% compared to budget revenue of 120 million for the same year which is due to the increase in new service connections, average consumption per customer and an escalation of service income from fines and penalties by 17%. The district's expense of 97 million is lower by 5% from the expense of 102 million as budgeted. The substantial decrease of expenses is the result of the appropriate decision making and implementation of management with respect to expenses as well as the adherence to the cost saving measures agreed between management and employees association that were religiously followed by the employees without sacrificing the delivery of quality products and services.

The figures earlier discussed again reveals of the water district's robust financial condition. This is despite the challenges confronting the agency in sailing through new direction. So to speak, we had passed the test of time through your resilience – our resilience amidst change.

He who accepts change is brave. Braver is he who implements change.

**ATTY. ISAUROS B. GRAVADOR**

## OPERATION HIGHLIGHTS



Capital expenditures for the year is relatively higher by 93% compared that of last year. In 2014, DWD spent P24,294,953.70 on capital expenditure projects. This year, CAPEX amounts to P42,523,868.41. This involved expansion of distribution network, construction of major facilities and investment in information technology.

CAPEX ITEM	AMOUNT
Office buildings	14,109,522.41
Other Structures	1,439,301.30
Office equipment	184,425.50
Furniture & Fixture	17,955.00
Communication Equipment	153,175.00
Information Technology	2,163,057.00
Other Machineries & Equipment	4,584,182.00
Motor vehicle	2,722,178.00
Artesian Wells, Reservoir, Pumping Stations, etc.	17,150,072.20
	<b>42,523,868.41</b>

Table 1 Capital expenditures of Digos Water District

### Water Supply and Facilities

The existing operational waterworks facilities serving the franchise area of DWD consists of nine (9) deep well sources and thirteen (13) water tanks. These water sources produce a total of 5,175,110 cubic meters of water.

### Service Expansion and Improvement

Around 1,021 water service connections were added to our distribution network in 2015. This expanded our customer base to around 117,138

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 pipes as of December 31, 2015:

Type of Line	Length in km
Total Pipe Line	283,615
Transmission Line	4,204
Distribution Line	279,411

Table 2. Distribution lines installed in 2015

### 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, 2015, 851 water meters have been replaced. The Meter Management Program was implemented as part of the efforts to reduce non-revenue water (NRW).

### DIGOS WATER DISTRICT PROFILE

Supply Source:	100% Groundwater
Km of pipelines:	283 km
Pumping stations:	9
Water tanks:	13
No. of customers:	16,733
Service coverage:	77% of franchise area
No. of franchise area:	1
Billed volume:	4,056,773 cu.m
Supply volume:	5,175,110 cu.m
Non Revenue Water (NRW) (%)	21.61%
Revenue	P123,557,992.36
Net Income	P28,878,576.49
No. of Employees:	83
SPI (ratio of employee per ASC):	1:202

### 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.

For the calendar year ending December 31, 2015, DWD's customer base totaled 16,734 broken down as follows:

Customer Category	No. of active connections ending December 31, 2014	%
Residential	15,296	91.41%
Government	188	1.12%
Commercial	1,250	7.47%
<b>TOTAL</b>	<b>16,734</b>	<b>100.00%</b>

Table 3. Customer base per segment in 2015

In the initial roll out of the strategic plan, the water district had come up with a tool that will measure the customers' satisfaction. Survey indicates an 89% customer satisfaction for 2015.

Digos Water District provides potable water to its franchise area. We value customer feedbacks for the betterment of DWD services.

Table 3 summarizes the billed volume of water in 2015 per market segment viz: residential. Government and commercial.

Customer Category	Billed Accounts	%	Billed Volume	Average Consumption per account
Residential	15,132	91.39%	3,453,932m <sup>3</sup>	19 m <sup>3</sup>
Government	188	1.14%	223,372m <sup>3</sup>	99 m <sup>3</sup>
Commercial	1,237	7.47%	379,469m <sup>3</sup>	26 m <sup>3</sup>
<b>TOTAL</b>	<b>16,557</b>	<b>100.00%</b>	<b>4,056,773m<sup>3</sup></b>	<b>20 m<sup>3</sup></b>

Table 4. Billed volume of the different market segment in 2015.

Note: Biling period for year 2015 started on December 2015 biling and closed on November 2015 billing due o the biling schedule observed by water district.

## Complaints Monitoring and Resolution

Service is our business. Hence, the voice of our concessionaires matter. The office maintains a telephone line intended to cater concessionaires' queries and complaints. This line is available for service 24/7.

For walk-in queries and complaints, we have Customer Service Assistants whose posts are strategically located near the front door. To accommodate the working class type of concessionaires, we had implemented a "No Noon Break" Policy since 2010 for front liners.

To beef up our communication strategies and ensure timely dissemination of information to customers, we make use of mass media and online platforms such as facebook. DWD's facebook page (<https://www.facebook.com/digos.water>) was launched in 2015.

During the year, we were able to attend to a total of 45,595 complaints/inquiries and 15,958 requests all acted upon.

## Dripping Blowout Program

The management devised a program aimed at recognizing the efforts of customers in prompt payments of water service. The program commenced last August 2015 wherein a concessionaire who paid in full is given a raffle coupon for a chance to win big prizes. The raffle draw was conducted last December 28, 2015 within the office premises. Prizes consisted of appliances and plastic wares.

## Customer Care Program

To maintain good relations to our valued clients, the Customer Services Division initiated the Customer Care Program which entails sending "Thank You Letter" for new customers. In this manner, the customers will be given an overview on what to expect from DWD. The Program also includes an orientation on DWD's basic policies every Monday and Wednesday from 1pm to 3pm.



## Customer Management Program

It is also essential to know who the water district's customers are. This will help in making important decisions concerning market expansion. For a start, a survey was conducted determine the demographics of the water districts customers. Through the survey, the water district is apprised of the percentage who can still be a potential market, and all other information necessary for the matter.

## Ensuring Water Quality

We are committed to deliver safe and potable drinking water to our concessionaires. 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).

In the year 2015, the district conducted 204 microbiological analyses and 8 samples with 13 parameters including benzene and 8 samples for pesticides/fertilizer residue analysis for physical and chemical analyses which yielded satisfactory results.

## 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



### 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.

Position	Board Member	Gender	Sector Represented
Chairman	<b>Atty. Ollita P. Atillo – Anyog</b>	F	Professional
Vice Chairman	<b>Engr. Emilio D. Almazan</b>	M	Civic
Secretary	<b>Dir. Esther S. Molina</b>	F	Women
Member	<b>Dir. Arturo S. Ang</b>	M	Business
Member	<b>Dir. Lilia G. Mina</b>	F	Education

### 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.

### Meetings

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

Board Member	Number of Meetings	Meetings Attended	Percentage (%)
<b>Atty. Ollita P. Atillo – Anyog</b>	24	24	100%
<b>Engr. Emilio D. Almazan</b>	24	24	100%
<b>Dir. Esther S. Molina</b>	24	23	96%
<b>Dir. Arturo S. Ang</b>	24	23	96%
<b>Dir. Lilia G. Mina</b>	24	23	96%

## 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.

## Management

Name	Position
Atty. Isauros B. Gravador	General Manager
Ms. Amelia U. Velarde	Manager, Administrative Division
Ms. Maryluth D. Martel	Manager, Customer Accounts Division
Ms. Mercedes C. Relatado	Manager, Customer Services 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 officially adopted a new set of vision, mission, goal and strategy in 2014 to support the shift in corporate direction from capital expenditures to capitalizing on our investments— one that addresses the needs of our stakeholders whether in the form of technical consulting services, operations expertise or strategic partnerships.

By virtue of Board Resolution No. 04-20 s. 2014, the Digos Water District adopted the following vision-mission statements:

### VISION

The leading water district in the innovative delivery of safe and potable water to every firm and household built on sustainable development and excellent workplace.

### MISSION

To efficiently deliver top quality products and generate superior returns while responsibly meeting its commitments to its partners in the most honorable manner.

To guide the Water District in the next five years, the following goals were set:

1. A 10% annual growth rate in revenue;
2. A 15% Return on Equity in 2015, increasing in 1% increments annually to end with 20% ROE by 2020;
3. A 95% Overall Customer Satisfaction Rating in annual surveys;
4. A 95% Employee Satisfaction Rating in annual surveys.

## 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, and was renewed in December 2014. 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.



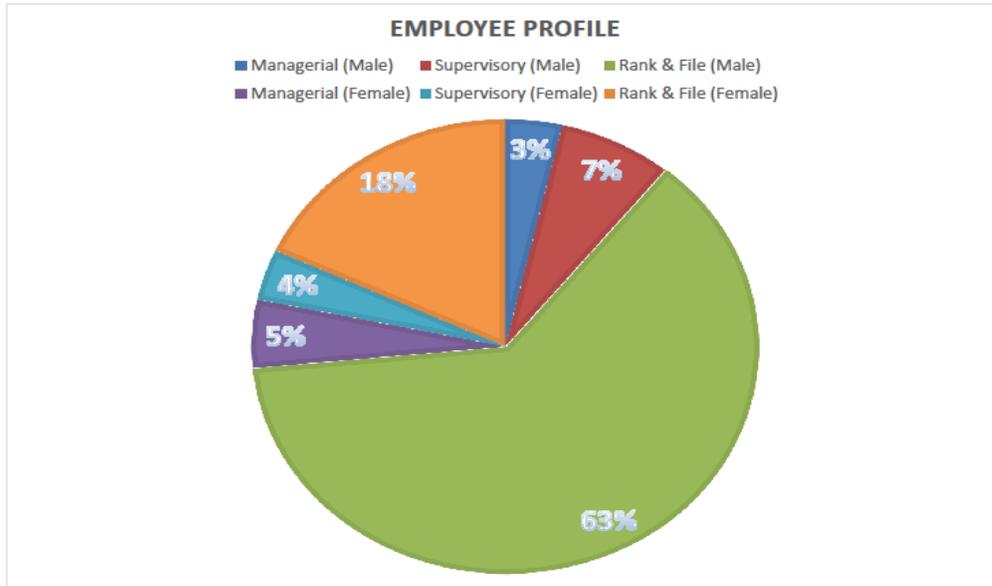
## Employee Engagement and Development

DWD encourages its employees towards consistent growth and development for the agency, staff and stakeholders. Employee development programs are carried annually within the company to benefit trainings with different training centres and are aligned with efficiency targets, health and safety, improvement of working conditions or leadership development. Provision of incentives through a reward system to individuals or groups based on their performance is part of employee development as well.

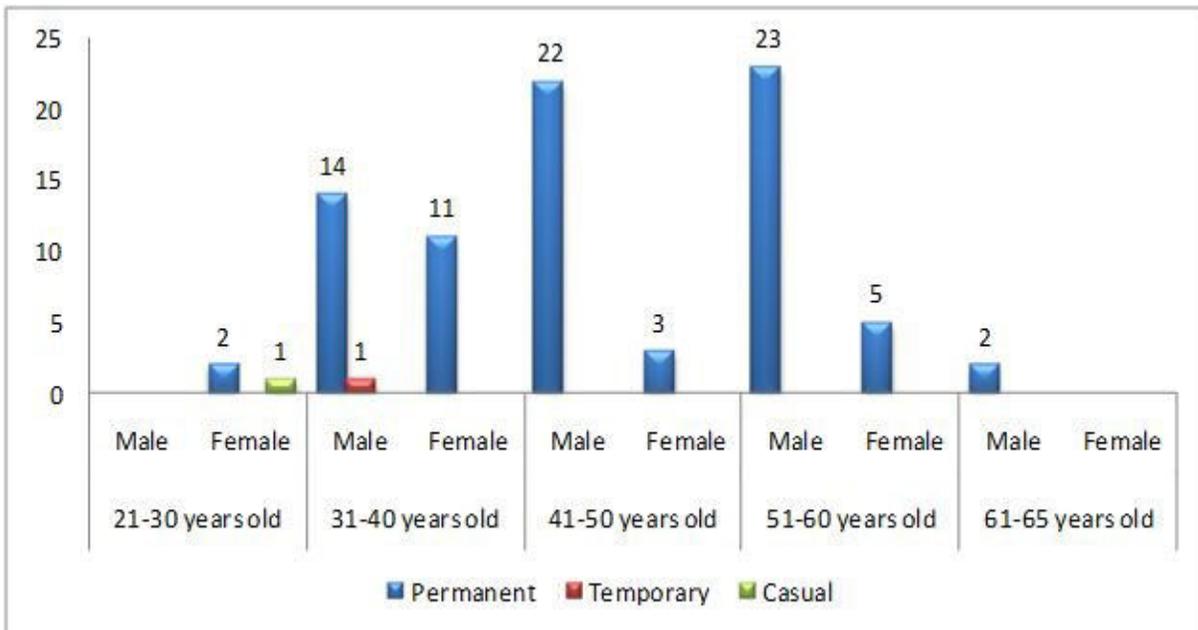
The table shows the different training categories undergone by DWD employees to foster their growth on various aspects required by the nature of their work.

TRAINING CATEGORY	TRAINING HOURS
Professional development	56
Management leadership	232
Technical	1,888
Number of employees	85
Average training hours	52
No. of employees who attended seminars	42
Percentage of EE who attended seminars	49%

## GRAPHS



### Employees According to Gender



### Employees According to Age Bracket

## 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 initiated the tree growing activity on March 31, 2015 to participate in the World Water Day celebration every 15th day of March. One hundred people participated the event which took place at Bacoco Springs, Kapatagan, Digos City.

## Earth Day

Together with the students of Cor Jesu College, their teachers and some staff of Br. Polycarp Foundation, Inc., DWD initiated the Earth Day 2015. Digos WD conducted another tree growing and follow up activity in Bacoco Springs on April 22.

Meanwhile, Watershed Forum was also slated on Earth Month, April 17 at Eco-Living and Learning Center, Brgy. Dulangan, Digos City, where it was participated by different sectors including representatives from barangay local government units where the district have projects and partner people's organization including student volunteers.

## 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.

## Water, Sanitation and Health (WaSH) Program

DWD integrates its Corporate Social Responsibility (CSR) Programs to Gender and Development (GAD) Plan to promote a more gender responsive CSR activities.

In response to the needs of the pupils and their families of Arcaflor Maniapao Elementary School (AMES), DWD launched Water, Sanitation and Health (WSH) programs on July 2015. DWD and its volunteers will be sharing to the school the importance of water, sanitation and health in a lecture series. At least 27 children are identified as either wasted or severely wasted in terms of their body mass index. Hygiene packs were given to promote basic personal hygiene among the children, with the required monitoring from their respective mothers. In the long run, more children in the different partner schools in Digos City will also benefit from this program as DWD will distribute these hygiene packs.



# FINANCIALS

For the year 2015, the Digos Water District posted a revenue of Php 124 million revenue which is 12% higher compared to the Php 110 million revenue in 2014. Though expenses increased by 6% due to improvements of programs and services, the district maintained its steadfast financial standing with a 42% higher net income of 27 million. The district remains conservative on debt management with only 28% of assets being financed by loan and the rest with equity.

With a current ratio of 3.27:1, the district can meet its immediate financial obligations. The amount of cash flow available to meet annual interest and principal payments on loans has a favorable 5.72:1 debt service coverage ratio.

In general, Digos Water District is operating profitably and maintains a good financial condition and performance, revealing its capability to recover the cost provided to the system operations.

*Republic of the Philippines*  
**DIGOS WATER DISTRICT**  
*Digos City*

**Detailed Balance Sheet**  
 As of December 31, 2015  
 (With Comparative Figures for CY 2014)

	<b>Notes</b>		<b>2015</b>		<b>2014</b>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash - Collecting Officer	<b>5</b>	P	443,356.06	P	432,922.87
Petty Cash Fund	<b>5</b>		6,000.00		6,000.00
Cash in Bank - Local Currency, Current Account	<b>5</b>		35,028,847.81		33,886,486.83
Cash in Bank - Local Currency, Savings Account			-		0.00
<i>Sub-total - Cash &amp; Cash Equivalents</i>		<b>P</b>	35,478,203.87	<b>P</b>	34,325,409.70

Accounts Receivable	P	3,308,118.70	P	3,782,596.59
Less: Allowance for Bad Debts		<u>(92,097.68)</u>		<u>(92,097.68)</u>
<i>Accounts Receivables- Net</i>	<b>6</b>	P 3,216,021.02	P	3,690,498.91
Payroll Fund		-		-
Advances to Officers and Employees		-		-
Loans Receivable		<u>-</u>		<u>-</u>
<i>Sub-total - Receivables</i>		P 3,216,021.02	P	3,690,498.91
Office Supplies Inventory	P	158,176.93	P	178,283.15
Accountable Forms Inventory		127,657.52		106,023.24
Medical, Dental & Laboratory Supplies Inventory		-		317,625.00
Gasoline, Oil & Lubricants		85,461.03		5,077.98
Other Supplies Inventory		137,139.05		81,305.05
Spare Parts Inventory		172,910.35		196,027.81
Construction Materials Inventory		<u>7,391,465.39</u>		<u>7,816,230.90</u>
<i>Sub-total - Inventories</i>	<b>7</b>	P 8,072,810.27	P	8,700,573.13
Prepaid Insurance		139,228.73		107,100.69
Guaranty Deposits		217,422.90		145,394.68
Other Current Assets		<u>9,497,910.81</u>		<u>7,628,162.07</u>
<i>Total Current Assets</i>		P 56,621,597.60	P	54,597,139.18
 <b>Non-Current Assets</b>				
Investments	<b>8</b>	P 8,189,982.36	P	8,126,074.55
Property, Plant & Equipment				
Land	P	<u>3,135,597.16</u>	P	<u>3,135,597.16</u>
Buildings	P	8,601,063.79	P	8,633,966.35
Less: Accumulated Depreciation		<u>(3,261,217.78)</u>		<u>(2,715,165.27)</u>
<i>Buildings - Net</i>	P	<u>5,339,846.01</u>	P	<u>5,918,801.08</u>
Other Structures	P	23,317,901.99	P	24,049,785.54
Less: Accumulated Depreciation		<u>(13,392,161.51)</u>		<u>(14,426,270.07)</u>
<i>Other Structures - Net</i>	P	<u>9,925,740.48</u>	P	<u>9,623,515.47</u>
Office Equipment	P	1,951,779.50	P	2,198,311.00
Less: Accumulated Depreciation		<u>(1,437,364.15)</u>		<u>(1,616,765.69)</u>
<i>Office Equipment - Net</i>	P	<u>514,415.35</u>	P	<u>581,545.31</u>
Furniture & Fixtures	P	918,872.51	P	968,895.27
Less: Accumulated Depreciation		<u>(751,729.01)</u>		<u>(735,023.29)</u>
<i>Furniture &amp; Fixtures - Net</i>	P	<u>167,143.50</u>	P	<u>233,871.98</u>
IT Equipment & Software	P	11,425,701.00	P	11,102,378.00
Less: Accumulated Depreciation		<u>(6,738,113.31)</u>		<u>(6,698,009.73)</u>
<i>IT Equipment &amp; Software - Net</i>	P	<u>4,687,587.69</u>	P	<u>4,404,368.27</u>

Communication Equipment		P	793,698.43	P	843,044.43
Less: Accumulated Depreciation			<u>(599,187.84)</u>		<u>(727,426.73)</u>
<i>Communication Equipment - Net</i>		P	<u>194,510.59</u>	P	<u>115,617.70</u>
Other Machinery & Equipment		P	10,676,968.88	P	7,231,761.43
Less: Accumulated Depreciation			<u>(3,603,945.63)</u>		<u>(2,381,288.61)</u>
<i>Other Machinery &amp; Equipment - Net</i>		P	<u>7,073,023.25</u>	P	<u>4,850,472.82</u>
Motor Vehicle		P	10,251,892.69	P	8,078,452.29
Less: Accumulated Depreciation			<u>(5,194,032.85)</u>		<u>(4,961,910.68)</u>
<i>Motor Vehicle - Net</i>		P	<u>5,057,859.84</u>	P	<u>3,116,541.61</u>
Other Transportation Equipment			-		-
Less: Accumulated Depreciation			-		-
<i>Other Transportation Equipment-Net</i>			-		-
Other Property, Plant & Equipment	9	P	149,800,639.00	P	702,633.11
Less: Accumulated Depreciation			<u>(64,690,665.06)</u>		<u>(702,621.11)</u>
<i>Other Property, Plant &amp; Equipment - Net</i>		P	<u>85,109,973.94</u>		<u>12.00</u>
Artesian Wells, Reservoirs, Pumping Stations & Conduits	9	P	0.00		120,477,391.36
Less: Accumulated Depreciation			<u>0.00</u>		<u>(55,042,640.60)</u>
Artesian Wells, Reservoirs, Pumping Stations & Conduits - Net		P	<u>-</u>		<u>65,434,750.76</u>
Construction in Progress		P	6,470,035.66	P	15,117,863.21
<i>Total Property, Plant &amp; Equipment</i>	9	P	<u>127,675,733.47</u>	P	<u>112,532,957.37</u>
Other Assets					
Accounts Receivable (Delinquent)		P	4,977,141.00	P	4,609,238.57
Restricted Assets			6,333,841.40		6,282,133.86
Other Assets			<u>325,717.91</u>		<u>61,347.77</u>
<i>Sub-total Other Assets</i>	10	P	<u>11,636,700.31</u>	P	<u>10,952,720.20</u>
<i>Total Non-Current Assets</i>		P	<u>147,502,416.14</u>	P	<u>131,611,752.12</u>
Total Assets		P	<u>204,124,013.74</u>	P	<u>186,208,891.30</u>

**LIABILITIES AND EQUITY*****Current Liabilities***

Accounts Payable	11	P	4,112,104.08	P	9,111,810.23
Due to Officers and Employees			129,600.68		183,394.87
Due to BIR	12		752,466.64		1,084,817.94
Due to GSIS	13		567,972.22		569,710.08
Due to Pag-IBIG	14		69,402.61		64,117.78
Due to PhilHEALTH	15		38,450.00		41,000.00
Guaranty Deposits Payable	16		8,273,243.08		6,903,163.12
Bidders Bond Payable	16		2,375,863.04		2,234,195.25
Other Payables	16		115,413.09		67,502.43
Loans Payable - Current	17		4,938,588.24		4,265,759.64
			<u>P 21,373,103.68</u>		<u>P 24,525,471.34</u>

***Non-Current Liabilities***

Loans Payable		P	36,526,035.82	P	42,113,864.66
Other Deferred Credits			-		-
Total Liabilities		P	<u>57,899,139.50</u>	P	<u>66,639,336.00</u>
Equity			146,224,874.24		119,569,555.30
			-		-
Total Liabilities and Equity			<u>204,124,013.74</u>		<u>186,208,891.30</u>

(See accompanying Notes to Financial Statements)

Republic of the Philippines

**DIGOS WATER DISTRICT**

*Digos City*

**Detailed Statement of Income and Expenses**

For the Quarter Ended December 31, 2015

*(With Comparative Figures for 2014)*

	Notes	2015		2014
<b>Gross Income</b>				
Business Income				
Income from Waterworks System	P	114,157,537.85	P	101,831,441.04
Less: Discount on Senior Citizen		<u>(96,505.74)</u>		<u>(90,804.92)</u>
<i>Net Income from Waterworks System</i>	P	114,061,032.11	# P	101,740,636.12
Rent Income - Meters		965,840.00		911,620.00
Sales Revenue		808.35		<u>-</u>
	P	<u>115,027,680.46</u>	P	<u>102,652,256.12</u>
Service Income				
Fines and Penalties	P	8,500,669.75	P	7,247,147.59
Miscellaneous Income		4,642.15		14,464.53
Gain/Loss on Sale of Disposed Assets		<u>25,000.00</u>		<u>-</u>
<i>Total</i>	P	<u>123,557,992.36</u>	P	<u>109,913,868.24</u>
Add: Other Income				
Interest Income	P	<u>234,770.00</u>	P	<u>177,194.53</u>
Gross Income	<b>18</b>	<u>P 123,792,762.36</u>	P	<u>110,091,062.77</u>

**Less: Expenses***Personal Expenses*

Salaries and Wages - Regular	20,271,202.55	P	19,321,332.04
Salaries and Wages - Casual	147,417.32		335,147.89
Personal Economic Relief Allowance	2,026,454.55		1,880,103.24
Representation Allowance	462,000.00		432,000.00
Transportation Allowance	462,000.00		432,000.00
Clothing/Uniform Allowance	425,000.00		389,400.00
Productivity Incentive Allowance	154,000.00		156,000.00
Other Bonuses & Allowances	4,397,610.00		3,097,584.41
Collective Negotiation Agreement	1,950,000.00		1,975,000.00
Honoraria	-		591,840.00
Longevity Pay	210,000.00		30,000.00
Overtime & Night Pay	1,537,951.11		1,517,662.58
Cash Gift	423,250.00		389,000.00
Year-end Bonus	1,707,207.15		1,646,633.51
Life & Retirement Insurance Contributions	2,450,237.89		2,360,701.80
Pag-IBIG Contributions	101,322.73		94,005.16
PhilHEALTH Contributions	234,425.00		225,843.71
ECC Contributions	100,100.00		93,774.17
Terminal Leave Benefits	124,354.92		-
Provident Fund Benefits	6,079,022.29		5,796,399.61
Other Personnel Benefits	1,772,291.94		1,898,634.03
<i>Sub-total Personal Services</i>	<b>19</b>	P	<u>42,663,062.15</u>
			<u>45,035,847.45</u>

*Maintenance and Other Operating Exp.*

Traveling Expenses and Per diem	<b>20</b>	P	1,647,432.03	P	324,790.04
Training and Scholarship Expenses			648,400.00		1,066,985.80
Office Supplies Expenses			648,511.83		683,970.87
Accountable Forms Expenses			84,102.62		98,934.83
Drugs and Medicines Expenses			5,606.90		2,997.25
Medical, Dental & Laboratory Expenses			903,065.00		734,618.60
Gasoline, Oil & Lubricants Expenses			1,282,476.95		1,486,847.43
Other Supplies Expenses			21,299.80		14,475.40
Water Expenses			202,889.33		201,133.71
Electricity Expenses			14,102,873.15		14,987,822.00
Postage & Deliveries			302,109.60		304,459.00
Telephone Expenses - Landline			80,139.61		77,529.59
Telephone Expenses - Mobile			172,293.55		170,855.25
Internet Expenses			48,805.00		48,000.00
Cable, Satellite, etc.			5,400.00		5,400.00
Membership, Dues and Contr. to Org.			91,309.00		69,244.45
Advertising Expenses			786,037.60		480,347.80
Printing and Binding Expenses			6,410.00		59,122.50
Representation Expenses			229,849.00		199,289.05
Subscription Expense			7,350.00		6,445.00
Legal Services			63,000.00		61,000.00
Auditing Services			232,833.94		-
Environment/Sanitary Services			527,680.56		316,768.34
General Services	<b>20</b>		2,211,413.77		
Janitorial Services			-		-
Security Services			1,192,125.80		1,202,732.06
Other Professional Services	<b>20</b>		399,022.40		1,797,636.69

Repairs & Maintenance - Office Buildings		73,793.45		114,975.51
Repairs & Maintenance - Other Structures		90,297.36		59,169.27
Repairs & Maintenance - Office Equipment		28,696.54		26,191.50
Repairs & Maintenance- Furniture & Fixtures		11,971.00		4,910.00
Repairs & Maintenance-IT Equipt. & Software		60,841.00		63,835.50
Repairs & Maintenance - Communication Equipt.		998.00 #		2,008.00
Repairs & Maintenance - Other Machinery & Equipt.		102,507.50		39,232.41
Repairs & Maintenance - Motor Vehicles		517,130.88		659,801.23
Repairs & Maintenance - Artesian Wells, etc.		3,501,512.65		4,808,418.94
Donations		1,600.00		2,000.00
Extraordinary Expenses		149,524.52		360,000.00
Miscellaneous Expenses		1,017,858.76		779,773.89
Taxes, Duties & Licenses		2,527,607.16		2,231,011.90
Fidelity Bond Premiums		66,082.52		76,236.59
Insurance Expenses		124,704.30		90,005.03
Bad Debts		-		-
Depreciation - Buildings		627,303.31		580,928.44
Depreciation - Other Structures		1,258,885.94		1,125,877.03
Depreciation - Office Equipt.		178,590.04		215,974.03
Depreciation - Furniture & Fixtures		83,734.25		82,055.57
Depreciation - IT Equipt.		1,269,971.83 #		1,234,565.29
Depreciation - Communication Equipt.		72,608.24		37,267.00
Depreciation - Other Mach. & Equipt.		990,090.32		637,658.57
Depreciation - Motor Vehicles		674,455.02		434,956.17
Depreciation - Other PPE		9,570,569.28		-
Depreciation - Artesian Wells, etc.		-		8,376,185.82
Other MOOE		999.00		-
<i>Sub-total MOOE</i>	<b>20</b>	<u>P 48,904,770.31</u>	P	<u>46,444,443.35</u>
<i>Financial Expenses</i>				
Interest Expenses		P 2,873,568.11	P	2,088,140.41
Other financial Charges		<u>100,000.00</u>		-
<i>Sub-total Financial Expenses</i>	<b>21</b>	<u>P 2,973,568.11</u>	P	<u>2,088,140.41</u>
<b>Total Expenses</b>		<u><b>P 96,914,185.87</b></u>	<b>P</b>	<u><b>91,195,645.91</b></u>
<b>NET INCOME (LOSS)</b>		<u><b>P 26,878,576.49</b></u>	<b>P</b>	<u><b>18,895,416.86</b></u>

(See accompanying Notes to Financial Statements)

*Republic of the Philippines*  
**DIGOS WATER DISTRICT**  
*Digos City*

**STATEMENT OF CHANGES IN EQUITY**

For the year Ended December 31, 2015

*(With Comparative Figures for CY 2014)*

	2015	2014
Government Equity, January 1	<u>119,569,555.30</u>	<u>101,079,609.06</u>
Add: Retained Earnings		
Retained Earnings		
Prior Years' Adjustments	(223,257.55)	(405,470.62)
Net Income (Loss) for the period	<u>26,878,576.49</u>	<u>18,895,416.86</u>
Government Equity, December 31	<u>146,224,874.24</u>	<u>119,569,555.30</u>

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*Republic of the Philippines*

**DIGOS WATER DISTRICT**

*Digos City*

**CASH FLOW STATEMENT**

For the Month Ended December 31, 2015

(With comparative figures for 2014)

*(In Pesos)*

	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities:</b>		
<b>Cash Inflows:</b>		
Collection of Receivables	122,495,134.86	109,671,343.76
Collection of Income	14,308.25	14,452.54
Receipts of Bidder's Bond	367,981.76	984,792.70
Refund from Cash Advance	262,363.39	161,620.23
Collection's from Customers' Deposits	1,648,814.31	1,334,396.20
Collection of Other Receivables	722,268.19	779,025.24
Interest Income	29,431.91	36,234.24
	<u><b>125,540,302.67</b></u>	<u><b>112,981,864.91</b></u>
<b>Cash Outflows:</b>		
Payment of Operating Expenses	62,261,371.25	57,246,991.63
Payment of Payables	9,107,103.54	8,902,819.00
Remittance of GSIS/Pagibig/ Withholding	16,006,881.56	15,688,770.02
Purchases of Office and Other Supplies	1,300,993.46	1,280,514.08
Payment of Prepaid Expenses	221,402.02	154,439.11
	<u><b>88,897,751.83</b></u>	<u><b>83,273,533.84</b></u>
<b>Total Cash Provided (Used) by Operating Activities</b>	<u><b>36,642,550.84</b></u>	<u><b>29,708,331.07</b></u>

**Cash Flows from Investing Activities****Cash Inflows**

Proceeds from sale of Disposed Assets	25,000.00	-
Maturing Time Deposit	-	-
	<b>25,000.00</b>	-

**Cash Outflows**

Payment of Liabilities for the Purchase/ Construction of:		
Land	-	-
Office Buildings	9,258,130.83	49,500.00
Other Structures	1,201,547.34	854,739.00
Office Equipment	162,885.50	256,718.00
Furnitures and Fixtures	17,955.00	98,090.00
Information Technology	1,498,722.00	2,552,914.00
Communication Equipment	153,175.00	-
Other Machineries and Equipment	2,381,430.00	2,675,060.00
Motor Vehicles	2,722,178.00	2,018,620.00
Artesian Wells, Reservoirs, Pump Station, Etc.	10,330,164.65	15,789,312.70
	<b>27,726,188.32</b>	<b>24,294,953.70</b>

**Total Cash Provided (Used) by Investing Activities****(27,701,188.32)****(24,294,953.70)****Cash Flows from Financing Activities****Cash Inflows:**

Proceeds for borrowings	-	15,354,000.00
	-	<b>15,354,000.00</b>

**Cash Outflows:**

Cash Payment on Loan Principal	4,915,000.24	2,853,778.06
Payment of interest on Domestic Loans (LWUA/LBP)	2,873,568.11	2,088,140.43

	<u>7,788,568.35</u>	<u>4,941,918.49</u>
Total Cash Provided (Used) by Financing Activities	<u>(7,788,568.35)</u>	<u>10,412,081.51</u>
Cash Provided by Operating, Investing & Financing Activities	1,152,794.17	15,825,458.88
Add: Cash and Cash Equivalents - Beg.	<u>34,325,409.70</u>	<u>18,499,950.82</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>35,478,203.87</u>	<u>34,325,409.70</u>

*(See accompanying Notes to Financial Statements)*

*Republic of the Philippines***DIGOS WATER DISTRICT****NOTES TO FINANCIAL STATEMENTS****December 31, 2015****I. GENERAL****Note 1    *General Profile of the Agency***

Digos Water District is a government owned and controlled corporation which owns a water system serving Digos City created under PD 198 for the purpose of: (a) acquiring, installing, maintaining and operating water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the franchise area; (b) providing, maintaining and operating wastewater collection, treatment and disposal facilities, and 1 (c) conducting such other functions and operations incidental to water resource development, utilization and disposal within Digos City, as are necessary or incidental to said purpose (Sec. 5, Chapter II, PD 198 as amended).

The DWD was classified by LWUA as Category B effective March, 2012 and was given three (3) years to comply with the re-categorization. Thus, its organizational structure migrated to LWUA-MacRo Category B structure.

The policy-making body of the water district is the Board of Directors, composed of five members. Atty. Ollita P. Atillo-Anyog - Chairman, Engr. Emilio D. Almazan - Vice Chairman, Mrs. Esther S. Molina - Secretary, Mrs. Lilia G. Mina- Member and Mr. Arturo S. Ang - Member. Section 8 of the PD 198, as amended, provides that the LWUA may appoint any of its personnel to sit in the Board as its sixth member, with all the rights and privileges appertaining to a regular member of the board, when such water utility avails of financial assistance from the LWUA and until the indebtedness is fully paid.

The operation of a water district is headed by a General Manager, Atty. Isauros B. Gravador, appointed by the Civil Service Commission. The General Manager, subject to the approval of the Board, has full supervision and control over the maintenance, operation and construction of water supply and wastewater disposal and administrative facilities of the district with full power and authority to exercise management prerogatives.

**Note 2    *Basis of Financial Statement Presentation***

In line with the commitment of the Commission on Audit to adhere to International Financial Reporting Standards, water districts, like other GOCCs, are encouraged to adopt the Philippine Financial Reporting Standards (PFRS). Corollary thereto, it observes the reportorial requirements of regulatory agencies such as the Commercial Practices Systems (CPS), an accounting system prescribed by the LWUA. With the implementation of the New Government Accounting System (NGAS) under COA Circular No. 2004-002,

dated April 29, 2004, water districts are required to convert their accounts to NGAS. Subsequently, LWUA issued Memorandum Circular No. 003-08, dated June 16, 2008, prescribing the use of the CPS-NGAS Modified Chart of Accounts for use of water districts to facilitate the implementation of a unified accounting system that conforms to both NGAS and LWUA's regulatory and reportorial requirements. Understandably both CPS and NGAS, as their names connote, are accounting systems needing the further guidance of standards prescribed under the PFRS.

**Note 3 Significant Accounting Judgments and Estimates**

The preparation of the financial statements in accordance with the PFRS and the generally accepted accounting principles (GAAP) require the use of certain critical accounting estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in applying the water districts' accounting policies. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

**Note 4 Basis of Recording**

The District adopts the accrual method of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except transactions where accrual basis is impractical or when law requires other methods.

The District adopts the COA Chart of Accounts as provided in COA Circular No. 2004-002 dated April 29, 2004 and the Philippine Peso as its monetary denomination used to facilitate proper recording and reporting of the transactions.

**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.

**Cash and Cash Equivalents**

"Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less from dates of purchase."

Petty Cash Fund shall be maintained under the imprest system. The fund shall be sufficient for the non-recurring, emergency and petty expenses.

Restricted Funds include cash deposits earmarked for a specific purpose and therefore not available for immediate and general use.

Receivables are stated at face value, less allowance for uncollectible accounts.

Allowance for probable losses is set up at a level to provide for potential receivables, the collection of which is considered remote.

Periodic evaluation of accounts is conducted to identify those requiring sufficient level of allowance and determine proper level thereof.

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**

Purchase of supplies and materials for stock, regardless of whether or not they are consumed within the accounting period, shall be recorded as inventory following the perpetual inventory method.

Regular purchases shall be coursed thru the inventory account and issuances thereof shall be recorded as they take place except those purchased out of petty cash fund which shall be for immediate use and not for stock. Such case shall be charged immediately to the appropriate expense accounts.

Inventories are valued at cost using the moving average method.

### **Property, Plant and Equipment**

Property, Plant and Equipment acquired through purchase shall include all costs incurred to bring it to the location necessary for its intended use, like transportation, freight, installation costs, etc. In the books of accounts, the purchase is immediately recorded as asset.

Expenditures for repairs and maintenance are charged to expense as incurred. However, any additions, improvements, alteration, replacements, major repairs, etc. are capitalized to asset account when it extends the life, increase the capacity or improve the efficiency or safety of the property. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the books of accounts. Major renovations/repairs which could extend the life of the asset are capitalized to the asset account. Regular maintenance, repair and miner replacements are charged against Maintenance and Other Operating Expenses (MOOE) as these were incurred.

## Depreciation

The straight-line method of depreciation is used over the estimated useful lives of the assets per COA Circular No. 2003-007 dated December 11, 2003. A residual value equivalent to ten percent (10%) of the cost is set-up and depreciation starts on the second month after purchase/completion of the property, plant and equipment. Public infrastructures are not charged of any depreciation, as well as the infrastructure projects under construction.

Adjustments arising from the revision of the assets' useful life were charged to the current and subsequent year's depreciation expenses of the particular assets. (COA Circular No. 2004-005 dated August 9, 2004)

Salvage Value of properties acquired before the issuance of New Government Accounting System is Php 1.00. Properties acquired thereafter, salvage value is 10% of the acquisition cost.

## Construction of Assets

For assets under construction, the Construction Period Theory shall be applied for costing purpose. Liquidated damages charged and paid for by the contractor shall be deducted from the total cost of the assets. Any related expenses incurred during the construction of the project, such as license fees, permit fee, clearance fees, etc. shall be capitalized.

## Other Assets

Assets declared by proper authorities as obsolete and unserviceable, including assets of the agency no longer used, shall be reclassified to "Other Assets" account from the corresponding inventory and property, plant and equipment accounts. These items are not subject to depreciation.

## Liabilities

Liability shall be recognized at the time goods and services are accepted or rendered and supplier/creditor bills are received.

Borrowings are proceeds of repayable obligations, generally with interest from the bank, national agency, another local government unit, and private sector. All borrowings incurred shall be recorded directly to the appropriate liability accounts.

## Financial Expenses

Financial expenses such as bank charges, interest expenses, commitment fees and other related expenses shall be separately classified from Maintenance and Other Operating Expenses (MOOE).

Fundamental errors of prior years are corrected by using Prior Years' Adjustments account or directly adjusted to Equity Account. Errors affecting current year's operation are charged to the current year's accounts.

**Recognition of Income and Expense**

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

**II. BALANCE SHEET****Note 5 CASH AND CASH EQUIVALENTS**

This account consists of the following:

	2015		2014	
Cash – Collecting Officer	P	443,356	P	432,923
Petty Cash Fund		6,000		6,000
Cash in Bank-Local Currency		35,028,848		33,886,487
	<b>P</b>	<b>35,478,204</b>	<b>P</b>	<b>34,325,410</b>

The District's depository banks are as follows:

Name of Depository Bank	Account No.	2015		2014	
DBP	0920-008783-080	P 33,748,227	P 31,802,996		
LBP	0332-0053-40			1,280,621	2,083,491
				<b>P 35,028,848</b>	<b>P 33,886,487</b>

**Note 6 RECEIVABLES, Net**

The aging of receivables is detailed below:

	2015		2014	
<b>Accounts Receivable</b>				
1-30 days	P	1,624,580	P	1,877,394
31-60 days			740,125	852,270
61-90 days			265,723	249,648
90 days above			598,458	780,364
Adjustment			-	(5,054)
	<b>P</b>	<b>3,228,886</b>	<b>P</b>	<b>3,754,622</b>
Allowance for Bad Debts		(92,098)		(92,098)
<b>Accounts Receivable, Net</b>	<b>P</b>	<b>3,136,788</b>	<b>P</b>	<b>3,662,524</b>
<b>Accounts Receivable (Others)</b>		79,233		27,974
	<b>P</b>	<b>3,216,021</b>	<b>P</b>	<b>3,690,498</b>

**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.

The decrease in receivables was due to the decrease of past due accounts or arrears of various concessionaires.

**Note 7 Inventories**

This account comprises the following:

	2015	2014	
Office Supplies	P 158,177	P 178,283	
Accountable Forms	127,658	106,023	Medical,
Dental & Laboratory	-	317,625	
Gasoline, Oil & Lubricants	85,461	5,078	
Other Supplies	137,139	81,305	
Spare Parts	172,910	196,028	
Construction Materials	7,391,465	7,816,231	
	<b>P 8,072,810</b>	<b>P 8,700,573</b>	

**Note 8 Sinking Fund**

The account is composed of deposits to the following bank accounts:

	2015	2014	
<b>Sinking Fund</b>			
DBP-5000136-01-5	P 3,294,114	P 3,267,585	DBP-
5000137-02-5	4,895,868	4,858,490	
	<b>P 8,189,982</b>	<b>P 8,126,075</b>	

**Sinking Fund** represents fund for possible equity to LWUA Loan. Increases in the Sinking Fund account is due to the interest income earned during the year.

## Note 9 Property, Plant and Equipment

<b>COST /PARTICULARS</b>	<b>2014 Balance</b>	<b>Additions</b>	<i>Disposals/Transfer of Unserviceable Proper- ties</i>	<b>2015 Balance</b>
Land	3,135,597.16			3,135,597.16
Office Building	8,633,966.35		32,902.56	8,601,063.79
Other Structures	24,049,785.54	1,818,329.09	2,550,212.64	23,317,901.99
Office Equipment	2,198,311.00	162,885.50	409,417.00	1,951,779.50
Furnitures and Fixtures	968,895.27	17,955.00	67,977.76	918,872.51
IT Equipment and Software	11,102,378.00	1,567,087.00	1,243,764.00	11,425,701.00
Communication Equipment	843,044.43	163,025.00	212,371.00	793,698.43
Other Machinery and Equipment	7,231,761.43	3,547,982.00	102,774.55	10,676,968.88
Motor Vehicle	8,078,452.29	2,722,178.00	548,737.60	10,251,892.69
Other Property, Plant & Equipment	702,633.11	149,723,177.82	625,171.93	149,800,639.00
Artesian Wells,Reservoirs,Pumping Station	120,477,391.36	29,452,561.16	149,929,952.52	-
<b>TOTAL COST</b>	<b>187,422,215.94</b>	<b>189,175,180.57</b>	<b>155,723,281.56</b>	<b>220,874,114.95</b>
<b>ACCUMULATED DEPRECIATION</b>				
Office Building	2,715,165.00	546,052.78		3,261,217.78
Other Structures	14,426,270.00		1,034,108.49	13,392,161.51
Office Equipment	1,616,766.00		179,401.85	1,437,364.15
Furnitures and Fixtures	735,023.00	16,706.01		751,729.01
IT Equipment and Software	6,698,010.00	40,103.31		6,738,113.31
Communication Equipment	727,427.00		128,239.16	599,187.84
Other Machinery and Equipment	2,381,289.00	1,222,656.63		3,603,945.63
Motor Vehicle	4,961,911.00	232,121.85		5,194,032.85
Other Property,Plant & Equipment	702,621.00	63,988,044.06		64,690,665.06
Artesian Wells,Reservoirs,Pumping Station	55,042,641.00		55,042,641.00	-
Total Accumulated Depreciation	90,007,123.00	66,045,684.64	56,384,390.50	99,668,417.14
<b>Net Book Value</b>	<b>97,415,092.94</b>	<b>123,129,495.93</b>	<b>99,338,891.06</b>	<b>121,205,697.81</b>
Construction in Progress	15,117,863.00		8,647,827.34	6,470,035.66
	<b>112,532,955.94</b>	<b>123,129,495.93</b>	<b>107,986,718.40</b>	<b>127,675,733.47</b>

At the end of the year, various work-orders under the Construction in Progress-Agency Assets with an aggregate amount of P12,593,928.40 were already completed and were closed directly to the appropriate Property, Plant and Equipment account .

Moreover, as per COA advice and in reference to Government Chart of Accounts, Account # 254(Artesian Wells, Reservoirs, Pumping Stations and Conduits) falls under public infrastructures which are said to be non-depreciable items. Hence, the total amount of P 149,723,177.82 on the said Account was transferred to Account # 250(Other Property Plant and Equipment) such that projects incorporated under account # 254 of the DWD are classified as depreciable projects.

#### Note 10 OTHER ASSETS

This account consists of:

		2015		2014
<b>Accounts Receivable (Delinquent)</b>	P	<b>4,977,141</b>	P	<b>4,609,239</b>
<b>Restricted Assets</b>				
DBP 5000013-01-2		P 6,333,841	P	6,282,134
-				-
		P <b>6,333,841</b>	P	<b>6,282,134</b>
<b>Other Assets</b>		325,718		61,348
	P	<b>11,636,700</b>	P	<b>10,952,721</b>

**Accounts Receivable (Delinquent)** are past due accounts from years 1994-2014.

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

**Other Assets** are unserviceable Property, Plant and Equipment.

#### Note 11 Accounts Payable

As of December 2015, this account pertains to power bill which is due for payment to Dasureco in the amount of P 1,112,395.89; Fuel bill due to Cor Jesu Shell Station amounting to P41,239.87; due to employees, P 40,243.70; and due to various suppliers amounting to P 2,918,224.62.

**Note 12 Due to BIR**

As of December 2015 ,Due to BIR account comprises the income tax withheld from employees' compensation, franchise tax, Board of Directors' per diem and tax withheld from various providers and suppliers amounting to P468,881.89 , P 192,602.51, P 6,271.20 and P84,711.04, respectively.

**Note 13 Due to GSIS**

As of December 2015 ,Due to GSIS account comprises the premium contributions of the employer's and employees' share including the payment of the latter's loans to GSIS amounting to a total payable remittance of P567, 972.22.

**Note 14 Due to Pag-IBIG**

As of December 2015 ,Due to Pag-IBIG account comprises the premium contributions of the employer's and employees' share including the payment of the latter's loans to Home Development Mutual Fund amounting to a total payable remittance of P 69,402.61.

**Note 15 Due to PhilHealth**

As of December 2015 ,Due to PhilHealth account comprises the premium contributions of the employer's and employees' share amounting to a total payable remittance of P 38,450.00 .

**Note 16 OTHER CURRENT LIABILITY ACCOUNTS**

This account consists of:

	2015	2014	
Guaranty Deposits Payable	P 8,273,243	P 6,903,163	Bidders' Bond Payable
ble	2,375,863	2,234,195	
Other Payable	115,413	67,502	
	<b>P 9,204,860</b>	<b>P 9,204,860</b>	

**Note 17 PAYABLE ACCOUNTS**

This account consists of:

	<b>2015</b>	<b>2014</b>
<b>Accounts Payable</b>		
30 days	<b>P 4,107,397</b>	<b>P 9,107,103</b>
1 year above	4,707	4,707
	<b>P 4,112,104</b>	<b>P 9,111,810</b>
<b>Due to Officers &amp; Employees</b>	<b>129,600</b>	<b>183,395</b>
	<b>P 9,180,292</b>	<b>P13,560,965</b>

Details of Loans Payable-Current are as follows:

Loan Account	Purpose of Loan	Board Resolution Reference No.	Amount of Current Portion of Loan
DBP (Take Out A)	Loan Refinancing	07-11, S. 2011	<b>P 1,119,888</b>
DBP (Take Out B)	Loan Refinancing	07-06, S. 2012	1,150,754
DBP ( CAPEX)	Ground Source Dev., Pipeline Rehabilitation Improvement of	07-05, S. 2012	2,340,460
LWUA LA No. 4-2543	Water Facilities & Water Supply System	21-09, S. 2008	327,486
			<b>P 4,938,588</b>

Long Term Liabilities account consists of:

	2015	2014
<b>Loans Payable - Domestic</b>	<b>P 36,526,036</b>	<b>P42,113,865</b>

Details of Loans Payable are as follows:

Loans Account	Paying Period	Interest Rate	Principal Loan	Balance As of 12/31/15
DBP (Take Out A)	15 years	6.50%	16,798,320	10,358,964
DBP (Take Out B)	11 years	6.00%	12,619,803	8,304,466
DBP (CAPEX)	10 years	7.28%	18,825,000	15,017,951
LA No. 4-2543	10 years	7.50%	4,814,159	2,844,655
			<b>P 53,057,282</b>	<b>P 36,526,036</b>

### III. STATEMENT OF INCOME AND EXPENSES

#### Note 18 Income

This year's aggregate gross income is higher by 12% from the past year's gross income. Such significant increase in the income account was due to an increase of new service connections, average consumption per consumer and an increase of service income from fines and penalties by 17%.

#### Note 19 Personal Services

Total Personal Services for the year 2015 is higher by 6% compared to the same personal services last year. The substantial increase from previous year was attributed to the increase of salaries of the permanent employees of the District by 5%, longevity pay by 6%, provident fund benefits by 5% and other bonuses and allowances by 42%.

**Note 20 Maintenance and Other Operating Expenses**

The considerable increase in the maintenance and other operating expenses (MOOE) by 5% compared from the same MOOE a year ago was due to various percentage increases on travelling expenses and per diem (407%), medical dental and laboratory expense (23%), advertising expense (64%) , environment/sanitary services (67%) and miscellaneous expense (31%).

Account # 799 (Other Professional Services) amounting to P 1,298,691.12 was transferred to Account # 795 (General Services) for cost of payroll of Job-order employees. Nevertheless, amounts for monthly read and bill of the Customer Accounts Division still form part of the Other Professional Services Account.

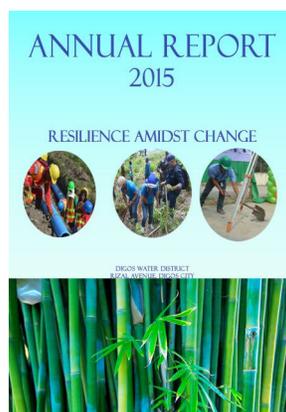
Account # 720 (Honoraria) of P 495,666.00 in totality was transferred to Account # 751 (Travelling Expense) for cost of Board of Directors per diem.

**Note 21 Financial Expenses**

The increase in the total financial expenses by 42% as compared with the previous year was due to the increase of interest expense by 38% .



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