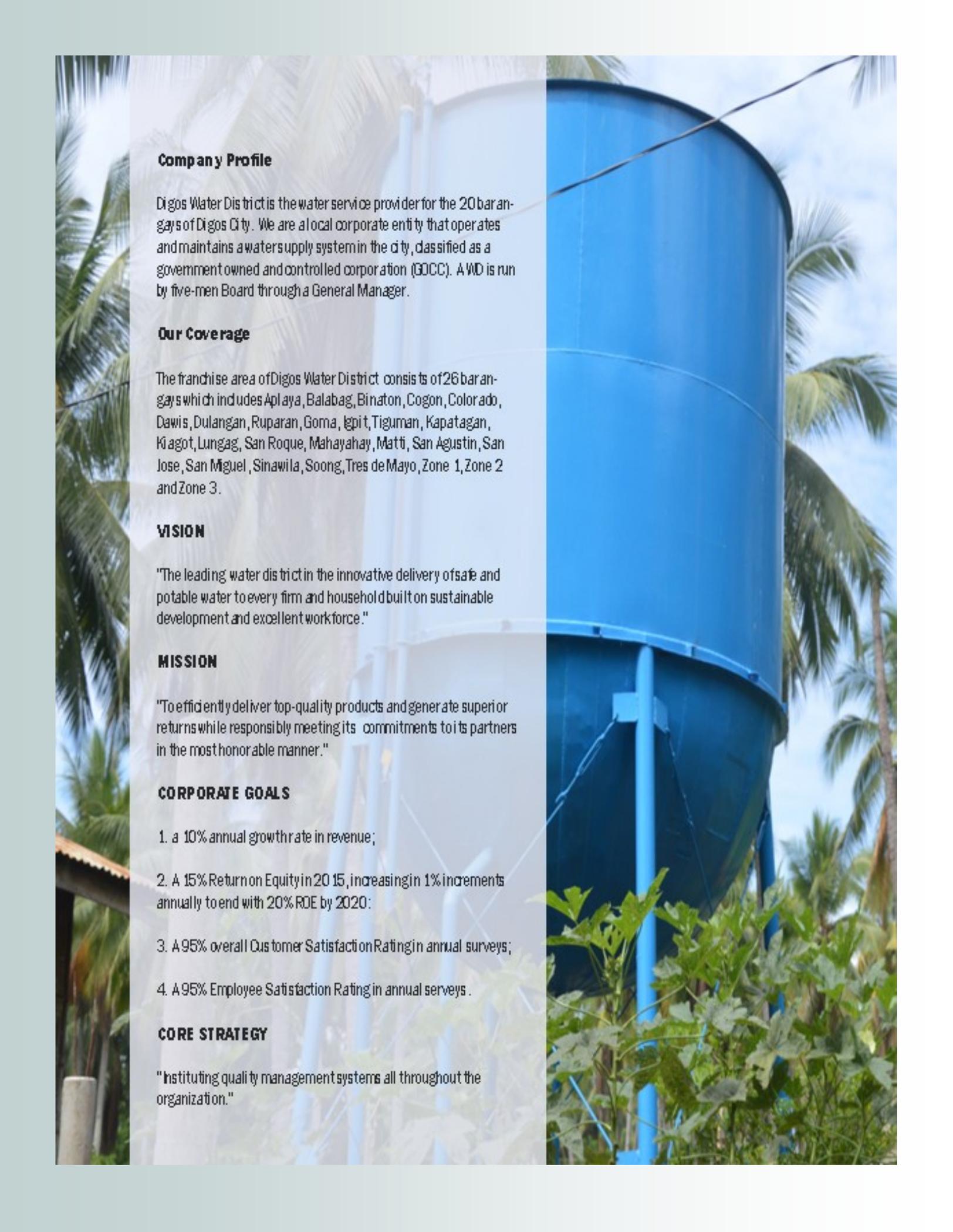




Adapting to Change



Digos Water District
2016 Annual Report



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, Igit, 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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THE YEAR AT A GLANCE

22.61%

Average Non-Revenue Water



92.8%

Customers with 24-hour water supply



4.4M cu m

Billed Volume



92.2%

Customer satisfaction



18,088

Active Service Connections



311km

Km of pipelines main in use



OPERATION HIGHLIGHTS



Capital expenditures for the year lowered by 39% compared that of last year. In 2015, DWD spent P42,523,868.41 on capital expenditure projects. This year, CAPEX amounts to P25,790,524.37. This involved expansion of distribution network, construction of major facilities and investment in information technology.

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 5,716,441 cubic meters of water.

Service Expansion and Improvement

Around 1,537 water service connections were added to our distribution network in 2016. This expanded our customer base to around 18, 088.

DWD has been aggressively implementing capital expenditure project 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, 2016:

CAPEX ITEM	AMOUNT
Office buildings	3,141,505.67
Other Structures	2,182,118.14
Office equipment	378,647.00
Furniture & Fixture	19,890.00
Information Technology	1,024,168.00
Other Machineries & Equipment	4,548,499.19
Motor vehicle	67,200.00
Artesian Wells, Reservoir, Pumping Stations, etc.	14,428,496.37
	25,790,524.37

Table 1 Capital expenditures of Digos Water District

Type of Line	Length in meters (m)
Total Pipe Line	311,613
Transmission Line	4,204
Distribution Line	307,409

Table 2 Pipe lines laid in 2016

Replacement of Old Water Meters

To spread out the capital outlay, the Water District replaced water meters ranging from 5 years old and above in an annual basis. As of December 31, 2016, 717 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:	311 km
Pumping stations:	9
Water tanks:	13
No. of active connections:	18,088
Number of barangays served:	20 out of 26
No. of franchise area:	1
Billed volume:	4,471,745 cu.m
Supply volume:	5,716,441 cu.m
Non Revenue Water (NRW) (%)	21.77%
No. of Employees:	98
SPI (ratio of employee per ASC):	1:185

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, 2016, DWD's customer base totalled 18,088 broken down as follows:

Customer Category	No. of Active Connections	%
Residential	16,562	91.6%
Government	202	1.1%
Commercial	1,324	7.3%
TOTAL	18,088	100%

Table 3. Customer base per segment in 2016

The initial roll out of the strategic plan, the water district had come up with a tool that will measure the customer's satisfaction. Survey indicates 92.26% customer satisfaction for 2016.

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

Table 4 summarizes the billed volume of water in 2016 per market segment viz: residential, government and commercial.

Customer Category	Billed Accounts	%	Billed Volume (in m ³)	Average Consumption per account (in m ³)
Residential	16,320	91.49%	3,774,819	19
Government	199	1.11%	238,111	100
Commercial	1,319	7.4%	458,815	29
TOTAL	17,838	100%	4,471,745	21

Table 4 Billed volume of the different market segments in 2016.

Note: Billing period for year 2016 started on December 2015 billing and closed on November 2016 billing due to the schedule observed by Digos 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 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 dissemination of information to customers, we make use of mass media and online platforms such as facebook. DWD's facebook page (www.facebook.com/digos.water) was launched in 2015.

During the year, we were able to attend to a total of 53,961 complaints/inquiries and 21,722 requests all acted upon.

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 to determine the demographic information of the water district's 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 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 of the Department of Health.

In the year 2016, the district conducted 227 microbiological analyses and tested 9 samples for 13 parameters including benzene. For physical and chemical analyses, the water district also submitted 9 water samples for pesticide/fertilizer residue analysis which yielded satisfactory results.

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 2016 wherein concessionaire who paid in full are given raffle tickets for a chance to win prizes.

The raffle draw was conducted last December 28, 2016 within the DWD office premises. Major prizes consist of appliances while minor prizes are plastic wares and groceries.



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



Figure 1. Organizational Hierarchy of DWD

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 representatives 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
Chairperson	Atty. Ollita P. Atillo-Anyog	F	Professional
Vice-Chairperson	Engr. Emilio D. Almazan	M	Civic
Secretary	Dir. Esther S. Molina	F	Women
Member	Dir. Arturo S. Ang	M	Business
Member	Dir. Lilia G. Mina	F	Education

Table 5 Members of the Board of Directors.

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.

Board Member	Number of Meetings	Meetings Attended	Percentage
Atty. Ollita P. Atillo-Anyog	24	22	92%
Engr. Emilio D. Almazan	24	24	100%
Dir. Esther S. Molina	24	24	100%
Dir. Arturo S. Ang	24	24	100%
Dir. Lilia G. Mina	24	23	96%

Table 6 BOD Attendance to Board Meetings

HUMAN RESOURCE DEVELOPMENT

DWD officially adopted a new set of vision, mission, goal and strategy in 2014 to support 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 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.

GOALS

To guide the water district in its objectives by 2020, 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 Negotiations 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. 863 dated 16 March 2015.

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

Table 7 DWD Middle 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 and leadership 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
Induction Program	6
New Employee Welcome Program	15
Values Development Program for New Entrants	48
Re-orientation Programs	12
Basic Skills Trainings	56
Professional/Technical/Scientific programs	520
Middle Management Development Program	200
Executive Development Program	97
Others	124
Training Profile	
Number of Employees	124
Average training hours	118
No. of Employees who attended seminars	111
Percentage of EE who attended seminars	89.5%

Table 8 DWD Training Profile

EMPLOYEE PROFILE

- Managerial (Male) ■ Supervisory (Male) ■ Rank & File (Male)
- Managerial (Female) ■ Supervisory (Female) ■ Rank & File (Female)

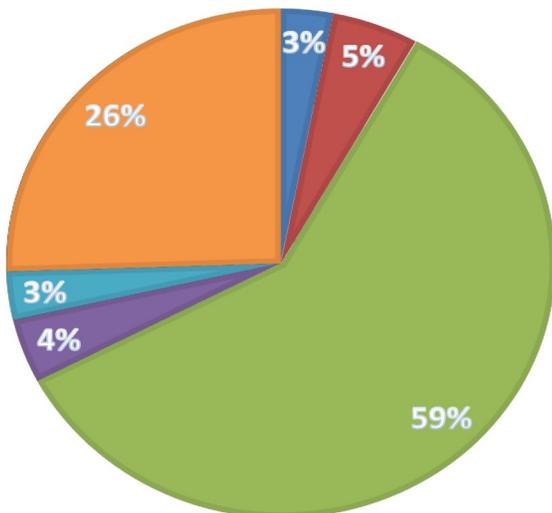


Figure 2. Sex-disaggregated data of the Employees of DWD

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.

Alliance Building for Watershed Protection and Management

In order to strengthen partnership with stakeholders, the DWD initiated the program for Alliance Building for Watershed Protection and Management on 27th day of July. The alliance aims to protect the Digos Watershed. The pact was signed by representatives from the Department of Education, City Disaster Risk Reduction and Management Council, Local Government Units, and local associations at DWD Eco-Living and Learning Center, Brgy. Dulangan, Digos City.

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 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 that 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 Digos River. DWD is maintaining a 200-meter strip of the bank and it has become a show-window for other landowners in managing lands that are adjacent to rivers or body of water.

Environmental Management

The Digos Water District, being a major stakeholder of the watershed, is faced with the challenge of managing the local watershed or any activity that may impact on the quantity and quality of water the district is providing to the people. In its commitment 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.

World Water Day

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 2016 to participate in the World Water Day celebration every 15th day of March.

Environment Awareness Month

Every month of June, the Philippines is celebrating the Environment Awareness Month. DWD also celebrated the said event, through Information and Education Campaign. The water district conducted DWD Water Quiz Bowl and Essay Writing Competition for elementary and high school students to highlight the importance of environment conservation .



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 of Jolencio R.

Alberca Elementary School at San Nicolas, Tres de Mayo, Digos City and Arcaflor Maniapao Elementary School at San Agustin, Digos City, DWD, in partnership with Global Village Association, distributed hygiene and school supply packs to over a hundred students . This is for the purpose of promoting basic personal hygiene among children, with the required monitoring from their parents or guardians.

FINANCIALS

DETAILED STATEMENT OF FINANCIAL POSITION

As of December 31, 2016

(With Comparative Figures for CY 2015)

ASSETS	Notes	2016		2015
Current Assets				
Cash - Collecting Officer	P	243,159.75	P	443,356.06
Petty Cash Fund		6,000.00		6,000.00
Cash in Bank - Local Currency, Current Account		49,232,584.83		35,028,847.81
Cash in Bank - Local Currency, Savings Account		-		-
<i>Sub-total - Cash & Cash Equivalents</i>	5	<u>49,481,744.58</u>	P	<u>35,478,203.87</u>
Accounts Receivable	P	8,399,366.82	P	3,308,118.70
Less: Allowance for Bad Debts		(3,760,895.89)		
Less: Allowance for Impairment Loss		(83,993.67)		(92,097.68)
<i>Accounts Receivables- Net</i>	P	4,554,477.26	P	3,216,021.02
Payroll Fund		-		-
Advances to Officers and Employees		-		-
Loans Receivable		-		-
<i>Sub-total - Receivables</i>	6	<u>4,554,477.26</u>	P	<u>3,216,021.02</u>
Office Supplies Inventory	P	219,254.71	P	158,176.93
Accountable Forms Inventory		109,779.62		127,657.52
Medical, Dental & Laboratory Supplies Inventory		319,650.00		-
Gasoline, Oil & Lubricants		88,060.03		85,461.03
Other Supplies Inventory		392,574.50		137,139.05
Spare Parts Inventory		122,188.40		172,910.35
Construction Materials Inventory		8,509,821.60		7,391,465.39
<i>Sub-total - Inventories</i>	7	<u>9,761,328.86</u>	P	<u>8,072,810.27</u>
Prepaid Insurance	8	172,132.22		139,228.73
Guaranty Deposits	9	190,770.15		217,422.90
Other Current Assets	9	11,179,488.38		9,497,910.81
Total Current Assets	P	<u>75,339,941.45</u>	P	<u>56,621,597.60</u>

Non-Current Assets

Investments	10 P	8,257,464.90	P	8,189,982.36
Property, Plant & Equipment				
Land	P	3,585,597.16	P	3,135,597.16
Land Improvements	P	742,483.39	P	3,135,597.16
Buildings	P	8,601,063.79	P	8,601,063.79
Less: Accumulated Depreciation		(3,837,789.36)		(3,261,217.78)
<i>Buildings - Net</i>	P	4,763,274.43	P	5,339,846.01
Other Structures	P	24,674,743.80	P	23,317,901.99
Less: Accumulated Depreciation		(14,724,895.01)		(13,392,161.51)
<i>Other Structures - Net</i>	P	9,949,848.79	P	9,925,740.48
Office Equipment	P	2,383,521.50	P	1,951,779.50
Less: Accumulated Depreciation		(1,663,627.23)		(1,437,364.15)
<i>Office Equipment - Net</i>	P	719,894.27	P	514,415.35
Furniture & Fixtures	P	938,762.51	P	918,872.51
Less: Accumulated Depreciation		(813,856.70)		(751,729.01)
<i>Furniture & Fixtures - Net</i>	P	124,905.81	P	167,143.50
IT Equipment & Software	P	12,614,349.00	P	11,425,701.00
Less: Accumulated Depreciation		(8,097,920.76)		(6,738,113.31)
<i>IT Equipment & Software - Net</i>	P	4,516,428.24	P	4,687,587.69
Communication Equipment	P	855,948.43	P	793,698.43
Less: Accumulated Depreciation		(669,991.61)		(599,187.84)
<i>Communication Equipment - Net</i>	P	185,956.82	P	194,510.59
Other Machinery & Equipment	P	17,710,139.73	P	10,676,968.88
Less: Accumulated Depreciation		(5,456,938.68)		(3,603,945.63)
<i>Other Machinery & Equipment - Net</i>	P	12,253,201.05	P	7,073,023.25
Motor Vehicle	P	10,139,640.69	P	10,251,892.69
Less: Accumulated Depreciation		(5,704,140.53)		(5,194,032.85)
<i>Motor Vehicle - Net</i>	P	4,435,500.16	P	5,057,859.84
Other Property, Plant & Equipment	P	160,162,753.17	P	149,800,639.00
Less: Accumulated Depreciation		(75,253,647.05)		(64,690,665.06)
<i>Other Property, Plant & Equipment - Net</i>	P	84,909,106.12	P	85,109,973.94
Artesian Wells, Reservoirs, Pumping Stations & Conduits	P	0.00	P	0.00
Less: Accumulated Depreciation		0.00		0.00
<i>Artesian Wells, Reservoirs, Pumping Stations & Conduits - Net</i>	P	-	P	-
Construction in Progress	12 P	23,099,066.55	P	6,470,035.66
Total Property, Plant & Equipment	11 P	149,285,262.79	P	127,675,733.47
Other Assets		-		
Accounts Receivable (Delinquent)	P		P	4,977,141.00
Restricted Assets		6,385,265.52		6,333,841.40
Other Assets		325,721.91		325,717.91

Sub-total Other Assets	13	P	<u>6,710,987.43</u>	P	<u>11,636,700.31</u>
Total Non-Current Assets		P	<u>164,253,715.12</u>	P	<u>147,502,416.14</u>
Total Assets		P	<u>239,593,656.57</u>	P	<u>204,124,013.74</u>

LIABILITIES AND EQUITY

Current Liabilities

Accounts Payable	14.1	P	6,820,763.99	P	4,112,104.08
Due to Officers and Employees	14.1		90,721.30		129,600.68
Due to BIR	14.2		969,955.90		752,466.64
Due to GSIS	14.2		616,802.43		567,972.22
Due to Pag-IBIG	14.2		61,512.15		69,402.61
Due to PhilHEALTH	14.2		44,150.00		38,450.00
Guaranty Deposits Payable	14.3		9,529,168.04		8,273,243.08
Bidders Bond Payable	14.3		1,481,221.55		2,375,863.04
Other Payables	14.3		663,071.33		115,413.09
Loans Payable - Current	14.3		4,964,014.24		4,938,588.24
		P	<u>25,241,380.93</u>	P	<u>21,373,103.68</u>
<i>Non-Current Liabilities</i>					
Loans Payable		P	31,562,018.58	P	36,526,035.82
Other Deferred Credits	15		-		-
Total Liabilities		P	<u>56,803,399.51</u>	P	<u>57,899,139.50</u>
Equity			182,790,257.06		146,224,874.24
			-		-
Total Liabilities and Equity			<u>239,593,656.57</u>		<u>204,124,013.74</u>
			-		-

(See accompanying Notes to Financial Statements).

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

For the Quarter Ended December 31, 2016

(With Comparative Figures for 2015)

	Notes	2016		2015
Gross Income				
Business Income				
Income from Waterworks System	P	127,529,463.81	P	114,157,537.85
Less: Discount on Senior Citizen		(92,133.68)		(96,505.74)
<i>Net Income from Waterworks System</i>	P	127,437,330.13	P	114,061,032.11
Rent Income - Meters		1,037,470.00		965,840.00
Sales Revenue				808.35
	P	128,474,800.13	P	115,027,680.46
Service Income				
Fines and Penalties	P	9,594,602.58	P	8,500,669.75
Miscellaneous Income		6,633.01		4,642.15
Gain/Loss on Sale of Disposed Assets				25,000.00
<i>Total</i>	P	138,076,035.72	P	123,557,992.36
Add: Other Income				
Interest Income	P	281,647.06	P	234,770.00
Gross Income	17 P	138,357,682.78	P	123,792,762.36
Less: Expenses				
<i>Personal Expenses</i>				
Salaries and Wages - Regular		21,799,546.70		20,271,202.55
Salaries and Wages - Casual		655,739.86		147,417.32
Personal Economic Relief Allowance		2,106,972.37		2,026,454.55
Representation Allowance		459,875.00		462,000.00
Transportation Allowance		459,875.00		462,000.00
Clothing/Uniform Allowance		415,000.00		425,000.00
Productivity Incentive Allowance		-		154,000.00
Other Bonuses & Allowances		7,695,712.27		4,397,610.00
Collective Negotiation Agreement		2,100,000.00		1,950,000.00
Honoraria		-		-
Longevity Pay		15,000.00		210,000.00
Overtime & Night Pay		998,725.58		1,537,951.11
Cash Gift		437,000.00		423,250.00
Year-end Bonus		1,840,608.00		1,707,207.15
Life & Retirement Insurance Contributions		2,666,017.85		2,450,237.89
Pag-IBIG Contributions		105,025.89		101,322.73
PhilHEALTH Contributions		249,246.78		234,425.00
ECC Contributions		104,294.59		100,100.00
Terminal Leave Benefits		858,205.30		124,354.92

Provident Fund Benefits		-		6,079,022.29
Other Personnel Benefits		2,788,452.83		1,772,291.94
<i>Sub-total Personal Services</i>	19 P	45,755,298.02	P	45,035,847.45
<i>Maintenance and Other Operating Exp.</i>				
Traveling Expenses and Per diem	P	1,854,873.34	P	1,647,432.03
Travelling Expense- Foreign		354,022.82		
Training and Scholarship Expenses		890,202.00		648,400.00
Office Supplies Expenses		701,753.79		648,511.83
Accountable Forms Expenses		66,007.38		84,102.62
Drugs and Medicines Expenses		2,496.40		5,606.90
Medical, Dental & Laboratory Expenses		1,114,510.22		903,065.00
Gasoline, Oil & Lubricants Expenses		1,104,815.58		1,282,476.95
Other Supplies Expenses		58,351.40		21,299.80
Water Expenses		211,709.68		202,889.33
Electricity Expenses		13,710,857.96		14,102,873.15
Postage & Deliveries		362,380.32		302,109.60
Telephone Expenses - Landline		87,852.75		80,139.61
Telephone Expenses - Mobile		163,863.80		172,293.55
Internet Expenses		51,812.12		48,805.00
Cable, Satellite, etc.		5,650.00		5,400.00
Membership, Dues and Contri. to Org.		58,433.92		91,309.00
Advertising Expenses		647,040.00		786,037.60
Printing and Binding Expenses		87,860.00		6,410.00
Representation Expenses		166,833.19		229,849.00
Subscription Expense		7,470.00		7,350.00
Legal Services		63,000.00		63,000.00
Auditing Services		-		232,833.94
Environment/Sanitary Services		487,595.80		527,680.56
General Services		2,589,965.03		2,211,413.77
Janitorial Services		-		-
Security Services		1,181,661.03		1,192,125.80
Other Professional Services		457,764.12		399,022.40
Repairs & Maintenance - Office Buildings		70,417.76		73,793.45
Repairs & Maintenance - Other Structures		81,722.45		90,297.36
Repairs & Maintenance - Office Equipment		22,769.00		28,696.54
Repairs & Maintenance- Furniture & Fixtures		9,589.25		11,971.00
Repairs & Maintenance-IT Equipt. & Software		105,364.00		60,841.00
Repairs & Maintenance - Communication Equipt.		8,115.00		998.00
Repairs & Maintenance - Other Machinery & Equipt.		69,335.96		102,507.50
Repairs & Maintenance - Motor Vehicles		636,251.95		517,130.88
Repairs & Maintenance - Artesian Wells, etc.		3,362,020.76		3,501,512.65

Donations	800.00		1,600.00
Extraordinary Expenses	94,118.92		149,524.52
Miscellaneous Expenses	45,618.09		1,017,858.76
Taxes, Duties & Licenses	2,791,515.63		2,527,607.16
Fidelity Bond Premiums	69,795.00		66,082.52
Insurance Expenses	145,418.09		124,704.30
Bad Debts	83,993.67		-
Impairment Loss	3,760,895.89		
Depreciation - Buildings	576,571.58		627,303.31
Depreciation - Other Structures	1,332,733.50		1,258,885.94
Depreciation - Office Equipt.	226,263.08		178,590.04
Depreciation - Furniture & Fixtures	62,127.69		83,734.25
Depreciation - IT Equipt.	1,359,807.45		1,269,971.83
Depreciation - Communication Equipt.	70,803.77		72,608.24
Depreciation - Other Mach. & Equipt.	1,852,993.05		990,090.32
Depreciation - Motor Vehicles	689,555.68		674,455.02
Depreciation - OPPE & Artesian ,etc.	10,562,981.99		9,570,569.28
Depreciation - Artesian Wells, etc.	-		-
Other MOOE	119,918.12		999.00
<i>Sub-total MOOE</i>	20 P 54,700,279.98	P 48,904,770.31	
<i>Financial Expenses</i>			
Interest Expenses	P 2,548,688.80	P 2,873,568.11	
Other Financial Charges	201.50	100,000.00	
<i>Sub-total Financial Expenses</i>	21 P 2,548,890.30	P 2,973,568.11	
Total Expenses	P 103,004,468.30	P 96,914,185.87	
NET INCOME (LOSS)	P 35,353,214.48	P 26,878,576.49	

(See accompanying Notes to Financial Statements).

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

For the year Ended December 31, 2016

(With Comparative Figures for CY 2015)

	Note s	2016	2015
Government Equity, January 1		<u>146,224,874.24</u>	<u>119,569,555.30</u>
Add: Retained Earnings			
Retained Earnings			
Prior Years' Adjustments	16	1,212,168.34	(223,257.55)
Net Income (Loss) for the period		<u>35,353,214.48</u>	<u>26,878,576.49</u>
Government Equity, December 31	17	<u>182,790,257.06</u>	<u>146,224,874.24</u>

- -

See accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOW
For the Month Ended December 31, 2016
(With comparative figures for 2015)
(In Pesos)

	2016	2015
Cash Flows from Operating Activities:		
Cash Inflows:		
Collection of Receivables	136,499,118.06	122,495,134.86
Collection of Income	6,633.01	14,308.25
Receipts of Bidder's Bond	69,349.80	367,981.76
Refund from Cash Advance	492,062.60	262,363.39
Collection's from Customers' Deposits	1,806,798.80	1,648,814.31
Collection of Other Receivables	1,864,290.70	722,268.19
Interest Income	79,412.83	29,431.91
	140,817,665.80	125,540,302.67
Cash Outflows:		
Payment of Operating Expenses	59,206,647.53	62,261,371.25
Payment of Payables	3,744,897.39	9,107,103.54
Remittance of GSIS/Pagibig/Withholding	17,092,643.04	16,006,881.56
Purchases of Office and Other Supplies	2,643,994.39	1,300,993.46
Payment of Prepaid Expenses	231,474.57	221,402.02
	82,919,656.92	88,897,751.83
Total Cash Provided (Used) by Operating Activities	57,898,008.88	36,642,550.84
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from sale of Disposed Assets		25,000.00
Maturing Time Deposit	-	-
	-	25,000.00
Cash Outflows		
Payment of Liabilities for the Purchase/ Construction of:		
Land	144,859.50	-
Land Improvements	621,788.70	
Office Buildings	11,081,781.07	9,258,130.83
Other Structures	2,075,143.69	1,201,547.34
Office Equipment	431,742.00	162,885.50
Furnitures and Fixtures	19,890.00	17,955.00
Information Technology	574,981.00	1,498,722.00
Communication Equipment	62,250.00	153,175.00
Other Machineries and Equipment	5,824,409.84	2,381,430.00
Motor Vehicles	67,200.00	2,722,178.00
Artesian Wells, Reservoirs, Pump Station, Etc.	15,503,142.33	10,330,164.65
	36,407,188.13	27,726,188.32
Total Cash Provided (Used) by Investing Activities	(36,407,188.13)	(27,701,188.32)

Cash Flows from Financing Activities**Cash Inflows:**

Proceeds for borrowings

-

-

-

-

Cash Outflows:

Cash Payment on Loan Principal

4,938,591.24

4,915,000.24

Payment of interest on Domestic Loans
(LWUA/LBP)

2,548,688.80

2,873,568.11

7,487,280.04**7,788,568.35****Total Cash Provided (Used) by Financing Activities****(7,487,280.04)****(7,788,568.35)****Cash Provided by Operating, Investing & Financing Activities****14,003,540.71****1,152,794.17****Add: Cash and Cash Equivalents - Beg.****35,478,203.87****34,325,409.70****CASH AND CASH EQUIVALENTS - ENDING****49,481,744.58****35,478,203.87***(See accompanying Notes to Financial Statements).*

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the Quarter Ended December 31, 2016

(With Comparative Figures for 2015)

2016

2015

	BUDGET		ACTUAL		VARIANCE		
Gross Income							
Business Income							
Income from Waterworks System	P	124,987,000.00	P	127,529,463.81	2,542,463.81	P	114,157,537.85
Less: Discount on Senior Citizen		(113,000.00)		(92,133.68)	(20,866.32)		(96,505.74)
<i>Net Income from Waterworks System</i>	P	124,874,000.00	P	127,437,330.13	2,521,597.49	P	114,061,032.11
Rent Income - Meters		1,036,000.00		1,037,470.00	1,470.00		965,840.00
Sales Revenue					-		808.35
	P	125,910,000.00	P	128,474,800.13	2,523,067.49	P	115,027,680.46
Service Income							
Fines and Penalties	P	9,393,000.00	P	9,594,602.58	201,602.58	P	8,500,669.75
Miscellaneous Income				6,633.01	6,633.01		4,642.15
Gain/Loss on Sale of Disposed Assets					-		25,000.00
<i>Total</i>	P	135,303,000.00	P	138,076,035.72	2,731,303.08	P	123,557,992.36
Add: Other Income							
Interest Income	P	150,000.00	P	281,647.06	131,647.06	P	234,770.00
Gross Income	P	135,453,000.00	P	138,357,682.78	2,862,950.14	P	123,792,762.36
Less: Expenses							
<i>Personal Expenses</i>							
Salaries and Wages - Regular		23,401,000.00		21,799,546.70	1,601,453.30		20,271,202.55
Salaries and Wages - Casual		989,000.00		655,739.86	333,260.14		147,417.32
Personal Economic Relief Allowance		2,304,000.00		2,106,972.37	197,027.63		2,026,454.55

Representation Allowance	462,000.00	459,875.00	2,125.00	462,000.00
Transportation Allowance	462,000.00	459,875.00	2,125.00	462,000.00
Clothing/Uniform Allowance	485,000.00	415,000.00	70,000.00	425,000.00
Productivity Incentive Allowance		-	-	154,000.00
Other Bonuses & Allowances	8,159,761.00	7,695,712.27	464,048.73	4,397,610.00
Collective Negotiation Agreement	2,150,000.00	2,100,000.00	50,000.00	1,950,000.00
Honoraria	50,000.00	-	50,000.00	-
Longevity Pay	15,000.00	15,000.00	-	210,000.00
Overtime & Night Pay	1,935,000.00	998,725.58	936,274.42	1,537,951.11
Cash Gift	485,000.00	437,000.00	48,000.00	423,250.00
Year-end Bonus	2,124,000.00	1,840,608.00	283,392.00	1,707,207.15
Life & Retirement Insurance Contributions	2,968,000.00	2,666,017.85	301,982.15	2,450,237.89
Pag-IBIG Contributions	118,000.00	105,025.89	12,974.11	101,322.73
PhilHEALTH Contributions	289,000.00	249,246.78	39,753.22	234,425.00
ECC Contributions	118,000.00	104,294.59	13,705.41	100,100.00
Terminal Leave Benefits	898,000.00	858,205.30	39,794.70	124,354.92
Provident Fund Benefits		-	-	6,079,022.29
Other Personnel Benefits	3,818,000.00	2,788,452.83	1,029,547.17	1,772,291.94
<i>Sub-total Personal Services Maintenance and Other Operating Exp.</i>	P 51,230,761.00	P 45,755,298.02	5,475,462.98	P 45,035,847.45
Traveling Expenses and Per diem	P 2,160,000.00	P 1,854,873.34	305,126.66	P 1,647,432.03
Travelling Expense- Foreign	450,000.00	354,022.82	95,977.18	
Training and Scholarship Expenses	1,351,000.00	890,202.00	460,798.00	648,400.00
Office Supplies Expenses	900,000.00	701,753.79	198,246.21	648,511.83
Accountable Forms Expenses	100,000.00	66,007.38	33,992.62	84,102.62
Drugs and Medicines Expenses	10,000.00	2,496.40	7,503.60	5,606.90
Medical, Dental & Laboratory Expenses	1,400,000.00	1,114,510.22	285,489.78	903,065.00
Gasoline, Oil & Lubricants Expenses	1,500,000.00	1,104,815.58	395,184.42	1,282,476.95
Other Supplies Expenses	87,500.00	58,351.40	29,148.60	21,299.80

Water Expenses	220,000.00	211,709.68	8,290.32	202,889.33
Electricity Expenses	18,000,000.00	13,710,857.96	4,289,142.04	14,102,873.15
Postage & Deliveries	396,000.00	362,380.32	33,619.68	302,109.60
Telephone Expenses - Landline	90,000.00	87,852.75	2,147.25	80,139.61
Telephone Expenses - Mobile	180,000.00	163,863.80	16,136.20	172,293.55
Internet Expenses	60,000.00	51,812.12	8,187.88	48,805.00
Cable, Satellite, etc.	6,000.00	5,650.00	350.00	5,400.00
Membership, Dues and Contri. to Org.	85,000.00	58,433.92	26,566.08	91,309.00
Advertising Expenses	850,000.00	647,040.00	202,960.00	786,037.60
Printing and Binding Expenses	120,000.00	87,860.00	32,140.00	6,410.00
Representation Expenses	210,000.00	166,833.19	43,166.81	229,849.00
Subscription Expense	8,400.00	7,470.00	930.00	7,350.00
Legal Services	90,000.00	63,000.00	27,000.00	63,000.00
Auditing Services	75,000.00	-	75,000.00	232,833.94
Environment/Sanitary Services	600,000.00	487,595.80	112,404.20	527,680.56
General Services	3,890,000.00	2,589,965.03	1,300,034.97	2,211,413.77
Janitorial Services		-	-	-
Security Services	1,350,000.00	1,181,661.03	168,338.97	1,192,125.80
Other Professional Services	500,000.00	457,764.12	42,235.88	399,022.40
Repairs & Maintenance - Office Buildings	100,000.00	70,417.76	29,582.24	73,793.45
Repairs & Maintenance - Other Structures	120,000.00	81,722.45	38,277.55	90,297.36
Repairs & Maintenance - Office Equipment	50,000.00	22,769.00	27,231.00	28,696.54
Repairs & Maintenance- Furniture & Fixtures	10,000.00	9,589.25	410.75	11,971.00
Repairs & Maintenance-IT Equipt. & Software	162,000.00	105,364.00	56,636.00	60,841.00
Repairs & Maintenance - Communication Equipt.	45,000.00	8,115.00	36,885.00	998.00
Repairs & Maintenance - Other Machinery & Equipt.	160,000.00	69,335.96	90,664.04	102,507.50
Repairs & Maintenance - Motor Vehicles	900,000.00	636,251.95	263,748.05	517,130.88
Repairs & Maintenance - Artesian Wells, etc.	4,180,000.00	3,362,020.76	817,979.24	3,501,512.65

	12,707,375.48				
Donations	5,000.00	800.00	4,200.00	1,600.00	
Extraordinary Expenses	360,000.00	94,118.92	265,881.08	149,524.52	
Miscellaneous Expenses	230,000.00	45,618.09	184,381.91	1,017,858.76	
Taxes, Duties & Licenses	2,920,500.00	2,791,515.63	128,984.37	2,527,607.16	
Fidelity Bond Premiums	90,000.00	69,795.00	20,205.00	66,082.52	
Insurance Expenses	450,000.00	145,418.09	304,581.91	124,704.30	
Bad Debts	30,000.00	83,993.67	(53,993.67)	-	
Impairment Loss		3,760,895.89		-	
Depreciation - Buildings	600,000.00	576,571.58	23,428.42	627,303.31	
Depreciation - Other Structures	1,150,000.00	1,332,733.50	(182,733.50)	1,258,885.94	
Depreciation - Office Equipt.	200,000.00	226,263.08	(26,263.08)	178,590.04	
Depreciation - Furniture & Fixtures	80,000.00	62,127.69	17,872.31	83,734.25	
Depreciation - IT Equipt.	1,200,000.00	1,359,807.45	(159,807.45)	1,269,971.83	
Depreciation - Communication Equipt.	50,000.00	70,803.77	(20,803.77)	72,608.24	
Depreciation - Other Mach. & Equipt.	650,000.00	1,852,993.05		990,090.32	
Depreciation - Motor Vehicles	500,000.00	689,555.68	(189,555.68)	674,455.02	
Depreciation - Other PPE	8,500,000.00	10,562,981.99		9,570,569.28	
Depreciation - Artesian Wells, etc.		-	-	-	
Other MOOE	155,000.00	119,918.12	35,081.88	999.00	
<i>Sub-total MOOE</i>	P 57,586,400.00	P 54,700,279.98	2,886,120.02	P 48,904,770.31	
<i>Financial Expenses</i>					
Interest Expenses	P 3,890,000.00	P 2,548,688.80	1,341,311.20	P 2,873,568.11	
Other financial Charges	100,000.00	201.50	99,798.50	100,000.00	
<i>Sub-total Financial Expenses</i>	P 3,990,000.00	P 2,548,890.30	1,441,109.70	P 2,973,568.11	
Total Expenses	P 112,807,161.00	P 103,004,468.30	9,802,692.70	P 96,914,185.87	
NET INCOME (LOSS)	P 22,645,839.00	P 35,353,214.48	P12,707,375.48	P 26,878,576.49	

(See accompanying Notes to Financial Statements).

NOTES TO FINANCIAL STATEMENTS

(All amounts in Philippine Pesos unless otherwise stated)

1. AGENCY BACKGROUND

Presidential Decree No. 198, otherwise known as the Provincial Water Utilities Act of 1973, as amended by Presidential Decree Nos. 768 and 1479 and Republic Act 9286 provides that it is the declared national policy of government to favor the local operation and control of water systems thru the water districts. As such, water districts are established to facilitate the maintenance and improvement of the water utilities sector. Title III of said Presidential Decree prescribes the governance and administration of the water utilities with the creation of the Local Water Utilities Administration (LWUA). The agency is tasked to provide financial, technical, and institutional development and regulatory services to established water districts nationwide.

In 1980, Digos Water District (DWD), was created operating as a quasi-public utility, implemented its projects in calculated phases and stages. Transmission and distribution lines, sources, pumping stations and reservoirs were established as DWD coped with Digos City's progress.

On March 12, 1992, the Supreme Court declared with finality that all water districts in the country created under PD 198 are government-owned or controlled corporations (201 SCRA 593).

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 mandates of the District are as follows:

- To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the franchise area;
- To provide, maintain and operate waste water collection treatment and disposal facilities; and,
- To conduct such other functions and operations incidental to water resources development, utilization and disposal within the district necessary or incidental to said purpose (Sec. 5, Chapter II, PD 198 as amended).

Mission

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

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 work force.”

The policy-making body of the water district is the Board of Directors, composed of five members.

Name	Designation	Sector
Atty. Ollita P. Atillo-Anyog, CPA	Chairman	Professional
Engr. Emilio D. Almazan	Vice Chairman	Civic
Mrs. Esther S. Molina	Secretary	Women
Mrs. Lilia G. Mina	Member	Education
Mr. Arturo S. Ang, CPA	Member	Business

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 the 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.

2016 Operational and Financial Highlights

Financial Highlights

A comparative financial condition, results of operations and sources and application of funds for CY 2016 and 2015 is presented below:

Comparative Financial Position:

The comparative financial condition of the District shows an uptrend. The total assets increases by **17.38%** while total liabilities decreases by 1.89% compared to the prior year’s data. In totality, equity rises by **25.01%** due to the increase in net income by 32% over the prior year’s net income.

PARTICULARS	2016	2015	INCREASE (DECREASE)	%
Assets	239,593,656.57	204,124,013.74	35,469,642.83	17.38%
Liabilities	56,803,399.51	57,899,139.50	-1,095,739.99	-1.89%
Equity	182,790,257.06	146,224,874.24	36,565,382.82	25.01%

Comparative Results of Operation:

The comparative results of operation indicate a robust growth. The gross income for CY 2016 inches by **11.77%** as compared last year due to increase in the income from waterworks system by 12%; fines and penalties by 13% and interest income by 20%. Consequently, the net income soars significantly by **31.53%** owing to **11.77%** increase of gross income and slight increase in expenses of only **6.28%** for the year then ended

PARTICULARS	2016	2015	INCREASE (DECREASE)	%
Gross Income	138,357,682.78	123,792,762.36	14,564,920.42	11.77%
Expenses	103,004,468.30	96,914,185.87	6,090,282.43	6.28%
Net Income	35,353,214.48	26,878,576.49	8,474,637.99	31.53%

Comparative Sources and Application of Funds:

The District's operating budget increases by **4.18%** over that of the prior year's budget. Funds expended for Personal Services increases by **1.60%** owing to increase of salaries and wages of employees by 10% and other bonuses and allowances by 75%. Miscellaneous and Other Operating Expenses (MOOE) on the other hand, increases by **11.85%**, sourced from the increase of travelling expenses and per diem by 34%, training expenses, 37%; medical, dental and laboratory expense, 23%; general services, 17% and 10% increase in taxes, duties and licenses from last year's data. Financial Expenses on the other hand, has a favourable decrease of **14.28%** in effect of the diminishing interest rate availed by the district on its loan.

SOURCES OF FUNDS	2016	2015	INCREASE (DECREASE)	%
Current Operating Budget	106,604,400.00	102,326,900.04	4,277,499.96	4.18%
Application of Funds				
Personal Services	45,755,298.02	45,035,847.45	719,450.57	1.60%
MOOE	54,700,279.98	48,904,770.31	5,795,509.67	11.85%
Financial Expenses	2,548,890.30	2,973,568.11	-424,677.81	-14.28%

The District's ability to meet its financial obligations in terms of liquidity denotes an increase of its current ratio from 3.27:1 in 2015 to 3.31:1 in 2016.

The DuPont analysis is a tool of performance indicators used by the district in the review of its financial performance. This year's ROI of 26% denotes an increase of 18% compared to the same ROI of 22% a year ago. Furthermore, there is a 5% decrease in Asset Turnover (ATO) from the last year's 61% to this year's 58%. The DWD's Equity Multiplier (EM) is lowered by 6% from 1.40 in 2015 to 1.31 this year. The said EM is a measure of financial prudence which reveals that there is a generally conservative approach of the district on debt management with only 31% of its assets being financed by loan whereas 69% is financed by equity. The 2016 ROE of 19% positioned an increase by 5% compared to the ROE a year ago of 18%. The data elucidated that the significant increase in ROE is definitely underscored to the increase in ROI and a decrease in ATO, hence indicating a GOOD ROE.

The District is operating profitably and maintains a good financial position, indicating its capability to recover the cost invested to the system operation. As of December 31, 2016, it has active service connections of 18,088 and serves an estimated population of 126,616. Moreover, total staff to total active connection ratio is 1:185 for CY 2016.

PLANS AND PROGRAMS FOR CY 2016

MAJOR FINAL OUTPUTS/PROJECTS/PROGRAMS/ ACTIVITIES	PERFORMANCE INDICATOR	DIVISION	ACCOMPLISHMENT		BUDGET		ACTUAL		REMARKS
			TARGET	ACTUAL	CO	MOOE	CO	MOOE	
Water Facility Service Management									
access to potable water	no. of barangays with access to potable water within the coverage area of Digos Water District		21	20					
1. Water Extraction/Production	cu. m of water produced	Water Resources	430,000/month	470,000/month					
-Well Drilling/exploration					3,600,000		2,984,986.95		
-Rehabilitation/Upgrading/					2,500,000		547,263.20		
Maintenance of Water Facility									
-Purchase of Equipment					4,680,000		1,292,255.34		
-Purchase of Transportation					2,000,000				
Equipment									
-Establishment of Natural					750,000		787,297.90		
Lagoon									
-Structure Facilities Improvement					1,450,000		888,345.20		
2. Pipe Laying & Commissioning	kms of pipeline laid	Engineering	21	27	14,681,000		7,469,570.46		
3. Marketing Activities	no. of marketing activities	Customer Services	2	3	25,000	805,000	26,777.00	603,020.00	
reliability of service	Percentage of household connections receiving 24/7 supply of water		91%	n/a					survey is conducted during the fourth quarter of the year
4. Pump Maintenance Program	% of maintenance program undertaken with not more than 7 unexpected breakdowns within a year	Water Resources	100%	100%		1,200,000		663,125.90	

MAJOR FINAL OUTPUTS/PROJECTS/PROGRAMS/ ACTIVITIES	PERFORMANCE INDICATOR	DIVISION	ACCOMPLISHMENT		BUDGET		ACTUAL		REMARKS
			TARGET	ACTUAL	CO	MOOE	CO	MOOE	
5. Electronic Motor Maintenance Program	% of electric motor maintenance program undertaken with no more than 7 unexpected breakdowns within the year	Water Resources	100%	100%		17,100,000		12,956,326.10	
6. Comprehensive Feasibility Study of DWD Water System					2,500,000		-		For next year's implementation
Water Distribution Service Management									
	Percentage of unbilled water to water production		23%	21.71%					
1. NRW Reduction Efforts									
- Illegal Connection Detection		Customer Accounts	100%	100%	10,000			956.52	NRW Reduction Efforts
- Leakage Detection & Repairs		Engineering	100%	100%	600,000	3,980,000	575,883.00	3,413,485.70	
- Meter Management Programs		Engineering, Admin			2,160,000		2,160,000.00		
- Purchase of Tools & Equipment					2,643,000	162,000	2,266,250.00	37,960.00	
- Purchase of Transportation Equipment		Engineering			1,000,000		-		
- Zone Metering		Engineering	100%	100%	680,000		187,557.13		
<i>potability</i>	Average deviation from PNSDW, percentage of compliance to standards		100%	100%					
2. Water Quality Management & Monitoring		Water Resources	100%	100%	2,000,000	900,000	-	846,124.00	
<i>adequacy/reliability of service</i>	average response time to restore service when there are interruptions based on the Citizen's Charter of DWD proposed for approval by CSC		4 hrs	4 hrs					
3. Fire Hydrants Installation		Engineering	100%	100%	300,000		-		

MAJOR FINAL OUTPUTS/PROJECTS/PROGRAMS/ ACTIVITIES	PERFORMANCE INDICATOR	DIVISION	ACCOMPLISHMENT		BUDGET		ACTUAL		REMARKS
			TARGET	ACTUAL	CO	MOOE	CO	MOOE	
4. New Service Connection Installations	no. of new service connections	Engineering, Customer Services	1,290		4,500,000	451,000	4,310,849.51	354,959.93	
5. Installation of Gate Valves		Engineering	100%	100%	350,000		204,849.00		
Support to Operations									
	Staff Productivity Index		185:1	183:1					
<i>affordability</i>	Reasonableness/affordability of water rates to consumers with access connections. Water rate for the 1st cu.m. Must not exceed 5% of the average income of LG		2.50%	2.35%					As of July 15, 2016 Low Income Group is P8,750.00
Customer satisfaction	Percentage of Customer Complaints acted upon against received complaints		96%	99.45%					
1. Billing Adjustment Services	% of requests on billing adjustments are acted upon in accordance with the existing policy on the matter	Customer Accounts Division	100%	100%		155,000		178,391.18	
2. Water Quality Monitoring	% of complaints on water quality are acted upon within the prescribed period	Water Resources	100%	100%		500,000		268,386.22	
3. Customer Satisfaction Survey	no. CSS conducted	Customer Services	1	1	115,000	78,500	106,252.00	83,249.35	Survey will be conducted during the 4th quarter of the year

MAJOR FINAL OUTPUTS/PROJECTS/PROGRAMS/ACTIVITIES	PERFORMANCE INDICATOR	DIVISION	ACCOMPLISHMENT		BUDGET		ACTUAL		REMARKS
			TARGET	ACTUAL	CO	MOOE	CO	MOOE	
Corporate Social Responsibility					50,000	600,000	-	487,595.80	
4. Information, Education & Communication (IEC activities)	no. of activities conducted		6	10					
5. Water, Sanitation and Health (WaSH) Program	no. of wash program conducted		1	2					
6. Eco Living and Learning Center and Park Maintenance	Percentage of ELL Center & Park Maintenance program undertaken		100%	100%					
7. Eco Literacy Project	No. of trainings conducted		1	1					
8. Watershed Protection and Management	No. of forums, meetings conducted		1	2					
9. Program/Project Monitoring and evaluation	no. Annual Report	Mgt. Services Group	1	1		180,400		125,700.72	
	no. of management dashboards	Mgt. Services Group	28	28					
Asset Management					235,000		182,911.84		
10. Public Information Program	no. of newsletters published	Mgt. Services Group	1	1	68,000	113,000	58,800.00	105,281.00	
General Administration & Support Services									
PI 1.	Financial viability & sustainability of LWD operations					185,000		225,387.44	
	a. Collection Ratio		93%	94%					Total Collection/(Total Billings + A/R Beginning)

MAJOR FINAL OUTPUTS/PROJECTS/PROGRAMS/ ACTIVITIES	PERFORMANCE INDICATOR	DIVISION	ACCOMPLISHMENT		BUDGET		ACTUAL		REMARKS
			TARGET	ACTUAL	CO	MOOE	CO	MOOE	
	b. Operating Ratio		not more than 75%	58%					Operating Expenses/ Operating Revenue
	c. Current Ratio		3:1	3.31:1					Current Assets/Current Liabilities
	d. Revenue Performance		98%	102%					Actual Gross Income/Projected Gross Revenue
1. Collection Efficiency Program	no. of initiatives implemented	Customer Accounts	3	3					
	% of Official Receipts issued to customers	Finance	100%	100%	175,000	100,000	137,964.00	66,007.38	
2. Customer Billing Services	% of service connections due for billing that are billed every month	Customer Accounts	100%	100%	700,000	700,000	419,927.00	568,383.37	
3. Agency Policies & Standard Services	% of resolutions/memorandum drafted for board's/GM's approval	Mgt. Services Group	100%	100%	87,000	3,625,500	63,750.00	3,069,728.72	
4. Building Administration & Maintenance					5,426,500	1,440,000	4,327,381.41	1,213,939.15	
5. Human Resource Information System					574,000		279,360.00		HRIS -100%; Payroll System to be implemented in 2017
6. Human Resource Development					524,000	5,240,000	106,457.00	3,771,626.06	
-Training			100%	100%		1,351,000		890,202.00	
-Employees' Welfare & Development			100%	100%		3,530,000		2,697,114.80	
-PRAISE Mechanisms			100%	100%		-		-	
-Improvement of Working Condition						2,250,000		1,578,594.96	

CONSOLIDATED PROJECTS FOR CY 2016

2015-02-11	Proposed Distribution Line	J. Abad Santos St. (cor. J. Luna St. - cor. Lapu-Lapu St.)	117,206.00	Mar 29, 2016	June 11, 2016	210	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	65,708.34	Completed, ready for Commissioning
2015-02-12	Proposed Distribution Line	Lim Ext. (Rizal Ave. - J.P. Laurel St.)	629,605.00	March 7, 2016	On going	1098	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	342,101.82	For interconnection
2015-02-13	Proposed Distribution Line	Luna Ext. (Rizal Ave. - J.P. Laurel St.)	663,025.00	Feb. 29, 2016	On going	690	210 CD -for WO2015-02-01to22.upon delivery of Mats.	90%	406,932.21	For interconnection / Portion for concrete cutting
2015-02-14	Proposed Distribution Line	Quezon Ave.("Y" Junction Rd.-Rizal Ave. Jumao-as Rd.)	3,421,142.00	Dec. 21, 2015	On going	1122	210 CD -for WO2015-02-01to22.upon delivery of Mats.	85%	2,146,087.51	For interconnection / Portion for concrete cutting
2015-02-15	Proposed Distribution Line	Roxas St. (cor. Magsaysay St. - cor. Bataan St.)	322,270.00	Mar. 30, 2016	June 30, 2016	630	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	154,225.10	Completed, ready for Commissioning
2015-02-16	Proposed Distribution Line	Brgy. Ruparan (San Vicente - Riverside Proper)	294,050.00				210 CD -for WO2015-02-01to22.upon delivery of Mats.		-	for implementation
2015-02-20	Proposed Distribution Line	Sacred Heart Ave.(cor. Cabrillos St. -cor. Rizal Ave.)	192,540.00				210 CD -for WO2015-02-01to22.upon delivery of Mats.		-	for implementation
2015-02-21	Proposed Distribution Line	Tandang Sora St.(cor. J.Luna St.-cor Lapu-Lapu St.)	163,596.00	Dec. 6, 2015	May 21, 2016	222	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	92,930.69	Completed, ready for Commissioning
2015-02-22	Proposed Distribution Line	Vinson St.(cor. J.Luna St.-cor Lapu-Lapu St.)	141,270.00	Apr. 16, 2016	June 11, 2016	210	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	61,082.07	Completed, ready for Commissioning
2015-05-24/ 2014-06-01	Building	Proposed 2-storey Building	18,052,000.00	Oct. 15, 2015	On going	1 unit	365 CD, October 15, 2016	98%	15,683,432.41	On Going
2015-09-01	Proposed Distribution Line	Proposed installation of Flow Meter (Zone Metering)	1,000,000.00	Apr. 1, 2016	On going	1 Lot	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	560,387.82	Completed, ready for Commissioning

Digos Water District Consolidated Quarterly Report on Government Projects As of December, 2016										
Work Order No.	Projects/Programs /Activity Name	Location	Total Cost	Date Started	Date Finished	Length of Pipe (Meters)	Target Completion Date	Project Status		Remarks
								% of Completion Physical	Total Cost incurred to date	
ENGINEERING										
2015-02-01	Proposed Distribution Line	Brgy. Kiagot (Upper Alla Vista - Quarry Site)	(227,750.00)						-	Cancelled due to non Purchase of Materials
2015-02-02	Proposed Distribution Line	Cabrillos St. (Roxas Ext. - cor. Estrada St.)	339,152.00	May 5, 2016	On going	360	210 CD -for WO2015-02-01to22.upon delivery of Mats.	75%	187,687.94	Pipe Laying
2015-02-03	Proposed Distribution Line	1st Crumb St. (Rizal Ave. - cor. Bataan St.)	740,842.00	Feb. 9, 2016	June 6, 2016	1146	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	533,083.49	Completed, ready for Commissioning
2015-02-04	Proposed Distribution Line	Del Rosario St. (cor. Lim St. - cor. Aurora St.)	200,044.00	Mar. 24, 2016	June 27, 2016	552	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	109,974.63	Completed, ready for Commissioning
2015-02-05	Proposed Distribution Line	Doña Aurora St. (Rizal Ave. - cor. Diversion Rd.)	420,040.00	Dec. 8, 2015	Feb 2, 2016	1206	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	329,002.38	Completed, ready for Commissioning
2015-02-06	Proposed Distribution Line	cor. Estrada 5th St. - cor. Rufino Rd.	194,076.00	Apr. 7, 2016	June 10, 2016	426	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	79,608.21	Completed, ready for Commissioning
2015-02-07	Proposed Distribution Line	cor. V. Sotto St. - Estrada 5th St.	443,252.00	Apr. 12, 2016	On going	546	210 CD -for WO2015-02-01to22.upon delivery of Mats.	80%	209,933.43	For interconnection
2015-02-08	Proposed Distribution Line	Gallarde St. (cor. 1st Crumb St. - Mary Crumb St.)	278,226.00	Apr. 26, 2016	On going	252	210 CD -for WO2015-02-01to22.upon delivery of Mats.	80%	67,743.69	For interconnection / Portion for concrete cutting
2015-02-09	Proposed Distribution Line	Brgy. Igpit Prov Rd. (Igpit Elem. School - Cagas Village)	391,573.00	Feb. 20, 2016	Mar. 14, 2016	1188	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	198,951.15	Completed, ready for Commissioning
2015-02-10	Proposed Distribution Line	J. Abad Santos St. (cor. Lim St. - cor. Aurora St.)	207,904.00	Mar. 21, 2016	June 27, 2016	552	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	156,177.35	Completed, ready for Commissioning

2015-10-01	Proposed Distribution Line	Proposed realignment of Distribution Line (Due to road widening)	451,214.00	Apr. 1, 2016	July 30, 2016	1 lot	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	186,931.15	Completed, ready for Commissioning
2015-10-02	Proposed Distribution Line	Proposed installation of Hydrant & Blowoffs	300,000.00	Apr. 1, 2016	June, 2016	1 lot	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	298,079.13	Completed, ready for Commissioning
2015-11-01	Proposed Distribution Line	Proposed installation Gate Valve	350,000.00	Apr. 1, 2016	July 30 2016	1 lot	210 CD -for WO2015-02-01to22.upon delivery of Mats.	100%	173,418.19	Completed, ready for Commissioning
2016-01-01	Proposed Distribution Line	Proposed Distribution Line @ San Miguel-Dulangan	1,020,000.00	Oct. 23, 2016	On going	1560	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	95%	904,550.32	On going
2016-01-02	Proposed Distribution Line	Proposed Distribution Line @ Rizal Ave. (Lapu-lapu-Mabini)	395,000.00				290 CD -for WO-2016-01-01to30.upon delivery of Mats.		92.00	for implementation
2016-01-03	Proposed Distribution Line	Proposed Distribution Line @ Rizal Ave. (Lim-Mabini East)	235,000.00				290 CD -for WO-2016-01-01to30.upon delivery of Mats.		150,974.50	for implementation
2016-01-04	Proposed Distribution Line	Proposed Distribution Line @ Rizal Ave. (Roxas-Crumb)	615,000.00	Aug. 1, 2016	On going	1397	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	30%	421,954.04	For interconnection
2016-01-05	Proposed Distribution Line	Proposed Distribution Line @ Rizal Ave. (Ebreo-Sto. Rosario)	960,000.00				290 CD -for WO-2016-01-01to30.upon delivery of Mats.		46.00	for implementation
2016-01-06	Proposed Distribution Line	Proposed Distribution Line @ Parallel Road (lower Matti)	890,000.00	Aug. 13, 2016	On going	2532	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	75%	684,168.31	On going
2016-01-07	Proposed Distribution Line	Proposed Distribution Line @ Capitol Road (Parallel-McArthur)	305,000.00				290 CD -for WO-2016-01-01to30.upon delivery of Mats.		13,184.00	for implementation
2016-01-08	Proposed Distribution Line	Proposed Distribution Line @ Road 1 (Aurora-Odaca)	195,000.00	June 1, 2016	June 16, 2016	420	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	167,116.34	Completed, ready for Commissioning
2016-01-09	Proposed Distribution Line	Proposed Distribution Line @ 3rd St. (Aurora-Dawis Road)	370,000.00	July 19, 2016	On going	1032	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	90%	231,253.22	For interconnection
2016-01-10	Proposed Distribution Line	Proposed Distribution Line @ Kiagot (Steel res-SDA Road)	295,500.00	Sept. 22, 2016	Oct. 05, 2016	1200	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	174,570.00	Completed, ready for Commissioning
2016-01-11	Proposed Distribution Line	Proposed Distribution Line @ Kiagot (Nangkaan)	160,000.00	Oct. 05, 2016	Oct. 13, 2016	606	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	95,953.00	Completed, ready for Commissioning

2016-01-12	Proposed Distribution Line	Proposed Distribution Line Between Lim-Mabini	85,000.00	Jan. 18, 2016	Jan. 21, 2016	168	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	42,376.92	Completed, ready for Commissioning
2016-01-13	Proposed Distribution Line	Proposed Distribution Line @ Aplaya (Bing Sumatra)	110,000.00	Sept. 10, 2016	Sept. 14, 2016	246	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	39,793.09	Completed, ready for Commissioning
2016-01-14	Proposed Distribution Line	Proposed Distribution Line @ Aplaya (Libre Road)	116,000.00	Sept. 10, 2016	Sept. 14, 2016	102	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	37,647.33	Completed, ready for Commissioning
2016-01-15	Proposed Distribution Line	Proposed Distribution Line @ Balutakay Subdivision	85,500.00	Oct. 22, 2016	Oct. 29, 2016	246	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	37,652.09	Completed, ready for Commissioning
2016-01-16	Proposed Distribution Line	Proposed Distribution Line @ Doña Aurora Ext. (Calunsag)	222,100.00	Sept. 13, 2016	Sept. 16, 2016	564	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	129,744.14	Completed, ready for Commissioning
2016-01-17	Proposed Distribution Line	Proposed Distribution Line @ Aplaya (Mamac-DMVEMC)	286,000.00	Aug. 2, 2016	Aug. 13, 2016	1542	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	193,257.16	Completed, ready for Commissioning
2016-01-18	Proposed Distribution Line	Proposed Distribution Line @ 6th St. (Aurora-Dawis Road)	276,000.00	July 11, 2016	July 11, 2016	1041	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	176,514.14	Completed, ready for Commissioning
2016-01-19	Proposed Distribution Line	Proposed Distribution Line @ Latasa Village (Colorado)	100,000.00	Apr. 29, 2016	May 08, 2016	396	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	30,982.80	Completed, ready for Commissioning
2016-01-20	Proposed Distribution Line	Proposed Distribution Line @ Biao Balisong	304,400.00				290 CD -for WO-2016-01-01to30.upon delivery of Mats.		133,794.45	for implementation
2016-01-21	Proposed Distribution Line	Proposed Distribution Line @ Tres de Mayo (Brgy. Hall)	146,500.00	July 1, 2016	July 1, 2016	600	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	68,771.00	Completed, ready for Commissioning
2016-01-22	Proposed Distribution Line	Proposed Distribution Line @ Lower Matti (Bagtaso Road)	89,000.00	Sept. 5, 2016	Sept.9, 2016	264	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	41,556.56	Completed, ready for Commissioning
2016-01-23	Proposed Distribution Line	Proposed Distribution Line @ Road 2 (Aurora-Odaca)	127,000.00	July 5, 2016	July 11, 2016	420	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	96,058.54	Completed, ready for Commissioning
2016-01-24	Proposed Distribution Line	Proposed Distribution Line @ Road (Odaca-Cavan Res)	123,000.00	Sept. 15, 2016	Sept. 19, 2016	408	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	58,611.39	Completed, ready for Commissioning
2016-01-25	Proposed Distribution Line	Proposed Distribution Line @ Register of Deeds Road 1	90,000.00	Jan. 21, 2016	Jan. 30, 2016	228	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	63,589.81	Completed, ready for Commissioning
2016-01-26	Proposed Distribution Line	Proposed Distribution Line @ Register of Deeds Road 2	90,000.00	Jan. 21, 2016	Mar. 30, 2016	228	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	54,634.21	Completed, ready for Commissioning
2016-02-29	Proposed Distribution Line	Proposed Distribution Line @ Sitio Sto. Rosario, Ruparan	120,000.00	Oct. 15, 2016	On going	438	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	70%	68,290.28	On going
2016-02-30	Proposed Distribution Line	Proposed Distribution Line @ Sitio San Miguel, Ruparan	181,450.00	Mar. 1, 2016	Mar. 8, 2016	552	290 CD -for WO-2016-01-01to30.upon delivery of Mats.	100%	69,755.67	Completed, ready for Commissioning
2016-07-38	Proposed Installation of Hydrant	Various Area in Digos City	300,000.00				290 CD -for WO-2016-01-01to30.upon delivery of Mats.			For Implementation
2016-07-39	Proposed Installation of Gate Valve	Various Area in Digos City	350,000.00				290 CD -for WO-2016-01-01to30.upon delivery of Mats.		9,840.00	For Implementation

WATER RESOURCES										
2015-09-05	Proposed construction of Public Toilet in Eco Living and Learning Park	Barangay Dulangan	190,000.00	Feb-16			November 2016	100%	174,490.91	Completed
2015-12-01	Proposed Installation of Pump Lifter Tripod @PS 9	Barangay Ruparan	80,000.00	Jan-16	May 2016		June 2016	100%	65,147.20	Completed
2015-12-02	Proposed Drainage System @ PS 9	Barangay Ruparan	150,000.00	Jan-16	April 2016		May 2016	100%	149,943.27	Completed
2016-02-28	Proposed Construction of Natural Lagoon in Eco Living and Learning Park	Barangay Dulangan	750,000.00	Mar-16	Sep-16		September 2016	100%	742,483.39	Completed
2016-06-32	Proposed Exterior Painting Works for Concrete Reservoir	Brgy. Kiagot	280,000.00	Jul-16	Sep-16		September 2016	100%	237,047.50	On-Going
2016-06-33	Proposed Exterior Painting Works for Concrete Reservoir	Brgy. Colorado	175,000.00						165,173.26	On-Going
2016-06-34	Proposed Exterior Painting Works for Concrete Reservoir	Brgy. Kiagot Center	80,000.00						25,186.00	On-Going
2016-06-35	Proposed Exterior Painting Works for Concrete Reservoir	Brgy. Kiagot Center	90,000.00						64,648.89	For Implementation
2016-06-36	Proposed Exterior Painting Works for Concrete Reservoir	San Vicente	565,000.00						238,895.30	For Implementation
2016-06-37	Proposed Rehabilitation of Pump House @ PS#2	Lapu-lapu Ext.	110,000.00						53,260.45	On-Going

ADMINISTRATIVE										
	System Software and Inventory	DWD Office, GSO	550,000.00				1st Week of June 2017	75%		On going
2016-01-27	Proposed Pipe Rack @ Pump Station 2	Lapu-Lapu Extension, Digos City	180,000.00	Jan. 25, 2016	Aug. 31, 2016		1st Week of April 2016	100%	167,201.90	Completed
2016-03-31	Proposed Warehouse Extension @ PS 2	Lapu-Lapu Extension, Digos City	1,000,000.00	Mar. 30, 2016	Oct. 31, 2016		1st Week of September 2016	100%	800,058.53	Completed
2016-08-40	Proposed Painting of Warehouse at PS#2	Lapu-Lapu Extension, Digos City	500,000.00	Nov. 02, 2016			January 2017	40%	210,482.30	On going
			<i>Php</i> 42,427,727.00						<i>Php</i> 29,334,228.92	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

2.1 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.

2.2 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.

2.3 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.

2.4 Monetary Denomination Used

These financial statements are presented in Philippine peso as its monetary denomination used to facilitate proper recording and reporting of the transactions except when otherwise indicated.

2.5 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.

2.6 Significant accounting policies observed for each account

2.6.1 Cash and Cash Equivalents

Cash includes cash on hand and cash in banks. Cash is valued at face value. Pursuant to Office Policy No.C-28-90 on handling cash collection, office collections from 8:00 am to 12:00 noon is deposited at 2:30'o'clock in the afternoon on the same day and collections from 12:01 pm to 5:00 pm is deposited intact the following day.

Petty Cash Fund shall be maintained under the imprest system. All replenishments are directly charged to appropriate expense account. The fund shall be used for small incidental expenditures and is sufficient for the non-recurring, emergency and petty expenses.

Change Fund is the fund set up for cashiering assistants for daily beginning balance in collection.

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

2.6.2 Receivables

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

Accounts Receivable–Delinquent in the year 2015 as reflected in the books refers to receivables from inactive customers which includes all amounts due arising from services rendered to customers for water sales and incidental services aged over 1 year as per aging of Accounts Receivable. This account was already part of the recognized impairment loss in the year 2016.

Periodic evaluation of accounts is conducted to identify those requiring sufficient level of allowance and determine proper level thereof. This account is divided into 16 zone groups to facilitate its reconciliation with the customers' subsidiary ledger 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 customer's account. Resolution # 17-053 Series of 2016 was approved for the recognition of impairment loss on accounts receivable, in accordance with the Philippine Accounts Standards (PAS) 39.

A. Policy on Doubtful Accounts (Bad Debts)

Allowance for Bad Debts, a contra receivable account, represents amount of accounts receivables which are likely to become uncollectible. Due to uncertainty in the collection of disconnected accounts, some of these accounts are considered as doubtful. The district pursuant to Policy No.C-43-02, adopted the Allowance Method. The anticipated loss due to these doubtful accounts are recorded yearly in the books. In estimating the bad debts to be adjusted yearly, the district shall use the allowance method based on Year-end Accounts Receivable Balance. One percent (1%) as a predetermined rate shall be used in determining the amount as a provision for doubtful accounts.

B. Policy on Impairment Loss on Accounts Receivable

PAS 39 provides that a financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

2.6.3 Inventories

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.

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

Inventories are valued at cost using the moving average method. A physical count is undertaken at least once a year.

Inventories include assets for consumption in the normal course of operations. Inventories of the District include materials and supplies that are kept in stock for future use in operations. These are grouped into office supplies, accountable forms, medical dental & laboratory supplies, spare parts, other supplies and construction and materials inventory.

2.6.4 Prepayments

Prepayments are measured at cost. Prepayments are prepaid insurances and other expenses applicable to future period.

This account includes payment to GSIS for the insurance premium of vehicles, building and its contents, pumping stations, waterpipes and portable ultrasonic clamp and payment of premium of bonded employees.

2.6.5 Investment

This pertains to the Sinking fund of DWD for LWUA funded projects deposited under Development Bank of the Philippines (DBP).

2.6.6 Property, plant and equipment

Property, plant and equipment consist of land, buildings, facilities and equipment.

Except for land, the District's property and equipment are stated at cost less accumulated depreciation and amortization and impairment in value, if any.

Initial Recognition

The initial cost of property and equipment consists of its purchase price, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use like transportation, freight, installation costs, etc. In the books of accounts, the purchase is immediately recorded as asset.

Subsequent recognition

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to Maintenance and Other Operating Expenses (MOOE) in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its original assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Derecognition

When assets are sold and retired, their cost and accumulated depreciation and amortization are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income and expenses.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

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.

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).

The District's 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.

2.6.7 Construction in Progress

Construction in-progress is stated at cost. While the construction of the project is in progress, no provision for depreciation is recognized.

Construction in-progress is transferred to the related Property, Plant and Equipment account when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use have been completed, and the property, plant and equipment are ready for service.

Any related expenses incurred during the construction of the project, such as license fees, permit fee, clearance fees, etc. shall be capitalized.

2.6.8 Other Assets

This account includes the following

Restricted Fund/Cash is a time deposit made with bank for high yielding interest rates with 30 days maturity. This fund is composed of mandatory debt service reserves.

Cash deposits or guaranty deposit to various suppliers of services include tanks/cylinders, temporary lighting of pumping station and repairs of damage on national roads.

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.

A. Policy on Doubtful Accounts (Bad Debts)

Due to uncertainty in the collection of disconnected accounts, some of these accounts are considered as doubtful. The district pursuant to Policy No.C-43-02, adopted the Allowance Method .The anticipated loss due to these doubtful accounts are recorded yearly in the books. In estimating the bad debts to be adjusted yearly, the district shall use the allowance method based on Year-end Accounts Receivable Balance. One percent (1%) as a predetermined rate shall be used in determining the amount as a provision for doubtful accounts.

B. Policy on Impairment Loss on Accounts Receivable

PAS 39 provides that a financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

2.6.9 Liabilities

Current liabilities are present obligations of the District arising from past event, the settlement of which is expected to result in an outflow from the District of resources embodying economic benefits. It includes payable accounts, inter-agency payables and other liability accounts.

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. All borrowings incurred shall be recorded directly to the appropriate liability accounts.

Long Term Liabilities pertains to the loan of the Water District that is not due within one year from the date of the balance sheet.

2.6.10 Revenue

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectable amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized

The District has adopted the accrual basis of accounting in recording the income except where it is impractical or when other methods are required by law.

Fines and Penalties are recognize as income of the year these were collected

2.6.11 Expenses

The District adopts the modified accrual basis of accounting for income and expense recognition in accordance with Paragraph 2.1 (d) of COA Resolution No. 2006-006 dated January 31, 2006. Under this method, all expenses shall be recognized when incurred and reported in the financial statements in the period to which they relate

2.6.12 Events after the Balance Sheet Date

Any post year-end events that provide additional information about the District's position at balance sheet date (adjusting events) are reflected in the financial statements. Any post year-end event that is not adjusting event is disclosed in the notes to financial statements, when material.

2.6.13 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2.6.14 Employee benefits

The employees of the District are member of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The District recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense.

2.6.15 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, the reporting entity; (2) associates; (3) individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity and close members of the family of any such individual; and (4) key management personnel, and close members of the family of key management personnel.

2.6.16 Changes in accounting policies and estimates

The District recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The District recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

2.6.17 Correction of Errors

Fundamental errors of prior years are adjusted to the Prior Period Adjustment Account. Errors affecting current year's operations are charged to the current year's accounts.

Some accounts were reclassified to conform with the new Chart of Accounts prescribed under the applicable Chart of Accounts.

3. SIGNIFICANT MANAGEMENT'S ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the District's financial statements in conformity with Philippine Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the amounts reported in the District's financial statements and accompanying notes.

The estimates and assumptions used in the Agency's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the District's financial statements.

Actual results could differ from such estimates. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Key Sources of Estimation Uncertainty

In the application of the District's accounting policies, management is required to make, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Agency's financial statements.

A.) Estimated Useful Lives of Property and Equipment

The District estimates the useful lives of property, plant and equipment based on the LWUA's Commercial Practices Manual and COA guidelines.

Depreciation and amortization are calculated on a straight-line basis, and assets are depreciated over the following estimated useful lives as follows:

PROPERTY, PLANT and EQUIPMENT			
<i>Account No.</i>	<i>Account Name</i>	<i>Depreciation Method</i>	<i>Estimated Useful Life</i>
202	Land Improvements	Straight Line Method	10 years
211	Office Building	Straight Line Method	10-30 years
215	Other Structures	Straight Line Method	10-30 years
221	Office Equipment	Straight Line Method	2-5 years
222	Furnitures and Fixtures	Straight Line Method	2-15 years
223	IT Equipment and Software	Straight Line Method	2-10 years
229	Communication Equipment	Straight Line Method	5-15 years
240	Other Machinery and Equipment	Straight Line Method	2-15 years
241	Motor Vehicle	Straight Line Method	3-15 years
250	Other Property,Plant & Equipment	Straight Line Method	5-30 years

B.) Policy on Doubtful Accounts (Bad Debts)

Due to uncertainty in the collection of disconnected accounts, some of these accounts are considered as doubtful. The district pursuant to Policy No.C-43-02, adopted the Allowance Method .The anticipated loss due to these doubtful accounts are recorded yearly in the books. In estimating the bad debts to be adjusted yearly, the district shall use the allowance method based on Year-end Accounts Receivable Balance. One percent (1%) as a predetermined rate shall be used in determining the amount as a provision for doubtful accounts.

C.) Recognition of Impairment Loss

PAS 39. Paragraph 59 states: A financial asset is impaired and impairment loss are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial asset that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized.

Based on the district’s records and other information found through investigation, it is evident that the Accounts Receivable amounting to P3,760,895.89 is impaired due to the following loss events :

- A. Significant financial difficulty of our customers which resulted to disconnection and ultimately becoming dormant accounts **for five years or more**.Although, we had exerted utmost efforts to collect by sending three (3) written notices, unfortunately, these accounts were not paid;
- B. Demolition of properties which caused discontinuance if water services. With our DWD experience, demolition of edifice occurred due to road widening, the old Digos City Public Market was demolished to construct a Mega Market, the demolition of some houses located at Jumao-as Street and Quezon Avenue due to the construction of a 5 hectare Gaisano Grand Mall of Digos, and the city-wide construction boom which lead residential owners to sell their properties to Commercial and Industrial businesses. Unfortunately, most accounts that were demolished had not been reconnected and collection of outstanding balances could no longer be made;
- C. Adverse changes and or abrupt increase in consumption pattern due to leakages and high consumption complaints which lead to disconnection due to inability and unwillingness to pay concerned customers; and
- D. Unwillingness of the owner to pay the outstanding balances of their renter/lessor .

4. BUDGET INFORMATION

Section 3.3 of DBM Corporate Circular No. 20 dated April 27, 2005 states that any increase in the approved principal corporate operating budget in the course of the budget year, as may be warranted by additional corporate receipts, shall require submission and approval of a supplemental corporate budget to cover the additional expenditures in line with the national government decentralization policy.

The Department of Budget and Management authorized augmentation of funds or realignment of savings within the expense class without the need of prior approval.

5. CASH AND CASH EQUIVALENT

This account consists of the following:

	2016	2015
Cash on Hand	249,159.75	449,356.06
Cash in National Treasury	0.00	0.00
Cash in Bank - Local Currency	49,232,584.83	33,028,848.81
Cash in Bank - Foreign Currency	0.00	0.00
Working Fund	0.00	0.00
Payroll Fund	0.00	0.00
Total	49,481,117.58	35,478,203.87

5.1 Cash on Hand

This account can be broken down as follows:

	2016	2015
Cash in Vault	0.00	0.00
Cash - Collecting Officers	243,159.75	443,356.06
Cash - Disbursing Officers	0.00	0.00
Petty Cash Fund/Change Fund	6,000.00	6,000.00
Total	249,159.75	449,356.06

Pursuant to Office Policy No.C-28-90 on handling cash collection, office collections from 8:00 am to 12:00 nn are deposited at 2:30 o'clock in the afternoon on the same day and collections from 12:01 pm to 5:00 pm is deposited intact the following day to the government authorized depository bank.

A total of Six Thousand(P6,000.00)Pesos Change Fund shall be set up for cashiering assistants for daily beginning balance in collection.

5.2 Cash in Bank – Local Currency

This account can be broken down as follows:

	2016	2015
Cash - Bangko Sentral ng Pilipinas	0.00	0.00
Cash in Bank - Local Currency, Current Account	49,232,584.83	35,028,848.81
Cash in Bank - Local Currency, Savings Account	0.00	0.00
Cash in Bank - Local Currency, Time Deposits	0.00	0.00
Total	49,232,584.83	35,028,848.81

5.2.1 Cash in Bank – Local Currency, Current Account

This account can be broken down as follows:

Name of Depository Bank	Account No.	2016	2015
DBP	0920-008783-080	P46,578,352.86	P33,748,226.87
LBP	0332-0053-40	2,654,231.97	1,280,620.94
		P49,232,584.83	P35,028,847.81

Development Bank of the Philippines (DBP) Cash in Bank is under current account and is used by the District in its daily operation while Land Bank of the Philippines (LBP) Cash in Bank account is intended for BIR –Electronic and Filing Payment System.

6. RECEIVABLES

This account consists of the following:

	2016	2015
Receivable Accounts	8,399,366.82	8,219,738.83
Inter-Agency Receivables	0.00	0.00
Intra-Agency Receivables	0.00	0.00
Other Receivables	0.00	65,520.87
Total	8,399,366.82	8,258,259.70

6.1 Receivable Accounts

This account can be broken down as follows:

	2016	2015
Accounts Receivable-Current	8,399,366.82	3,308,118.70
Accounts Receivable-Delinquent		4,977,141.00
Total Accounts Receivable	8,399,366.82	8,285,259.70
Less: Allowance for Doubtful Accounts	83,993.67	92,097.68
Less: Allowance for Impairment Loss	3,760,895.89	
Total	4,554,477.26	8,193,161.70

Accounts Receivable – Current refers to receivables from customers which includes all amounts due arising from services rendered to customers for water sales and incidental services aged 365 days and below as per Aging of Accounts Receivable. This account is divided into 16 zone groups to facilitate its reconciliation with the customers' subsidiary ledger accounts.

On the other hand, Accounts Receivable – Delinquent is treated as part of Other Assets. It refers to receivables from inactive concessionaires which includes all amounts due arising from services rendered to customers for water sales and incidental services aged over 1 year as per aging of Accounts Receivable.

6.1.1 Accounts Receivable:

This account can be broken down as follows:

	2016	2015
Accounts Receivable	8,398,707.90	8,256,169.00
Add: Accounts Receivable Others	0.00	65,520.87
Add: Reconciling Items	658.92	36,430.17
Total	8,399,366.82	8,285,259.70

6.1.1A Aging of Accounts Receivable for CY 2016 is presented as follows:

	1-30 days	31-60 days	61-90 days	91-120 days	over 120 days	Balance
Zone 1	-	-	-	-	374,105.21	374,105.21
Zone 2	-	-	-	-	65,784.71	65,784.71
Zone 3	-	-	-	-	837,083.73	837,083.73
Zone 4	380,763.43	97,693.09	34,139.85	12,488.57	1,078,589.81	1,603,674.75
Zone 5	250,940.46	52,500.50	11,870.82	29,113.91	281,788.54	626,214.23
Zone 6	283,269.62	55,711.30	11,160.83	8,283.59	304,680.90	663,106.24
Zone 7	152,777.69	39,978.98	9,348.78	2,499.66	298,122.99	502,728.10
Zone 8	270,690.86	74,601.91	13,178.98	6,726.10	545,301.00	910,498.85
Zone 9	107,607.63	80,018.08	21,305.27	30,238.02	508,866.57	748,035.57
Zone 10	82,153.81	25,455.63	4,458.80	3,262.12	53,288.09	168,618.45
Zone 11	231,992.97	34,088.94	5,219.42	7,651.18	214,486.14	493,438.65
Zone 12	110,285.28	31,951.19	2,767.85	1,106.25	219,799.54	365,910.11
Zone 13	216,075.88	73,344.12	17,591.34	9,140.01	109,738.01	425,889.36
Zone 14	66,472.43	16,572.32	1,625.00	231.55	32,206.32	117,107.62
Zone 15	96,888.80	52,320.16	9,229.06	3,527.47	121,242.14	283,207.63
Zone 16	66,117.21	23,105.69	1,934.95	4,685.48	117,461.36	213,304.69
Totals	2,316,036.07	657,341.91	143,830.95	118,953.91	5,162,545.06	8,398,707.90

6.1.1B Aging of Accounts Receivable for CY 2015 is presented as follows:

AGING OF ACCOUNTS SUMMARY						
12/31/2015						
ZONE	1-30 DAYS	31- 60 DAYS	61-90 DAYS	91-120 DAYS	OVER 120 DAY	BALANCE
ZONE 1	-	-	-	-	484,123.24	484,123.24
ZONE 2	-	-	-	-	163,306.67	163,306.67
ZONE 3	-	-	27,768.88	9,776.34	862,310.09	899,855.31
ZONE 4	275,399.68	115,101.57	69,158.87	30,752.72	1,100,696.76	1,591,109.60
ZONE 5	269,174.22	64,048.04	9,956.89	5,595.67	277,848.74	626,623.56
ZONE 6	199,916.32	46,274.41	10,941.95	6,556.70	298,090.93	561,780.31
ZONE 7	109,008.53	40,780.47	4,683.34	2,175.57	292,469.93	449,117.84
ZONE 8	259,157.49	75,480.49	17,582.27	3,890.86	467,760.62	823,871.73
ZONE 9	205,815.86	76,817.32	13,004.40	6,262.98	461,867.02	763,767.58
ZONE 10	76,452.05	29,310.42	9,056.08	5,544.53	49,052.85	169,415.93
ZONE 11	164,061.82	40,033.74	5,899.56	2,486.19	148,773.07	361,254.38
ZONE 12	92,280.65	24,789.95	5,471.42	5,614.31	211,921.07	340,077.40
ZONE 13	228,233.92	31,708.08	9,005.97	2,795.63	92,631.04	364,374.64
ZONE 14	52,451.18	16,357.73	1,530.14	1,264.45	32,033.90	103,637.40
ZONE 15	135,412.33	39,697.98	9,277.53	4,336.10	130,638.19	319,362.13
ZONE 16	119,240.15	32,763.98	2,569.51	2,742.09	77,175.55	234,491.28
	2,186,604.20	633,164.18	195,906.81	89,794.14	5,150,699.67	8,256,169.00

6.2 Accounts Receivable, Current

The aging of this account is detailed as follows:

	2016	2015
Accounts Receivable		
1-30 days	P1,646,337.88	P1,674,722.56
31-60 days	717,192.11	740,124.56
61-90 days	184,807.37	265,722.93
90 days above	5,850,370.54	598,457.95
Add: Adjustment (Reconciling Items)	658.92	36,430.17
	P8,399,366.82	P3,242,597.83
Add: Accounts Receivable (Others)		65,520.87
Less: Allowance for Doubtful Accounts	83,993.67	92,097.68
Less: Allowance for Impairment Loss	3,760,895.89	
Total	P 4,554,477.26	P3,216,021.02

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

Programming on the Billing and Collection of Receivables is coursed through the DCTECH MICRO SERVICES, INC. The District availed of the DCTECH METER READING and ROUTE MANAGEMENT SYSTEM Software, including accessories and maintenance as evidenced by the Memorandum of Agreement (MOA) executed between the DCTECH and the DIGOS WATER DISTRICT (DWD) dated September 18, 2012.

6.2.1 Accounts Receivable (Others)

Accounts Receivable (Others) refers to receivables from customers which includes all amounts arising from services rendered to customers aside from water sales, this includes service fee and other changes on account.

	2016	2015
Accounts Receivable (Others)	0.00	65,520.87
Total	0.00	65,520.87

For CY 2015, this account can be broken down as follows:

ACCOUNTS RECEIVABLE-OTHERS (ARO)					
as of December 31, 2015					
	Active		Inactive		Percentage
	Count	Amount	Count	Amount	
Total Prior Years	10	6,621.10	98	55,449.69	94.73%
Current Year					
1-30 days	0	-	0	-	0.00%
31-60 days	0	-	0	-	0.00%
61-90 days	0	-	0	-	0.00%
91-120 days	0	-	0	-	0.00%
over 120 days	5	1,980.34	6	1,469.74	5.27%
Grand Total	15	8,601.44	104	56,919.43	100.00%
Total ARO	119	65,520.87			

6.2.2 Reconciling Items:

	2016	2015
Reconciling Items (Adjustment)	658.92	36,430.17
Total	658.92	36,430.17

For CY 2016, this account can be broken down as follows:

ZONE	PARTICULARS	AMOUNT
101	Acct. No. 22039 should be (P325.70) in aging	(325.70)
106	Acct. No. 22033 should be (P372) in aging	(372.00)
107	Acct. No. 022025 should be (P211.00) in aging	(211.00)
108	Acct. No. 21986 should be (395.00) in aging	(395.00)
108	Acct. No. 022012 should be (P210.95) in aging	(210.95)
111	Acct. No. 22011 - should be(P509.00) in aging	(509.00)
204	Acct. No. 22043 should be (P372.00) in aging	(372.00)
205	Acct. No. 014111 should be (.99) in aging	(300.00)
304	Acct. No. 022049 should be (P210.95) in aging	(210.95)
306	Acct. No. 022034 should be (P257.00) in aging	(257.00)
306	Acct. No. 012311 should be (P212.85) in aging not P(233.45)	20.60
402	Acct. No. 22045 should be (P463.00) in aging	(463.00)
402	Acct. No. 022076 should be (P211.00) in aging	(211.00)
406	Acct. No. 022094 should be (P211.00) in aging	(211.00)
408	Acct. No. 022013 should be (P441.00) in aging	(441.00)
602	Acct. No. 002261 should be (P468.18) in aging	(468.18)
603	Acct. No. 002516 should be P4999.90 in aging not (P5000.10)	10,000.00
15	various surcharges not included in billing summary (for adjustment in 2017)	(4,403.90)
TOTAL		658.92

For CY 2015, this account can be broken down as follows:

ZONE	PARTICULARS	AMOUNT
0101	Acct no 001442 should be P-675.80 and not 0 in Dec. Aging	(675.80)
0101	Acct no 020470 transferred from 0102 P231.55	(231.55)
0101	Acct no 020586 should be- P211.00 and not 0 in aging	(211.00)
0102	Acct no 020470 transferred to 0101; Acctno 000187 - P211.00 in aging	(211.00)
0102	Acct no 020470 transferred from 0102 P231.55	231.55
0104	Acct no 020522 should be -P302.75 and not 0 in Dec aging	(302.75)
0105	Acct no 000422 should be -P701.95 and not 0 in Dec. Aging;	(701.95)
0107	Acct no 018171 erroneous reporting of adj., should be 23.21 not 23.31	(0.10)
0109	Acct no 009047 should be -P701.95 and not 0 in Dec. Aging	(701.95)
0109	Acct no 020590 should be - P200.00 and not 0 in Dec. Aging	(200.00)
0110	Acct no 020595 should be - P210.95 and not 0 in Dec. Aging	(210.95)
0111	Acct no 018512 disbalance , with adjustment	(20.60)

0202	Acct no 003743 should be -P701.95 and not 0 in Dec. Aging	(701.95)
0203	Acct no 020592 should be - P4172.00 and not 0 in Dec. Aging	(4,172.00)
0204	Acct no 020585 should be - P493.00 and not 0 in Dec. Aging	(493.00)
0204	Acct no 019974 for reconciling item P800.00	800.00
0205	Acct no 007868 should be - P371.60 and not 0 in Dec. Aging	(371.60)
0205	Acct no 020555 should be - P210.95 and not 0 in Dec. Aging	(210.95)
0301	Acct no 020521 should be - P417.00 and not 0 in Dec. Aging	(417.00)
0301	Acct no 004141 should be - P233.90 and not 0 in Dec. Aging	(233.90)
0303	Acct no 001406 should be -P701.95 and not 0 in Dec. Aging	(701.95)
0304	Acct no 010654 should be - P492.75 and not 0 in Dec. Aging	(492.75)
0306	Acct no 001321 should be - P571.20 and not 0 in Dec. Aging	(571.20)
0306	Acct no 011058 should be -P649.65 and not 0 in Dec. Aging	(649.65)
0403	Acct no 012790 should be - P701.95 and not 0 in Dec. Aging	(701.95)
0403	Acct no 006187 should be -P371.60 and not 0 in Dec. Aging	(371.60)
0403	Acct no 004488 Nov bill should be 256.85 not 210.95	(45.90)
0406	Acct no 003979 should be - P675.80 and not 0 in Dec. Aging	(675.80)
0406	Acct no 006497 should be -P348.65 and not 0 in Dec. Aging	(348.65)
0406	Acct no 000922 should be - P701.95 and not 0 in Dec Aging	(701.95)
0409	Acct no 012147 should be - P597.35 and not 0 in Dec. Aging	(597.35)
0409	Acct no 005740 should be -P325.7 and not 0 in Dec Aging	(325.70)
0411	Acct no 019297 should be - P371.60 and not 0 in Dec. Aging	(371.60)
0411	Acct no 016817 transferred to 0416 P457.36	457.36
0412	Acct no 001879 sep aging should be P-667.37 not -667.10	0.27
0413	Acct no 013615 transferred to 1601 P256.43	256.43
0416	Acct no 011854 should be - P701.95 and not 0 in Dec. Aging	(701.95)

0417	Acct no 004960 should be - P701.95 and not 0 in Dec. Aging	(701.95)
0417	Acct no 010995 should be -P701.95 and not 0 in Dec. Aging	(701.95)
0417	Acct no 019476 should be - P701.95 and not 0 in Dec Aging	(701.95)
0501	Acct no 012192 should be -P701.95 and not 0 in Dec Aging	(701.95)
0504	Acct no 006356 should be - P656.59 and not 0 in Dec. Aging	(656.59)
0504	Acct no 011991 should be -P701.95 and not included in Dec Aging	(701.95)
0506	Acct no 016864 transferred to 0509 P1897.96	1,897.96
0509	Acct no 007850 should be- P627.82 and not 0 in Dec. Aging	(627.82)
0509	Acct no 007785 should be -P701.95 and not 0 in Dec. Aging	(701.95)
0509	Acct no 007518 should be -P685.35 and not 0 in Dec. Aging	(685.35)
0509	Acct no 011975 should be -P518.90 and not 0 in Dec Aging	(518.90)
0509	Acct no 016864 transferred to 0509 P1897.96	(1,897.96)
0509	Acct no 011422 Nov aging should be -14.59 not -0.85	(13.74)
0601	Acct no 003308 should be - P302.75 and not 0 in Dec Aging	(302.75)
0602	Acct no 002265 should be- P492.75 and not 0 in Dec Aging	(492.75)
0603	Acct no 017438 should be -P701.95 not 0 in Dec Aging	(701.95)
0604	Acct no 015485 should be - P518.90 and not 0 in Dec. Aging	(518.90)
0604	Acct no 007956 should be -P282.04 and not 0 in Dec Aging	(282.04)
0606	Acct no 007853 should be - P701.95 and not 0 in Dec. Aging	(701.95)
0606	Acct no 001867 should be -P458.75 and not 0 in Dec Aging	(458.75)
0607	Acct no 009228 should be -P302.75 and not 0 in Dec Aging	(302.75)
0703	Acct no 005482 should be -P545.05 and not 0 in Dec Aging	(545.05)
0802	Acct no 005013 should be -P701.95 and not 0 in Dec Aging	(701.95)
0804	Acct no 012125- should be - P466.60 and not 0 in Dec Aging	(466.60)
0808	Acct no 010504 should be -P701.95 and not 0 in Dec Aging	(701.95)
0902	Acct no 003142 should be -P 649.65 and not 0 in Dec Aging	(649.65)
0904	Acct no 003344 should be - P701.95 and not 0 in Dec. Aging	(701.95)
0904	Acct no 003268 should be -P623.50 , not 0 in Dec Aging	(623.50)
0905	Acct no 008879 should be -P233.90, not 0 in Dec. Aging.	(233.90)
0905	Acct no 002507 should be -P701.95, not 0 in Dec. Aging	(701.95)
0905	Acct no 010195 transferred to 0907 P2,085.99	2,085.99
0906	Acct no 009148 should be -P231.55, not 0 in Dec Aging	(231.55)
0907	Acct no 010195 transferred from 0905 P2,085.99	(2,085.99)
1002	Acct no 014978 should be - P518.90, not 0 in Dec Aging	(518.90)
1201	Acct no 012889 should be - P417.50, not 0 in Dec Aging	(417.50)
1301	Acct no 013316 should be -P701.95, not 0 in Dec Aging	(701.95)
1401	Acct no 005726 should be -P701.95, not 0 in Dec. Aging	(701.95)
1401	Acct no 010027 should be -P623.50 , not 0 in Dec Aging	(623.50)
1501	Acct no 013262 should be - P325.70 , not 0 in Dec Aging	(325.70)
1601	Acct no 015098 transferred to 1602 - P.70	(0.70)
1602	Acct no 013615 transferred from 0413 P256.43	(256.43)
1602	Acct no 015098 transferred from 1601 P.70	0.70
TOTAL		(36,430.17)

Reconciliation of Accounts Receivable as presented in the Financial Statements:

As of December 2016	
Receivable Beg. 2016	3,308,118.70
Receivable Beg. 2016-Delinquent	4,977,141.00
Beginning Balance	8,285,259.70
Add: Sales (Income)	
Account # 639 (Income from Waterworks System)	127,529,463.81
Account # 629(Fines and Penalties)	9,594,602.58
Account # 628 (Other Service Income)	1,037,470.00
Sales Revenue	
Less : Discount on Senior Citizen	92,133.68
	138,069,402.71
Total	146,354,662.41
Less : Collection (Cash Flow)	
Collection of Receivables (CRR-121,629,628-678-A)	136,499,118.06
	136,499,118.06
Ending Balance	9,855,544.35
Less : A/R Ending per Balance Sheet	
Receivable End , December 2016	8,399,366.82
Receivable End =Accounted	8,399,366.82
Variance	1,456,177.53
<i>Variance is accounted as follows :</i>	
Non-cash adjustments:	
Consumption Deposit Offsetted	492,873.84
Other Personnel Benefits (Water Subsidy)	555,639.90
Taxes, Duties and Licenses	122,446.71
Water Expenses	211,709.68
Refund and Salary Deduction	68,859.05
Service income from plumbers' fee	19,298.85
Plumber's fee (DAR)	(2,910.00)
Repairs & Maintenance (854)	(3,141.00)
Refund from service fee (O.R. from CSD)	(8,600.00)
Adjustment on Senior Citizen's discount	0.50
TOTAL	1,456,177.53

As of December 2015	
Receivable Beg. 2014-Current	3,782,596.59
Receivable Beg. 2014-Delinquent	4,609,238.57
Beginning Balance	8,391,835.16
Add: Sales (Income)	
Account # 639 (Income from Waterworks System)	114,157,537.85
Account # 629(Fines and Penalties)	8,500,669.75
Account # 628 (Other Service Income)	965,840.00
Sales Revenue	808.35
Less : Discount on Senior Citizen	96,505.74
	123,528,350.21
Total	131,920,185.37
Less : Collection (Cash Flow)	
Collection of Receivables	122,495,134.86

	122,495,134.86
Ending Balance	9,425,050.51
Less : A/R Ending per Balance Sheet	
Receivable End 2015-Current	3,308,118.70
Receivable End 2015-Delinquent	4,977,141.00
Receivable End =Accounted	8,285,259.70
Variance	1,139,790.81
<i>Variance is accounted as follows :</i>	
Non-cash adjustments:	
Consumption Deposit Offsetted	280,950.55
Other Personnel Benefits (Water Subsidy)	517,097.45
Taxes, Duties and Licenses (Taxes w/held by concessionaire)	110,345.76
Water Expenses	202,889.33
Accounts Receivable Others	28,507.72
TOTAL	1,139,790.81

Non -Cash Adjustments such as offsetting of consumption deposit, water subsidy, taxes withheld by various concessionaires, water expenses, service income from plumber's fee and among others were deducted from accounts receivable to account for the variance.

7. INVENTORIES

This account consists of the following:

	2016	2015
Materials	0.00	0.00
Supplies	9,761,328.86	8,072,810.27
Total	9,761,328.86	8,072,810.27

The inventory increases by 21% from last year's data.

7.1 Materials

The Inventory of Water in various tanks and reservoir as of December 31, 2016 at around 11:59 P.M. are tabulated as follows:

Storage Tank and Location	Water Level
Altavista Storage Tank	1,000 cu.m.
PS1 Storage Tank	160 cu.m.
Kiagot Center Storage Tank	80 cu.m.
Upper Kiagot Storage Tank	10 cu.m.
Kibanban Storage Tank	18 cu.m.
PS8 Ruparan Storage Tank	2,150 cu.m.
Dulangan Storage Tank	170 cu.m.
Colorado Storage Tank	420 cu.m.
San Roque Storage Tank	10 cu.m.

7.2 Supplies

This account can be broken down as follows:

	2016	2015
Office Supplies	P219,254.71	P158,176.93
Accountable Forms	109,779.62	127,657.52
Medical, Dental & Laboratory	319,650.00	0.00
Gasoline, Oil & Lubricants	88,060.03	85,461.03
Other Supplies	392,574.50	137,139.05
Spare Parts	122,188.40	172,910.35
Construction Materials	8,509,821.60	7,391,465.39
Total	9,761,328.86	8,072,810.27

The following inventory accounts are accounted in determining the Total Inventory Balance in the Statement of Cash Flow of the accounting period in audit, viz:

- Office Supplies Inventory;
- Accountable Forms Inventory;
- Medical, Dental & Laboratory Supplies Inventory ;
- Gasoline, Oil & Lubricants Supply Inventory;
- Other Supplies Inventory; and
- Spare Parts Inventory.

Construction Materials Inventory is reported as part of payments for the purchase of materials for capital expenditures. Supplies purchased whether acquired in cash or on account was reported as part of the inventory for the accounting period.

Reported Inventory Expense in the Income Statement includes:

1. Supplies and Materials purchased out of the Petty Cash Fund for immediate use and on emergency was treated as outright expenses. (NGAS – Corp Manual page 48);
2. Most issuance of supplies from Other Supplies Inventory and Spare Parts Inventory were charged to Repairs and Maintenance Expenses;
3. Fuel consumption did not form part of the District’s Gasoline, Oil & Lubricants Supply Inventory thus, payment of fuel billed were directly charged to expense;and

Medical, Dental and Laboratory Expense (760) includes laboratory fees for water quality testing namely:

- Microbiological Analysis;
- Physical and Chemical Analysis; and
- General Analysis of Pesticide Residue in Water.

8. PREPAYMENTS

This account consists of the following:

	2016	2015
Prepaid Rent	0.00	0.00
Prepaid Insurance	172,132.22	139,228.73
Prepaid Interest	0.00	0.00
Deposit on Letters of Credit	0.00	0.00
Advances to Contractors	0.00	0.00
Deferred Charges	0.00	0.00
Organization Cost	0.00	0.00
Other Prepaid Expenses	0.00	0.00
Input Tax	0.00	0.00
Total	0.00	0.00

8.1 Prepaid Insurance

This account can be broken down as follows

Name of Insurance Company	Nature of Insurance	2016	2015
Government Service Insurance System(GSIS)	Vehicle	P46,834.77	P45,916.27
Government Service Insurance System(GSIS)	Pump Stations & Contents	6,481.03	6,481.03
Government Service Insurance System(GSIS)	Building & Contents	18,552.44	18,552.49
Bureau of Treasury	Employees' Bond	52,968.53	51,080.60
Government Service Insurance System(GSIS)	Water Pipes & Portable Electronic Clamp	47,295.45	17,198.34
TOTAL		P172,132.22	P139,228.73

9. OTHER CURRENT ASSETS

This account is consists of the following:

	2016	2015
Guaranty Deposit	190,770.15	217,422.90
Other Current Assets	11,179,488.38	9,497,910.81
Total	11,370,258.53	9,715,333.71

9.1 Guaranty Deposit

This account consists of the following:

Particulars	2016	2015
a.) Pryce Gases Inc.	5,000.00	5,000.00
b.) DASURECO	i. Temporary Lighting	2,500.00
	ii. Bill Deposit	175,209.65
c.) Digos Avenue Trading	5,000.00	5,000.00
d.) Davao del Sur 1st Engineering Office	3,060.50	29,713.25
TOTAL	<u>190,770.15</u>	<u>217,422.90</u>

9.2 Other Current Assets

This account consists of the following:

	Account #	2016	2015
Cash In Bank-Customers' Guaranty Deposit	DBP-5000012-01-7	P6,711,513.79	P5,065,919.28
Cash In Bank-Customers' Guaranty Deposit (Treasury Bills)	DBP-0920-017705-160	3,006,977.97	2,982,761.11

	Account #	2016	2015
Cash In Bank-Customers' Guaranty Deposit	DBP-5000012-01-7	P6,711,513.79	P5,065,919.28
Cash In Bank-Customers' Guaranty Deposit (Treasury Bills)	DBP-0920-017705-160	3,006,977.97	2,982,761.11
Sub-Total		9,718,491.76	8,048,680.39
Cash In Bank - Employees' Terminal Leave Fund	DBP-5000321-01-0	1,460,996.62	1,449,2320.42
TOTAL		P11,179,488.38	P9,497,910.81

Customers' Guarantee Deposit pertains to deposits made by concessionaires normally before the installation of any service connection as security for the payment of subsequent bills. The amount collected from concessionaires is placed in time deposit and treasury bills so as to earn higher interest income. Moreover, deposits made for the

Employees' Terminal Leave was reclassified from Restricted Fund to Other Current Assets per JEV No. 14-12-2388 pursuant to AOM 2014-003 (13). This account has been kept in reserve under DBP account # 5000321-01-0 as this is earmarked for terminal leave benefits of retireable employees.

10. INVESTMENTS

This account consists of the following:

	2016	2015
Sinking Fund	P8,257,464.90	P8,189,982.36
Investment in Securities	0.00	0.00
Total	P8,257,464.90	P8,189,982.36

10.1 Sinking Funds

This account can be broken down as follows:

	2016	2015
Sinking Fund	P8,257,464.90	P8,189,982.36
Investment in Securities	0.00	0.00
Total	8,257,464.90	8,189,982.36

Sinking Fund represents fund for possible equity reserves for LWUA funded projects. Increases in the Sinking Fund account is due to the interest income earned during the year. This account is also set aside for payment of long term debts in the future, if any.

11. PROPERTY, PLANT AND EQUIPMENT

This account consists of the following:

PROPERTY , PLANT AND EQUIPMENT						
Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments (Debit /Credit)	2016 Balance
Land		3,135,597.16	450,000.00		-	3,585,597.16
Land Improvements		-	742,483.39		-	742,483.39
Office Building	10-30 years	8,601,063.79	-		-	8,601,063.79
Other Structures	10-30 years	23,317,901.99	1,356,841.81		-	24,674,743.80
Office Equipment	2-5 years	1,951,779.50	431,742.00		-	2,383,521.50
Furnitures and Fixtures	2-15 years	918,872.51	33,330.00		13,440.00	938,762.51
IT Equipment and Software	2-10years	11,425,701.00	1,188,648.00		-	12,614,349.00
Communication Equipment	5-15 years	793,698.43	62,250.00		-	855,948.43
Other Machinery and Equipment	2-15 years	10,676,968.88	7,101,438.55		68,267.70	17,710,139.73
Motor Vehicle	3-15 years	10,251,892.69	67,200.00	179,452.00		10,139,640.69
Other Property,Plant & Equipment	5-30 years	149,800,639.00	10,809,218.17		447,104.00	160,162,753.17
Artesian Wells,Reservoirs,Pumping Station		-	19,168.40		19,168.40	-
TOTAL COST		220,874,114.95	22,262,320.32	179,452.00	547,980.10	242,409,003.17
Accumulated Depreciation						
Land Improvements		0				-
Office Building		3,261,217.78	576,571.58			3,837,789.36
Other Structures		13,392,161.51	1,332,733.50			14,724,895.01
Office Equipment		1,437,364.15	226,263.08			1,663,627.23
Furnitures and Fixtures		751,729.01	62,127.69			813,856.70
IT Equipment and Software		6,738,113.31	1,359,807.45			8,097,920.76
Communication Equipment		599,187.84	70,803.77			669,991.61
Other Machinery and Equipment		3,603,945.63	1,852,993.05			5,456,938.68
Motor Vehicle		5,194,032.85	689,555.68	179,448.00		5,704,140.53
Other Property,Plant & Equipment		64,690,665.06	10,562,981.99			75,253,647.05
Artesian Wells,Reservoirs,Pumping Station		-				-
Total Accumulated Depreciation		99,668,417.14	16,733,837.79	179,448.00	-	116,222,806.93
Net Book Value		121,205,697.81	5,528,482.53	4.00	547,980.10	126,186,196.24
Construction in Progress		6,470,035.66	17,596,291.32			24,066,326.98
		127,675,733.47	23,124,773.85	4.00	547,980.10	150,252,523.22

PROPERTY , PLANT AND EQUIPMENT						
COST /PARTICULARS	Estimated Useful Life	2014 Balance	Additions	Disposals/Transfer of Unserviceable Properties	Adjustments	2015 Balance
Land		3,135,597.16				3,135,597.16
Office Building	10-30 years	8,633,966.35		32,902.56		8,601,063.79
Other Structures	10-30 years	24,049,785.54	1,818,329.09	2,537,736.64	12,476.00	23,317,901.99
Office Equipment	2-5 years	2,198,311.00	162,885.50	409,417.00		1,951,779.50
Furnitures and Fixtures	2-15 years	968,895.27	17,955.00	67,977.76		918,872.51
IT Equipment and Software	2-10years	11,102,378.00	1,567,087.00	1,243,764.00		11,425,701.00
Communication Equipment	5-15 years	843,044.43	163,025.00	212,371.00		793,698.43
Other Machinery and Equipment	2-15 years	7,231,761.43	3,547,982.00	76,804.55	25,970.00	10,676,968.88
Motor Vehicle	3-15 years	8,078,452.29	2,722,178.00	123,137.60	425,600.00	10,251,892.69
Other Property,Plant & Equipment	5-30 years	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		-
TOTAL COST		187,422,215.94	189,175,180.57	155,259,235.56	464,046.00	220,874,114.95
ACCUMULATED DEPRECIATION						
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
Net Book Value		97,415,092.94	123,129,495.93	98,874,845.06	464,046.00	121,205,697.81
Construction in Progress		15,117,863.00		8,647,827.34		6,470,035.66
		112,532,955.94	123,129,495.93	107,522,672.40	464,046.00	127,675,733.47

Property, Plant and Equipment consists of land, buildings and facilities and equipment. Except for land, the District's property, plant and equipment are stated at cost less accumulated depreciation and amortization and impairment in value, if any. Land is stated at cost.

The initial cost of property and equipment consists of its purchase price, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use like transportation, freight, installation costs, etc. In the books of accounts, the purchase is immediately recorded as asset. Expenditures incurred after the assets have been put into operation such as repairs and maintenance have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its original assessed standard of performance, the expenditures are capitalized as an additional cost of the property, plant and equipment. When assets are sold and retired, their cost and accumulated depreciation and amortization are eliminated from accounts and any gain or loss resulting from their disposal is included in the statement of income and expenses.

The District depreciates the property, plant and equipment using the straight line method of depreciation. A residual equivalent to ten percent (10%) of the acquisition cost shall be deducted before dividing the same by the estimated useful life. Depreciation starts on the second month after purchase/completion of the property, plant and equipment.

The District's 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.

The estimated useful life is based on the LWUA's Commercial Practices Manual and COA guidelines. Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

The management will scout for independent and qualified appraiser as required under PAS 16 and COA Resolution No.89-17. Since the engagement of appraisal services falls within the purview of R.A 9184, otherwise known as "Government Procurement Reform Act", it has to comply with various requisites such as but not limited to budget allocation, authority from the board and provision in the Annual Procurement Plan.

The column on transfer of unserviceable properties pertains to the fully depreciated assets reclassified to Other Asset as per COA recommendation as required under Section 143, Volume III of the NGAS. The addition in the accumulated depreciation includes depreciation expense charged for the year while adjustment column pertains to corrections of charging of account.

The significant amount of increase was caused by various completed pipelaying projects undertaken by Administration recorded to its proper PPE account as well as acquisition of additional PPE.

11.1 Land

Land includes the cost of land used in the Water District's operations.

Cost	2015 Balance	Additions	Adjustments	2016 Balance
Land	3,135,597.16	450,000.00	-	3,585,597.16

For CY 2016, this account can be broken down as follows:

Land and Land & Building					
TCT/OCT/CCT No.	Tax Declaration No.	Classification	Exact Location	Area	Acquisition Cost
TCT No. T-67717			Brgy. Colorado, Digos, Davao del Sur, Phil.	1,161 sq.m.	185,000.00
TCT No. T-48845		Agricultural	Brgy. Kiagot, Digos, Davao del Sur, Phil.	1,157 sq.m.	104,652.68
TCT No. T-24875	87-02-20368-R	Residential	Bo. San Miguel, Digos, Davao del Sur, Phil.	600 sq.m.	85,500.00
TCT No. T-46552	00-0017-00050	Residential	Brgy. San Agustin, Digos, Davao del Sur, Phil.	150 sq.m.	22,104.00
TCT No. T-31364		Residential	Bo. of Poblacion, Digos, Davao del Sur, Phil.	210 sq.m.	68,168.15
TCT No. T-34884		Residential	Brgy. Odaka, Digos, Davao del Sur, Phil.	164 sq.m.	1,770.22
TCT No. T-24874	87-02-20209-R	Residential	Poblacion, Digos, Davao del Sur, Phil.	1,032 sq.m.	107,833.40
TCT No. T-19701	87-02-10609 & 87-02-10610	Commercial	Rizal Avenue, Digos City, Davao del Sur, Phil.	2,000 sq.m.	608,872.00
TCT No. 69357	00-0024-00563	Residential	Brgy. Tres de Mayo	200 sq. m	184,567.00
TCT No. 144-2011000782		Agricultural	Brgy. Dulangan	9,227 sq.m.	656,594.76
	8-22168	Agricultural	PS# 2 Lapu-Lapu Ext.	3,294 sq.m.	100,034.95
			Brgy. Dulangan		600,000.00
			Ruparan (PS#8)		45,000.00
TCT No. 13000			Ruparan (PS#9)	7,428 sq. m.	365,500.00
TCT No. T-41316	11-0024-04624	Agricultural	Brgy. Tres de Mayo	300 sq.m.	450,000.00
			TOTAL		3,585,597.16

*PS#2 Lot located at Lapu-Lapu Ext., Digos City; Transfer of Rights 600 sq.m.

11.2 Land Improvements

This account can be broken down as follow

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Land Improvements		-	742,483.39	-	-	742,483.39
Accumulated Depreciation						
Land Improvements		-	-	-	-	-
Net Book Value		-		-	-	742,483.39

Division	Particulars	PO# /Work-Order	Amount
Water Resources	Completed Project	WO#2016-02-28	742,483.39
TOTAL			742,483.39

This improvement refers to the constructed Natural Lagoon in Eco-Living and Learning Park in Dulangan.

11.3 Buildings

This account can be broken down as follows:

PROPERTY , PLANT AND EQUIPMENT						
Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Office Building	10-30 years	8,601,063.79	-	-	-	8,601,063.79
Accumulated Depreciation						
Office Building		3,261,217.78	576,571.58			3,837,789.36
Net Book Value		5,339,846.01		-	-	4,763,274.43

An accumulated depreciation of P576,571.58 for CY 2016 is recognized.

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Office Building	10-30 years	8,633,966.35		32,902.56		8,601,063.79
Accumulated Depreciation						
Office Building		2,715,165.27	546,052.78			3,261,217.78
Net Book Value		5,918,801.08	(546,052.78)	32,902.56	-	5,339,846.01

The P32,902.56 is due to transfer of unserviceable property and there is a recognition of an accumulated depreciation of P546,052.78 for CY 2015.

11.4 Other Structures

This account can be broken down as follows:

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Other Structures	10-30 years	23,317,901.99	1,356,841.81	-	-	24,674,743.80
Accumulated Depreciation						
Other Structures		13,392,161.51	1,332,733.50			14,724,895.01
Net Book Value		9,925,740.48	24,108.31	-	-	9,949,848.79

An addition to this account can be broken down as follows:

Division	Particulars	PO# /Work-Order	Amount
Water Resources	Completed Project	WO#2015-09-05	174,490.91
Water Resources	Completed Project	WO#2015-12-01	65,147.20
Water Resources	Completed Project	WO#2015-12-02	149,943.27
Water Resources Total			389,581.38
Administrative	Completed Project	WO#2016-01-27	167,201.90
Administrative	Completed Project	WO#2016-03-31	800,058.53
Administrative Total			967,260.43
TOTAL			1,356,841.81

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Other Structures	10-30 years	24,049,785.54	1,818,329.09	2,537,736.64	12,476.00	23,317,901.99
Accumulated Depreciation						
Other Structures		14,426,270.07		1,034,108.49		13,392,161.51
Net Book Value		9,623,515.47	1,818,329.09	1,503,628.15	12,476.00	9,925,740.48

An addition to this account can be broken down as follows:

Division	Particulars	PO# /Work-Order	Amount
Water Resources	PS#9 Site Development	2014-05-01/2014-07-19	457,984.70
Water Resources	Generator House PS#8	2014-12-01	151,513.20
Water Resources	Bodega PS#2	2015-02-23	522,985.76
Water Resources	Perimeter fence (Dulangan)	2015-05-25	576,931.00
Water Resources	Steel tank	2015-06-26	96,438.43
Water Resources Total			1,805,853.09
Adjustment	JEV# 2015-12-2611 (unserviceable property)		(2,537,736.64)

1.1.5 Office Equipment

This account can be broken down as follows:

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Office Equipment	2-5 years	1,951,779.50	431,742.00	-	-	2,383,521.50
Accumulated Depreciation						
Office Equipment		1,437,364.15	226,263.08			1,663,627.23
Net Book Value		514,415.35	205,478.92	-	-	719,894.27

For CY 2016, an addition to this account can be broken down as follows:

Division	Particulars	PO# /Work-Order	Amount
OGM	Digital SLR Camera (Nikon D7200)	1009	58,800.00
OGM Total			58,800.00
Customer Services	Digital SLR Camera w/ lens	1070	26,777.00
Customer Services Total			26,777.00
Administrative	Airconditioning Unit	0964	53,095.00
Administrative	Digital SLR Camera (Nikon D7200)	1043	58,800.00
Administrative	Engraver	1306	1,623.00
Administrative	Airconditioning Unit, floor mounted	1404	163,400.00
Admin Total			276,918.00
Finance	Currency Counter, Glory GFB-800	1033	52,000.00
Finance	Rechargeable Fan & light	1046	8,397.00
Finance	Money Detector, Heavy duty	1035	2,950.00
Finance	Money Detector, Heavy duty	1035	2,950.00
Finance	Money Detector, Heavy duty	1035	2,950.00
Finance Total			69,247.00
TOTAL			431,742.00

This account can be broken down as follows:

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Office Equipment	2-5 years	2,198,311.00	162,885.50	409,417.00		1,951,779.50
Accumulated Depreciation						
Office Equipment		1,616,765.69		179,401.85		1,437,364.15
Net Book Value		581,545.31	162,885.50	230,015.15	-	514,415.35

For CY 2015, an addition to this account as well as transfer of unserviceable office equipment can be broken down as follows:

Division	Particulars	PO# /Work-Order	Amount
OGM	Water Dispenser	0555	5,675.00
OGM	Standard Electric Airpot	0555	1,700.00
OGM	Wire Binding Machine	0759	12,500.00
OGM	Laminating Machine	0759	11,150.00
OGM	LED, TV 58-60	0880	44,950.00
OGM Total			75,975.00
Administrative	Wireless Microphone	0546	4,800.00
Admin Total			4,800.00
Engineering	Compact Digital Camera	0538	9,690.00
Engineering	Compact Digital Camera	0538	9,690.00
Engineering Total			19,380.00
Water Resources	Sound System	0683	49,890.50
Water Resources Total			49,890.50
Finance	Spiral Binder Machine	0788	10,140.00
Finance	Printing Calculator	0918	2,700.00
Finance Total			12,840.00
TOTAL			162,885.50
Adjustment	JEV# 2015-12-2611 (unserviceable property)		(409,417.00)

11.6 Furniture and Fixtures

This account can be broken down as follows:

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Furnitures and Fixtures	2-15 years	918,872.51	33,330.00	-	13,440.00	938,762.51
Accumulated Depreciation						
Furnitures and Fixtures		751,729.01	62,127.69			813,856.70
Net Book Value		167,143.50	(28,797.69)	-	13,440.00	124,905.81

For CY 2016,an addition to the furniture and fixtures can be broken down as follows:

Division	Particulars	PO# /JEV/SRS	Amount
Customer Accounts	Issuance of Steel cabinet	81187	13,440.00
Customer Accounts	Steel Cabinet, 4 drawers	1118	13,440.00
Customer Services	Steel Cabinet, 4 drawers plain	1120	6,450.00
Customer Accounts Total			33,330.00
Adjustment	correct double recording of steel cabinet	16-08-1931	13,440.00
Customer Services Total			13,440.00
TOTAL			19,890.00

This account can be broken down as follows:

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Furnitures and Fixtures	2-15 years	968,895.27	17,955.00	67,977.76		918,872.51
Accumulated Depreciation						
Furnitures and Fixtures		735,023.29	16,706.01			751,729.01
Net Book Value		233,871.98	1,248.99	67,977.76	-	167,143.50

This account includes the cost of office furniture owned by the Water District and used in providing water service but not permanently attached to the buildings.

For CY 2015,an addition to this account as well as transfer of unserviceable furniture and fixtures can be broken down as follows:

Division	Particulars	PO# / Work-Order	Amount
Customer Accounts	Steel Cabinet	0591	6,480.00
Customer Accounts	Steel Cabinet	0591	6,480.00
Customer Accounts Total			12,960.00
Customer Services	Ergonomic Chair	0844	4,995.00
Customer Services Total			4,995.00
TOTAL			17,955.00
Adjustment	JEV# 2015-12-2611 (unserviceable property)		(67,977.76)

1.1.7 IT Equipment and Software

This account can be broken down as follows:

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
IT Equipment and Software	2-10years	11,425,701.00	1,188,648.00	-	-	12,614,349.00
Accumulated Depreciation						
IT Equipment and Software		6,738,113.31	1,359,807.45			8,097,920.76
Net Book Value		4,687,587.69	(171,159.45)	-	-	4,516,428.24

For CY 2016, an addition to this account can be broken down as follows:

Division	Particulars	PO# / Work-Order	Amount
Finance	UPS Smart 1500VA (APC)	0921	26,705.00
Finance	Desktop Computer	0922	49,995.00
Finance	Printer, HP laserjet Pro M252n	0922	14,300.00
Finance	Printer, Epson LQ 310 (dot matrix)	1037	32,940.00
Finance	UPS, Smart 1500VA	1039	35,777.00
Finance	Desktop Computer	1485	42,200.00
Finance	Windows 10 w/ Microsoft Office Prof '16	1485	18,750.00
Finance	Ink Tank System Printer (LI300)	1432	19,677.00
Finance	Desktop Computer	1489	52,800.00
Finance Total			293,144.00
Customer Accounts	Printer, Epson LQ 310 (dot matrix)	1071	10,977.00
Customer Accounts	Desktop Computer	1342	41,750.00
Customer Accounts	Server DL380 GG, 32GB Mmry	1399	300,000.00
Customer Accounts Total			352,727.00
Administrative	Printer, Epson dot matrix LQ 310	1000	11,000.00
Administrative	Printer, HP Laserjet Pro M252n	1043	14,195.00
Administrative	Printer, HP Laserjet Pro M252n	1043	14,195.00
Administrative	Label Printer	1305	11,845.00
Administrative	Desktop Computer	1420	113,800.00
Administrative	Desktop Computer	1363	53,380.00
Administrative	Desktop Computer	1363	53,380.00
Admin Total			271,795.00
Customer Services	Printer, Epson L210 w/ Scanner	0979	7,595.00
Customer Services	Desktop Computer	0978	76,400.00
Customer Services	Printer, Epson dot matrix LQ 310	0979	11,280.00
Customer Services	Printer, Epson dot matrix LQ 310	1070	10,977.00
Customer Services Total			106,252.00
OGM	Printer, HP Laserjet Pro M252n	1155	14,250.00
OGM	Desktop Computer	1343	49,500.00
OGM Total			63,750.00
Water Resources	GRS (Garmin Oregon 650)	1426	27,500.00
Water Resources	Desktop Computer	1513	73,480.00
Water Resources Total			100,980.00
TOTAL			1,188,648.00

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
IT Equipment and Software	2-10years	11,102,378.00	1,567,087.00	1,243,764.00		11,425,701.00
Accumulated Depreciation						
IT Equipment and Software		6,698,009.73	40,103.31			6,738,113.31
Net Book Value		4,404,368.27	1,526,983.69	1,243,764.00	-	4,687,587.69

For CY 2015, an addition to this account and the transfer of unserviceable IT equipment and software can be broken down as follows:

Division	Particulars	PO# / Work-Order	Amount
Finance	APC Smart-UPS	0478	29,995.00
Finance	MS Office 2013	0478	9,885.00
Finance	Printer, dot Matrix	0478	11,385.00
Finance	Printer, Epson	0526	39,200.00
Finance	Desktop Computer	0592	31,480.00
Finance	Desktop Computer	0619	25,299.00
Finance	Desktop Computer	0619	25,299.00
Finance	MS Windows 7 PRO-OEM	0618	5,900.00
Finance	MS Windows 7 PRO-OEM	0618	5,900.00
Finance	Ink Tank System Printers	0854	9,999.00
Finance	Desktop Computer	0864	48,900.00
Finance	Desktop Computer	0864	48,900.00
Finance	Printer, Epson LQ-2190	0923	38,980.00
Finance	Printer, HP Laserjet Pro P1102		4,650.00
Finance Total			335,772.00
Customer Accounts	External Hard Drive	0594	3,600.00
Customer Accounts	External Hard Drive	0594	3,600.00
Customer Accounts	Desktop Computer	0549	80,280.00
Customer Accounts	Windows 7 (Professional OS)	0593	5,500.00
Customer Accounts	Windows 7 (Professional OS)	0593	5,500.00
Customer Accounts	Desktop Computer & Printer	0721	44,600.00
Customer Accounts	Printer, HP Laserjet Pro 200 M252n	0720	14,780.00
Customer Accounts Total			157,860.00
Administrative	UPS w/ built in AVR	0551	1,510.00
Administrative	Laptop (Acer)	0551	50,480.00
Administrative	Computer Printer, HP laserjet P1102	0841	4,777.00
Administrative	Document Scanner, flatbed	0840	3,390.00
Administrative	Laptop (Acer)	0842	59,780.00
Administrative	Biometric Scanner	0883	12,000.00
Administrative	Biometric Scanner	0883	12,000.00
Administrative	Biometric Scanner	0883	12,000.00
Administrative	Biometric Scanner	0883	12,000.00
Administrative	HRIS	0820	250,000.00
Administrative	Biometric Scanner	0934	12,000.00
Administrative	Biometric Scanner	0934	12,000.00
Administrative	Biometric Scanner	0934	12,000.00
Administrative	Biometric Scanner	0934	12,000.00
Administrative	Indoor CCTV Camera	0944	14,485.00
Admin Total			480,422.00
Customer Services	Desktop Computer	0620	26,480.00
Customer Services	HP Laserjet Printer	0621	4,950.00
Customer Services	Epson LQ-210 Printer w/ scanner	0622	7,900.00
Customer Services	Printer Epson LQ-2180	0623	39,200.00
Customer Services	Computer System (Trigon)	0650	16,090.00
Customer Services	Projector w/ screen	0648	27,950.00
Customer Services	Laptop	0649	26,477.00
Customer Services	LED Digital Signage	0723	60,200.00
Customer Services Total			209,247.00
OGM	UPS w/ built in AVR	0601	1,530.00
OGM	LED Computer Monitor		4,120.00
OGM	Printer	0644	8,700.00
OGM	Computer Laptop	0684	55,480.00
OGM	Desktop Computer	0791	64,200.00
OGM	Office Professional 2013	0843	9,900.00
OGM	Desktop Computer	0853	45,998.00
OGM	Desktop Computer	0853	45,998.00
OGM	Computer System Unit (Rise)	0846	22,150.00
OGM	Computer Printer, HP Laserjet Pro	0846	14,300.00
OGM	Video Card	0872	3,575.00
OGM	Video Card	0872	3,575.00
OGM	Desktop Computer	0930	53,880.00
OGM Total			333,406.00
Water Resources	Computer Laptop	0658	50,380.00
Water Resources Total			50,380.00
TOTAL			1,567,087.00
Adjustment	JEV# 2015-12-2611 (unserviceable property)		(1,243,764.00)

11.8 Communication Equipment

Communications Equipment includes the cost of telephone, telegraph, and other communications equipment used in the Water District's operations.

This account can be broken down as follows:

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Communication Equipment	5-15 years	793,698.43	62,250.00	-	-	855,948.43
Accumulated Depreciation						
Communication Equipment		599,187.84	70,803.77			669,991.61
Net Book Value		194,510.59	(8,553.77)			185,956.82

For CY 2015, an addition to this account can be broken down as follows:

Division	Particulars	PO#/Work-Order	Amount
Engineering	Portable Radio - VF/UVF FM	PO#1168	12,450.00
Engineering	Portable Radio - VF/UVF FM	PO#1168	12,450.00
Engineering	Portable Radio - VF/UVF FM	PO#1168	12,450.00
Engineering	Portable Radio - VF/UVF FM	PO#1168	12,450.00
Engineering	Portable Radio - VF/UVF FM	PO#1168	12,450.00
TOTAL			62,250.00

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Communication Equipment	5-15 years	843,044.43	163,025.00	212,371.00		793,698.43
Accumulated Depreciation						
Communication Equipment		727,426.73		128,239.16		599,187.84
Net Book Value		115,617.70	163,025.00	84,131.84	-	194,510.59

For CY 2015, an addition to this account and the transfer of unserviceable communication equipment to other asset can be broken down as follows:

Division	Particulars	PO#/Work-Order	Amount
Engineering	Portable Radio	0453	9,250.00
Engineering	Mobile Radio	0453	12,135.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Portable Radio	0453	9,250.00
Engineering	Mobile Radio	0453	12,135.00
Engineering	Mobile Radio	0453	12,135.00
Engineering	Mobile Radio	0453	12,135.00
Engineering	Mobile Radio	0453	12,135.00
Engineering Total			153,175.00
Adjustment	JEV# 2015-12-2610 (correct charging of acct)		9,850.00
TOTAL			163,025.00
	JEV# 2015-12-2611 (unserviceable property)		(212,371.00)

11.9 Other Machinery & Equipment

Other Machineries and Equipment includes the cost of tools, implements and equipment used in the construction, repair work, general shops, and garages not included in the other accounts such as pipe wrench, metering feed pump and other similar equipment.

This account can be broken down as follows:

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Other Machinery and Equipment	2-15 years	10,676,968.88	7,101,438.55	-	68,267.70	17,710,139.73
Accumulated Depreciation						
Other Machinery and Equipment		3,603,945.63	1,852,993.05			5,456,938.68
Net Book Value		7,073,023.25	5,248,445.50	-	68,267.70	12,253,201.05

For CY 2015, an addition to this account and an adjustment thereto can be broken down as follows:

Division	Particulars	PO# /Work-Order	Amount
Water Resources	Portable Incubator/Digital Incubator		35,800.00
Water Resources	UV Lamp SN: 1960479		20,440.00
Water Resources	UV Viewing Cabinet SN: 1961182		22,240.00
Water Resources	Pocket ColorinatorII Chlorine (Digital)	0911	106,800.00
Water Resources	Submersible Pump	0917	460,000.00
Water Resources	40HP Submersible Motor	0825	1,668,847.64
Water Resources	Submersible Pump	1081	77,140.00
Water Resources	Submersible Motor	1081	105,996.00
Water Resources	Submersible Pump, SS bowls & impeller	1142	533,800.00
Water Resources	Portable Ultrasonic Flowmeter	1246	528,928.61
Water Resources	Full-bore Electromagnetic Flowmeter	1242	509,288.38
Water Resources	Digital Colorometer	1451	71,200.00
Water Resources Total			4,140,480.63
Engineering	Tamping Dammer	1007	42,500.00
Engineering	Electric Grinder	1007	3,735.00
Engineering	Electric Grinder	1007	5,184.00
Engineering	Electric Plainer	1007	11,420.00
Engineering	Electric Drill	1007	13,775.00
Engineering	Hole Saw Set/Sheet Metal Cutter		4,500.00
Engineering	Electric Drill		18,520.00
Engineering	Pneumatic Portable Compressor	1093	1,290,000.00
Engineering	Pneumatic Piercing/Boring Tool	1094	914,000.00
Engineering	Leak Detection Equipment	1136	575,883.00
Engineering Total			2,879,517.00
Grand Total			7,019,997.63
Adjustment	JV#16-11-2435 (Materials for conversion)		13,173.22
TOTAL			7,033,170.85

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Other Machinery and Equipment	2-15 years	7,231,761.43	3,547,982.00	76,804.55	25,970.00	10,676,968.88
Accumulated Depreciation						
Other Machinery and Equipment		2,381,288.61	1,222,656.63			3,603,945.63
Net Book Value		4,850,472.82	2,325,325.37	76,804.55	25,970.00	7,073,023.25

For CY 2015, an addition to this account and the transfer of unserviceable machinery and equipment to other asset can be broken down as follows:

Division	Particulars	PO# /Work-Order	Amount
Water Resources	Impact Wrench 1/2"	0527	15,000.00
Water Resources	Gas Regulator, hose & cutting outfit	0527	14,500.00
Water Resources	Bearing Puller	0527	5,600.00
Water Resources	Bench Grinder	0527	4,400.00
Water Resources	AC Clamp Meter	0527	5,500.00
Water Resources	Caliper, Vernier	0527	3,400.00
Water Resources	Socket Wrench	0527	2,800.00
Water Resources	Pipe Wrench 12"	0527	1,800.00
Water Resources	Pipe Wrench 10"	0527	1,590.00
Water Resources	Ball pein Hammer, 24 oz	0527	400.00
Water Resources	Ball pein Hammer, 12 oz	0527	300.00
Water Resources	Adjustible wrench 12"	0528	1,200.00
Water Resources	Hydraulic Jack	0528	3,350.00
Water Resources	Generator Set	0553	918,000.00
Water Resources	Supply & delivery of 3 units 25k VA, distribution, transfer w/ complete accessories	0552	80,000.00
			80,000.00
			80,000.00

Water Resources	Metering Feed Pump	0774	24,000.00
Water Resources	Metering Feed Pump	0774	24,000.00
Water Resources	Metering Feed Pump	0774	24,000.00
Water Resources	Metering Feed Pump	0774	24,000.00
Water Resources	Metering Feed Pump	0774	24,000.00
Water Resources	Submersible pump	0875	203,246.00
Water Resources	Submersible pump	0875	93,770.00
Water Resources	Submersible pump	0875	93,770.00
Water Resources	Soft Starter	0874	95,248.00
Water Resources	Soft Starter	0874	95,248.00
Water Resources	Magnetic Contactor	0874	8,230.00
Water Resources	Magnetic Contactor	0874	8,230.00
Water Resources	Magnetic Contactor	0874	8,230.00
Water Resources	Magnetic Contactor	0874	8,230.00
Water Resources	Magnetic Contactor	0874	8,230.00
Water Resources	Magnetic Contactor	0874	8,230.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources	Fire hose w/ accessories	0910	12,465.00
Water Resources Total			2,068,222.00
Engineering	Pipe Wrench #10		1,595.00
Engineering	Pipe Wrench #12		2,890.00
Engineering	Pipe Wrench #10		1,595.00
Engineering	Pipe Wrench #12		2,890.00
Engineering	Materials (April)		1,600.00
Engineering	Acetylene & Oxygen Outfit	0676	14,500.00
Engineering	Demolition Hammer	0676	21,320.00
Engineering	Angle Grinder	0797	3,650.00
Engineering Total			50,040.00
Administrative	Generator Set	0554	988,000.00
Administrative Total			988,000.00
Adjustment	JEV# 2015-12-2610 (correct charging of acct)		415,750.00
	JEV# 2015-12-2611 (unserviceable property)		(76,804.55)

11.10 Motor Vehicle

Motor vehicle includes the cost of transportation vehicles used by the water district in its operation.

This account can be broken down as follows:

PROPERTY , PLANT AND EQUIPMENT						
Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Motor Vehicle	3-15 years	10,251,892.69	67,200.00	179,452.00	-	10,139,640.69
Accumulated Depreciation						
Motor Vehicle		5,194,032.85	689,555.68	179,448.00		5,704,140.53
Net Book Value		5,057,859.84	(622,355.68)	4.00	-	4,435,500.16

For CY 2016, an addition and transfer of unserviceable properties to this account can be broken down as follows:

Division	Particulars	PO#/Work-Order	Amount
Customer Accounts	Motorcyle 4-stroke, 125cc	1409	67,200.00
TOTAL			67,200.00
Unserviceable Vehicles	Motorcyle , plate no.SE 5010		8,252.00
	Motorcyle , plate no.SE 5018		48,200.00
	Motorcyle , plate no.SM 1268		61,500.00
	Motorcyle , plate no.SM 1428		61,500.00
TOTAL			179,452.00

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Motor Vehicle	3-15 years	8,078,452.29	2,722,178.00	123,137.60	425,600.00	10,251,892.69
Accumulated Depreciation						
Motor Vehicle		4,961,910.68	232,121.85			5,194,032.85
Net Book Value		3,116,541.61	2,490,056.15	123,137.60	425,600.00	5,057,859.84

For CY 2015, an addition to this account and the transfer of unserviceable motor vehicle can be broken down as follows:

Division	Particulars	PO#/Work-Order	Amount
Water Resources	Motorcycle 12566 (Honda XRM)	0590	66,000.00
Water Resources	Utility Vehicle (KIA)	0667	1,198,330.00
	Sub-Total		1,264,330.00
OGM	Utility/Commuter Van	0664	1,399,180.00
	Sub-Total		1,399,180.00
Customer Accounts	Motorcycle, 12566	0728	58,668.00
	Sub-Total		58,668.00
TOTAL			2,722,178.00
Adjustment	JEV# 2015-12-2610 (correct charging of acct)		(425,600.00)
	JEV# 2015-12-2611 (unserviceable property)		(123,137.60)

Cost	Estimated Useful Life	2013 Balance	Additions	Disposals/Transfer of Transfer of	Adjustments	2014 Balance
Motor Vehicle	3-15 years	6,059,832.29	2,018,620.00	-	-	8,078,452.29
Accumulated Depreciation						
Motor Vehicle		4,526,954.51	434,956.17			4,961,910.68
Net Book Value		1,532,877.78	1,583,663.83	-	-	3,116,541.61

11.11 Other Property, Plant & Equipment

This account can be broken down as follows:

Cost	Estimated Useful Life	2015 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2016 Balance
Other Property, Plant & Equipment	5-30 years	149,800,639.00	10,809,218.17	-	447,104.00	160,162,753.17
Accumulated Depreciation						
Other Property, Plant & Equipment		64,690,665.06	10,562,981.99			75,253,647.05
Net Book Value		85,109,973.94	246,236.18	-	447,104.00	84,909,106.12

Cost	Estimated Useful Life	2014 Balance	Additions	Transfer of Unserviceable Properties	Adjustments	2015 Balance
Other Property, Plant & Equipment	5-30 years	702,633.11	149,723,177.82	625,171.93		149,800,639.00
Accumulated Depreciation						
Other Property, Plant & Equipment		702,621.11	63,988,044.06			64,690,665.06
Net Book Value		12.00	85,735,133.76	625,171.93	-	85,109,973.94

There was a transfer of charging from Account # 254 to 250 in the amount of P149, 723,177.82 and a transfer of unserviceable property of P625,171.93 for CY 2015.

11.12 Artesian Wells, Reservoirs, Pumping Stations & Conduits

This account can be broken down as follows:

Cost	Estimated Useful Life	2014 Balance	Additions	Disposals/Transfer of Unserviceable Properties	Adjustments	2015 Balance
Artesian Wells,Reservoirs,Pumping Station		120,477,391.36	29,452,561.16	149,929,952.52		-
Accumulated Depreciation						
Artesian Wells,Reservoirs,Pumping Station		55,042,641.00		55,042,641.00		-
Net Book Value		65,434,750.36	29,452,561.16	94,887,311.52	-	-

For CY 2015, there was a transfer of charging of account from Account # 254 to 250 in the amount of P149,723,177.82.An addition to this account can be broken down as follows:

Division	Particulars	PO#/Work-Order	Amount
Water Resources	Submersible Pump	0548	188,800.00
Water Resources	Podset Colorimeter	0560	9,500.00
Water Resources	Metering feed Pump	0522	120,000.00
Water Resources	Submersible Pump	0458	455,000.00
Water Resources	Conc. Ground Water Tank	WO#2013-01-01	6,683,160.99
Water Resources	Ground Reservoir 2	WO#2014-02-01	5,295,339.22
Water Resources	Geo-resistivity survey	0753	112,000.00
Water Resources	Pump Lifter Tripod PS#8	2014-10-01	91,397.76
Water Resources Total			12,955,197.97
Engineering	Materials (January)		173,100.20
Engineering	Materials (Inventory)		185,441.76
Engineering	Labor & Materials (March)		523,217.65
Engineering	Labor & Materials (April)		270,147.40
Engineering	Labor & Materials (May)		567,460.32
Engineering	Labor & Materials (June)		539,269.82
Engineering	Water meter, 75mm dia	0535	28,000.00
Engineering	Water meter, 75mm dia	0535	28,000.00
Engineering	Water meter, 75mm dia	0535	28,000.00
Engineering	Water meter, 75mm dia	0535	28,000.00
Engineering	Water meter, 75mm dia	0535	20,000.00
Engineering	Water meter, 75mm dia	0535	20,000.00
Engineering	Water meter, 75mm dia	0535	20,000.00
Engineering	Water meter, 75mm dia	0535	20,000.00
Engineering	Water meter, 75mm dia	0535	20,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Water meter, 50mm dia	0535	16,000.00
Engineering	Labor & Materials (July)		920,514.27
Engineering	Labor & Materials (August)		446,379.18
Engineering	Labor & Materials (September)		285,179.65
Engineering	Labor & Materials (October)		566,705.59
Engineering	Labor & Materials (November)		236,748.61
Engineering	Labor & Materials (December)		507,746.49
Engineering	DL- Gemelina Drive- SuperHW	2014-07-01	126,835.35
Engineering	DL- Lapu2 Ext. Bagtaso St.	2014-07-02	147,746.34
Engineering	DL-Cogon-Kiagot rd.	2014-07-03	199,370.83
Engineering	DL-Kiagot Prov. Rd	2014-07-04	144,952.98

Engineering	DL-Lubredo St.	2014-07-05	171,916.31
Engineering	DL-Natad St. Sta. Ana Slaughter st	2014-07-06	115,785.53
Engineering	DL-Nonito Llanos St.	2014-07-07	30,907.93
Engineering	DL-Padilla St.	2014-07-08	160,104.58
Engineering	DL-SuperHW (Manggahan St.)	2014-07-09	142,864.26
Engineering	DL-Tres de Mayo Prov'l rd.	2014-07-10	1,376,214.88
Engineering	DL-Tiguman Prov'l Rd-Annex Brid	2014-07-11	2,490,650.57
Engineering	DL-Rizal Ave. (Mary Crumb-Luna	2014-07-12	315,215.10
Engineering	DL-McArthurHW	2014-07-13	753,065.63
Engineering	DL-McArthurHW (San Agustin-Ma	2014-07-14	446,915.29
Engineering	DL-Bounded Estose, Reservist & L	2014-07-15	105,767.66
Engineering	DL- Rizal Ave. Diversion & NFA r	2014-07-16	591,648.79
Engineering	DL-Aurora St. First Crumb st	2014-07-17	414,405.52
Engineering	DL-Cagas rd. San Miguel & Aurora	2014-07-18	244,083.04
Engineering	Hydrant	2014-07-20	332,509.97
Engineering	Gate Valve	2014-07-21	212,476.04
Engineering	DL-PS#6 Tres de Mayo	2015-02-17	1,355,692.87
Engineering	DL-Brgy. Ruparan PS#9	2015-02-18	252,503.77
Engineering	DL-Brgy. Ruparan PS#9	2015-02-19	387,922.74
Engineering	Dist. Line (Labor)	2015-11-02	177,121.57
	Adjustment		206,774.70
Engineering Total			16,497,363.19
TOTAL			29,452,561.16
	Adjustment (transfer of unserviceable property)		206,774.70
Adjustment	JEV# 2015-12-2618 (correct charging of acct)		149,723,177.82
TOTAL			149,929,952.52

12. CONSTRUCTION IN PROGRESS

This account consists of the following:

	2016	2015
Agency Assets	23,099,066.55	6,470,035.66

Public Infrastructure/Reforestation Projects	0.00	0.00
Total	23,099,066.55	6,470,035.66

This account refers to the agency's assets which are still under construction on various projects and water supply system.

CONSTRUCTION IN PROGRESS (CIP) 264						
DECEMBER 2015						
Project Name	Name of Contractor	W.O No.	Project Cost		Percentage of Completion	As of Dec. 31, 2015
			Budget	Actual		
Site Development - PS# 9, Ruparan	By Administration	2014-05-01	225,000.00	457,984.70		100%
Proposed Construction of Perimeter Fence	By Administration	2014-07-19	375,000.00			
Professional Service of a Licensed Structural Engineer		2014-06-01	52,000.00	49,500.00	49,500.00	95.19%
for the Proposed Construction of 2-storey Admin. Bldg.	By Administration					
Proposed Dist. Line - Gemelina Drive - SuperHighway	By Administration	2014-07-01	220,964.00	126,835.35		100%
Proposed Dist. Line - Lapu2x Ext. - Bagtaso St., Aquino	By Administration	2014-07-02	188,910.00	147,746.34		100%
Proposed Dist. Line - Cogon Kiagot Road	By Administration	2014-07-03	284,115.00	199,370.83		100%
Proposed Dist. Line - Kiagot Provincial Road	By Administration	2014-07-04	155,890.00	144,952.98		100%

Proposed Dist. Line - Lubredo St.	By Administration	2014-07-05	221,000.00	171,916.31		100%
Proposed Dist. Line - Natad St., Sta. Ana & Slaughter St.	By Administration	2014-07-06	164,245.00	115,785.53		100%
Proposed Dist. Line - Nonito Llanos St.	By Administration	2014-07-07	230,720.00	30,907.93		100%
Proposed Dist. Line - Padilla St.	By Administration	2014-07-08	169,430.00	160,104.58		100%
Proposed Dist. Line - SuperHighway (Manggahan St. App	By Administration	2014-07-09	289,115.00	142,864.26		100%
Proposed Dist. Line - Tres de Mayo Prov'l Rd - McArthur Highway	By Administration	2014-07-10	1,173,230.00	1,376,214.88		100%
Proposed Dist. Line - Tiguman Prov'l Road - Annex Bridge	By Administration	2014-07-11	3,175,510.00	2,490,650.57		100%
Proposed Dist. Line - Rizal Ave. (Mary Crumb - Luna St.)	By Administration	2014-07-12	391,200.00	315,215.10		100%
Proposed Dist. Line - McArthur Highway	By Administration	2014-07-13	904,590.00	753,065.63		100%
Proposed Dist. Line-McArthur Hi-way (San Agustin-Mahayahay)	By Administration	2014-07-14	642,015.00	446,915.29		100%
Proposed Dist. Line-Bounded Estose, Reservist & Luna	By Administration	2014-07-15	161,465.00	105,767.66		100%
Proposed Dist. Line - Rizal Ave., Diversion Rd. & NFA Rd.	By Administration	2014-07-16	700,050.00	591,648.79		100%
Proposed Dist. Line - (Aurora St. - First Crumb St.)	By Administration	2014-07-17	509,015.00	414,405.52		100%
Proposed Dist. Line - Cagas Rd., San Miguel & Aurora	By Administration	2014-07-18	354,370.00	244,083.04		100%
Proposed Installation of Hydrant	By Administration	2014-07-20	350,000.00	332,509.97		100%
Proposed Installation of Gate Valve	By Administration	2014-07-21	355,200.00	212,476.04		100%

Proposed Installation of Pump Lifter Tripod @ PS#8	By Administration	2014-10-01	100,000.00	91,397.76		100%
Proposed Construction of Generator House @ PS#8	By Administration	2014-12-01	260,000.00	151,513.20		100%
Proposed Dist. Line - Brgy. Kiagot (Upper Alta Vista -	By Administration	2015-02-01	227,750.00			
Proposed Dist. Line - Cabrillos St. (Roxas Ext. - cor. Estrada St.)	By Administration	2015-02-02	339,152.00			
Proposed Dist. Line - 1st Crumb St. (Rizal Ave. - cor. Bataan St.)	By Administration	2015-02-03	740,842.00			
Proposed Dist. Line - Del Rosario St. (cor. Lim St. - cor. Aurora St.)	By Administration	2015-02-04	200,044.00			
Proposed Dist. Line - Doña Aurora St. (Rizal Ave. - cor. Diversion Rd.)	By Administration	2015-02-05	420,040.00	293,637.52	293,637.52	69.91%
Proposed Dist. Line - cor. Estrada 5th St. - cor. Rufino Rd.	By Administration	2015-02-06	194,076.00			
Proposed Dist. Line - cor. V. Sotto St. - Estrada 5th St.	By Administration	2015-02-07	443,252.00			
Proposed Dist. Line - Gallarde St. (cor. 1st Crumb St. - Mary Crumb St.)	By Administration	2015-02-08	278,226.00			

Proposed Dist. Line - Gallarde St. (cor. 1st Crumb St. - Mary Crumb St.)	By Administration	2015-02-08	278,226.00			
Proposed Dist. Line - Brgy. Igpit Prov' Rd. (Igpit Elem. School - Cagas Village)	By Administration	2015-02-09	391,573.00			
Proposed Dist. Line - J. Abad Santos St. (cor. Lim St. - cor. Aurora St.)	By Administration	2015-02-10	207,904.00			
Proposed Dist. Line - J. Abad Santos St. (cor. J. Luna St. - cor. Lapu-Lapu St.)	By Administration	2015-02-11	117,206.00			
Proposed Dist. Line - Lim Ext. (Rizal Ave. - J.P. Laurel St.)	By Administration	2015-02-12	629,605.00			
Proposed Dist. Line - Luna Ext. (Rizal Ave. - J.P. Laurel St.)	By Administration	2015-02-13	663,025.00			
Proposed Dist. Line - Quezon Ave. ("Y" Junction Rd.-	By Administration	2015-02-14	3,421,142.00	500,759.96	500,759.96	14.64%
Proposed Dist. Line - Roxas St. (cor. Magsaysay St. - cor. Bataan St.)	By Administration	2015-02-15	322,270.00			
Proposed Dist. Line - Brgy. Ruparan (San Vicente - Riverside Proper)	By Administration	2015-02-16	294,050.00			
Proposed Dist. Line - PS #6 to Tres de Mayo cor. McArthur Highway	By Administration	2015-02-17	1,751,723.00	1,355,692.87		100%
Proposed Dist. Line - Brgy. Ruparan (PS#9 -2400 cu.m. concrete Ground Water Tank)	By Administration	2015-02-18	497,153.00	252,503.77		100%
Proposed Dist. Line - Brgy. Ruparan (PS#9 -2400 cu.m. Ruparan Elementary School)	By Administration	2015-02-19	605,449.00	387,922.74		100%
Proposed Dist. Line - Sacred Heart Ave.(cor. Cabrillos St.	By Administration	2015-02-20	192,540.00			
Proposed Dist. Line - Tandang Sora St.(cor. J.Luna St.-	By Administration	2015-02-21	163,596.00	65,128.18	65,128.18	39.81%
Proposed Dist. Line - Vinzon St.(cor. J.Luna St.-cor Lapu-Lapu St.)	By Administration	2015-02-22	141,270.00			
Proposed Transfer of Bodega at PS#2	By Administration	2015-02-23	600,000.00	522,985.76		100%
Proposed 2-storey Building	By Administration	2015-05-24	18,000,000.00	4,812,045.69	4,812,045.69	26.73%
Proposed Const. of Perimeter Fence in Eco-living & Learning Park @Dulangan	By Administration	2015-05-25	600,000.00	576,931.00		100%
Proposed rehabilitation of Steel tank at Dulangan	By Administration	2015-06-26	159,950.00	96,438.43		100%
Proposed installation of Flow Meter (Zone Metering)	By Administration	2015-09-01	1,000,000.00	11,797.79	11,797.79	1.18%
Proposed construction of Public Toilet in Eco-living & Learning Park @Dulangan	By Administration	2015-09-05	190,000.00	108,090.92	108,090.92	56.89%
Proposed realignment of Distribution Line (Due to road widening)	By Administration	2015-10-01	451,214.00	79,075.60	79,075.60	17.53%
Proposed installation of Hydrant & Blowoffs	By Administration	2015-10-02	300,000.00			
Proposed installation Gate Valve	By Administration	2015-11-01	350,000.00			
Proposed Distribution Line (Labor Only)	By Administration	2015-11-02	203,370.00	177,121.57		87.09%
System Software and Inventory (on going)			550,000.00		550,000.00	-
TOTAL				6,470,035.66		

13. OTHER ASSETS

This account consists of the following:

	2016	2015
Items in Transit	0.00	0.00
Intangible Assets	0.00	0.00
Restricted Fund/Assets	6,385,265.52	6,333,841.40
Other Reserve Funds	0.00	0.00
Other Assets	325,721.91	5,302,858.91
TOTAL	P 6,710,987.43	P11,636,700.31

Accounts Receivable (Delinquent) are past due accounts from years 1994-2014. It refers to receivables from inactive concessionaires which includes all amounts due arising from services rendered to customers for water sales and incidental services aged over 1 year as per aging of Accounts Receivable.

Restricted Assets represent reserves for mandatory debt service with LWUA/WD Joint Accounts and Other Debts Service Reserve.

13.1 Restricted Fund/Assets

This account consists of the following:

	2016	2015
DBP 5000013-01-2	6,385,265.52	6,333,841.40
TOTAL	P6,385,265.52	P6,333,841.40

Restricted Assets represent reserves for mandatory debt service with LWUA/WD Joint Accounts and Other Debts Service Reserve .

13.2 Other Assets

This account consists of the following:

	2016	2015
Accounts Receivable (Delinquent)		4,977,141.00
Other Assets	325,721.91	325,717.91
Total	325,721.91	5,302,858.91

13.2.1 Accounts Receivable (Delinquent)

Accounts Receivable (Delinquent) are past due accounts from years 1994-2014. It refers to receivables from inactive concessionaires which includes all amounts due arising from services rendered to customers for water sales and incidental services aged over 1 year as per aging of Accounts Receivable.

13.2.2 Other Assets

This account consists of the following:

	2016	2015
Unserviceable Properties	325,721.91	325,717.91

Total

325,721.91

325,717.91

Unserviceable Property, Plant and Equipment fall within this category. The Net Book Value of P4.00 and P264, 370.14 is an addition to retired asset in the year 2016 and 2015 respectively .They are no longer in use and no further charge for depreciation is made in respect of those assets.

Summary of Unserviceable Properties

Per JEV # 16-12-2856
As of December 31, 2016

Account Code	DESCRIPTION	ACQUISITION COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
241	Motor Vehicles	179,452.00	179,448.00	4.00

Summary of Unserviceable Properties

Per JEV#15-12-2611
As of December 30, 2015

ACCOUNT CODE	DESCRIPTION	ACQUISITION COST	ACCUMULATE D	NET BOOK VALUE
211	Building	32,902.56	32,900.56	2.00
215	Other Structures	2,537,736.64	2,292,994.53	244,742.11
221	Office Equipment	409,417.00	406,341.82	3,075.18
222	Furnitures and Fixtures	67,977.76	67,028.53	949.23
223	IT Equipment and Software	1,243,764.00	1,229,868.25	13,895.75
229	Communication Equipment	212,371.00	210,696.13	1,674.87
240	Other Machinery and Equipment	76,804.55	76,783.55	21.00
241	Motor Vehicles	123,137.60	123,133.60	4.00
250	Other Property, Plant and Equipment	625,171.93	625,165.93	6.00
				264,370.14

14. CURRENT LIABILITIES

This account consists of the following:

	2016	2015
Payable Accounts	6,911,485.29	4,241,704.76
Inter - Agency Payables	1,692,420.48	1,428,291.47
Other Liability Accounts	16,637,475.16	15,703,107.45
Total	25,241,380.93	21,373,103.68

14.1 Payable Accounts

This account can be broken down as follows:

	2016	2015
Accounts Payable	6,820,763.99	4,112,104.08
Due to Officers and Employees	90,721.30	129,600.68
Total	6,911,485.29	4,241,704.76

Aging of Payable account for CY 2016:

Supplier / Creditor	1-30 days	31-180 days	181 days - 1 year
Accounts Payable	6,452,797.30	362,500.00	5,466.69
Due to Officers & Employees	183,395.00	0.00	0.00

Due to Officers & Employees	183,395.00	0.00	0.00
	9,290,498.54	0.00	4,706.69

Aging of Payable Accounts for CY 2015:

Supplier / Creditor	1-30 days	31-180 days	181 days - 1 year
Accounts Payable	4,107,397.39	0.00	4,706.69
Due to Officers & Employees	129,600.68	0.00	0.00
	4,236,998.07	0.00	4,706.69

14.1.1 Accounts Payable

ACCOUNTS PAYABLE 2016	
<u>PAYEE</u>	<u>AMOUNT</u>
<i>1-30 days</i>	
DASURECO	1,427,829.64
Cor Jesu Shell Station/Sacred Gas Station	33,369.37
Innovate Communications, Inc.	2,243.56
NLC Construction & Supplies	92,284.59
Columbia Computer Center	214,989.72
Medical Center of Digos Cooperative	637,110.00
Dotech Micro Services, Inc.	464,827.90
Nxt'gen Technologies, Inc.	70,250.00
Digital Interface, inc.	21,912.00
Philippine Duplicators, Inc.	11,371.92
Digos Family Printing Press	10,800.00
Davao Home Builders Center	238,966.20
Oreal Paint & Hardware	10,220.00
New Gonzales Store, Inc.	251,162.00
JNT del Sur Hardware	12,871.00
Davao Cathay Parts & Hardware, Inc.	46,386.00
Claire & Camille Enterprises	40,260.00
Boyett Marketing	3,490.00
Kevyn Motor Parts	12,080.00
Digos Colour Haus, Inc.	16,689.00
V.S. Tay, Incorporated	1,150.00
Brownstone Asia-Tech, Inc.	97,140.00
Emcor, Inc.	37,198.00
XD Ever Transformer Service Corporation	269,830.00
Caraga Plumbing Concepts	340,808.00
Rich Cleo Auto Supply	2,650.00
Waterkonsult Equipment & Services, Inc.	1,038,216.99
Sinian International Corporation	921,044.91
Ronnie Budiongan Aircon & Ref Repair Shop	2,850.00
DIWACO	63,200.00
Hydrex Computer Sales Parts & Services	525.00
Mike Electrical Supply & Services	18,000.00
Shobe Auto Supply & Accessories Dealer	11,072.50
Toyosam Auto Parts Dealer	9,452.00
Joey Motor Works	12,610.00
Caza Auto Parts Dealer	7,310.00
Dabaw Print Distributors, Inc.	627.00
Sub-Total	6,452,797.30
31 days to 1 year	
Reinsoft Computer Service/Lynvi M. Democrito	362,500.00
Sub-Total	362,500.00
One Year & Above	
Monolithic Construction	4,706.69
Unclaimed Weekly payroll per OR# 2015 (Sandoval)	760.00
Sub-Total	5,466.69
TOTAL	6,820,763.99

ACCOUNTS PAYABLE 2015	
PAYEE	AMOUNT
<i>1-30 days</i>	
Davao del Sur Electric Cooperative, Inc.	1,112,395.89
Cor Jesu Shell Station / Sacred Heart Gas Station	41,239.87
Isauros B. Gravador (EE)	27,277.70
Sur Telemedia Network	450.00
Medical Center of Digos Cooperative	225,491.00
Digos Doctors Hospital / Ricardo M. Quiñones	406,650.00
Philippine Duplicators, Inc.	2,294.65
Construction Services - Weekly Payroll	12,966.00
DCTech Micro Services, Inc.	83,178.48
Davao Cathay Parts & Hardware	99,720.00
Columbia Computer Center	53,880.00
Far East Noble House, Inc.	11,998.00
Davao Citi Hardware, Inc.	26,520.00
JS Marketing	12,700.00
Daniella's Catering Services	45,000.00
Glob Clutch & Brake Repair Shop or Orlando G. Torres	4,550.00
JNT del Sur Hardware	194,141.00
Davao Home Builders Center	38,970.80
BM Torregosa Enterprise	4,190.00
GH Office Depot	6,812.00
V.S. Tay, Incorporated	11,900.00
Davao Domart Enterprises Co., Inc.	11,920.00
Toyosam Auto Parts Dealer	46,700.00
Sambu CCTV Computer Sales & Services	14,485.00
Arnaldo's Hotel & Restaurant	17,500.00
Ace Youth Auto Repair Shop	15,780.00
Ronnie Budiongan Aircon & Ref Repair Shop	5,600.00
Mystic Water Philippines, Inc.	16,000.00
New Interlock Sales & Services	630,662.00
AJCM Marketing	9,625.00
V3-SMS Aluminum, Glass & Steel Works	2,600.00
New Gonzales Store, Inc.	200,000.00
Tefarma/Myrna Tanduyan	25,000.00
Veronica Aquino News Paper Dealer	600.00
Ashaleyan Printing Supply	11,000.00
Jaymart Coco Lumber	2,600.00
Reinsoft Computer Service/Lynvi M. Democrito	550,000.00
KRZ Communication Services	125,000.00
<i>Sub-Total</i>	<i>4,107,397.39</i>
<i>One Year & Above</i>	
Monolithic Construction	4,706.69
<i>Sub-Total</i>	<i>4,706.69</i>
TOTAL	4,112,104.08

14.1.2 Due to Officers and Employees

Unpaid Year-End Overtime	2016	2015
Regular Employees	79,108.62	128,671.48
Casual Employees	9,612.68	929.00
Total	90,721.30	129,600.68

This can be broken down as follows:

2016

PAYEE	AMOUNT
<i>Regular Employees (Unpaid Overtime)</i>	
Ababon, Mario	4,615.70
Alcontin, Alejandrino	4,296.70
Bagtaso, Bernard	4,795.34
Banogbanog, Ruelito	2,946.30
Casis, Rodrigo	2,412.67
Duño, Carlito	3,174.24
Fernandez, Procuero	3,877.44
Formentera, Jimmy	3,953.23
Gallardo, Nicolas	2,197.22
Gomez, Renato	3,484.93
Guevarra, Antonio	646.33
Gujilde, Ruben	5,132.62
Lañas, Noel Florante	1,319.95
Laureta, Cecile	3,990.61
Layagin, Generoso	2,229.99
Maravillas, Vicente	1,830.72
Masanegra, Arcadio	2,357.89
Monteza, Lendon	1,167.96
Odonzo, Elden	1,033.98
Panugaling, Reynaldo	3,159.22
Pillazo, Reynaldo	3,493.06
Posadas, Cristian	2,863.08
Renoy, Ronald	2,757.94
Romaguera, Alexander	3,682.88
Sampilo, Eduardo	2,804.88
Samson, Leonie	2,178.46
Sirvan, Joel	5,223.87
Sode, Pepe	1,597.51
Torreon, Elmer	1,373.59
Villarta, Dindo	2,984.14
<i>Sub-Total</i>	87,582.45
<i>Casual Employees (Unpaid Overtime)</i>	
Estose, Roldan	3,573.38
Jaitoni, Imlani	5,425.26
Mancia, Roy	2,908.08
Muaña, Rodolfo	1,312.68
<i>Sub-Total</i>	13,219.40
TOTAL	100,801.85

2015

PAYEE	AMOUNT
<i>Regular Employees (Unpaid Overtime)</i>	
Ababon, Mario	3,764.74
Adrales, Aphrodite	3,461.53
Alcontin, Alejandrino	704.77
Bagtaso, Bernard	3,262.59
Banogbanog, Aileen	2,369.16
Banogbanog, Ruelito	2,983.84
Casis, Rodrigo	3,630.53
Cometa, Arturo	4,422.25
Cubar, Golda Mae	1,266.65
Dacquel, Gem Bernadine	3,771.00
Decena, Mary Bernadette	4,226.58
Duño, Carlito	2,743.85
Fernandez, Procuero	2,013.52
Formentera, Jimmy	3,404.90
Gallardo, Nicolas	2,160.80
Gomez, Renato	2,410.69
Guevarra, Antonio	3,697.85
Gujilde, Ruben	2,132.74
Lañas, Noel Florante	1,629.40
Laureta, Cecile	4,000.02
Layagin, Generoso	3,011.34
Maravillas, Vicente	5,021.99
Masanegra, Arcadio	2,000.50
Monteza, Lendon	5,670.52
Nadela, Iris	1,860.82
Odonzo, Elden	2,534.96
Panugaling, Reynaldo	3,964.32
Peligrino, Martiniano	3,964.70
Pillazo, Reynaldo	1,799.52
Posadas, Christian	1,000.00
Retes, Franklin	5,494.30
Romaguera, Alexander	1,932.18
Ruizo, Luis	4,619.58
Sampilo, Eduardo	1,043.12
Samson, Leonie	1,563.10
Sanchez, Remegio	4,057.05
Sanchez, Ruel	1,596.73
Sarsona, Eustaquio	3,931.16
Sienes, Arnulfo	2,309.38
Sode, Pepe	3,022.98
Tapdasan, Edwin	1,735.02
Torregosa, Cresente	1,033.08
Torreon, Elmer	3,721.78
Vargas, Garry	1,460.31
Vergara, Oswaldo	1,553.03
Villanueva, Felix	712.60
<i>Sub-Total</i>	<i>128,671.48</i>
<i>Casual Employee (Unpaid Payroll)</i>	
Rulona, Karen Lou	929.20
<i>Sub-Total</i>	<i>929.20</i>
TOTAL	129,600.68

14.2 Inter – Agency Payables

This account can be broken down as follows:

	2016	2015
Due to National Treasury	0.00	0.00
Due to BIR	969,955.90	752,466.64
Due to GSIS	616,802.43	567,972.22
Due to PAG-IBIG	61,512.15	69,402.61
Due to PHILHEALTH	44,150.00	38,450.00
Due to Other NGAs	0.00	0.00
Due to Other GOCCs	0.00	0.00
Due to Other LGUs	0.00	0.00
Total	1,692,420.48	1,428,291.47

14.2.1 Due to BIR

This account can be broken down as follows:

PARTICULARS	2016	2015
A. Regular and Casual Employees	635,144.34	468,881.89
B. Suppliers	91,042.93	63,792.97
C. Board Of Directors	4,824.0	6,271.20
D. Dabaw Print Distributors, Inc-Newspaper Subscription	33.00	0.00
E.Security Agency(Columbia,Axzeen)	582.62	331.79
F. Philippine Long Distance Telephone Company-Landline & Internet Connection	669.21	681.14
G. Legal Counsel	500.00	500.00
H. Cor Jesu Shell Station/Sacred Heart Gas Station	5,967.58	4,085.21
I. DASURECO	7,647.08	7,578.17
J. Radio Advertising	725.00	900.00
K. Mobile Expense	546.88	546.88
L. Job-Order Employees	10,915.76	6,294.88
M.Sur Telemedia Network-Cable Connection	31.25	
N. Innove Communications, Inc-Internet Globe Connection	149.57	
O. Franchise Tax	211,176.68	192,602.51
TOTAL	969,955.90	752,466.64

14.2.2 Due to GSIS

This account can be broken down as follows:

	2016	2015
Due to GSIS	616,802.43	567,972.22

This account comprises the premium contributions of the employer's and employees' share including the payment of the latter's loans to Government Service Insurance System (GSIS). The employees of the District are members of the GSIS, which provides life and retirement insurance coverage.

14.2.3 Due to PAG-IBIG

This account can be broken down as follows:

	2016	2015
Due to PAG-IBIG	61,512.15	69,402.61

This 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.

14.2.4 Due to PhilHealth

This account can be broken down as follows:

	2016	2015
Due to PHILHEALTH	44,150.00	38,450.00

This account comprises the premium contributions of the employer's and employees' share.

14.3 Other Liability Accounts

This account can be broken down as follows:

	2016	2015
Guaranty Deposit Payable	9,529,168.04	8,273,243.08
Performance/Bidders/ Bonds Payable	1,481,221.55	2,375,863.04
Currency Swap Payable	0.00	0.00
Tax Refunds Payable	0.00	0.00
Contractor's Security Deposit	0.00	0.00
Bail Bond Payable	0.00	0.00
Accrued Light & Power	0.00	0.00
Other Payables	5,627,085.57	5,054,001.33
Total	16,637,475.16	15,703,107.45

14.3.1 Guaranty Deposits Payable

This account consists of:

	2016	2015
Guaranty Deposits Payable	P9,529,168.04	P8,273,243.08
Total	9,529,168.04	8,273,243.08

This account is composed of customers' deposit from various concessionaires normally paid by the latter before the installation of any service connection as security for the payment of subsequent bills.

AGING OF CONSUMPTION DEPOSITS	
<i>As of December 31, 2016</i>	
1-30 days	149,850.00
31-60 days	147,200.00
61-90 days	157,400.00
91-120 days	147,000.00
Over 120 days	1,157,348.80
1980-2015	7,770,369.24
Previous Years	9,529,168.04

The subsidiary ledger for consumption deposit

AGING OF CONSUMPTION DEPOSITS <i>As of December 31, 2015</i>	
1 - 30 days	110,200.00
31 - 60 days	119,400.00
61 - 90 days	113,900.00
91 - 120 days	114,596.12
Over 120 days	1,034,500.00
Previous Years	6,228,152.86
Total Accounted	7,720,748.98
Variance	552,494.10
TOTAL	8,273,243.08

There is a difference of P552,494.10 between the total guaranty deposits payable of P8,273,243.08 as recorded in the books from the total accounted aging of consumption deposit per subsidiary ledger as of December 31, 2015. The variance is subject for further verification as most of these accounts fall within the years 1980-1990 wherein the manner of billing system was still manual.

14.3.2 Bidders Bond Payable

	2016	2015
Bidders Bond Payable	P1,481,221.55	P2,375,863.04
Total	1,481,221.55	2,375,863.04

BONDS PAYABLE (2016)	
<u>Particulars</u>	<u>Balance End</u>
<i>Bid Security</i>	
Atlanta Ind.	4,638.75
FIL ESLON	54,137.89
Philippine Valve Manufacturing Corporation	34,000.00
Waterkonsult Equipment & Services	40,000.00
Hanna Via	60,000.00
Jaykaina Machine Shop	500.00
Davao Security and Investigation Agency	25,302.85
Indentrade Systems Corporation	26,000.00
BSPH Marketing	40,000.00
Philippine Valve Manufacturing Corporation	18,600.00
Crystalla Glass Art Gallery Enterprises	67,870.00
Total Bid Security	371,049.49
<i>Performance Bond</i>	
Crystalla Glass Art Gallery Enterprises	91,250.00
BSPH Marketing	100,000.00
Total Performance Bond	191,250.00
<i>Retention</i>	
Hydrock Machineries & Equipment, Inc.	126,175.00
Hydrock Machineries & Equipment, Inc.	8,092.06
Tiger Motor Sales Corp.	98,500.00
New Interlock Sales & Services	952.48
GS Ferolino Construction & Supply	18,313.60
Waterkonsult Equipment & Services, Inc.	57,588.30
KRZ Communication Services	25,000.00
Nation Manufacturing & Industrial Products Corp.	-
XD Ever Transformer Service Corporation	240,991.00
Moldex Products, Inc.	320,455.97
Nxt'gen Technologies, Inc.	1,138.00
NLC Construction and Supplies	21,715.65
Total Retention	918,922.06
TOTAL	1,481,221.55

BONDS PAYABLE 2015	
<i>Particular</i>	<i>Amount</i>
<i>Bid Securin</i>	
Atlanta Industrial	4,638.75
EIL ESLON	54,137.88
Nation Manufacturing, Inc.	103,418.00
Nation Manufacturing, Inc.	45,170.00
Philippine Valve Manufacturing Corporation	34,000.00
Waterconsult Equipment & Service	40,000.00
Hanna Via	60,000.00
Jaykaina Machine Shop	500.00
Nation Manufacturing, Inc.	33,483.00
Nation Manufacturing, Inc.	18,825.00
Davao Security and Investigation Agency	25,302.85
Indentrade Systems Corporation	26,000.00
BSPH Marketing	40,000.00
Philippine Valve Manufacturing Corporation	18,600.00
Crystalla Glass Art Gallery Enterprises	67,870.00
Moldex Products, Inc.	521,512.88
Metro Davao Supreme	84,450.00
Total Bid Securin	1,177,908.38
<i>Performance Bond</i>	
Crystalla Glass Art Gallery Enterprises	91,250.00
Nation Manufacturing & Industrial Products, Com.	98,678.00
Nation Manufacturing & Industrial Products, Com.	45,850.00
BSPH Marketing	100,000.00
Nation Manufacturing, Inc.	37,714.00
International Heavy Equipment Corporation	45,900.00
Total Performance Bond	419,392.00
<i>Retention</i>	
Hydrock Machineries & Equipment, Inc.	126,175.00
Hydrock Machineries & Equipment, Inc.	8,092.00
Tiger Motor Sales Corp.	98,500.00
Eil Power Group & Marketing Corporation	98,800.00
International Heavy Equipment Corporation	91,800.00
Up-town Industrial Sales, Inc.	285,242.50
Up-town Industrial Sales, Inc.	69,953.10
Total Retention	778,562.60
TOTAL	2,375,863.00

Bid Security and Retention of the Bidder's Bond Payable were retention money from supplier of goods and services, subject for refund upon satisfaction of the conditions embodied in the contract.

Performance Bonds Payable represents the performance security posted by suppliers for purchases awarded thru competitive bidding.

The district is guided by the following rules under R.A 9184 otherwise known as Government Procurement Act in retaining bid security and performance bond from respective bidders and/or suppliers.

A. BID SECURITY

Section 27 of RA 9184 provides:

All bids shall be accompanied by a bid security, payable to the procuring entity concerned as a guarantee that the successful bidder shall, within ten (10) calendar days or less, as indicated in the Instructions to Bidders, from receipt of the notice of award, enter into contract with the procuring entity and furnish the performance security required in Section 39 of this IRR, except when Section 37.1 of this IRR allows a longer period. Failure to enclose the required bid security in the form and amount prescribed herein shall automatically disqualify the bid concerned.

The bid security shall be in an amount equal to a percentage of the ABC in accordance with the following schedule:

Form of Bid Security	Amount of Bid Security <i>(Equal to Percentage of the ABC)</i>
Cash or cashier's/manager's check issued by a Universal or Commercial Bank.	
Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	Two percent (2%)
Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Five percent (5%)
Any combination of the foregoing.	Proportionate to share of form with respect to the total amount of security.

For biddings conducted by Digos Water District, the prospective bidder may also submit bid securities in the form of cashier's/manager's check, bank draft/guarantee, or irrevocable letter of credit from other banks certified by the BSP as authorized to issue such financial instrument.

The bid security shall be denominated in Philippine Pesos and posted in favor of the procuring entity.

Without prejudice to the provisions of the Act and this IRR on the forfeiture of bid securities, bid securities shall be returned only after the bidder with the Lowest Calculated Responsive Bid or Highest Rated Responsive Bid, as the case may be, has signed the contract and furnished the performance security, except to those declared upon by the BAC as failed or post-disqualified in accordance with this IRR, upon submission of a written waiver of their right to file a motion for reconsideration and/or protest.

In lieu of a bid security mentioned in Section 27.2 above, the bidder may submit a Bid Securing Declaration that is an undertaking which states, among others, that the bidder shall enter into contract with the procuring entity and furnish the required performance security within ten (10) calendar days, or less, as indicated in the Bidding Documents, from receipt of the Notice of Award, and committing to pay the corresponding fine and be suspended for a period of time from being qualified to participate in any government procurement activity in the event it violates any of the conditions stated therein as required in the guidelines issued by the GPPB.

In no case shall bid security or Bid Securing Declaration be returned later than the expiration of the bid validity period indicated in the Bidding Documents, unless it has been extended in accordance with Section 28.2 of the IRR.

Bid Validity

Bids and bid securities shall be valid for a reasonable period as determined by the Head of the Procuring Entity concerned, which shall be indicated in the Bidding Documents, but in no case shall the period exceed one hundred twenty (120) calendar days from the date of the opening of bids.

Should it become necessary to extend the validity of the bids and bid securities beyond one hundred twenty (120) calendar days, the procuring entity concerned shall request in writing all those who submitted bids for such extension before the expiration date therefore. Bidders, however, shall have the right to refuse to grant such extension without forfeiting their bid security.

B.) PERFORMANCE SECURITY/PERFORMANCE BOND

To guarantee the faithful performance by the winning bidder of its obligations under the contract in accordance with the Bidding Documents,

Form of Performance Security	Amount of Performance Security <i>(Equal to Percentage of the Total Contract Price)</i>
Cash or cashier's/manager's check issued by a Universal or Commercial Bank.	Goods and Consulting Services – Five percent (5%)
Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	Infrastructure Projects – Ten percent (10%)
Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Thirty percent (30%)
Any combination of the foregoing.	Proportionate to share of form with respect to the total

For biddings conducted by Digos Water District, the prospective bidder may also submit performance securities in the form of cashier's/manager's check, bank draft/guarantee, or irrevocable letter of credit from other banks certified by the BSP as authorized to issue such financial instrument.

The performance security shall be denominated in Philippine Pesos and posted in favour of the procuring entity, which shall be forfeited in the event it is established that the winning bidder is in default in any of its obligations under the contract.

The performance security shall remain valid under issuance by the procuring entity of the final Certificate of Acceptance.

The performance security may be released by the procuring entity after the issuance of the Certificate of Acceptance, subject to the following conditions:

- Procuring entity has no claims filed against the contract awardee or the surety company;
- It has no claims of labor and materials filed against the contractor; and
- Other terms of the contract.

C. WARRANTY/RETENTION

In order to assure that manufacturing defects shall be corrected by the Supplier, a warranty shall be required from the Supplier for a minimum period for a minimum period specified in the contract. The obligation for the warranty shall be covered by, at the Supplier's option, either retention money in an amount equivalent to at least ten percent (10%) of the final payment or a special bank guarantee equivalent to at least ten percent (10%) of the Contract Price or for every progress payment or such other amount if so specified in the contract. The said amounts shall only be released after the lapse of the warranty period provided, however, that the Supplies delivered are free from patent and latent defects and all the conditions imposed under the contract have been fully met.

The following provisions were adopted by the district pursuant to 2016 Revised IRR of RA 9184 effective December 21,2016.

For the procurement of Goods, in order to assure that manufacturing defects shall be corrected by the supplier, a warranty security shall be required from the contract awardee for the minimum period of one (1) year in the case of Non-expendable Supplies, after acceptance by the Procuring Entity of the delivered supplies.

The obligation for the warranty shall be covered by either money in an amount equivalent to at least one percent (1%) of every progress payment, or a special bank guarantee equivalent to at least one percent (1%) of the total contract price. The said amounts shall only be released after the lapse of the warranty period or, in the case of Expendable Supplies, after consumption thereof: Provided, however, that the supplies delivered are free from patent and latent defects and all the conditions imposed under the contract have been fully met. **For the procurement of Infrastructure Projects, the following warranties shall be made:**

A. From the time project construction commenced up to the final acceptance, the contractor shall assume full responsibility for the following:

Any damage or destruction of the works except those occasioned by *force majeure*; and

Safety, protection, security, and convenience of his personnel, third parties, and the public at large, as well as the works, equipment, installation and the like to be affected by his construction work.

B. One (1) year from project completion up to final acceptance or the defects liability period.

B.1 The contractor shall undertake the repair works, at his own expense, of any damage to the infrastructure on account of the use of materials of inferior quality, within ninety (90) days from the time the HoPE has issued an order to undertake repair. In case of failure or refusal to comply with this mandate, the Procuring Entity shall undertake such repair works and shall be entitled to full reimbursement of expenses incurred therein upon demand.

Progress payments are subject to retention of ten percent (10%) referred to as the "retention money". Such retention shall be based on the total amount due to the contractor prior to any deduction and shall be based on the total amount due to the contractor prior to any deduction and shall be retained from every progress payment until fifty percent (50%) of the value of works, as determined by the procuring entity, are completed. If, after fifty percent (50%) completion, the work is satisfactorily done and on schedule, no additional retention shall be made; otherwise, ten percent (10%) retention shall be imposed.

The total "retention money" shall be due for release upon final acceptance of the work. The contractor may, however, request the substitution of the retention money for each progress billing with irrevocable standby letters of credit of from a commercial bank, bank guarantees or surety bonds callable on demand, of amounts equivalent to the retention money substituted for and accepted to Government, provided that the project is on schedule and is satisfactorily undertaken. Otherwise, the ten percent (10%) retention shall be made. Said irrevocable standby letters of credit, bank guarantees and/or surety bonds, to be posted in favour of the Government shall be valid for a duration to be determined by the concerned implementing office/agency or procuring entity and will answer for the purpose for which the ten percent (10%) retention intended, i.e., to cover uncorrected discovered defects and third party liabilities.

14.3.3 Other Payables

This account can be broken down as follows:

	2016	2015
Loan Payable – Current	P4,964,014.24	P4,938,588.24
Other Payables	663,071.33	115,413.09
Total	5,627,085.57	5,054,001.33

14.3.3.1 Loans Payable -Current

This account can be broken down as follows

Loan Account	Purpose of Loan	Board Resolution Reference No.	Amount of Current Portion of Loan	
			2016	2015
DBP (Take Out A)	Loan Refinancing	07-11, S. 2011	P1,119,888.00	P1,110,888.00
DBP (Take Out B)	Loan Refinancing	07-06, S. 2012	P 1,150,754.40	1,150,754.40
DBP (CAPEX)	Ground Source Dev., Pipeline Rehabilitation	07-05,S.2012	P2,340,459.84	P2,340,459.84
LWUA LA No. 4-2543	Improvement of Water Facilities & Water Supply System	21-09, S. 2008	P 352,909.00	P327,486.00
Total			<u>P4,964,014.24</u>	<u>P4,938,588.24</u>

14.3.3.2 Other Payables

Other Payables 2016		
1-30 days		
PAYEE	2016	2015
DWD Mortuary Fund-BOD	(250.00)	
DWD Provident Fund-Employees		1,873.74
BOD - Per diem (Emilio D. Almazan)	10,604.00	
BOD - Per diem (Esther S. Molina)	10,604.00	
BOD - Per diem (Arturo S. Ang)	10,604.00	
BOD - Per diem (Lilia G. Mina)	10,604.00	
Bidding Documents/BAC Honorarium		31,000.00
DBP (job-order employees' payroll)	45,126.65	37,191.32
Isauros B. Gravador (mobile phone exp. 11/12/15-12/11/15)		2,500.00
Oswaldo A. Vergara (LBC-Water Samples to PIPAC)	2,065.00	
Roy Ferrer	62.16	2,629.41
Hiny Gealon	808.32	1,822.47
Dexter Lampitao		2,240.76
Francisco Recaña		1,246.92
Rodolfo Mamolo		83.04
Medel Bacamante, Jr.	0.18	
Jesus M. Quion (Land Purchased)	305,140.50	
Zone Plumber	7,133.50	3,068.50
DIWACO	261,019.02	31,756.93
SAMADIWAD	(450.00)	
TOTAL	663,071.33	115,413.09

Amounts due to Provident Fund, Job-order payroll, zone plumbers, disconnectors, Digos Water District Cooperative (DIWACO), bidding documents and liquidated damages were items under the Other Payable Account.

15. LONG-TERM LIABILITIES

This account consists of the following:

	2016	2015
Mortgage Payable	0.00	
Loans Payable - Domestic	31,562,018.58	36,526,035.82
Loans Payable – Foreign	0.00	0.00
Other Long-term Liabilities	0.00	0.00

Total **31,562,018.58** **36,526,035.82**

15.1 Loans Payable - Domestic

Details of Loans Payable are as follows:

Loans Account	Paying Period	Interest Rate	Principal Loan	Balance As of 12/31/16	Balance As of 12/31/15
DBP (Take Out A)	15 years	6.40%	16,824,758.00	9,239,076.36	10,358,964.36
DBP (Take Out B)	12 years	6.00%	12,619,802.83	7,153,705.18	8,304,462.58
DBP (CAPEX)	10 years	7.28%	20,000,000.00	12,677,490.84	15,017,950.68
LA No. 4-2543	10 years	7.50%	3,975,221.00	2,491,764.20	2,844,655.20

P53,419,781.83 P31,562,018.58 P36,526,032.82

Name of Loan	Loan Account & Amount	Purpose of Loan	Project Funded or to be funded of the loan and amount involved	COVENANTS	
				Positive	Negative
LWUA Loan Refinancing A	DBP (Take Out A) P16,798,320.26	Refinancing existing loan account with LWUA	Refinance of loan account with LWUA	Interest rate shall be 6.40% per annum exclusive of Gross Receipts Tax (GRT) Front-end fee of 0.5% of the commitment. Assignment of Accounts Receivables from various consumers served as guaranty/collateral of the loan. The loan is also secured by hold-out on deposit. A percentage rate of 0.02% finance charges to total amount financed.	Default Charge of 24% per annum on past due principal and past due interest Attorney's Fees equivalent to 10% of the total amount due but in no case less than P1,000.00, as well as costs and other judicial and extra judicial expenses. Prepayment penalty of 3% of the amount to be prepaid or breakfunding cost whichever is higher with 60 days advance notice.

<p>LWUA Loan Refinancing B</p>	<p>DBP(Take Out B) P12,619,802.83</p>	<p>Refinancing existing loan account with LWUA</p>	<p>Refinance of loan account with LWUA</p>	<p>Additional conditions precedent to the effectiveness of the agreement:</p> <p>Submission by the borrower's borrowing resolutions;</p> <p>Submission of Monetary Board (MB) Opinion pursuant to Sec.123 of RA No. 7653 or the New Central Bank Act.</p> <p>Submission of LWUA's consent to DBP loan, to be required on a per facility basis.</p> <p>Interest rate shall be 6%*per annum of Gross Receipts Tax (GRT) or any applicable tax shall be for the account of the borrower.</p> <p>*floating, reviewable and payable monthly</p> <p>Front-end fee of 0.5% of the commitment, payable upon transaction.</p> <p>The borrower shall submit financial statements audited by COA.</p> <p>The borrower shall submit statement account of LWUA.</p> <p>As post relief requirement, the borrower shall submit the following documents:</p> <p>Official receipt from LWUA showing proof of payment of the loan/s within one month from advance.</p> <p>Semi-annual report on Billed Income / Accounts Receivable. The reports as of June and December of every year shall be due on July 10 and January 10, respectively.</p> <p>The following are specified to constitute the security document:</p> <p>Deed of Assignment with Holdout Agreement over various deposit accounts of the borrower for P1.61M;</p> <p>Assignment of collections equivalent to P724K, (the unsecured amount of the loan at the time of implementation) a notification basis only.</p> <p>Assignment of collections on a notification basis only;</p> <p>Deed of assignment with hold-out on deposit equivalent to three monthly amortizations.</p>	<p>Default Charge of 24% per annum on past due principal and past due interest</p> <p>Attorney's Fees equivalent to 10% of the total amount due but in no case less than P1,000.00, as well as costs and other judicial and extrajudicial expenses.</p> <p>Borrower to maintain an ADB on deposits equivalent to 3% of outstanding loan balance; otherwise an additional 1% per annum service fee shall be charged Advances for insurance premium, property taxes, etc. 2% service charge, regular interest on the advanced at the prevailing rate; 24% default charges, 3 months after date of advance.</p> <p>Advances for insurance premium, property taxes, etc. 2% service charge, regular interest on the advanced at the prevailing rate; 24% default charges, 3 months after date of advance.</p> <p>Prepayment penalty equal to 3% of the amount prepaid or break-funding cost, whichever is higher with at least 60 days notice.</p>
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Capital Expenditure Loan A & B	DBP (CAPEX) P20,000,000.00	Ground Source Development, Reservoir Pipeline Rehabilitation, Generator set & clamp on meter	Ground Source Development, Reservoir, Pipeline Rehabilitation, Generator set & clamp on meter	Interest rate shall be 7.28%* per annum exclusive of Gross Receipts Tax (GRT). *reviewable and payable monthly Assignment of Accounts Receivables from various consumers served as guaranty/collateral of the loan. Front-end fee of 0.5% of the commitment, payable upon transaction. The loan is also secured by Real Estate.
Digos WD Water Supply System Improvement	LWUA Loan Account# 4-2543 P3,975,221.00	Source development, pumping facilities, pipes appurtenances, engineering study, construction supervision, contingencies	Drilling of exploratory well, construction supervision, pumping facilities, pipes and appurtenances, engineering study and contingencies.	Interest rate shall be 7.5% per annum subject to repricing at the end of the 5 th year, but in no way shall the interest rate be lower than 7.5% or higher than 9% per annum. Interest is due and demandable upon initial disbursement and during the period of construction.

16. EQUITY

This account consists of the following:

	2016	2015
Government Equity		
Balance at the beginning of the period	P146,224,874.24	P119,569,555.30
Additions/Deductions	1,212,168.34	(223,257.55)
Net Income (loss for the period)	35,353,215.48	26,878,576.49
Balance at the end of the period	P182,790,257.06	P146,224,874.24
Donated Capital		
Balance at the beginning of the period	0.00	0.00
Balance at the end of the period	0.00	0.00
Restricted Capital		
Balance at the beginning of the		
Balance at the beginning of the period	0.00	0.00
Balance at the end of the period	0.00	0.00
TOTAL	P182,790,257.06	P146,224,874.24

Appropriations of Net Income	2016	2015
BOD Resolution #	09-004 Series of 2017	09-015 Series of 2016
Debt Service	P 8,838,303.87	P 6,719,644.12
Operating & Maintenance Expenses	8,838,303.87	6,719,644.12
Expansion & Improvements of Physical Facilities	17,676,607.74	13,439,288.25
Balance at the end of the period	P 35,353,215.48	P <u>26,878,576.49</u>

GOVERNMENT EQUITY

	2016	2015
Value of PPE	P183,092.00	P183,092.00
District's Share for the Rural Productivity Support Program Fund	631,125.00	631,125.00
International Dev. Agency under World Bank Grant	1,600,053.00	1,600,053.00
CDF-Angara	4,210,875.00	4,210,875.00
Counterpart of City Gov't. of Digos For Rural Development	50,000.00	50,000.00
Donation from Benedictine Priest	30,000.00	30,000.00
Value of Turn-over Cost	11,333.00	11,333.00
Donation from CDF of Cong. Almendras	640,000.00	640,000.00
TOTAL	P7,356,478.00	P7,356,478.00

Government Equity consists of the contributions by the Government and other entities.

16.1 Prior Years' Adjustments

	2016	2015
Prior Years' Adjustment	P1,212,168.34	P386,974.54

For CY 2016, this account can be broken down as follows:

Prior Years' Adjustment		
March	Amount refunded by the GSIS to the Local Water District of Digos due to latter's overpayment as a result of adjustment on MOA reckoning date.	1,215,548.16
April	To record income due to check paid to supplier recognized by the bank was P118,303.07 while posted in the book was P118,303.57	0.50
June	To correct charging of account from postage and deliveries to other payable re disconnectors' retention for 2015	8,022.60
July	To correct entry per JEV # 16-06-1263 re annual water charges (NWRB).	(37,693.60)
July	To correct entry per JEV # 16-01-0084; 16-02-0255; 16-06-1264 re annual pawd dues of prior years based on actual connections ending 2014 & 2015.	(65,807.00)
November	To close doubtful accounts expense	92,097.68
TOTAL		1,212,168.34

For CY 2015, this account can be broken down as follows:

Prior Years' Adjustment		
January	Payee: FABIAN'S CATERING SERVICES re cost of catering services on the strategic planning dated 12/08/14 per P.O. # 0532.	22,000.00
February	To record interest earned for Dec 2014.accnt# 0332-0053-40	(543.04)
	To record interest earned & checkbook req .for Dec 2014.accnt# 0920-008783-080	(8,681.46)
	commitment fee /gross receipt tax on loan released (december 2014)	210,482.02
May	Adjustment of Accumulated Depreciation as of April 30, 2015	0.03
October	Calendar Years 2009-2011 auditing fee	163,716.99
TOTAL		386,974.54

17. GENERAL INCOME ACCOUNTS

This account consists of the following:

	2016	2015
Permits and Licenses	0.00	0.00
Service Income	P9,601,235.59	P8,530,311.90
Business Income	128,474,800.13	115,027,680.46
Subsidy Income	0.00	0.00
Generation, Transmission & Distribution	0.00	0.00
Income (Water Sales)		
Other Income	281,647.06	234,770.00
Total Income	P138,357,682.78	P123,792,762.36

17.1 Service Income:

This account can be broken down as follows:

	2016	2015
Affiliation Fees	0.00	0.00
Athletic and Cultural Fees	0.00	0.00
Clearance and Certification Fees	0.00	0.00
Comprehensive Examination Fees	0.00	0.00
Diploma and Graduation Fees	0.00	0.00
Garbage Fees	0.00	0.00
Inspection Fees	0.00	0.00
Library Fees	0.00	0.00
Medical, Dental and Laboratory Fees	0.00	0.00
Passport and Visa Fees	0.00	0.00
Processing Fees	0.00	0.00
Seminar Fees	0.00	0.00
Toll & Terminal Fees	0.00	0.00
Transcript of Records Fees	0.00	0.00
Other Service Income	6,633.01	4,642.15
Fines & Penalties – Service Income	P 9,594,602.58	P8,500,669.70
TOTAL	P 9,601,235.59	P8,530,311.90

As provided under Policy No. C-49-04 per Resolution No. 08-27 s. 2014 ,the Revised Policy on Service Charges as amended by BOD Resolution No. 21-21-11 , viz:

The following are the service charges of the Digos Water District:

1. Installation Fee	-	P2,500.00
2. Inspection Fee	-	100.00
3. Transfer of Meter Fee	-	P1,500.00
4. Reconnection Fee	-	P 150.00
5. Voluntary Disconnection	-	P 150.00

17.2 Business Income:

This account can be broken down as follows:

	2016	2015
Hospital Fees	0.00	0.00
Income from Communication Facilities	0.00	0.00
Income from Dormitory Operations	0.00	0.00
Income from Transportation Systems	0.00	0.00
Income from Waterworks System	P127,529,463.81	P114,157,537.85
Senior Citizen Discount	(92,133.68)	(96,505.74)
Landing and Parking Fees	0.00	0.00
Printing and Publication Income	0.00	0.00
Rent Income-Meters	1,037,470.00	965,840.00
Sales Revenue	0.00	808.35
Tuition Fees	0.00	0.00
Other Business Income	0.00	0.00
Fines & Penalties – Business Income	0.00	0.00
TOTAL	P 128,474,800.13	P115,027,680.46

As per LWUA approval, the water rates of the District effective May 2013 Billing are as follows;

Classification	Minimum Charge	Commodity Charges			
		11-20cu.m.	21-30cu.m.	31-40cu.m.	41-up cu.m.
Domestic	205.95	22.95	26.15	30.15	35.00
Government	205.95	22.95	26.15	30.15	35.00
Commercial/Industrial	411.90	45.90	52.30	60.30	70.00
Bulk/Wholesale	617.85	68.85	78.45	90.45	105.00

The district in the collection of Meter Rentals is guided by Policy No.C-47-04 per Resolution No. 08-20, Series of 2011, viz;

Rationale:

As part of the Digos Water District metering program, every concessionaire is installed with a water meter to ensure an accurate reading of consumption. Considering the number of connections and the depreciable life span of water meter its acquisition forms a bigger part of the water district capital expenditures.

“ The depreciable life of a water meter is estimated at five (5) years; with this to consider, the annual meter rental per account would not be sufficient to cover the whole cost of the said meter. Moreover, there are already numerous reports for defective meters, some even at less than two (2) years of usage, and the district would change such meters free of charge. Nevertheless, the district is primarily a service-oriented agency and as such, it is bound to uphold first the welfare of its concessionaires.”

1. To cover partially the water district’s increasing cost of water meters.”

2. Every concessionaire installed with Digos Water District-owned meter shall pay the monthly meter rental and shall be added to his monthly bill. The following are the amount of the monthly meter rental corresponding to the sizes of water meters:

½” – ¾” = P 5.00

1” – 1 ¾” = P10.00

2” – up = P15.00”

3. The concessionaires shall pay the current replacement cost of the water meter in case of damage, loss due to theft, negligence or carelessness and still be required to pay the monthly meter rental.”

4. Concessionaires are not allowed to install their own meters to exempt themselves from paying the meter rental.”

Other Income

This account can be broken down as follows:

	2016	2015
Dividend Income	0.00	0.00
Income from Grants and Donations	0.00	0.00
Interest Income	281,647.06	234,770.00
Share from PAGCOR/PCSO	0.00	0.00
Share from Tobacco Excise Tax	0.00	0.00
Miscellaneous Income	0.00	0.00
Other Fines and Penalties	0.00	0.00
Total	P281,647.06	P234,770.00

Interest Income

This account can be broken down as follows:

	2016	2015
Cash in Banks	P81,162.83	P49,406.01
Other Current Assets	81,577.57	69,748.74
Sinking Fund	67,482.54	63,907.81
Restricted Fund	51,424.12	51,707.44
Total	P281,647.06	P234,770.00

This year’s aggregate interest income is higher by 20% from the past year’s interest income.

18. GAIN/LOSS ACCOUNTS

This account consists of the following:

	2016	2015
Gain/Loss on Foreign Exchange (FOREX)	0.00	0.00
Gain/Loss on Sale of Disposed Asset	0.00	25,000.00
Gain/Loss on Sale of Securities	0.00	0.00
Gain/Loss on Sale of Investments	0.00	0.00
Other Gains/Losses	0.00	0.00
Prior Years' Adjustments	0.00	0.00
Total	P 0.00	P25,000.00

19. PERSONAL SERVICES

This account consists of the following:

	2016	2015
Salaries and Wages	22,455,286.56	20,418,619.87
Other Compensation	16,528,768.22	13,755,472.81
Personnel Benefits Contribution	3,982,790.41	9,089,462.83
Other Personnel Benefits	2,788,452.83	1,772,291.94
TOTAL	45,755,298.02	45,035,847.45

19.1 Salaries and Wages

This account can be broken down as follows:

	2016	2015
Salaries and Wages - Regular	21,799,546.70	20,271,202.55
Salaries and Wages - Casual	655,769.86	147,417.32
Salaries and Wages - Contractual	0.00	0.00
TOTAL	22,455,286.56	20,418,619.87

Salaries and wages account represents the employees' earnings at a particular period. This is the gross amount before deduction of taxes and other statutory and contractual obligations.

Payroll preparation is scheduled twice a month, one working day before the 15th and 30th day of each month.

19.2 Other Compensation

This account can be broken down as follows:

	2016	2015
Personnel Economic Relief Allow.(PERA)	2,106,972.37	2,026,454.55
Additional Compensation (ADCOM)	0.00	
Representation Allowance(RA)	459,875.00	462,000.00
Transportation Allowance(TA)	459,875.00	462,000.00

Clothing/Uniform Allowance	415,000.00	425,000.00
Productivity Incentive Allowance	0.00	154,000.00
Other Bonuses and Allowances	7,695,712.27	4,397,610.00
Collective Negotiation Agreement	2,100,000.00	1,950,000.00
Honoraria	-	-
Longevity Pay	15,000.00	210,000.00
Overtime and Night Pay	998,725.58	1,537,951.11
Cash Gift	437,000.00	423,250.00
Year-End Bonus	1,840,608.00	1,707,207.15
TOTAL	16,528,768.22	13,755,472.81

19.2.1 Other Bonuses and Allowances account is composed of the following:

This account can be broken down as follows:

	2016	2015
Rice Allowance	P402,758.92	P414,000.00
Staple Food Allowance	241,655.35	248,400.00
Employees Health and Welfare Subsidy	102,000.00	105,000.00
Mid-Year Bonus	1,806,252.00	0.00
CSC-Prime HRM	2,513,472.00	0.00
Productive Enhancement Incentive	452,000.00	1,717,869.00
Financial Assistance	951,335.00	938,841.00
Anniversary Bonus-Milestone	228,000.00	228,000.00
Productivity Based Bonus	1,226,239.00	745,500.00
Total	P7,695,712.27	P4,397,610.00

Only incumbent employees are entitled to allowances such as rice, staple food, employees' health and welfare subsidy and financial assistance.

19.3 Personnel Benefits Contributions

This account can be broken down as follows:

	2016	2015
Life & Retirement Ins. Contributions	2,666,017.85	2,450,237.89
Pag-IBIG Contributions	105,025.89	101,322.73
PhilHealth Contributions	249,246.78	234,425.00
ECC Contribution	104,294.59	100,100.00
Provident Fund Benefits	0.00	6,079,022.29
TOTAL	3,124,585.11	8,965,107.91

Personnel Benefits Contributions are statutory and contractual obligations. These represent the government/employer counterpart.

The foregoing contributions are accounts classified as benefits of the employees. Accumulated earned leave credits of retired employees falls squarely within the purview of terminal leave benefits. Effective January 2016 the granting of Government Share for Provident Fund Contribution was suspended pending issuance of guidelines by the Department of Budget and Management (DBM) per Board Resolution No.03-28 series of 2015 dated 13 November 2015.

19.4 Other Personnel Benefits

This account consists of the following:

	2016	2015
Pension Benefits – Regular	0.00	0.00
Retirement Benefits – Regular	0.00	0.00
Terminal Leave Benefits	858,205.30	124,354.92
Health Workers Benefits	0.00	0.00
Provident Fund Benefits	0.00	0.00
Vacation and Sick Leave Benefits	0.00	0.00
Other Personal Benefits	2,788,452.83	1,772,291.94
Total	P3,646,658.13	P1,896,646.86

19.4.1 Other Personnel Benefits

20. MAINTENANCE AND OTHER OPERATING EXPENSES

This account is consists of the following:

2016

2015

Travelling Expense and Per Diem	1,854,873.34	
Travelling Expense - Foreign	354,022.82	1,647,432.03
Training & Scholarship Expense	890,202.00	648,400.00
Office Supplies Expense	701,753.79	648,511.83
Accountable Forms Expense	66,007.38	84,102.62
Drugs and Medicines Expense	2,496.40	5,606.90
Gasoline, Oil & Lubricants Expense	1,104,815.58	1,282,476.95
Water Expense	211,709.68	202,889.33
Electricity Expense	13,710,857.96	14,102,873.15
Telephone Expense - Landline	87,852.75	80,139.61
Telephone Expense - Mobile	163,863.80	172,293.55
Internet Expenses	51,812.12	48,805.00
Cable, Satellite, etc.	5,650.00	
Membership, Dues and Contr. To Org.	58,433.92	5,400.00
Advertising Expenses	647,040.00	91,309.00
Printing and Binding Expenses	87,860.00	786,037.60
		6,410.00

Representation Expense	166,833.19	229,849.00
Subscription Expense	7,470.00	7,350.00
Legal Services	63,000.00	63,000.00
Auditing Services	-	232,833.94
Environmental/Sanitary Services	487,595.80	527,680.56
General Services	2,589,965.03	2,211,413.77
Janitorial Services	-	-
Security Services	1,181,661.03	1,192,125.80
Other Professional Services	457,764.12	399,022.40
Repairs and Maintenance – Office Buildings	70,417.76	73,793.45
Repairs and Maintenance – Other Structures	81,722.45	90,297.36
Repairs and Maintenance – Office Equip.	22,769.00	28,696.54
Repairs and Maintenance –Furnitures & Fixtures	9,589.25	11,971.00
Repairs and Maintenance – IT Equipt & Software	105,364.00	60,841.00
Repairs and Maintenance – Communication Equipt.	8,115.00	998.00
Repairs and Maintenance – Other Machinery & Equip.	69,335.96	102,507.50
Repairs and Maintenance – Motor Vehicles	636,251.95	517,130.88
Repairs and Maintenance – Artesian Wells, etc.	3,362,020.76	3,501,512.65
Donations	800.00	1,600.00
Extraordinary Expenses	94,118.92	149,524.52
Miscellaneous Expenses	45,618.09	1,017,858.76
Taxes, Duties & Licenses	2,791,515.63	2,527,607.16
Fidelity Bond Premiums	69,795.00	66,082.52
Insurance Expenses	145,418.09	124,704.30
Bad Debts	83,993.67	-
Impairment Loss	3,760,895.89	-
Depreciation - Buildings	576,571.58	627,303.31
Depreciation – Other Structures	1,332,733.50	1,258,885.94
Depreciation – Office Equipment	226,263.08	178,590.04
Depreciation – Furniture & Fixtures	62,127.69	83,734.25
Depreciation – IT Equipment	1,359,807.45	1,269,971.83
Depreciation – Communication Equipment	70,803.77	72,608.247
Depreciation – Other Mach. & Equip.	1,852,993.05	990,090.32
Depreciation – Motor Vehicles	689,555.68	674,455.02
Depreciation – OPPE & Artesian, etc.	10,562,981.99	9,570,569.28
Depreciation – Artesian Wells, etc.	-	-
Other MOOE	119,918.12	999.00
Sub-Total MOOE	54,700,279.98	48,904,770.31

The maintenance and other operating expenses totalled P54,700,279.98 and P48,904,770.31 for 2016 and 2015, respectively, representing an increase of 12%.The considerable increase was due to various percentage increases on travelling expenses and per diem (34%),training expenses (37%), medical dental and laboratory expense (23%), general services (17%),taxes, duties and licenses (10%) and insurance expense (17%) .

20.1 Travelling Expenses

This account can be broken down as follows:

	2016	2015
Travelling Expense - Local	1,854,873.34	1,647,432.03
Travelling Expense - Foreign	354,022.82	0.00
TOTAL	2,208,896.16	1,647,432.03

Traveling expenses include expenses incurred for official travel of employees and monthly Board of Directors’ per diem. This also includes per diem of personnel attending training programs and/or seminar. It also covers cost of various training materials and other incidental expenses. The travel expenses-foreign denotes for a seminar entitled HIDA-NGS “ Program for Water Utility Business in Philippines” which was attended by the Administrative Manager and the Chairperson of the Board of Directors in Osaka Japan on March 6-13,2016 by virtue of Board Resolution #21-01 Series of 2016 dated January 14,2016.

20.2 Training and Scholarship Expense

This account can be broken down as follows:

	2016	2015
Training Expense	890,202.00	648,400.00
Scholarship Expense	0.00	0.00
TOTAL	890,202.00	648,400.00

Training expense includes expenses incurred for seminars, trainings and conventions participated by the district’s employees and the Board of Directors.

20.3 Supplies and Materials Expenses

This account can be broken down as follows:

	2016	2015
Office Supplies Expense	701,753.79	648,511.83
Accountable Forms Expense	66,007.38	84,102.62
Animal/Zoological Supplies Expense	0.00	0.00
Food Supplies Expense	0.00	0.00
Drugs and Medicine Expense	2,496.40	5,606.90
Medical, dental & laboratory expenses	1,114,510.22	903,065.00
Gasoline, Oil & Lubricants Expense	1,104,815.58	1,282,476.95
Military and Police Supplies Expense	0.00	0.00
Maintenance Supplies Expense	0.00	0.00
Other Supplies Expense	58,351.40	21,299.80
TOTAL	3,047,934.77	2,945,063.10

Include expenses incurred for office supplies, accountable forms, supplies like medicines, laboratory expenses such as microbiological analysis, physical and chemical analysis, general analysis of pesticide residue in water and those supplies used by transportation and other equipment of the district.

This account can be broken down as follows:

This account can be broken down as follows:

	2016	2015
Water Expense	211,709.68	202,889.33
Electricity Expense	13,710,857.96	14,102,873.15
Cooking Gas Expense	0.00	0.00
Total	13,922,567.64	14,305,762.48

Include expenses incurred related to water and electricity consumption of the district's offices and facilities.

20.5 Communication Expenses

This account can be broken down as follows:

	2016	2015
Postage and Deliveries	362,380.32	302,109.60
Telephone Expense-landline	87,852.75	80,139.61
Telephone Expense-Mobile	163,863.80	172,293.55
Internet Expense	51,812.12	48,805.00
Cable, Satellite, etc.	5,650.00	5,400.00
Total	671,558.99	608,747.76

Includes expenses incurred related to delivery of documents/letters to concessionaries, other offices and government agencies, telephone - landline connections, telephone - mobile connections, internet communication/connections and for cable connections and radio licensing.

20.6 Membership, Dues & Contribution to Organizations

	2016	2015
Membership Dues & Contr. To Org.	58,433.92	91,309.00
Total	58,433.92	91,309.00

This account represents the annual charges to National Water Resources Board (NWRB) and annual dues to Mindanao Association of Water District (MAWD).

20.7 Advertising Expense

This account can be broken down as follows:

	2016	2015
Marketing (Customer Services Division)	P228,149.00	P 70,570.00
Dripping Blowout Program for Concessionaire	348,887.00	297,898.00
Radio Advertising/Newsletter/Invitation to Bid	70,004.00	417,569.60
Total Advertising Expense	P647,040.00	P786,037.60

20.8 Printing & Binding Expense

This account can be broken down as follows:

	2016	2015
Printing & Binding Expense-Finance	38,360.00	3,810.00
Printing & Binding Expense-OGM	49,500.00	2,600.00
TOTAL	87,860.00	6,410.00

This includes bookbinding of columnar books and binding of medium term plan and other books of the district.

20.9 Representation Expense

This account can be broken down as follows:

	2016	2015
Representation Expense-Administrative	109,638.30	112,075.15
Representation Expense-OGM	57,194.89	117,773.85
TOTAL	166,833.19	229,849.00

Representation includes expenses incurred for meals or snacks served during Board of Director’s meetings, BAC meetings, division evaluation, meals served to visitors from different water districts and other government agencies.

20.10 Subscription Expense

This account can be broken down as follows:

	2016	2015
Subscription Expense	7,470.00	7,350.00
Total	7,470.00	7,350.00

This accounts for the daily subscription of newspaper for the district.

20.11 Professional Services

This account can be broken down as follows:

	2016	2015
Legal Services	63,000.00	63,000.00
Auditing Services	0.00	232,833.94
Consultancy Services	0.00	0.00
Computer Data Processing Services	0.00	0.00
Environment/Sanitary Services	487,595.80	527,680.56
General Services	2,589,965.03	2,211,413.77
Janitorial Services	0.00	0.00
Security Services	1,181,661.03	1,192,125.80
Other Professional Services	457,764.12	399,022.40
Total	4,779,985.98	4,626,076.47

Include expenses incurred on legal matters and documentations, conduct of audit activities by the Commission on Audit (COA), conduct of environmental activities, corporate social responsibility activities, maintenance of watershed through hiring of caretaker, payroll of job-order employees, security services rendered in various offices and facilities and expenses for the monthly read and bill program of the district.

For CY 2015 and 2014 ,Account # 799 (Other Professional Services) amounting to P1,298,691.12 and P1,361,519.89 respectively were reclassified to Account # 795 (General Services) for cost of payroll of Job-order employees to conform to 2015 Financial Statement Audit and to conform to the proper charging of accounts.

Nevertheless, amounts for monthly read and bill on the Programming on the Billing and Collection of Receivables still forms part of the Other Professional Services Account.

Programming on the Billing and Collection of Receivables is coursed through the DCTECH MICRO SERVICES, INC. The District availed of the DCTECH METER READING and ROUTE MANAGEMENT SYSTEM Software, including accessories and maintenance as evidenced by the Memorandum of Agreement (MOA) executed between the DCTECH and the DIGOS WATER DISTRICT (DWD) dated September 18, 2012 .

20.11.1 Legal Services

This account can be broken down as follows:

	2016	2015
Legal Services	63,000.00	63,000.00
Total	63,000.00	63,000.00

Legal services include retainer's contract for a term of one year of Atty. Benjamin P. Fernandez as the private legal counsel of the District. The DWD needs the services of a legal counsel to handle its legal matters particularly cases filed within its jurisdiction. Retainership Contract is executed after the approval of The Office of The Government Corporate Counsel (OGCC) pursuant to Section 4, Rule 6, of the 2011 OGCC Rules and Regulations and the concurrence of the Commission on Audit pursuant to its 2 April 1986 Circular 86-255.

20.11.2 Auditing Services:

This account can be broken down as follows:

	2016	2015
Calendar Year 2013	0.00	
Filing Fee & Legal Research Fund	0.00	232,113.94
		720.00
Total	0.00	232,833.94

20.12 Repairs and Maintenance – Land Improvements

This account can be broken down as follows:

	2016	2015
Repairs & Maintenance- Land Improvements	0.00	0.00
Repairs & Maintenance – Electrification, Power and Energy Structures	0.00	0.00
Total	0.00	0.00

20.13 Repairs and Maintenance – Plant (UPIS)

This account can be broken down as follows:

	2016	2015
Maintenance of Collecting Impounding Reservoirs	0.00	0.00
Maintenance of Lake River and Other Channels	0.00	0.00
Maintenance of Springs & Tunnels	0.00	0.00
Maintenance of Wells, Services, Pipelines	3,362,020.76	3,501,512.65
Maintenance of Other Source of Supply Plant	0.00	0.00
Maintenance of Reservoirs and Tanks	0.00	0.00

Maintenance of Transmission and Distribution Mains	0.00	0.00
Maintenance of Fire Mains	0.00	0.00
Maintenance of Meters	0.00	0.00
Maintenance of Meter Installation	0.00	0.00
Maintenance of Hydrants	0.00	0.00
Maintenance of Other Transmission And Distribution Meters	0.00	0.00
Maintenance of Other Plants	0.00	0.00
	0.00	0.00
Total	3,362,020.76	3,501,512.65

20.14 Repairs and Maintenance – Buildings

This account can be broken down as follows:

	2016	2015
Repairs & Maintenance – Office Bldgs	70,417.76	73,793.45
Repairs & Maintenance – Other Structures	81,722.45	90,297.36
Maintenance of Source of Supply		
Plant Structures and Improvements	0.00	0.00
Maintenance of Pumping Plant Structures And Improvements	0.00	0.00
Maintenance of Water Treatment Structures And Improvements	0.00	0.00
Maintenance of Trans. And Distribution Structure and Improvements	0.00	0.00
Maintenance of General Administrative Structure and Improvements	0.00	0.00
Total	152,140.21	164,090.81

20.15 Repairs and Maintenance – Leasehold Improvements

This account can be broken down as follows:

	2016	2015
Repairs & Maintenance- Leasehold Improvements – Land	0.00	0.00
Repairs & Maintenance –Leasehold Improvements – Bldg	0.00	0.00
Repairs & Maintenance – Other Leasehold Improvements	0.00	0.00
Total	0.00	0.00

20.16 Repairs and Maintenance – Office Equipment, Furniture and Fixtures

This account can be broken down as follows:

	2016	2015
Repairs & Maintenance- Office Equipment	22,769.00	28,696.54
Repairs & Maintenance –Furniture & Fixtures	9,859.25	11,971.00
Repairs & Maintenance–IT Equip & Software	105,364.00	60,841.00
Total	137,992.25	101,508.54

20.17 Repairs and Maintenance – Machineries and Equipment

This account can be broken down as follows:

	2016	2015
Repairs & Maintenance- Machineries	0.00	0.00
Repairs & Maintenance –Communication Equipment	8,115.00	998.00
Repairs & Maintenance – Construction Heavy Equipment	0.00	0.00
Repairs & Maintenance – Medical, Dental And Laboratory Equipment	0.00	0.00
Repairs & Maintenance – Military and Police Equipment	0.00	0.00
Repairs & Maintenance – Sports Equipment	0.00	0.00
Repairs & Maintenance – Technical & Scientific Equipment	0.00	0.00
Repairs & Maintenance – Other Machineries And Equipment	69,335.96	102,507.50
Total	77,450.96	103,505.50

20.18 Repairs and Maintenance – Other Machineries and Equipment

This account can be broken down as follows:

	2016	2015
Power Production Equipment	0.00	0.00
Pumping Equipment	0.00	
Water Treatment Equipment	0.00	0.00
Stores Equipment	0.00	0.00
Communication Equipment	0.00	0.00
Power Operated Equipment	0.00	0.00
Total	0.00	0.00

20.19 Repairs and Maintenance – Transportation Equipment

This account can be broken down as follows:

	2016	2015
Repairs & Maintenance- Motor Vehicles	636,251.95	517,130.88
Repairs & Maintenance- Other Transportation Equipment	0.00	0.00
Total	636,251.95	517,150.88

20.20 Subsidies and Donations

This account can be broken down as follows:

	2016	2015
Subsidy to National Government Agencies	0.00	0.00
Subsidy to Operating Units	0.00	0.00
Subsidy to Local Government Units	0.00	0.00
Subsidy to Government Owned And Controlled Corporation	0.00	0.00
Subsidy to NGOs/POs	0.00	0.00
Subsidy to Other Funds	0.00	0.00
Donations	800.00	1,600.00
Total	800.00	1,600.00

Inter-Office Memorandum No. 2016-61-A dated 14 June 2016 was issued to refrain from giving donations which are considered as irregular effective 01 July 2016 in compliance to the audit observation memorandum issued by COA.

20.21 Confidential, Intelligence, Extraordinary and Miscellaneous Expenses

This account can be broken down as follows:

	2016	2015
Confidential Expenses	0.00	0.00
Intelligence Expense	0.00	0.00
Extraordinary Expense	94,118.92	149,524.52
Miscellaneous Expenses	45,618.09	1,017,858.76
Total	139,737.01	1,167,388.28

Extraordinary Expenses includes expenses incurred during meetings, seminars, public relations, official entertainment, contributions to professional and civic organizations, conferences and other similar expenses related to water district operations/activities.

Meanwhile, Miscellaneous Expenses include expenses in connection with the general management of the district that are not classified under specific expenses accounts.

Miscellaneous Expenses can be broken down as follows:

	2016	2015
Mid-Year Evaluation		226,842.45
Year-End Evaluation		45,000.00
Employees' Development Program		
Awards and Rewards		319,160.00
Cultural and Athletic Activities		90,623.00
Other Miscellaneous - Admin	19,363.09	50,000.00
Merit & Selection Plan		30,400.00
Gender and Development		232,700.46
MAWD Sportsfest		
Other Miscellaneous - OGM	26,255.00	
SOCEMWIC Sportsfest		23,132.85
TOTAL EXPENSES	45,618.09	1,017,858.76

20.22 Taxes, Insurance Premiums and Other Fees

This account can be broken down as follows:

	2016	2015
Taxes,Duties & Licenses	2,791,515.63	2,527,607.16
Fidelity Bond Premiums	69,795.00	66,082.52
Insurance Expense	145,418.09	124,704.30
Total	3,006,728.72	2,718,393.98

Include expenses incurred for the payment of taxes like franchise and real property tax, bond of officials and employees and payment of insurance of various district facilities and vehicles used in the operations.

20.23 Depreciation – Land Improvements

This account can be broken down as follows:

	2016	2015
Depreciation-Land Improvements	0.00	0.00
Depreciation-Electrification, Power And Energy Structures	0.00	0.00
Total	0.00	0.00

20.24 Depreciation – Building

This account can be broken down as follows:

	2016	2015
Depreciation- Office Buildings	576,571.58	627,303.31
Depreciation – Other Structures	1,332,733.50	1,258,885.94
Total	1,909,305.08	1,886,189.25

20.25 Depreciation – Leasehold Improvements

This account can be broken down as follows:

	2016	2015
Depreciation- Leasehold Improvements, Land	0.00	0.00
Depreciation–Leasehold Improvements, Bldg.	0.00	0.00
Depreciation–Other Leasehold Improvements	0.00	0.00
Total	0.00	0.00

20.26 Depreciation – Office Equipment, Furniture & Fixture

This account can be broken down as follows:

	2016	2015
Depreciation- Office Equipment	226,263.08	178,590.04
Depreciation–Furniture and Fixtures	62,127.69	83,734.25
Depreciation–IT Equipment	1,359,807.45	1,269,971.83
Depreciation – Library Books	0.00	0.00
Total	1,648,198.22	1,532,296.12

20.27 Depreciation – Machineries and Equipment

This account can be broken down as follows:

	2016	2015
Depreciation- Machineries	0.00	0.00
Depreciation –Communication Equipment	70,803.77	72,608.24
Depreciation –Construction and Heavy Equip	0.00	0.00
Depreciation –Medical, Dental and Lab Equip	0.00	0.00
Depreciation – Sports Equipment	0.00	0.00
Depreciation – Technical & Scientific Equip	0.00	0.00
Depreciation – Other Machineries & Equip	1,852,993.05	990,090.32
Total	1,923,796.82	1,062,698.56

20.28 Depreciation – Transportation Equipment

This account can be broken down as follows:

	2016	2015
Depreciation- Motor Vehicles	689,555.68	674,455.02
Depreciation –Other Transportation Equip	0.00	0.00
Total	689,555.68	674,455.02

20.29 Depreciation – Other PPE

This account can be broken down as follows:

	2016	2015
Depreciation-Plant (Other Property Plant and Equipment)	10,562,981.99	9,570,569.28
Total	10,562,981.99	9,570,569.28

20.30 Other Maintenance and Operating Expenses

This account can be broken down as follows:

	2016	2015
Loss of Assets	0.00	0.00
Loss on Guaranty	0.00	0.00
Other Maintenance & Operating Exp.	119,918.12	999.00
Total	119,918.12	999.00

21. FINANCIAL EXPENSES

This account consists of the following:

Interest expenses represent interest and other charges on loans availed by the District. In 2015, under the Other Financial Charges, P100,000.00 represents a .2% evaluation and monitoring fee on the P50M loan from the DBP per BOT No.79, 95 and 135 all series of 2012

	2016	2015
Bank Charges	201.50	100,000.00
Commitment Fees	0.00	0.00
Debt Service Subsidy to GOCCs	0.00	0.00
Documentary Stamps Expense	0.00	0.00
Loan Interest/Penalty Expenses	P2,548,688.80	P2,088,140.41
TOTAL	P2,548,890.30	P2,088,140.41

re: Implementing Policies and Guidelines on the WD Loan Program under LWUA-Bank MOA for financing and per open account bill no.12-011-15 dated 21 December 2015. The increase in the total financial expenses by 42% as compared with the previous year was due to the increase of interest expense by 22%.

22. INCOME TAX EXPENSE (BENEFIT)

The District has no Income Tax Expense

23. RETIREMENT PLAN

The District has no service separation plan. Nevertheless, through the DWD 2014 Program on Awards & Incentives for Service Excellence (PRAISE) as approved by the Civil Service Commission (CSC) on May 5,2015, the DWD shall confer a “Kabuhayan Project Para sa Maginhawang Pagreretiro” by giving a start-up capital to the retirees.

24. COMPLIANCE WITH REPUBLIC ACT 7656

In 2015, the Philippine Association of Water Districts (PAWD) circularized Office of the Government Corporate Counsel (OGCC) Opinion No. 190, series of 2010, addressing whether all local water districts (LWDs) are required to declare and remit fifty percent (50%) of its annual earnings to the National Treasury.

The OGCC opined in the negative. Relevant portions of the said Opinion are as follows:

“Following the definition of a Government-Owned and Controlled Corporations (GOCC) in the aforesaid cases, water districts are not GOCCs but government instrumentalities exercising corporate powers. They are, therefore, not covered by RA 7656.

Moreover, it bears emphasis that water districts are created purposely for public service. Section 5, Chapter II of PD 198 provides: x x x

Local water districts also do not receive any government subsidy and financial support/appropriation from the government. Its operating income is derived principally from the collection of water consumption fees and loans from Local Water Utilities Administration (LWUA) for its development and expansion programs.

Most important, the manner of utilization and disposition of its income is restricted under Section 41 of PD 198, thus:

Sec. 41. Disposition – The income of the district shall be disposed of according to the following priorities:

“First, to pay its contractual and statutory obligations and to meet its essential current operating expenses.

“Second, to allocate at least fifty percent (50%) of the balance exclusively as a reserve for debt service and operating and maintenance, to be used for such purposes only during periods of calamities force majeure of unforeseen events.

“Third, to allocate the residue as a reserve exclusively for expansion and improvement of its facilities.” (Emphasis supplied)

Hence, no part of the water district’s income shall be used or disposed of for any other purpose than those mentioned above.”

To require the water districts to remit 50% of its earnings to National Treasury would constitute a violation of its Charter on the disposition of its income.

Relying on this legal basis, the DWD is not remitting the fifty percent (50%) of its annual earnings to the National Treasury.

25. INFORMATION REQUIRED UNDER REVENUE REGULATION (RR) 15-2010 OF THE BUREAU OF INTERNAL REVENUE

The Bureau of Internal Revenue (BIR) issued on November 25, 2010 Revenue Regulation (RR) 15-2010, Amending Certain Provisions of Revenue Regulations No. 21-2002, as amended, Implementing Section 6 (H) of the Tax Code of 1997, authorizing the Commissioner of Internal Revenue to prescribe additional procedures and/or documentary requirements in connection with the preparation and submission of financial statements accompanying tax returns. Under the said regulations, companies are required to provide, in addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, in the notes to the financial statements, information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance with the requirements set forth by RR 15-2010 the information on taxes field through EFPS and license fees paid or accrued during the taxable year are as follows:

Withholding & Business Taxes

	CY 2016	CY 2015
Withholding taxes filed thru EFPS :		
Tax on compensation and benefits	P 4,051,147.08	P3,111,834.58
Creditable withholding taxes	2,231,782.44	2,118,278.32
Franchise Taxes	2,611,566.22	2,331,614.35
Annual Registration	500.00	500.00

All other Taxes, Duties & Licenses (National and Local)

	CY 2016	CY 2015
Other taxes ,duties and licenses paid amounted to:		
Real Property Taxes	P5,001.95	P4,647.60
Radio Licenses	8,070.00	17,278.00
Vehicle Registration	43,930.74	44,216.04
Fire Code Construction Tax-New Bldg.		18,150.00
Building Permit		405.00
Taxes withheld by concessionaires	122,446.71	110,345.77
Others		450.00

26. EVENTS AFTER BALANCE SHEET DATE

Any post year-end events that provide additional information about the company's position at balance sheet date (adjusting events) are reflected in the financial statements. Any post year-end event that is not adjusting event is disclosed in the notes to financial statements, when material.

27. CONTINGENCIES

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

The district has pending issues concerning income tax liability with the Bureau of Internal Revenue (BIR) covering the years prior to the effectivity of RA 10026. The District was assessed a deficiency in its income and franchise taxes covering the years 2000-2002 involving the amount of P31,858,839.35. The DWD availed Tax Amnesty Program under RA No. 9480 issued on 24 May 2007 through which payment of Two Hundred and Fifty Thousand Pesos (Php 250,000.00) was made via tax debit system with Land Bank of the Philippines.

RA 10026 is an act granting tax exemption to local water districts which becomes effective on March 2010. BIR Memorandum Circular No. 68-2012 dated 05 November 2012 re Condonation of Tax Liabilities of Local Water Districts set the deadline for the submission of requirements for the tax condonation application of all unpaid tax liabilities covering CY 1996 to 2009. The District signifies its intention to apply for the condonation of the income taxes and franchise taxes due for the periods 2000-2002, 2003-2009 and January to April 13, 2010 which was received by the office of the BIR Commissioner Honorable Kim S. Jacinto-Henares on 30 April 2013.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The District is exposed to a variety of financial risks which result from both its operating and investing activities.

The District does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the District is exposed to are described below.

28.1 Interest Rate Sensitivity

The District's policy is to minimize interest cash flow risk exposures on long-term borrowings. The District is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

28.2 Liquidity Risk

The District manages its liquidity needs by carefully monitoring monthly scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. The District maintains cash to meet its liquidity requirements.

The District's ability to meet its financial obligations in terms of liquidity denotes an increase of its current ratio from 3.27:1 in 2015 to 3.31:1 in 2016.

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the District's ability to continue as a going concern and to provide 24/7 water availability to all DWD customers.

The District believes the public can be served best by self-sustained utility adequately financed with rates based on sound engineering, social, and economic principles. It strongly advocated that a properly operated and managed water utility should be a self-sufficient enterprise.

Full cost pricing, meaning setting a price per unit of water that covers all the costs involved in treating water and delivering it to the customer, is the fairest way of charging for water. To charge the total cost of water to customers as fairly as possible, the system must be 100% metered. That means every service or customer must have a meter. Changes in pricing policies to encourage conservation and wise use of water may add to the upward pressure on rates. As rates rise, so does concern about customer willingness and ability to pay for water service.

The district, being a Government Owned and Controlled Corporation operates on its own capacity, without receiving any subsidy from the Local or National Government. The capital as shown in the equity portion mainly comes from the income from water sales. Since the district is operating on its own, the Board of Directors thru its management sees to it that equity account is funded to meet future capital requirements.

Digos Water District aims to attain the following goals from 2015 to 2020:

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

DWD will employ a quality-focused strategy in order to achieve its objectives. Specifically, the District will adopt the following as its strategic statement, viz: "Instituting quality management systems all throughout the organization".

For a water district under Category B, according to LWUA, the District can maintain collection ratio of 91%, Operation Ratio of 75% and a Current Ratio of 3:1 on an annual basis. The District has passed the performance indicators set by LWUA for 2015 and 2016 as actual ratios are shown below.

	2016	2015
Collection Ratio	94%	93%
Operation Ratio	58%	66%
Current Ratio	3.31:1	3.27:1

Financial and budget quarterly analysis is prepared to aid the top management as one of their bases in making business decisions to develop the District's realization on its vision based on its competitive position, financial strength and profitability.

30. AUTHORIZATION FOR THE ISSUANCE OF FINANCIAL STATEMENTS

The Financial Statements of the District for the year ended December 31, 2016 were approved by GM Isauros B. Gravador and authorized for issue on January 24, 2017.



DIGOS WATER DISTRICT

SERVICE IS OUR BUSINESS.

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