

## PIKIT WATER DISTRICT

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### **Notes to Financial Statements**

#### **1. Agency Background**

The Pikit Water District was established thru Sanguniang Bayan Resolution No. 71 dated May 8, 1990 of the then Sanguniang Bayan of the Municipality of Pikit, Province of Cotabato with Presidential Decree No. 198, as amended, as the enabling law to the creation of water districts. On May 22, 1991, the District was issued the Conditional Certificate of Conformance (CCC No. 495) by the Local Water Utilities Administration (LWUA). The mandates of the District are:

- 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 boundaries of the district;
- To provide, maintain and operate waste water collection treatment and disposal facilities; and
- To conduct such other functions and operations incidental to water resource development, utilization and disposal within the district, as are necessary or incidental to said purpose.

The powers, privileges and duties of the District are exercised and performed by and through the Board of Directors, as the policy-making body composed of the following:

Chairman	-	Atty. Emmanuel G. Ferenal
Vice Chairman	-	Anita O. Nuesca
Treasurer	-	Luz R. Damo
Secretary	-	Rogelio D. Eleazar
Member	-	Gregorio R. Guerrero

Day to day activities is executed by its General Manager, Max V. Boado together with the other fourteen (14) permanent employees.

## 2. Summary of Significant Accounting Policies

- The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines.
- Property, Plant and Equipment are carried at cost less accumulated depreciation which is computed using the straight-line method based on the estimated service lives of the property ranging from 2 to 30 years. The cost of maintenance and repairs are charged to operations as incurred. Major renewals and betterments which extend the lives of the equipment are capitalized. The cost and related depreciation are removed from the accounts when assets are retired and disposed of and any resulting gain or loss is credited or charged to current operations.
- Allowance for doubtful accounts is set-up to provide for estimated losses due to non-collection of accounts from customers based on past experiences.
- The District uses accrual basis of accounting. Revenues are recorded during the period in which the services are given/rendered and expenses are recorded at the times these are incurred.

## 3. Cash & Cash Equivalents

This consists of the following accounts:

	2019	2018
Cash – Collecting Officers	P 53,052.47	P 67,104.36
Cash in Bank – Local Currency, CA <sup>(a)</sup>	3,629,892.00	5,884,596.79
Cash in Bank – Local Currency, SA <sup>(b)</sup>	4,383,275.84	3,704,160.17
Time Deposits – Local Currency <sup>(c)</sup>	242,520.00	242,520.00
Total	P 8,308,740.31	P 9,898,381.32

(a) This account consists of the following: General Fund under CA No. 1002-1046-83 amounting to P3,622,719.16 and P5,613,597.19 in CY 2019 and CY 2018, respectively and Pikit WD – LWUA Joint Account for the well-drilling project amounting to P7,172.84 and P461,314.14 in CY 2019 and CY 2018.

(b) The accounts maintained under savings account are the following: (1) one at the LBP – Midsayap Branch which is intended for the water maintenance fee collected from the concessionaires @ P15 per month amounting to P862,627.74; (2) the Employees' Leave Credits Reserves (LBP HYSA No. 1001-1462-26) amounting to P1,790,345.41; (3) General Reserve Fund (LBP HYSA No. 1001-1466-68) amounting to P1,555,290.47; and (4) one maintained at the Cooperative Bank of Cotabato for the interest earned from the Time Deposit maintained at the same Bank amounting to P175,012.22.



- (c) The account was maintained at the Cooperative Bank of Cotabato as reserve for the Guaranty Deposits of ₱242,520.00.

#### 4. Investments

Sinking Fund-This represents the Pikit WD and LWUA Joint Savings Account as cash reserves required by the LWUA which is intended for loan repayments, capital expenditures and/or maintenance expenses in view of the terms and conditions of the MOA entered with the LWUA for the loan availed with LWUA.

#### 5. Receivables

This consists of the following accounts:

	2019	2018
Accounts Receivable <sup>(d)</sup>	₱ 2,102,845.17	₱ 2,003,648.12
Allowance for Impairment–Accounts Receivable <sup>(e)</sup>	(127,031.02)	(127,031.02)
Receivables – Disallowances/Charges	0.00	5,714.28
Due from Officers and Employees <sup>(d)</sup>	0.00	0.00
Due from Government Corporations	16,452.46	16,452.46
Other Receivables <sup>(d)</sup>	135,450.82	145,750.82
Total	<u>₱ 2,127,717.43</u>	<u>₱ 2,044,034.66</u>

- (d) The Accounts Receivable – represents the water and other incidental services rendered to Customers. Due from Officers and Employees – represents the cash advances unliquidated as of December 31. Other Receivables are collectibles from customers for their unpaid application fee balances.
- (e) The provision for the Allowance for Impairment is 6% of the AR previous years outstanding balance and 2% of the AR current year.

#### 6. Inventories

This consists of the following accounts:

	2019	2018
Office Supplies Inventory	₱ 41,443.27	₱ 41,098.31
Accountable Forms, Plates and Stickers Invty.	60,844.46	89,910.00
Chemical and Filtering Supplies Inventory	48,800.00	54,900.00
Construction Materials Inventory	1,212,798.26	1,229,096.25
Other Supplies and Materials Inventory	6,804.00	11,458.00
Semi-Expendable Machinery and Equipment	43,772.40	19,400.00
Total	<u>₱ 1,414,462.39</u>	<u>₱ 1,445,862.56</u>

## 7. Property, Plant and Equipment

This consists of the following accounts:

	2019	2018
<b>Infrastructure Assets</b>		
Utility Plant In Service	P 22,309,544.88	P 21,691,544.88
Accum. Depreciation – Utility Plant In Service	(14,927,904.38)	(13,835,975.36)
<b>Machinery and Equipment</b>		
Office Equipment	109,695.00	109,695.00
Accum. Depreciation – Office Equipment	(27,972.31)	(8,227.15)
Information and Communication Technology Equipment	734,085.00	546,185.00
Accum. Depreciation – ICT Equipment	(392,162.79)	(332,436.09)
Other Machinery & Equipment	190,290.00	152,160.00
Accumulated Depreciation-Other Equipment	(75,044.47)	(59,684.56)
<b>Transportation Equipment</b>		
Motor Vehicles	2,505,554.40	2,505,554.40
Accumulated Depreciation – Motor Vehicles	(667,780.67)	(572,267.43)
<b>Furniture, Fixtures and Books</b>		
Furniture and Fixtures	51,847.00	51,847.00
Accum. Depreciation – Furniture & Fixtures	(33,742.80)	(31,960.80)
<b>Construction in Progress</b>		
Construction In Progress-Infrastructure Assets	2,908,283.80	1,903,145.40
Construction in Progress – Buildings and Other Structures	2,548,000.00	48,000.00
<b>Total</b>	<b>P 15,232,692.66</b>	<b>P 12,167,580.29</b>

## 8. Other Non – Current Assets:

This represents the Other Assets account which consist of unserviceable assets or properties no longer used by the District amounting to P1,961,797.83 both for CY 2019 and CY 2018.

## 9. Current Liabilities:

This represents the Accounts and Inter-Agency Payables Accounts which the amounts due to other government agencies, such as the BIR for withholdings from payments made for purchases of supplies and materials, office rental, directors' fees and employees' salary and Due to Government Corporations - Metro Kidapawan Water District.



#### 10. Financial Liabilities:

##### Loans Payable - Domestic

This consists of loans availed from the LWUA for the different water system projects, as follows:

	2019	2018
Fort Pikit ( 3-551 - Regular)	P 1,103,984.41	P 1,415,809.41
Fort Pikit (3-551 – Soft)	436,595.11	559,924.11
Poblacion (4-1883 – Regular)	68,015.61	326,707.61
Inug – ug (4-2287 – Regular)	0.00	0.00
Inug – ug (9-0061-Regular NLIF)	1,111,120.00	1,244,452.00
Total	P 2,719,715.13	P 3,546,893.13

##### And Other Financial Liabilities:

This represents the proceeds from the 3M well drilling project which is 50% loan, 50% grant from the Sagana at Ligtas na Tubig sa Lahat (Salintubig) thru the LWUA.

#### 11. Trust Liabilities:

This represents the customers deposit previously collected from the customers.

#### 12. Provisions

Leave Benefits Payable is the money value of the accumulated leave credits earned by the employees, backed – up with a time deposit at the LBP – Midsayap branch.

#### 13. Equity

	Contributed Capital	Retained Earnings	Total
Balance as of December 31, 2018	13,915,008.03	6,561,172.25	20,476,180.28
Previous Year's Adjustment	(4,068,505.02)	4,069,789.41	1,284.39
Net Income (Loss) for the Year		1,988,840.07	1,988,840.07
Balance as of December 31, 2019	9,846,503.01	12,619,801.73	22,466,304.74

**14. Service and Business Income:**

This account consists of the following accounts:

	2019	2018
Service Income	P 420,100.00	P 415,700.00
Business Income	15,171,382.13	13,302,084.92
Total	<u>P 15,591,482.13</u>	<u>P 13,717,784.92</u>

**15. Other Non – Operating Income;**

This represents the Miscellaneous Income which is the water meter maintenance fee collected from the customers.

**16. Personnel Benefit Services:**

This account consists of the following:

	2019	2018
Salaries and Wages	P 4,619,653.00	P 3,973,365.40
Other Compensation	1,900,958.78	1,710,533.12
Personnel Benefit Contributions	544,038.38	504,255.95
Other Personnel Benefits	472,096.09	520,596.14
Total	<u>P 7,536,746.25</u>	<u>P 6,708,750.21</u>

**17. Maintenance and Other Operating Income**

This account consists of the following:

	2019	2018
Traveling Expenses	P 461,828.99	P 377,720.88
Training Expenses	402,003.02	323,432.64
Supplies and Materials Expenses	821,175.13	2,405,172.55
Electricity Expenses	1,166,459.07	705,299.71
Communication Expenses	95,684.00	91,380.20
Professional Services	64,132.00	55,676.00
Repairs and Maintenance	1,265,963.13	1,276,258.48
Taxes, Insurance and Other Fees	362,536.29	315,063.26
Other MOOE	414,083.15	432,310.00
Total	<u>P 5,053,864.78</u>	<u>P 5,982,313.72</u>



**18. Financial Expenses**

This account comprises the following:


	2019	2018
Interest Expenses	P 163,110.00	P 217,554.00
Internet Subscription Expenses	1,100.00	1,200.00
Total	<u>P 164,210.00</u>	<u>P 218,754.00</u>

**19. Non – Cash Expenses**

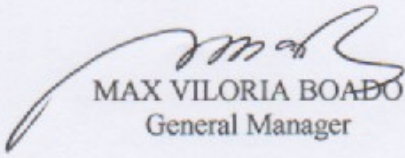
This account consists of the following:

	2019	2018
Depreciation	P 1,284,056.03	P 1,181,112.77
Impairment Loss	0.00	0.00
Total	<u>P 1,284,056.03</u>	<u>P 1,181,112.77</u>

Prepared by:

  
GINA FONTANOSA – MARISCAL  
Corporate Budget Officer B


Approved by:

  
MAX VILORIA BOADO  
General Manager

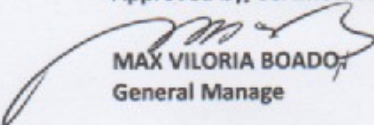
**PIKIT WATER DISTRICT**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	<u>NOTE*</u>	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	8,308,740.31	9,898,381.32
Other Investments	4	981,933.85	552,411.87
Receivables	5	2,127,717.43	2,044,034.66
Inventories	6	1,414,462.39	1,445,862.56
Non-Current Assets Held for Sale		-	-
Other Current Assets		-	-
<b>Total Current Assets</b>		<u><b>12,832,853.98</b></u>	<u><b>13,940,690.41</b></u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	15,232,692.66	12,167,580.29
Other Non-Current Assets	8	1,961,797.83	1,961,797.83
<b>Total Non-Current Assets</b>		<u><b>17,194,490.49</b></u>	<u><b>14,129,378.12</b></u>
<b>Total Assets</b>		<u><b>30,027,344.47</b></u>	<u><b>28,070,068.53</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities		-	-
Inter-Agency Payables	9	160,796.85	102,416.19
Other Payables		-	-
<b>Total Current Liabilities</b>		<u><b>160,796.85</b></u>	<u><b>102,416.19</b></u>
<b>Non-Current Liabilities</b>			
Financial Liabilities	10	5,384,857.13	5,710,538.13
Trust Liabilities	11	242,520.00	242,520.00
Provisions	12	1,772,865.75	1,538,413.93
Other Payables		-	-
<b>Total Non-Current Liabilities</b>		<u><b>7,400,242.88</b></u>	<u><b>7,491,472.06</b></u>
<b>Total Liabilities</b>		<u><b>7,561,039.73</b></u>	<u><b>7,593,888.25</b></u>
<b>EQUITY</b>			
Contributed Capital		9,846,503.01	13,915,008.03
Retained Earnings/(Deficit)	13	12,619,801.73	6,561,172.25
<b>Total Equity</b>		<u><b>22,466,304.74</b></u>	<u><b>20,476,180.28</b></u>
<b>Total Liabilities and Equity</b>		<u><b>30,027,344.47</b></u>	<u><b>28,070,068.53</b></u>

Prepared by:

  
**GINA FONTANOSA - MARISCAL**  
 Corporate Budget Officer B

Approved by/Certified Correct by:


  
**MAX VILORIA BOADO,**  
 General Manager



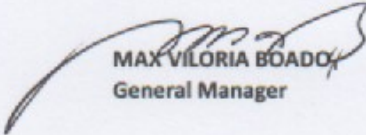
**PIKIT WATER DISTRICT**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>NOTE*</u>	<u>2019</u>	<u>2018</u>
<b>Income</b>			
Service and Business Income	14	15,591,482.13	13,717,784.92
Other Non-Operating Income	15	<u>436,235.00</u>	<u>376,425.00</u>
<b>Total Income</b>		<b><u>16,027,717.13</u></b>	<b><u>14,094,209.92</u></b>
<b>Expenses</b>			
Personnel Services	16	7,536,746.25	6,708,750.21
Maintenance and Other Operating Expenses	17	5,053,864.78	5,982,313.72
Financial Expenses	18	164,210.00	218,754.00
Non-Cash Expenses	19	<u>1,284,056.03</u>	<u>1,181,112.77</u>
<b>Total Expenses</b>		<b><u>14,038,877.06</u></b>	<b><u>14,090,930.70</u></b>
<b>Profit/(Loss) Before Tax</b>		<b>1,988,840.07</b>	<b>3,279.22</b>
Income Tax Expense/(Benefit)		<u>-</u>	<u>-</u>
<b>Profit/(Loss) After Tax</b>		<b>1,988,840.07</b>	<b>3,279.22</b>
Net Assistance/Subsidy/(Financial Assistance/Subsidy/Contribution)		<u>-</u>	<u>-</u>
<b>Net Income/(Loss)</b>		<b>1,988,840.07</b>	<b>3,279.22</b>
Other Comprehensive Income/(Loss) for the Period		<u>-</u>	<u>-</u>
<b>Comprehensive Income/(Loss)</b>		<b><u>1,988,840.07</u></b>	<b><u>3,279.22</u></b>

Prepared by:

  
GINA FONTANOSA - MARISCAL  
Corporate Budget Officer B

Approved by/Certified Correct by:

  
MAX VILORIA BOADO  
General Manager

**PIKIT WATER DISTRICT  
CONDENSED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cash Outflows		
Purchase/Construction of Investment Property	4,158,758.12	3,959,275.09
Purchase/Construction of Property	181,450.00	-
Purchase of Intangible Assets	-	-
Total Cash Outflows	4,340,208.12	3,959,275.09
Adjustments		
Adjusted Cash Outflows	<u>2019</u>	<u>2018</u>
	4,340,208.12	3,959,275.09
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>(4,271,129.67)</u>	<u>(3,912,835.61)</u>
<b>Cash Inflows</b>		
Proceeds from Sale of Goods and Services	15,447,099.44	15,037,942.71
Collection of Income/Revenue	429,900.00	412,200.00
Receipt of Assistance/Subsidy	-	-
Collection of Receivables	-	12,000.00
Receipt of Inter-Agency Fund Transfers	-	-
Receipt of Intra-Agency Fund Transfers	-	-
Trust Receipts	-	-
Other Receipts	59,594.01	69,088.16
<b>Total Cash Inflows</b>	<u>15,936,593.45</u>	<u>15,531,230.87</u>
Adjustments	-	-
<b>Adjusted Cash Inflows</b>	<u>15,936,593.45</u>	<u>15,531,230.87</u>
<b>Cash Outflows</b>		
Payment of Expenses	11,215,435.77	11,279,740.07
Purchase of Inventories	1,056,432.65	1,445,999.90
Grant of Cash Advances	84,523.48	235,504.64
Prepayments	-	-
Refund of Deposits	-	-
Payments of Accounts Payable	-	100,000.00
Remittance of Personnel Benefit Contributions and Mandatory Deductions	-	-
Release of Intra-Agency Fund Transfers	-	-
Other Disbursements	428,922.54	504,000.00
<b>Total Cash Outflows</b>	<u>12,785,314.44</u>	<u>13,565,244.61</u>
Adjustments	-	-
<b>Adjusted Cash Outflows</b>	<u>12,785,314.44</u>	<u>13,565,244.61</u>
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<u>3,151,279.01</u>	<u>1,965,986.26</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Sale/Disposal of Property, Plant and Equipment	-	-
Receipt of Interest Earned	46,529.10	45,447.35
Proceeds from Sale of Other Assets	-	-
<b>Total Cash Inflows</b>	<u>46,529.10</u>	<u>45,447.35</u>
Adjustments	-	-
<b>Adjusted Cash Inflows</b>	<u>46,529.10</u>	<u>45,447.35</u>

Approved by/Certified Correct by

MAX VILGIA BOADO,

General Manager



**Cash Outflows**

Purchase/Construction of Investment Property

Purchase/Construction of Property, Plant and Equipment

Purchase of Intangible Assets

**Total Cash Outflows**

Adjustments

**Adjusted Cash Outflows**

4,158,258.12 3,959,275.40

140,400.00 -

4,298,658.12 3,959,275.40

4,298,658.12

3,959,275.40

**Net Cash Provided By/(Used In) Investing Activities**

(4,252,129.02)

(3,913,828.05)

**CASH FLOWS FROM FINANCING ACTIVITIES****Cash inflows**

Proceeds from Domestic and Foreign Loans

**Total Cash Inflows**

Adjustments

**Adjusted Cash Inflows**

501,497.00 -

501,497.00 -

501,497.00 -

**Cash Outflows**

Payment of Long-Term Liabilities

Payment of Interest on Loans and Other Financial Charges

**Total Cash Outflows**

Adjustments

**Adjusted Cash Outflows**

827,178.00 772,734.00

163,110.00 217,554.00

990,288.00 990,288.00

990,288.00

990,288.00

**Net Cash Provided By/(Used In) Financing Activities**

(488,791.00)

(990,288.00)

**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**

(1,589,641.01)

(2,938,129.79)

**Effects of Exchange Rate Changes on Cash and Cash Equivalents**

-

100.00 -

**CASH AND CASH EQUIVALENTS, JANUARY 1**

9,898,381.32

12,836,511.11

**CASH AND CASH EQUIVALENTS, DECEMBER 31**

8,308,740.31


9,898,381.32

**Prepared by:**GINA FONTANOSA - MARISCAL  
Corporate Budget Officer B**Approved by/Certified Correct by:**MAX VILORIA BOADO  
General Manager

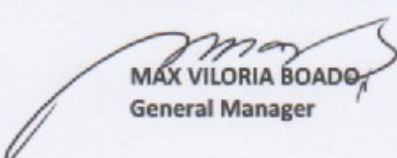
**PIKIT WATER DISTRICT  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Retained Earnings/ (Deficit)	Contributed Capital	TOTAL
<b>BALANCE AT JANUARY 1, 2019</b>	<u>6,561,172.25</u>	<u>13,915,008.03</u>	<u>20,476,180.28</u>
<b>CHANGES IN EQUITY FOR 2018</b>			
Add/(Deduct):			
Issuances of Share Capital			-
Additional Capital from National Government			-
Members' Contribution			-
Comprehensive Income for the year	1,988,840.07		1,988,840.07
Dividends			-
Other Adjustments:			-
(Adjusting entry)	4,068,505.02	(4,068,505.02)	-
(PYA)	1,284.39		1,284.39
<b>BALANCE AT DECEMBER 31, 2019</b>	<u>12,619,801.73</u>	<u>9,846,503.01</u>	<u>22,466,304.74</u>

Prepared by:

  
GINA FONTANOSA - MARISCAL  
Corporate Budget Officer B

Approved by/Certified Correct by:

  
MAX VILORIA BOADO  
General Manager





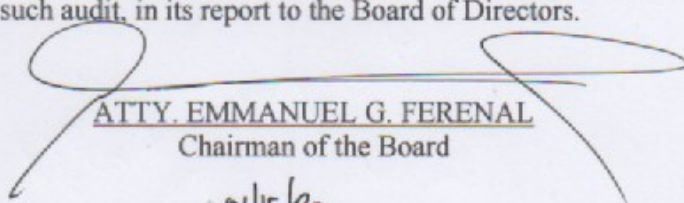
Republic of the Philippines  
Province of Cotabato  
Municipality of Pikit  
PIKIT WATER DISTRICT

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The Management of the Pikit Water District is responsible for the preparation of the financial statements as at December 31, 2019, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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


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

  
ATTY. EMMANUEL G. FERENAL

Chairman of the Board

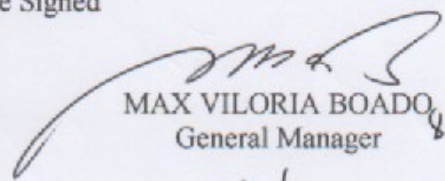
01/15/20

Date Signed

  
GINA FONTANOSA – MARISCAL  
Corporate Accounts Analyst

01/15/20

Date Signed

  
MAX VILORIA BOADO  
General Manager

01/15/20

Date Signed