



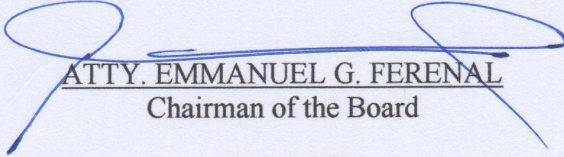
Republic of the Philippines
Province of Cotabato
Municipality of Pikit
PIKIT WATER DISTRICT

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, 2021, 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


JAN 18 2022

Date Signed


GINA FONTANOSA – MARISCAL
Administrative Services Officer A

01/13/21

Date Signed


ENGR. CHERYL D. VILLARTA
General Manager

1/13/22

Date Signed

PIKIT WATER DISTRICT

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. Fernal
Vice Chairman	-	Anita O. Nuesa
Treasurer	-	Luz R. Damo
Secretary	-	Rogelio D. Eleazar
Member	-	Gregorio R. Guerrero

Day to day activities is executed by its General Manager, Cheryl D. Villarta together with the other Seventeen (17) 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:

	2021	2020
Cash – Collecting Officers	P 31,351.16	P 21,193.38
Cash in Bank – Local Currency, CA ^(a)	6,961,281.82	10,688,982.67
Cash in Bank – Local Currency, SA ^(b)	5,250,091.50	4,731,228.22
Time Deposits – Local Currency ^(c)	242,520.00	242,520.00
Total	<u>P 12,485,244.48</u>	<u>P 15,683,924.27</u>

- (a) This account consists of the following: General Fund under CA No. 1002-1046-83 amounting to P6,961,281.82 and P9,225,498.83 in CY 2021 and CY 2020, respectively and Pikit WD – LWUA Joint Account for the well-drilling project amounting to P 0.00 and P1,463,483.84 in CY 2021 and CY 2020.
- (b) The accounts maintained under savings account are the following: (1) one at the LBP – Midsayap Branch which is intended for the General Reserve Fund (LBP HYSA No. 1001-1466-68) amounting to P1,573,216.01; (2) the Employees' Leave Credits Reserves (LBP HYSA No. 1001-1462-26) amounting to P2,018,605.52; (3) water maintenance fee collected from the concessionaires @ P15 per month amounting to P1,461,176.88; 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 P197,093.09.
- (c) The account was maintained at the Cooperative Bank of Cotabato as reserve for the Guaranty Deposits of P242,520.00.

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 amounting to ₱ 1,854,439.76 and ₱ 1,288,349.02 for year 2021 and 2020 respectively.

5. Receivables

This consists of the following accounts:

	2021	2020
Accounts Receivable ^(d)	₱ 2,088,915.84	₱ 2,003,932.64
Allowance for Impairment–Accounts Receivable ^(e)	(127,031.02)	(127,031.02)
Receivables – Disallowances/Charges	0.00	0.00
Due from Officers and Employees ^(d)	0.00	0.00
Due from Government Corporations	16,452.46	16,452.46
Other Receivables ^(d)	130,050.82	134,450.82
Total	₱ 2,108,388.10	₱ 2,027,804.90

- (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:

	2021	2020
Office Supplies Inventory	₱ 78,612.21	₱ 58,822.65
Accountable Forms, Plates and Stickers Invty.	49,656.05	80,223.47
Chemical and Filtering Supplies Inventory	81,998.71	57,600.00
Construction Materials Inventory	1,725,108.22	1,233,868.36
Other Supplies and Materials Inventory	6,060.00	6,060.00
Semi-Expendable Office Equipment	13,176.00	0.00
Semi-Expendable Info. & Comm. Tech. Eqpt.	7,900.00	0.00
Semi-Expendable Machinery & Equipment	0.00	51,634.40
Total	₱ 1,962,511.19	₱ 1,488,208.88

7. Property, Plant and Equipment

This consists of the following accounts:

	2021	2020
Infrastructure Assets		
Utility Plant In Service	P20,360,989.32	P21,098,210.53
Accum. Depreciation – Utility Plant In Service	(14,976,668.48)	(15,055,515.49)
Machinery and Equipment		
Office Equipment	342,978.00	125,495.00
Accum. Depreciation – Office Equipment	(84,428.38)	(47,717.47)
Information and Communication Technology Equipment	965,574.00	818,085.00
Accum. Depreciation – ICT Equipment	(564,781.85)	(468,621.39)
Other Machinery & Equipment	336,131.50	190,290.00
Accumulated Depreciation-Other Equipment	(110,677.42)	(92,120.23)
Transportation Equipment		
Motor Vehicles	2,346,149.70	2,505,554.40
Accumulated Depreciation – Motor Vehicles	(437,063.06)	(798,364.31)
Furniture, Fixtures and Books		
Furniture and Fixtures	77,347.00	51,847.00
Accum. Depreciation – Furniture & Fixtures	(37,880.55)	(35,524.80)
Construction in Progress		
Construction In Progress-Infrastructure Assets	3,087,663.80	3,087,663.80
Construction in Progress – Buildings and Other Structures	8,887,245.38	6,048,000.00
Total	P 20,192,578.96	P 17,427,282.04

8. Other Non – Current Assets:

This represents the Other Assets account which consists of unserviceable assets or properties no longer used by the District amounting to P3,013,825.39 and P2,846,057.44 for CY 2021 and CY 2020, respectively.

9. Current Liabilities:

This represents the Accounts and Inter-Agency Payables Accounts which the amounts due to other government agencies, such as the PAG-IBIG for contributions and loan payments for the month of December, BIR for franchise tax for the fourth quarter &

withholdings from payments made for purchases of supplies and materials, 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:

	2021	2020
FortPikit (3-551 - Regular)	P 398,411.41	P 765,604.41
FortPikit (3-551 – Soft)	157,536.11	302,764.11
Poblacion (4-1883 – Regular)	0.00	0.00
Inug – ug (4-2287 – Regular)	0.00	0.00
Inug – ug (9-0061-Regular NLIF)	844,456.00	977,788.00
Poblacion(office)(4-2952 – Regular)	7,485,437.00	7,456,311.00
Total	P 8,885,840.52	P 9,502,467.52

And Other Financial Liabilities:

This represents the proceeds from the 3M well drilling project which is 50% loan, 50% grant from the Sagana at LigtasnaTubigsaLahat (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, 2020	9,846,503.01	16,195,910.16	26,042,413.17
Donations from Other Water Districts	404,000.00		404,000.00
Previous Year's Adjustment		(146,203.65)	(146,203.65)
Net Income (Loss) for the Year		2,099,250.14	2,099,250.14
Balance as of December 31, 2021	10,250,503.01	18,148,956.65	28,399,459.66

14. Service and Business Income:

This account consists of the following accounts:

	2021	2020
Service Income	P 454,500.00	P 547,000.00
Business Income	17,939,552.66	16,653,786.32
Total	<u>P 18,394,052.66</u>	<u>P 17,200,786.32</u>

15. Other Non – Operating Income;

This represents the Miscellaneous Income which is the water meter maintenance fee collected from the customers and sale of plumbing materials (fittings) to customers amounting to P 510,880.00 and P473,139.75 for year 2021 and 2020, respectively.

16. Personnel Benefit Services:

This account consists of the following:

	2021	2020
Salaries and Wages	P 4,976,756.32	P 4,274,677.00
Other Compensation	2,579,248.27	2,233,121.08
Personnel Benefit Contributions	711,399.33	608,329.02
Other Personnel Benefits	833,594.07	442,779.16
Total	<u>P 9,100,997.99</u>	<u>P 7,558,906.26</u>

17. Maintenance and Other Operating Income

This account consists of the following:

	2021	2020
Traveling Expenses	P 90,590.00	P 187,369.64
Training Expenses	89,200.00	105,350.00
Supplies and Materials Expenses	1,687,291.22	743,977.39
Electricity Expenses	1,898,361.35	1,467,096.84
Communication Expenses	106,154.95	102,483.00
Professional Services	630,786.66	766,415.00
Repairs and Maintenance	956,878.32	1,123,304.53
Taxes, Insurance and Other Fees	423,974.44	387,020.24
Other MOOE	372,592.00	341,955.25
Total	<u>P 6,255,828.94</u>	<u>P 5,224,971.89</u>

18. Financial Expenses

This account comprises the following:


	2021	2020
Interest Expenses	P 366,111.57	P 232,802.15
Internet Subscription Expenses	1,250.01	1,100.00
Total	P 367,361.58	P 233,902.15

19. Non – Cash Expenses

This account consists of the following:

	2021	2020
Depreciation	P 1,081,494.01	P 1,246,114.61
Impairment Loss	0.00	0.00
Total	P 1,081,494.01	P 1,246,114.61

Prepared by:


GINA FONTANOSA – MARISCAL
Administrative Services Officer A

Approved by:


ENGR. CHERYL D. VILLARTA
General Manager