



Republic of the Philippines  
**GENERAL SANTOS CITY WATER DISTRICT**  
E. Fernandez St., Brgy. Lagao, General Santos City  
Telephone No.: 552-3824; Telefax No.: 553-4960  
Email Address: gscwaterdistrict@yahoo.com

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

The management of the **General Santos City Water District** is responsible for the preparation of the financial statements as at December 31, 2020, 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 **General Santos City 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.

ENGR. MANUEL FORTUNATO D. YAPHOCKUN  
Chairman of the Board

Jan. 19, 2021  
Date Signed

JULINCRIS M. UCAT  
Chief, Comptroller

January 19, 2021  
Date Signed

ENGR. ARN. B. GELLANGARIN  
President and CEO /  
Authorized Representative

Jan. 19, 2021  
Date Signed



**GENERAL SANTOS CITY WATER DISTRICT**

**Statement of Financial Position**

As of December 31, 2020

(With Comparative Figures for 2019)

			2020		2019
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents and International Reserves	Note 3	Php	153,565,115.45	Php	170,776,206.36
Receivables	Note 4		55,803,436.15		45,553,535.85
Inventories	Note 5		79,456,094.18		46,565,466.32
Prepayments and Deferred Charges	Note 6		34,600.00		46,600.00
<b>Total Current Assets</b>		<b>Php</b>	<b>288,859,245.78</b>	<b>Php</b>	<b>262,941,808.53</b>
<b>Non-Current Assets</b>					
Property, Plant and Equipment	Note 7	Php	560,161,932.91	Php	510,239,336.08
Construction in Progress	Note 8		32,341,326.66		52,986,097.13
Other Assets	Note 9		8,988,787.34		8,994,072.34
<b>Total Non-Current Assets</b>		<b>Php</b>	<b>601,492,046.91</b>	<b>Php</b>	<b>572,219,505.55</b>
<b>TOTAL ASSETS</b>		<b>Php</b>	<b>890,351,292.69</b>	<b>Php</b>	<b>835,161,314.08</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables	Note 10	Php	103,375,051.88	Php	79,326,296.64
<b>Total Current Liabilities</b>		<b>Php</b>	<b>103,375,051.88</b>	<b>Php</b>	<b>79,326,296.64</b>
<b>Non-Current Liabilities</b>					
Loans Payable	Note 11	Php	49,929,683.68	Php	89,651,888.68
<b>Total Non-Current Liabilities</b>		<b>Php</b>	<b>49,929,683.68</b>	<b>Php</b>	<b>89,651,888.68</b>
<b>Total Liabilities</b>		<b>Php</b>	<b>153,304,735.56</b>	<b>Php</b>	<b>168,978,185.32</b>
<b>Equity</b>	Note 12	Php	737,046,557.13	Php	666,183,128.76
<b>TOTAL LIABILITIES and EQUITY</b>		<b>Php</b>	<b>890,351,292.69</b>	<b>Php</b>	<b>835,161,314.08</b>

(See accompanying Notes to Financial Statements)



**GENERAL SANTOS CITY WATER DISTRICT**

**Statement of Comprehensive Income**

For the Year ended December 31, 2020

(With Comparative Figures for 2019)

	2020	2019
<b>INCOME</b>	Note 13	
Business Income	Php 456,980,594.63	Php 447,021,353.33
Other Income	255,726.48	611,087.39
<b>Total Revenue</b>	<b>Php 457,236,321.11</b>	<b>Php 447,632,440.72</b>
<b>LESS: EXPENSES</b>	Note 14	
Personal Services	Php 187,110,187.44	Php 176,797,058.38
Maintenance and Other Operating Expenses	193,155,705.19	198,657,920.37
Financial Expenses	6,372,253.00	8,756,826.65
<b>Total Expenses</b>	<b>Php 386,638,145.63</b>	<b>Php 384,211,805.40</b>
<b>PROFIT (LOSS)</b>	<b>Php 70,598,175.48</b>	<b>Php 63,420,635.32</b>

*(See accompanying Notes to Financial Statements)*



**GENERAL SANTOS CITY WATER DISTRICT**

**Statement of Cash Flows**

For the Year ended December 31, 2020

(With Comparative Figures for 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows:</b>		
Collection of Income from Water System/Receivables	430,158,901.74	431,982,511.30
Collection of Other Receivables & Other Income	24,119,371.62	24,229,971.22
<b>Total Cash Inflows from Operating Activities</b>	<b>Php 454,278,273.36</b>	<b>Php 456,212,482.52</b>
<b>Cash Outflows:</b>		
Payment of Operating, Maintenance & Personal Services	322,288,253.67	318,835,608.84
Purchase of Materials and Supplies Inventories	5,602,428.52	6,550,477.41
Miscellaneous	10,770,890.97	6,443,774.25
<b>Total Cash Outflows from Operating Activities</b>	<b>Php 338,661,573.16</b>	<b>Php 331,829,860.50</b>
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>Php 115,616,700.20</b>	<b>Php 124,382,622.02</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows:</b>		
<b>Total Cash Inflows from Investing Activities</b>	<b># Php -</b>	<b>Php -</b>
<b>Cash Outflows:</b>		
Purchase of Property, Plant and Equipment	86,183,600.40	91,944,266.89
<b>Total Cash Outflows from Investing Activities</b>	<b>Php 86,183,600.40</b>	<b>Php 91,944,266.89</b>
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>Php (86,183,600.40)</b>	<b>Php (91,944,266.89)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Inflows:</b>		
Grants and Donations for SMP	0.00	0.00
Loan Proceeds - DBP	0.00	0.00
Increase in Reserve	236,180.92	348,533.49
<b>Total Cash Inflows from Financing Activities</b>	<b>Php 236,180.92</b>	<b>Php 348,533.49</b>
<b>Cash Outflows:</b>		
Payment of Loan Amortization & Other Financial Charges	48,880,371.63	51,264,945.31
Transfer of Funds to Reserve	(2,000,000.00)	
<b>Total Cash Outflows from Financing Activities</b>	<b>Php 46,880,371.63</b>	<b>Php 51,264,945.31</b>
<b>Net Cash Provided (Used) in Financing Activities</b>	<b>Php (46,644,190.71)</b>	<b>Php (50,916,411.82)</b>
<b>NET CASH PROVIDED (USED)</b>	<b>Php (17,211,090.91)</b>	<b>Php (18,478,056.69)</b>
<b>Add: Cash and Cash Equivalents, Beginning Balance</b>	<b>Php 170,776,206.36</b>	<b>Php 189,254,263.05</b>
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>Php 153,565,115.45</b>	<b>Php 170,776,206.36</b>



**GENERAL SANTOS CITY WATER DISTRICT**

**Statement of Changes in Equity**

For the year ended December 31, 2020

(With Comparative Figures for 2019)

		2020		2019
<b>Government Equity, Beginning Balance</b>	Php	8,764,842.84	Php	8,764,842.84
Add (Deduct):				
<b>Government Equity, Ending Balance</b>	Note 12 <b>Php</b>	<b>8,764,842.84</b>	<b>Php</b>	<b>8,764,842.84</b>
<b>Contributed Capital, Beginning Balance</b>	Php	45,083,752.03	Php	43,409,899.28
Add (Deduct):		25,000.00		1,673,852.75
<b>Contributed Capital, Ending Balance</b>	Note 12 <b>Php</b>	<b>45,108,752.03</b>	<b>Php</b>	<b>45,083,752.03</b>
<b>Retained Earnings, Beginning Balance</b>	Php	612,334,533.89	Php	548,677,436.58
Add (Deduct):				
Changes during the Period		240,252.89		236,461.99
Profit (Loss) for the Period		70,598,175.48		63,420,635.32
<b>Retained Earnings, Ending Balance</b>	<b>Php</b>	<b>683,172,962.26</b>	<b>Php</b>	<b>612,334,533.89</b>
<b>Equity, Ending Balance</b>	<b>Php</b>	<b>737,046,557.13</b>	<b>Php</b>	<b>666,183,128.76</b>

*(See accompanying Notes to Financial Statements)*

**General Santos City Water District**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**1.0 Agency Background**

The General Santos City Water District was organized through Board Resolution No. 116, as amended by Board Resolution No. 224 series of 1987 dated August 21, 1987 of the Sangguniang Panlungsod, General Santos City. On November 29, 1988, the Certificate of Conditional Conformance No. 370 was issued by Local Water Utilities Administration to formalize the establishment of General Santos City Water District.

The WD's mandate is contained in Presidential Decree No. 198 as amended by PD Nos. 768 and 1479, otherwise known as the "Provincial Water Utilities Act of 1973", declaring a national policy favoring local operation and control of Water Systems; authorizing the formation of Local Water District and providing for the government and administration of such districts.

Sec. 5 of Title II of PD 198, the purposes of forming local water district include the following:

1. Acquiring, installing, improving, maintaining and operating water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of such districts,
2. Providing, maintaining and operating wastewater collection, treatment and disposal facilities, and
3. Conducting such other functions and operations incidental to water resources development, utilization and disposal within such districts, as are necessary or incidental to said purpose.

Along with the GSCWD's mandate of providing safe and potable water, it is highly committed to fulfill its corporate social responsibility. It actively participated in the protection of water resources through the adoption of protected areas and established projects for watershed development. It extended special projects such as donations of school building for the children in the remote areas and sustained the need of a child to access quality health through the support and adoption of the Neonatal Intensive Care Unit (NICU) project at the General Santos City District Hospital.

The first re-categorization of GSCWD from small to medium category was in year 2001. Eight years thereafter, in 2009, it was re-categorized from medium to large category water district with active service connections of 25,617. The GSCWD has been classified as Category A since March 2012. Subsequently, on July 2, 2012, the Department of Budget (DBM) approved the GSCWD Organizational Structure and Staffing Pattern (OS/SP)

under Category A pursuant to Local Water Utilities Manual on Categorization, Re-categorization and Other Related Matters (LWD-MaCRO).

### **Board of Directors**

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	-	Engr. Manuel Fortunato D. Yaphockun
Vice Chairman	-	Dr. Francisco N. Lorenzo
Secretary	-	Atty. Rabmor Thomas T. Bartolome
Treasurer	-	Ms. Marjorie B. Cartojano, MM, REB, REA, REC
P.I.O.	-	Mr. Isaias L. Golez

The operation of the District is headed by General Manager, Engr. Arn B. Gellangarin and its one hundred sixty-two (162) permanent employees, fifty-six (56) casual, and twenty-eight (28) job order. 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 administrative facilities of the district with full power and authority to exercise management prerogatives. In the quest for further improvements in terms of service quality, the District has obtained the ISO 9001:2015 accreditation on March 07, 2018. The Department of Health (DOH) has granted the district a certificate of accreditation for bacteriological and physical analysis with Accreditation No. 12-0001-17-LW-1. A Certificate of Proficiency was then issued annually for the excellent performance in the proficiency scheme for water microbiological testing laboratory.

The District also received plaque of recognition for being one of the first local water district to join the eFOI Portal and for its exceptional and significant contribution to the Freedom of Information Program's progress and development. Also, the District was recognized as "Program to Institutionalize Meritocracy and Excellence in Human Resource Management (PRIME-HRM)" Bronze Awardee as per CSC Resolution No.1801157. This actually shows that our agency has fully met the national level enhanced PRIME-HRM Maturity Level II standards of the four (4) core Human Resource areas. In year 2019, the District also garnered many awards and achievements. GSCWD also was awarded as the CSC Sportsfest Over-All Champion 2019 and the Best Publication – First Prize Magazine Category.

In 2020, GSCWD is consistently a compliant with ISO Surveillance Audit. During the year, a Special citation from Sangguniang Panlungsod as per Resolution No.533 was received. Therein, district got a "Gold Certification" issued by LGU for fully compliant re: Covid-19 Protocols in the workplace.

Being classified as "Category A", GSCWD has 52,791 active service connections and serves an estimated population of 263,955 as of December 31, 2020.

## **2.0 Summary of Significant Accounting Policies**

### **2.1 Basis of Financial Statement Preparation**

General Santos City Water District has adopted 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 Local Water Utilities Administration (LWUA).

LWUA issued Memorandum Circular No. 003-08, dated June 16, 2008, prescribing the use of the CPS-NGAS Modified Chart of Accounts 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. Subsequently, the District adopts the Revised Chart of Account for Government Corporations under COA Circular No. 2015-010 dated December 01, 2015.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared in the historical cost basis, except for the revaluation of certain financial assets, property, plant and equipment and investment property in pursuant to COA regulations. The measurement bases are more fully described in the accounting policies that follow.

### **2.2 Basis of Recording**

The District uses the calendar year for its financial reporting and 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.

### **2.3 Monetary Denomination Used**

These financial statements are presented in Philippine pesos, the District's functional currency, and all values represent absolute amounts except when otherwise indicated.

## **3.0 Cash and Cash Equivalents and International Reserves**

Cash includes cash on hand and cash in banks (local currency). Cash is valued at face value. It includes undeposited collections, petty cash and cash on collecting officers/change funds. Office collections are deposited intact the following banking day. Deposits in banks are available for general expenditures incurred in operations. Reserve funds are set aside for specific purposes such as Debt Service Reserve, Operation and Maintenance Reserve, and Capital Reserve for expansion.



Petty Cash Fund are maintained under the Imprest System. All replenishments are directly charged to appropriate expense account. The fund shall be sufficient for the nonrecurring, emergency, and petty expenses.

This includes the following:

Particulars	2020		2019	
Cash - Collecting Officers	Php	1,259,597.15	Php	854,769.36
Petty Cash Fund		20,000.00		20,000.00
Cash in Bank - LBP Current Account (0172-0182-54)		399,066.83		351,061.13
Cash in Bank - DBP Current Account (0925-006982-030)		555,665.64		555,465.64
Cash in Bank - DBP Current Account New (0925-024593-030)		90,076,704.24		106,693,889.30
Cash in Bank - DBP - SMP (0925-028786-030)		210,022.88		209,852.14
Cash in Bank - Al Amanah Bank current account (094-005-01-00711-		3,031,366.29		9,317,202.34
Cash in Bank - Enterprise Bank Current Account (088-014-02-00010:		208,357.78		76,113.71
Cash in Bank - Eastwest Bank Current Account (200000183481)		585,976.09		64,848.27
Cash in Bank - Penbank Calumpang (07-100-000839-16)		539,086.72		486,475.61
Cash in Bank - Penbank Calumpang-ATA (7-200-000282-57)		10,000.00		10,000.00
Cash in Bank - Penbank-Santiago (4-100-003761-6-36)		1,925,515.12		925,284.63
Cash in Bank - Penbank-Santiago-ATA (4-200-001811-39)		10,000.00		10,000.00
Cash in Bank - PNB KCC Mall Current (405-770002676)		-		3,467,785.19
Cash in Bank - UCPB Current (20407-000175-8)		1,856,114.04		84,515.14
Cash in Bank - LBP - Current (0172-1035-96)		10,000.00		-
Cash in Bank - DBP Special Savings (0925-028786-160)		45,513,139.53		43,276,958.61
Cash in Bank - LBP Current (0172101712)		7,354,503.14		4,371,985.29
<b>Total</b>	<b>Php</b>	<b>153,565,115.45</b>	<b>Php</b>	<b>170,776,206.36</b>

The decrease in cash and cash equivalent was, to some extent, due to suspension of the imposition of penalties for the delayed payments of concessionaires effective March 2020 to December 2020 because of the covid-19 pandemic situation. Also, a ten percent (10%) discount from water bills was offered for May and June 2020 billings. Thus, collection of cash was shrank down.

LBP Current Account No.0172-1017-12 amounting to P351,061.13 and DBP Current Account No.0925-006982-030 amounting to P555,465.64 were garnished by BIR on July, 2009 due to Tax Liability case. But Warrants of Garnishment to these bank accounts were lifted as per lifting orders all dated October 19, 2020. Thus, LBP CA#0172-1017-12 was being used by Electronic Commerce Payments, Inc. as collecting agents effective November 2020. Hence, the differing amounts.

PNB Current Account No.405-770002676 was closed as per BOD Res. No.47, series of 2020. Fund balance was then transferred to DBP Current Account No. 0925-024593-030.

DBP-SMP account consists of the grants from DENR-Environment Management Bureau Region XII for the Feasibility Study of Septage Management Program amounting to P3,347,800.00. The remaining amount of P210,022.88, inclusive of interest income, represents the withholding tax portion of the project which was already remitted to BIR using DBP current account check.

LBP Current Account No.0172-1035-96 with an initial deposit of Ten Thousand Pesos Only (P10,000.00) is a newly opened additional bank account to serve as a depository for collecting agents, particularly from online payment transactions.

The amounts collected from collecting banks (Al-Amanah, UCPB, Enterprise, Eastwest, PNB KCC Mall, Penbank-Calumpang, Penbank-Santiago and LBP) were fund transferred to DBP Current Account for the payments of current operations. These banks are collecting payments of water bills from concessionaires.

DBP Special Savings Account represents the 3% of water sales which is mandatory policy to set up reserve for payments of loans, rehabilitation of water sources and systems in case of calamity, and for expansion of water services. This includes interest income and P8,400,000 as hold-out account due to DBP loan availments.

#### 4.0 Receivables

Receivables are stated at face value, less allowance for impairment accounts. Allowance for probable losses is set up at a level to provide for potential receivables, the collection of which is considered remote.

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

As per PAS 39, the carrying amount of the asset shall be reduced either directly or through the use of an allowance account.

This includes the following:

Particulars	2020		2019	
Accounts Receivable - Customers	Php	70,937,440.57	Php	56,514,615.25
Less: Allowance for Impairment-Accounts Receivable		(15,009,857.49)		(11,277,073.11)
Accounts Receivable, net		55,927,583.08		45,237,542.14
Accounts Receivable - Materials		(1,795,395.59)		(1,019,939.50)
Loans Receivables-Others (Motorcycle)		-		67,396.00
Advances to Officers and Employees		-		21,481.30
Receivables-Disallowances/Charges		64,857.27		82,357.27
Other Receivables		1,606,391.39		1,164,698.64
<b>Total</b>	<b>Php</b>	<b>55,803,436.15</b>	<b>Php</b>	<b>45,553,535.85</b>

The Accounts Receivable-Customers includes all amounts due on open accounts arising from services rendered to customers for water sales and incidental services. Any advance payments made by concessionaires was recognized as unearned revenue under Customer's Deposit Payable account. The negative balance of the Accounts Receivable – Materials is still subject for reconciliation. The District still continues to exert effort so that balances between SL and GL will be kept reconciled. Several discrepancies were already noted and identified but due to pandemic situation, reconciliations were delayed.

The increase in Accounts Receivable-Customers was due to low collection efficiency brought by the covid-19 pandemic situation.

Additional provisions for the Allowance for Impairment-Accounts Receivable include from years 2010 (P647,428.85); 2011 (P687,546.90); 2012 (P744,480.74); 2013 (P1,002,240.36); 2014 (P257,589.08); 2015 (P284,834.93); 2016 (P301,514.06); 2017 (P1,608,376.23); 2018 (P1,823,010.65); 2019 (P3,920,051.31); and 2020 (P3,732,784.38)

Receivables-Disallowances/Charges amounting to P64,857.27 is the remaining balance from P589,286.70 as per ND No.2013-003-101(12) dated September 09, 2013.

Loans Receivables - Motorcycle are loans granted to meter readers and field maintenance worker which were already paid in full within the year 2020.

Other Receivables also include materials borrowed by other water districts.

## **5.0 Inventories**

Inventories are stated at cost which includes purchase price, import duties and taxes, freight, handling and other costs directly attributable to the acquisition of finished goods, materials and services as well as other costs incurred in bringing the inventories to their present location and condition.

Cost of ending inventory of supplies and materials is computed using the moving average method. A physical count is undertaken at least twice a year.

Inventories include assets held for transfer and 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, laboratory, construction materials, and other supplies inventory.

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

This includes the following:

Particulars	2020	2019
Office Supplies Inventory	Php 1,317,769.51	Php 1,430,033.54
Accountable Forms, Plates and Stickers Inventory	2,219,320.00	1,669,970.00
Medical, Dental and Laboratory Supplies Inventory	2,709,568.76	2,139,543.32
Other Supplies and Materials Inventory	85,358.60	85,358.60
Construction Materials Inventory	73,124,077.31	41,240,560.86
<b>Total</b>	<b>Php 79,456,094.18</b>	<b>Php 46,565,466.32</b>

The inventory is automated through the Total Works Management System (TWMS). Inventory Management Committee has already coordinated with MIS to continuously set-up the separate data base for warehouse (Stock Card) and Accounting (Bin Card) for the monthly reconciliation of accounts. Necessary adjustment/correction to arrive at the correct balances for the fair presentation of inventory accounts shall be made when TWMS has been totally set-up.

There was a noticeably increase in Construction Materials Inventory due to the decline in material issuances as hampered by the day-to-day operations caused by the covid-19 pandemic.

#### 6.0 Prepayments

Prepaid Rent amounting to P34,600.00 represents the advance payment for lot equivalent to three years and 7 months rental in Vineyard Agrarian Reform Beneficiaries Cooperative (VARBC) for the purpose of drilling well, construction of pump house and ground reservoir for the operation of water system in Barangay San Jose and Fatima areas.

#### 7.0 Property, Plant and Equipment

Property, plant, and equipment, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less impairment in value, if any.

##### *Initial recognition*

The initial cost of property, plant, and equipment comprises its purchase price, including import duties, taxes, and any directly attributable costs of bringing the property, plant and equipment to its working condition and location for its intended use, including capitalized borrowing costs incurred during the construction period.

*Subsequent recognition*

Expenditures incurred after the property, plant, and equipment 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.

*Depreciation*

In the computation of depreciation for property, plant, and equipment (PPE), the following provisions in COA Circular No. Zb01-007 dated December 11, 2003:

The straight line method of computing depreciation for government property, plant and equipment (PPE) was adopted.

A residual value equivalent to ten percent (10%) of the acquisition cost/appraisal value was deducted before dividing the same by the Estimated Useful Life.

The estimated useful life is based on the LWUA's Commercial Practices Manual and COA guidelines.

*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.

This account includes the following:

Particulars	2020	2019
Land	Php 58,776,144.35	Php 58,745,095.95
Land Improvements	8,310,495.57	8,310,495.57
Water Supply Systems	865,351,945.94	774,693,920.88
Buildings	18,059,599.34	17,996,019.34
Other Structures - Bodega	3,995,210.87	3,919,540.87
Office Equipment	4,732,462.00	4,351,606.00
Information and Communication Technology Equipment	25,778,914.98	25,085,714.98
Others-Computer Software	385,000.00	
Medical Equipment	2,375,578.20	2,075,578.20
Machineries	22,910,329.25	18,460,234.25
Communication Equipment	102,040.00	50,840.00
Motor Vehicles	25,472,169.35	25,417,349.35
Furniture and Fixtures	2,391,222.69	2,391,222.69
Electrification/Energy Structures (Power Supply System)	2,792,153.04	359,342.88
<b>Total</b>	<b>Php 1,041,433,265.58</b>	<b>Php 941,856,960.96</b>
Less: Accumulated Depreciation	(481,271,332.67)	(431,617,624.88)
<b>Total</b>	<b>Php 560,161,932.91</b>	<b>Php 510,239,336.08</b>

Particulars	2020	2019
Land Improvements	Php 3,434,401.57	Php 2,721,843.27
Water Supply Systems	413,660,813.08	374,733,543.17
Buildings	7,403,234.49	6,593,413.65
Other Structures	1,286,182.58	1,108,411.58
Office Equipment	2,965,797.89	2,291,160.74
Information and Communication Technology Equipment	23,302,989.72	20,561,501.38
Medical Equipment	1,471,701.58	1,307,803.88
Other Machinery and Equipment	12,588,499.39	10,338,583.45
Motor Vehicles	13,435,758.91	10,784,931.55
Furniture and Fixtures	1,301,713.15	1,160,261.79
Computer Software	32,083.35	-
Power Supply System	388,156.96	16,170.42
<b>Total</b>	<b>Php 481,271,332.67</b>	<b>Php 431,617,624.88</b>

### 8.0 Construction in Progress

Construction in-progress is stated at cost. While the construction is in progress, project costs are accrued based on the contractors' accomplishment reports and billings. These represent costs incurred for technical services and capital works program contracted by the System to facilitate the implementation of the project. While the construction of the project is in progress, no provision for depreciation is recognized.

For assets under construction, the Construction Period Theory shall be applied for costing purposes. Liquidated damages charged and paid for by the contractor shall be deducted from the total cost of the assets.

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.

Construction in progress is not depreciated until such time that the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

When property, plant, and equipment is retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated impairment, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

This consists of the following:

Particulars	2020
Pipe replacement/pipe rehabilitation	Php 509,768.22
Pressure reducing and sustaining valve	650,232.31
Pipeline expansion	7,152,990.01
1000 cu.m. cylindrical steel tank	4,509,656.84
1000 cu.m. cylindrical steel tank	1,124,940.19
45cu.m. elevated steel tank in VARBC pumping station	127,083.15
45cu.m. elevated steel tank in VARBC pumping station	720,137.85
Warehouse office renovation	16,396.30
Tools & equipment room at motorpool	185,138.70
Warehouse-Udagre (realignment of warehouse)	1,175,711.78
Additional water source at MSU campus	6,505,409.70
Installation of pressure reducing and sustaining valve	423,905.00
Rehabilitation and enhancement of old DMA's	60,917.38
Power House	544,000.00
250 KVA alternator winding supply and installation	65,000.00
Warehouse building	8,356,619.23
Assorted sizes of magnetic contractor	213,420.00
<b>Total</b>	<b>Php 32,341,326.66</b>

Particulars	2019
Pipe replacement/pipe rehabilitation	Php 292,243.60
Pressure reducing and sustaining valve	650,232.31
Pipeline expansion	206,925.39
Pressure reducing and sustaining valve	4,524,697.01
1000 cu.m. cylindrical steel tank	4,509,656.84
1000 cu.m. cylindrical steel tank	1,124,940.19
45cu.m. elevated steel tank in VARBC pumping station	127,083.15
45cu.m. elevated steel tank in VARBC pumping station	720,137.85
Brand new ultrasonic flowmeter	873,796.74
Pumphouse building and perimeter fence	87,944.95
3-Phase powerline including trans. & metering accessories Cal. & Conel	1,453,863.80
1,000 cu.m. cylindrical steel ground reservoir-Templado lot	66,460.91
Warehouse office renovation	16,396.30
Tools & equipment room at motorpool	185,138.70
Warehouse-Udagre (realignment of warehouse)	1,175,711.78
Additional water source at MSU campus	6,505,409.70
Pump house building and perimeter fence Well #20 Calumpang	3,170,519.12
1,000 cu.m. ground steel tank, Well No. 20, Calumpang	5,823,441.25
Pipe replacement/pipe rehabilitation	2,916,030.67
Service expansion	10,042,133.40
Installation of pressure reducing and sustaining valve	423,905.00
Booster pump house	2,201,220.00
Steel pipe bridge crossing in Silway bridge	4,385,094.90
Data logger	5,852.75
Rehabilitation and enhancement of old DMA's	60,917.38
Bypass line in PS #6 Roca subdivision	428,358.44
Bypass line in PS #9, Bliss site	2,460.00
Power House	544,000.00
250 KVA alternator winding supply and installation	65,000.00
Distribution transformers	11,525.00
Computer Software	385,000.00
<b>Total</b>	<b>Php 52,986,097.13</b>

Completed projects are reclassified to their appropriate PPE accounts and their corresponding depreciation are recognized based on the date of completion in accordance with Section 41, Volume 1 of NGAS Manual.



## 9.0 Other Assets

These consist of furniture, fixtures and equipment that are already fully depreciated with 10% salvage value. These are classified into serviceable and unserviceable assets. The serviceable assets are those fully depreciated but still used by the District and the unserviceable are those waiting for disposal.

This account is composed of the following:

Particulars	2020	2019
Other Assets- Serviceable	Php 8,374,945.62	Php 8,380,230.62
Other Assets- Unserviceable	613,841.72	613,841.72
<b>total</b>	<b>Php 8,988,787.34</b>	<b>Php 8,994,072.34</b>

Other Assets account shall be adjusted when the automation of Total Works Management System (TWMS) is finalized. Inventory Management Committee has already coordinated with MIS for proper recording. When done, corresponding adjustment shall be made.

## 10.0 Current Liabilities

This consists of the following accounts:

Particulars	2020	2019
Accounts Payable	Php 32,776,646.90	Php 14,865,989.28
Notes Payable-DBP Current Portion	33,030,537.33	35,208,118.00
Notes Payable-Al-Amanah Current Portion	6,691,667.03	7,300,000.00
Due to Officers and Employees	23,002,315.07	19,129,575.50
Due to BIR	(27,160.43)	(27,160.43)
Due to GSIS	11,886.38	1,003.05
Due to Pag-IBIG	-	-
Due to Philhealth	232.82	-
Guaranty/Security Deposits Payable	4,973,530.46	339,604.50
Other Deferred Credits	2,330,771.92	1,924,542.34
Unearned Income	553,161.56	553,161.56
Other Payables	31,462.84	31,462.84
<b>Total</b>	<b>Php 103,375,051.88</b>	<b>Php 79,326,296.64</b>

Increases in Due to GSIS and Due to Philhealth represent the contribution amount which were withheld in advance from employee who availed maternity benefit.

Accounts Payable represents the following unpaid balances.

Items		
Softwater Billing System (INFOMAX)		Php 121,000.00
Labor from Disconnectors & Reconnectors		1,096,834.88
Notarization of New Service Applications		115,958.00
Other Accounts Payable for procurement of goods/services:		
Adame Neil Sand and Gravel	291,578.73	
Adame Neil Sand and Gravel	4,230.00	
AL Acharon Construction Supply	925,800.00	
Cerberus Tyre and Battery Center	150,200.00	
Columbia Computer Center Davao Inc.	136,000.00	
Dadiangas TJ Marketing	6,500.00	
Davao Sun-Asia General Merchandise	85,800.00	
Drona Marketing	414,755.00	
DC Tech Micro Services	48,000.00	
East Asia Solutions Technologies Corporation	300,000.00	
Elior Advertising and Printing Services	555,000.00	
Functional Inc.	165,000.00	
GMA Network	6,720.00	
Gensan Ultimate Audio Supply and Hardware Inc.	10,755.00	
GSACOMM Sales and Service Center	51,200.00	
GS Ferrolino Construction and Supply	2,057,300.00	
IS3 Industrial Solutions and Allied Services Inc.	673,205.00	
International Pipe Industries Corporation	16,893,125.00	
Janglo Trading and Constructions	2,118,000.00	
Jaysonaire Auto Airconditioning Services	7,300.00	
Jazel Industrial Solutions and Allied Services	485,000.00	
Karl Gelson Industrial Sales Corp.	264,170.00	
Keylargo Industrial Sales	348,000.00	
LHE Construction and Industrial Servies Inc.	63,580.00	
Local Water Utilities Administration	199,574.29	
Metro Davao Supreme Pumps Industries Inc.	4,040,847.00	
Mindanao State University-Gensan	40,000.00	
National Printing Office	1,035,000.00	
SOCO Tech Certification Philippines	49,784.00	
Southern Union hardware	16,430.00	31,442,854.02
<b>Total</b>		<b>Php 32,776,646.90</b>

**Due to Officers and Employees** represents the monetary value of leave credits of employees less the monetized portion of the total leave credits of each employee.

The debit balance of **Due to BIR** account amounting to P27,160.43 is composed of tax withheld from suppliers which already remitted to BIR but check payments were not claimed by the suppliers.

PARTICULARS	AMOUNT
a.) Tax withheld from full payment of billing and collection program rendered by INFOMAX with JEV#07-12-2867 & DV#07-12-1467 dated December 26, 2007;	P24,200.00
b.) Tax withheld from Monark Equipment for repair of oil leaks of CAT 3306 generating set in Pumping Station No.6 as per JEV# 13-06-1928 dated June 3, 2013;	1,809.81
c.) Tax withheld from various suppliers which were remain unclaimed and thus, became stale checks.	<u>1,150.62</u>
<b>TOTAL</b>	<b><u>P 27,160.43</u></b>

The current portion of Loans Payable which is due to be settled within twelve (12) months after the reporting date is P33,030,537.33 and P6,691,667.03 for Development Bank of the Philippines and Al-Amanah Islamic Bank, respectively.

The Guarantee/Security Deposits Payable of P4,973,530.46 represents the retention money of various project bidders. Customers' Deposits totaled to P553,161.56 were voluntarily paid in advance by the concessionaires in payments for their water connections. Other Deferred Credits of P2,330,771.92 is the amount already paid by subdivision owners (Palmwoods Subdivision, Brixton Homes, Viviene Heights Subdivision, Agan Land-Lagao, Agan Land-Greenville, and Lacewood Subdivision) for the construction of pipeline expansions. Such pipeline expansion projects are still to be constructed in the future. Other Payables in the amount of P31,462.84 represents transactions before 2003 which is subject for reconciliation.

#### **11.0 Loans Payable –Domestic (Long Term)**

These loans were refinanced by Development Bank of the Philippines (PN 2011-067) and Al-Amanah Islamic Bank (PN 2011-010) from Local Water Utilities Administration on November 16, 2011. Development Bank of the Philippines offered 9.2% per annum interest rate which is lower by 3.3% compared to LWUA interest of 12.5% per annum. Additional Loan was granted by DBP on year 2017 amounting to P85 million bearing an interest rate of 5.33% (PN 2017-043 amounting to P33,000,000 and PN 2017-044 amounting to P52,000,000). During the grant of additional loan, the interest from previous loan buy-out was reduced from 9.2% to 6.5% per annum. Old loans with PN 2011-067 from DBP and PN 2011-010 from Al-Amanah will mature on November 2021.

This includes the following accounts:

Particulars	2020	2019
DBP (PN 2011-067)	Php -	Php 23,953,395.05
DBP (PN 2017-043)	18,150,000.00	21,450,000.00
DBP (PN 2011-044)	31,779,683.68	37,556,826.64
Al-Amanah Islamic Bank	-	6,691,666.99
<b>Total</b>	<b>Php 49,929,683.68</b>	<b>Php 89,651,888.68</b>

## 12.0 Government Equity and Contributed Capital

This is composed of restricted/paid-in government capital, contributed capital, and the retained earnings account. Prior period adjustments are made to the beginning balance of retained earnings account.

The following are government and private water systems, and lots turned-over/donated to the district:

Particulars	2020	2019
LGU Water Systems -1989	Php 3,198,224.00	Php 3,198,224.00
Rosario Village Subdivison Phase I - August,1991	1,396,420.00	1,396,420.00
Sarangani Homes Phase 1 - July, 1993	850,000.00	850,000.00
Doña Soledad Subd Phase 1 - October,1993	3,058,677.00	3,058,677.00
Claudland - August 2005	261,521.84	261,521.84
<b>Total</b>	<b>Php 8,764,842.84</b>	<b>Php 8,764,842.84</b>

Contributed Capital represents distribution lines for all turned-over subdivisions within the district's coverage area amounting to P42,866,149.28 as per JEV#12-02-0531 dated Feb. 28, 2012 and Well site locations amounting to P543,750.00 as per COA AOM GSC 2014-003 dated April 24, 2014 (JEV#14-09-2981). Additional contributed capital was donated by Prime Land Subdivision as per JEV# 17-09-3104 dated September 12, 2017 amounting to P200,000.00. Donated five parcels of land was also recorded as per COA AOM 19-03 (2018) dated February 1, 2019 with JEV#19-07-2750 dated July 31, 2019.

Particulars	2020	2019
Alpine Ville Subdivision	Php 8,555,126.41	Php 8,555,126.41
Las Villas Subdivision	2,691,099.14	2,691,099.14
Agan Home Phase 1 to 3	1,652,409.30	1,652,409.30
Malesido Homes P-3A to P-3B	4,975,882.66	4,975,882.66
Agan Centro Phase 1 and 2	3,560,414.20	3,560,414.20
Issabella Homes	3,737,941.62	3,737,941.62
Camella Homes	7,587,369.11	7,587,369.11
Agan Grandville Subdivision	2,079,784.68	2,079,784.68
Agan North Subdivision	1,669,756.78	1,669,756.78
Colinas Verdes (Sta. Luisa Subdivision)	6,107,492.02	6,107,492.02
Nuñez St., Riverside- Well#5	393,750.00	393,750.00
Nuñez St., Prk. Matatag- Well #1	150,000.00	150,000.00
Lislet Amri Grande	17,223.36	17,223.36
Maria Ana Liza	31,650.00	31,650.00
Prime Land Subdivision	200,000.00	200,000.00
Calumpang @ PS#9	185,779.40	185,779.40
Doña Soledad Well	373,635.00	373,635.00
Rosario Village Well	103,709.10	103,709.10
Sarangani Homes Well	624,435.00	624,435.00
Roca Subdivision @ PS#6	386,294.25	386,294.25
Freeman, Sunshine Ville	25,000.00	-
<b>Total</b>	<b>Php 45,108,752.03</b>	<b>Php 45,083,752.03</b>

### 13.0 Income

This is composed of the following:

#### Business Income

Particulars	2020	2019
Waterworks System Fees		
Residential	Php371,191,460.01	Php 350,173,978.84
Government	12,712,119.48	13,992,799.60
Commercial	60,234,106.32	68,357,832.40
Sales Discount	(453,363.13)	(647,324.36)
Other Business Income	10,995,923.74	8,015,188.61
Fines and Penalties	2,300,348.21	7,128,878.24
<b>Total</b>	<b>Php456,980,594.63</b>	<b>Php 447,021,353.33</b>

**Other Income**

Particulars	2020	2019
Interest Income	Php 255,726.48	Php 611,087.39
Gain on Sale of Property, Plant and Equipment	0.00	0.00
<b>Total</b>	<b>Php 255,726.48</b>	<b>Php 611,087.39</b>

**14.0 Expenses**

This composed the following:

**Personal Services**

Particulars	2020	2019
Salaries and Wages		
Salaries and Wages - Regular	Php 53,836,827.36	Php 49,824,209.06
Salaries and Wages - Casual/Contractual	8,965,856.07	6,785,783.56
Other Compensation		
PERA	5,210,698.30	4,916,116.80
Representation Allowance	936,000.00	936,000.00
Transportation Allowance	936,000.00	936,000.00
Clothing/Uniform Allowance	1,348,840.00	1,194,000.00
Productivity Incentive Allowance	33,189,246.22	34,950,786.98
Overtime and Night Pay	5,827,576.66	4,874,094.92
Year-End Bonus	10,640,935.75	14,446,215.00
Cash Gift	1,100,000.00	1,031,000.00
Provident/Welfare Fund Contributions	11,683,817.00	11,453,397.82
Other Bonuses & Allowance	38,761,663.02 <sup>n</sup>	31,962,211.20 <sup>n</sup>
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums (GSIS)	7,421,360.62	6,792,252.93
Pag-IBIG Contributions	264,300.00	250,800.00
Philhealth Contributions	860,154.14	663,643.34
Employees Compensation Insurance Premiums	263,200.00	249,500.00
Longevity Pay	270,000.00	525,000.00
Other Personnel Benefits		
Terminal Leave Benefits	5,593,712.30	5,006,046.77
<b>Total</b>	<b>Php 187,110,187.44</b>	<b>Php 176,797,058.38</b>

### Maintenance and Other Operating Expenses

Particulars	2020	2019
Traveling Expenses	Php 210,855.34	Php 1,881,734.36
Training and Scholarship Expenses	221,329.10	1,296,185.29
Supplies and Materials Expenses		
Office Supplies Expenses	1,644,061.62	1,664,766.60
Accountable Forms Expenses	501,550.00	597,690.00
Medical, Dental and Laboratory Supplies Expenses	3,252,012.61	3,360,677.11
Fuel, Oil and Lubricants Expenses	4,010,177.88	5,441,094.89
Utility Expenses		
Electricity Expenses	76,770,128.43	69,350,162.12
Communication Expenses		
Postage and Courier Services	25,292.00	42,121.43
Telephone Expenses	1,718,557.98	685,177.23
Internet Subscription Expenses	486,429.96	788,951.18
Extraordinary and Miscellaneous Expenses	12,791,070.85	14,188,190.52
Professional Services		
Legal Services	24,050.00	66,777.78
Auditing Services	213,310.69	
General Services		
Security Services	5,098,620.34	4,263,745.01
Other Professional Services	6,000.00	206,000.00
Repairs and Maintenance		
Repairs and Maintenance - Land Improvements	11,150.00	296,347.25
Repairs and Maintenance - Infrastructure Assets	12,617,017.76	20,886,513.88
Repairs and Maintenance - Buildings and Other Struct	400,140.47	504,652.11
Repairs and Maintenance - Machinery and Equipment	1,095,998.61	1,722,560.72
Repairs and Maintenance - Transportation Equipment	834,679.39	1,255,479.23
Repairs and Maintenance - Office Equipment	47,960.60	167,462.00
Repairs and Maintenance - ICT Equipment	48,577.00	122,016.75
Repairs and Maintenance - Medical Equipment	11,460.00	80,339.75
Repairs and Maintenance - Furniture and Fixtures	0.00	40,360.00
Taxes, Duties and Licenses	9,103,131.13	8,877,485.25
Insurance Expenses	1,200,182.51	861,431.03
Advertising, Promotional and Marketing Expenses	1,821,325.26	2,209,360.10
Representation Expenses	521,840.84	768,502.16
Rent/Lease Expenses	103,738.63	95,398.75
Membership Dues and Contributions to Organizations	138,632.00	131,995.00
Donations	1,351,952.96	292,720.60

Other Maintenance and Operating Expenses	3,860,544.57	4,898,699.13
Depreciation Expense		
Depreciation - Land Improvements	712,558.30	747,944.64
Depreciation - Infrastructure Assets	38,684,428.17	35,953,549.24
Depreciation - Buildings and Other Structures	987,591.84	986,200.20
Depreciation - Transportation Equipment	2,650,827.36	2,841,509.65
Depreciation - Machinery and Equipment	674,637.15	650,642.90
Depreciation - ICT Equipment	2,741,488.34	4,099,099.56
Depreciation - Communication Equipment	0.00	3,164.40
Depreciation - Other Machinery and Equipment	2,249,915.94	2,012,046.90
Depreciation - Medical Equipment	163,897.70	163,872.95
Depreciation - Furniture, Fixtures and Books	141,451.36	189,244.69
Computer Software	32,083.35	0.00
Impairment Loss - Loans and Receivable	3,975,047.15	3,966,048.01
<b>Total</b>	<b>Php193,155,705.19</b>	<b>Php 198,657,920.37</b>

#### Financial Expenses

Particulars	2020	2019
Interest Expense		
Development Bank of the Phil. (PN 2011-067)	Php 2,093,331.52	Php 3,510,756.97
Development Bank of the Phil. (PN 2017-043)	1,286,844.22	1,450,222.40
Development Bank of the Phil. (PN 2017-044)	2,252,812.85	2,557,550.53
Al-Amanah Islamic Bank (PN 2011-010)	739,264.41	1,238,296.75
<b>Total</b>	<b>Php 6,372,253.00</b>	<b>Php 8,756,826.65</b>