

**BAGO CITY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2014**

Agency Profile

The Bago City Water District(BACIWAD) was created pursuant to Sangguniang Panlungsod Resolution No. 222 dated June 29, 1987 and was issued a Conditional Certificate of Conformance (CCC) No. 317 dated October 29, 1987 by the Local Water Utilities Administration (LWUA).

In August 13, 1987 by virtue of the Deed of Transfer, BACIWAD took over the Water System from NAWASA. The facilities included two (2) concrete elevated reservoir, three (3) deep wells, dilapidated pumping equipments and few kilometers of transmission and distribution lines. BACIWAD had two (2) separate water systems, one served the City Proper and the neighboring barangays, and the other one served Barangay Ma-ao.

In October 13, 1991, a Supreme Court decision was promulgated declaring all Water Districts as Government Owned and/or Controlled Corporation. This put all water districts under the jurisdiction of the Civil Service Commission, and the Department of Budget and Management.

BACIWAD is also serving the domestic water needs of the residents of Municipality of Pulupandan on a whole sale rate.

Note 1 1.a Recognition of Income and Accounting for Expenses

BACIWAD recognized Income from Water Sales on accrual basis while Penalty charges and miscellaneous service revenues were recognized on cash basis. Expenses were charged to corresponding account on accrual basis.

1.b Property, Plant and Equipment of BACIWAD is depreciated on a straight - line method based on the useful lives of the assets, and summarized as follows :

	<u>2014</u>	<u>2013</u>
Property Plant & Equipment (Gross) - Note 1.c	91,123,850.80	88,286,564.83
Less : Accumulated Depreciation - PPE	<u>45,967,126.28</u>	<u>41,824,226.00</u>
Property, Plant and Equipment - Net - Note 1.d	45,156,724.52	46,462,338.83
Add : Construction In Progress - Artesian Wells, Reservoirs, Pumping Stations and Conduits	<u>930,908.14</u>	<u>912,202.38</u>
T o t a l	<u><u>46,087,632.66</u></u>	<u><u>47,374,541.21</u></u>

1.c Property Plant & Equipment is broken down, as follows :

	<u>2014</u>	<u>2013</u>
Land	2,170,000.00	2,170,000.00
Other Structures	201,426.50	201,426.50
Office Equipment	839,448.52	684,449.52
Furnitures and Fixtures	292,901.86	292,901.86
IT Equipment and Software	1,218,029.97	1,194,011.97
Communication Equipment	205,400.00	196,400.00
Sports Equipment	17,586.00	0.00
Other Machinerics & Equipments	552,160.98	521,310.98
Motor Vehicles	2,881,700.00	2,881,700.00
Source of Supply Plant - Structure and Improvements	40,861.40	40,861.40
Wells	11,950,993.42	10,510,256.02

Other Source of Supply	5,000.00	5,000.00
Pumping Plant - Structure and Improvements	6,490,011.98	6,490,011.98
Power Production Equipments	2,170,940.00	2,170,940.00
Pumping Equipment	4,481,880.57	4,279,827.57
Water Treatment Plant - Structure and Improvements	4,859.50	4,859.50
Water Treatment Equipment	2,711,533.00	2,623,033.00
Trans. & Dist. Plant - Structure and Improvements	10,132.60	10,132.60
Reservoirs and Tanks	11,891,344.08	11,891,344.08
Transmission and Distribution Mains	42,810,881.42	41,941,338.85
Services	158,819.00	158,819.00
Hydrants	17,940.00	17,940.00
Total	91,123,850.80	88,286,564.83

1.d Accumulated Depreciation consists of the following :

	<u>2014</u>	<u>2013</u>
Other Structures	151,374.75	143,454.52
Office Equipment	607,232.27	542,464.04
Furnitures and Fixtures	223,156.99	187,225.05
IT Equipment and Software	964,005.14	879,125.23
Communication Equipment	176,985.00	176,285.00
Sports Equipment	1,055.20	0.00
Other Machineries & Equipments	462,927.94	433,067.48
Motor Vehicles	1,944,315.00	1,822,680.00
Source of Supply Plant - Structure and Improvements	36,775.26	36,775.26
Wells	5,276,547.92	4,763,663.28
Other Source of Supply	4,500.00	4,500.00
Pumping Plant - Structure and Improvements	3,681,147.99	3,264,281.13
Power Production Equipments	1,480,863.38	1,384,821.08
Pumping Equipment	2,483,625.83	2,166,714.81
Water Treatment Plant - Structure and Improvements	4,373.55	4,373.55
Water Treatment Equipment	1,642,469.60	1,481,710.76
Trans. & Dist. Plant - Structure and Improvements	9,119.34	9,119.34
Reservoirs and Tanks	5,349,541.57	5,000,812.33
Transmission and Distribution Mains	21,312,586.45	19,369,206.04
Services	142,937.10	142,937.10
Hydrants	11,586.00	11,010.00
Total	45,967,126.28	41,824,226.00

Note 2 Cash on Hand and In Banks account consists of the following :

	<u>2014</u>	<u>2013</u>
Cash On Hand	225,609.64	329,619.94
Cash in Bank - MayBank	8,333,623.66	6,538,563.27
Combo Account - Savings/Current		
Cash in Bank - DBP	2,475,286.31	2,457,997.65
Cash in Bank - LBP	2,427,760.81	2,422,844.08
Cash in Bank - LBP	1,011,514.70	1,003,323.82
Total Cash on Hand and In Banks	14,473,795.12	12,752,348.76

Note 3	Receivables & Due From Officers & Employees are presented net of Allowance for Bad Debts, as follows :		
		<u>2014</u>	<u>2013</u>
	Accounts Receivable - Customers	6,378,346.82	5,601,080.08
	Due from Officers & Employees	0.00	0.00
	Interest Receivable	0.00	0.00
	Accounts Receivable - Others	89,798.55	92,146.05
	Accounts Receivable - Disallowance/Charges	14,500.00	14,500.00
	Allowance for Bad Debts - Customers	-1,562,733.95	-1,498,508.14
	N e t	<u>4,919,911.42</u>	<u>4,209,217.99</u>

Note 4	Inventories refers to the following :		
		<u>2014</u>	<u>2013</u>
	Office Supplies Inventory	287,281.45	289,377.43
	Medical, Dental and Laboratory Supplies Inventory	34,022.90	47,882.75
	Other Supplies Inventory	2,298,866.87	2,075,080.55
	T o t a l	<u>2,620,171.22</u>	<u>2,412,340.73</u>

Note 5	Income account consists of the following :		
		<u>2014</u>	<u>2013</u>
	Other Service Income	291,400.00	314,100.00
	Income From Water Works System	26,781,513.37	25,044,653.22
	Fines and Penalties - Business Income	1,157,575.25	1,089,762.41
	Miscellaneous Income	117,434.99	122,657.76
	Total Income	<u>28,347,923.61</u>	<u>26,571,173.39</u>

Note 6	Personal Services Expenses include the following :		
		<u>2014</u>	<u>2013</u>
	Salaries & Wages - Regular	5,008,794.40	4,951,670.50
	Salaries & Wages - Casual	155,052.00	148,591.50
	Salaries & Wages - Contractual	1,241,810.25	1,136,211.98
	Personnel Economic Relief Allowance (PERA)	161,750.00	161,500.00
	Additional Compensation (ADCOM)	485,250.00	484,500.00
	Representation Allowance (RA)	90,000.00	90,000.00
	Transportation Allowance (TA)	90,000.00	90,000.00
	Clothing/Uniform Allowance	135,000.00	135,000.00
	Productivity Incentive Allowance	57,500.00	67,500.00
	Other Bonuses and Allowances	130,000.00	222,000.00
	Honoraria	370,575.00	417,825.00
	Overtime & Night Pay	730,335.90	649,958.00
	Cash Gift	135,000.00	135,000.00
	Year End Bonus	431,099.00	430,835.00
	Life & Retirement Insurance Contributions	619,923.14	612,604.23
	PAG-IBIG Contributions	32,400.00	32,300.00
	PHILHEALTH Contributions	59,850.00	59,625.00
	ECC Contributions	32,400.00	32,300.00
	Other Personnel Benefits	876,176.91	1,142,515.99
	Total Personal Services Expenses	<u>10,842,916.60</u>	<u>10,999,937.20</u>

Note 7 Maintenance and Other Operating Expenses account consists of the following :

	<u>2014</u>	<u>2013</u>
Traveling Expense - Local	180,171.00	160,071.20
Training Expenses	254,047.31	155,824.41
Office Supplies Expenses	285,628.66	316,991.77
Medical, Dental and Laboratory Supplies Expenses	192,409.85	122,243.25
Gasoline, Oil and Lubricants Expenses	1,648,654.69	1,088,764.51
Electricity Expenses	4,710,244.32	5,238,725.42
Postage and Deliveries	1,065.00	1,445.00
Telephone Expenses - Landline	40,816.90	31,947.07
Telephone Expenses - Mobile	74,309.38	42,815.08
Internet Expenses	15,877.71	15,588.00
Cable,Satellite,Telegraph and Radio Expenses	8,125.43	0.00
Advertising Expenses	89,400.00	84,000.00
Rent Expenses	5,000.00	8,000.00
Representation Expenses	305,457.25	181,364.70
Subscriptions Expenses	7,956.00	12,284.00
Other Professional Services	35,150.00	0.00
Repairs & Maint - Office Buildings	813.00	3,708.50
Repairs & Maint - Office Equipment	8,740.00	19,730.00
Repairs & Maint - Furnitures and Fixtures	3,744.00	2,100.00
Repairs & Maint - IT Equipment and Software	23,005.00	27,726.00
Repairs & Maint - Other Machineries & Equipment	6,254.00	0.00
Repairs & Maint. - Motor Vehicles	161,417.09	153,148.68
Repairs & Maint. - Artesian Wells,Reservoirs, Pumping Stations and Conduits	657,037.82	717,696.16
Donations	4,666.60	24,500.00
Miscellaneous Expenses	660.00	0.00
Taxes, Duties and Licenses	533,358.42	542,177.75
Fidelity Bond Premiums	2,988.75	2,651.25
Insurance Expenses	31,508.48	23,701.24
Bad Debts Expense	64,225.81	168,453.92
Depreciation - Other Structures	7,920.23	7,920.23
Depreciation - Office Equipment	64,768.23	59,958.91
Depreciation - Furnitures and Fixtures	35,931.94	36,231.19
Depreciation - IT Equipment and Software	84,879.91	102,236.10
Depreciation - Communications Equipment	700.00	2,850.00
Depreciation - Sports Equipment	1,055.20	0.00
Depreciation - Other Machineries & Equipment	29,860.46	23,782.83
Depreciation - Motor Vehicles	121,635.00	175,500.00
Depreciation - Source of Supply Plant - Structure and Improvements	0.00	409.46
Depreciation - Wells	512,884.64	469,662.48
Depreciation - Pumping Plant - Structure and Improvements	416,866.86	419,593.29
Depreciation - Power Production Equipments	96,042.30	120,042.30
Depreciation - Pumping Equipment	316,911.02	316,483.35
Depreciation - Water Treatment Plant - Structure and Improvements	0.00	182.16

Note 7	Depreciation - Water Treatment Equipment	160,758.84	152,396.34
	Depreciation - Trans. & Dist. Plant - Structure and Improvements	0.00	684.00
	Depreciation - Reservoirs and Tanks	348,729.24	349,923.62
	Depreciation - Transmission and Distribution Mains	1,943,380.41	1,916,947.33
	Depreciation - Hydrants	576.00	576.00
	Bank Charges	2,100.00	1,100.00
	Total Maintenance & Other Operating Expenses	<u>13,497,732.75</u>	<u>13,302,137.50</u>

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