

CARCAR WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. General Information

Carcar Water District (CWD) is a government-owned and controlled corporation created and existing by virtue of P.D. 198, as amended. A Certificate of Conformance, Certificate No. 117 was issued by the Local Water Utilities Administration (LWUA) to CWD on May 30, 1980 validating its operations as one of the water districts of the country. On March 29, 2012, pursuant to the Revised Local Water District (LWD) Manual on Categorization, Re-Categorization and Other Related Matters, LWUA has categorized Carcar Water District as Category "C."

The primary objective of Carcar Water District is to provide sufficient potable water to the residents of the town of Carcar (now a City) utilizing available sources of water and applying appropriate water treatment measures to ensure that water is safe for the consumption of the concessionaires.

2. Basis of Financial Statements Presentation

The accompanying financial statements have been prepared in conformity with the generally accepted state accounting principles in the Philippines. The water district is using the CPS/NGAS Modified Chart of Accounts for Water Districts.

3. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of changes in values. These deposits earn interest at the prevailing market rate.

Receivables

Receivables are recognized and carried at original billed amount. Provision for doubtful accounts on water accounts receivable is maintained at a level considered adequate to provide for potential losses on receivables.

Property, Plant and Equipment

Property and equipment are initially measured at cost less accumulated depreciation. Subsequent expenditures on property and equipment are recognized only as an asset when the expenditure improves the condition of the asset beyond its original assessed standard of performance. All other subsequent expenditure, such as repairs and maintenance and overhaul cost, is recognized as an expense when incurred. Depreciation is computed using the straight line method.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Water District and the amount of revenue can be measured reliably.

Correction of Fundamental Errors

Fundamental errors of prior years are corrected by using the Prior Years' Adjustment account. Errors affecting current year's operation are charged to current year's account.

4. Cash and Cash Equivalents

This account is composed of the following:

	2012	2011	2010
Cash in Bank	P 3,758,407.17	P 885,386.09	(P 26,926.59)
Cash on Hand	130,791.31	77,966.88	43,795.31
Petty Cash Fund	0.00	0.00	1,163.99
	P 3,889,198.48	P 963,352.97	P 18,032.71

The negative balance in the Cash in Bank account for the year 2010 resulted from an error in the posting of the previous day's balance in the Daily Cash Position Report of August 27, 2010 which was subsequently adjusted on February 2, 2011.

5. Receivables

This account represents the following:

	2012	2011	2010
Accounts Receivable – net	P 3,020,042.90	P 2,656,709.77	P 2,439,868.48
Advances to Officers and Employees	86,463.00	149,790.30	36,938.44
Due from Officers and Employees	58,170.14	66,532.19	95,474.74
Other Receivables	156,763.18	158,864.43	192,852.88
	P 3,321,439.22	P 3,031,896.69	P 2,765,134.54

The Allowance for Doubtful Accounts of P1,558,449.13 remained unchanged for the three-year period. Other receivables include Sun Cellular Fixed Loan Plan representing employees' payments for post-paid cellphone accounts attached to the corporate lines assigned to CWD employees which were already deducted from payroll but not yet paid pending receipt of the statement of account from the cellphone provider.

6. Inventories

This account consists of:

	2012	2011	2010
Office Supplies Inventory	P 263,867.55	P 364,160.44	P 531,378.22
Chemicals and Filtering Supplies Inventory	(98.79)	(98.79)	(98.79)
Spare Parts Inventory	(6,222.69)	38,079.23	44,026.34
Construction Materials Inventory	(182,304.33)	(182,304.33)	(182,304.33)
Other Supplies Inventory	2,353,579.42	2,971,846.52	2,135,598.43
	P 2,428,821.16	P 3,191,683.07	P 2,528,599.87

7. Property, Plant and Equipment

This account is composed of:

Cost	2012	2011	2010
Land and Other Improvements	P 2,748,468.02	P 2,748,468.02	P 2,718,556.02
Plant-UPIS	91,988,370.49	88,945,493.58	79,136,978.05
Buildings and Other Structures	8,686,041.93	8,686,041.93	7,952,702.74
Office Equipment	3,257,886.20	3,241,147.20	2,682,139.20
Land Transport Equipment	2,927,085.24	2,927,085.24	2,927,085.24
Other Machineries and Equipment	5,646,811.78	5,136,879.11	7,522,465.33
Furniture, Fixtures and Books	967,237.93	963,473.93	805,619.82
Public Infrastructures and Reforestations	617,810.98	467,810.98	0.00
CIP-Plant	6,136,631.58	5,554,802.43	6,067,825.82
CIP-Buildings and Other Structures	449,891.79	445,943.62	1,332,189.67
	P 123,426,235.94	P 119,117,146.04	P 111,145,561.89

Accumulated Depreciation	2012	2011	2010
Land and Other Improvements	P 0.00	P 0.00	P 0.00
Plant-UPIS	45,028,432.00	43,355,787.83	41,825,657.77
Buildings and Other Structures	2,085,705.93	1,776,868.69	1,506,038.12
Office Equipment	1,869,877.42	1,671,299.01	1,509,146.36
Land Transport Equipment	1,440,693.33	1,238,906.16	992,604.00
Other Machineries and Equipment	4,182,037.73	3,830,770.80	3,339,121.48
Furniture, Fixtures and Books	709,166.55	633,071.81	562,325.08
Public Infrastructures and Reforestations	0.00	0.00	0.00
CIP-Plant	0.00	0.00	0.00
CIP-Buildings and Other Structures	0.00	0.00	0.00
	P 55,315,912.96	P 52,506,704.30	P 49,734,892.81

Net Book Value	2012	2011	2010
Land and Other Improvements	P 2,748,468.02	P 2,748,468.02	P 2,718,556.02
Plant-UPIS	46,959,938.49	45,589,705.75	37,311,320.28
Buildings and Other Structures	6,600,336.00	6,909,173.24	6,446,664.62
Office Equipment	1,388,008.78	1,569,848.19	1,172,992.84
Land Transport Equipment	1,486,391.91	1,688,179.08	1,934,481.24
Other Machineries and Equipment	1,464,774.05	1,306,108.31	4,183,343.85
Furniture, Fixtures and Books	258,071.38	330,402.12	243,294.74
Public Infrastructures and Reforestations	617,810.98	467,810.98	0.00
CIP-Plant	6,136,631.58	5,554,802.43	6,067,825.82
CIP-Buildings and Other Structures	449,891.79	445,943.62	1,332,189.67
	P 68,110,322.98	P 66,610,441.74	P 61,410,669.08

8. Other Assets

This account consists of:

	2012	2011	2010
Restricted Fund	P 3,265,103.25	P 3,190,497.75	P 3,127,868.93
Sinking Fund	0.00	2,377,418.92	8,969,937.91
	P 3,265,103.25	P 5,567,916.67	P 12,097,806.84

The Restricted Fund account consists of two savings accounts with the Land Bank of the Philippines:

1. Joint Savings Account (JSA) with LWUA for the reserve requirements under the loan contract with a balance of P2,932,859.75 as of December 31, 2012.
2. The remaining balance of P332,243.50 is a reserve to cover the expropriation costs pending final court decision on the water districts expropriation cases.

The Sinking Fund account was a time deposit account with the Development Bank of the Philippines intended to fund future projects. This was terminated last November 22, 2012.

9. Inter-agency Payables

The details are:

	2012	2011	2010
Due to National Government Agencies	P 1,429,594.33	P 1,862,527.37	P 1,946,965.82
Due to Other GOCCs	76,307.15	76,307.15	76,307.15
	P 1,505,901.48	P 1,938,834.52	P 2,023,272.97

10. Other Liability Accounts

This is composed of:

	2012	2011	2010
Guarantee Deposits Payable	P 10,000.00	P 0.00	P 0.00
Performance & Bidders Bonds Payable	392.68	392.68	124,227.80
Other Payables	72,648.54	80,028.54	99,751.29
	P 83,041.22	P 80,421.22	P 223,979.09

11. Deferred Credits

This account consists of:

	2012	2011	2010
Customers' Deposits	P 520,695.89	P 599,067.74	P 555,690.07
Other Deferred Credits	239,866.08	386,141.71	487,231.71
	P 760,561.97	P 985,209.45	P 1,042,921.78

12. Loans Payable

This account consists of the following borrowings from LWUA:

Loan Account #	Loan Date	Amount	Balance Yet Due	Not Current Portion	Total
3-226 (Reg)	04-21-1988	P 11,094,000.00	P 4,146,768.53	P 782,885.21	P 4,929,653.74
3-397 (Reg)		5,735,850.65	3,136,482.47	330,650.66	3,467,133.13
3-326 (Soft)	07-26-1990	8,685,723.47	3,304,882.94	640,138.12	3,945,021.06
4-2039 (Reg)	02-12-2003	27,318,000.00	16,672,028.26	1,809,863.00	18,481,891.26
Total		P 52,833,574.12	P 27,260,162.20	P 3,563,536.99	P 30,823,699.19

The above loans were extended by the LWUA to the water district under the following terms:

Loan Acct	Purpose	Interest Rate	Amortization Starts	Amortization Ends
3-226 (Reg)	Installation of distribution lines and appurtenances	2M - 8.5% 5M - 10.5% 5M + -12.5%	Jan 1992	December 2017
3-397 (Reg)		12.5%	Jan 1994	December 2019
3-226 (Soft)	Same as 3-226R	10%	Jan 1998	December 2017
4-2039 (Reg)	System expansion	1.523M 12.5% 25.217M - 14%	Nov 2004	June 2019

13. Donated Capital

Account Code	Location	Donor	Amount
201-12	Magsipit, Liburon	A. Borja	P 15,350.00
201-14	Cabitoan, Napo	T. Genobisa	2,378.00
201-07	Magsipit, Liburon	A. Ramos	10,693.00
201-15	Saay, Can-asujan	F. Gaviola, Jr.	1,491.00
			P 29,912.00

14. Personal Services

This is composed of the following::

	2012	2011	2010
Salaries and Wages-Regular	P 12,596,350.22	P 10,802,427.28	P 9,435,102.02
Personnel Economic Relief Allowance	1,489,045.44	1,354,090.90	1,341,636.39
Life & Retirement Insurance Contributions	1,382,041.56	1,185,489.92	1,040,381.52
Honoraria	764,445.00	1,554,600.00	1,676,200.00
Other Personnel Benefits	632,774.12	1,031,884.70	1,029,270.09
Provident Fund Contributions	607,616.91	562,003.33	493,085.10

Other Bonuses and Allowances	463,500.00	136,000.00	316,000.00
Year-end Bonus	324,500.00	284,000.00	280,000.00
Representation Allowance	302,000.00	291,000.00	270,000.00
Transportation Allowance	302,000.00	291,000.00	270,000.00
Clothing and Uniform Allowance	290,000.00	220,000.00	224,000.00
Philhealth Contributions	130,287.50	112,062.50	100,500.00
PAG-IBIG Contributions	74,300.00	67,900.00	67,300.00
ECC Contributions	72,715.56	64,549.42	61,057.02
	P 19,431,576.31	P 17,957,008.05	P 16,604,532.14

15. Maintenance and Other Operating Expenses

This account consists of:

	2012	2011	2010
Depreciation	P 3,592,004.57	P 3,641,970.06	P 3,400,116.49
Generation, Transmission & Distribution Exp.	3,209,702.58	2,497,900.82	1,930,696.11
Repairs and Maintenance	2,556,487.90	2,797,852.14	1,674,291.17
Taxes, Duties and Licenses	897,317.22	829,332.99	791,278.87
Fuel, Oil and Lubricants Expenses	725,021.04	783,606.31	490,941.75
Extraordinary and Miscellaneous Expenses	681,252.09	479,998.15	446,475.19
Electricity	657,763.51	602,412.39	552,071.60
Security Services	633,774.24	605,031.12	573,789.28
Office Supplies Expenses	372,451.78	431,403.55	445,918.60
Loss on Sale of Assets	244,318.58	211,991.24	264,429.43
Travel Expenses	191,874.44	165,621.90	355,128.34
Telephone Expenses – Landline	142,021.59	129,216.60	126,361.53
Advertising, Promotion & Marketing Exp.	138,097.00	128,431.00	84,926.72
Training and Scholarship Expenses	133,966.00	55,600.00	150,900.00
Representation Expenses	133,280.51	204,072.36	118,612.95
Insurance Premiums	118,438.66	108,430.77	105,615.76
Donations	23,705.00	10,000.00	2,750.00
Postage and Deliveries	10,555.00	13,813.00	8,134.00
Membership Dues & Cont. to Organizations	14,000.00	13,871.00	16,658.30
Freight and Handling	7,102.43	9,440.26	4,181.51
Legal Services	2,200.00	3,000.00	36,000.00
Indemnities and Other Claims	546.00	794.00	760.00
Other Professional Services	0.00	6,000.00	0.00
Loss of Assets	0.00	115.00	0.00
	P 14,485,880.14	P 13,729,904.66	P 11,580,037.60

16. Other Matters

In compliance with Philippine Accounting Standard (PAS) No. 10, the financial statements of Carcar Water District for CY 2012 have been authorized for release thru Board Resolution No. 7, series of 2013 dated February 4, 2013.

