
CAGAYAN DE ORO CITY WATER DISTRICT

FINANCIAL REPORT

December 31, 2016

Date

PHILIPPINE CURRENCY

71
3/13/17 3:16 pm




REPUBLIC OF THE PHILIPPINES
CAGAYAN DE ORO CITY WATER DISTRICT
Corrales Avenue, Cagayan de Oro City

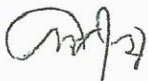
STATEMENT OF MANAGEMENT'S RESPONSIBILITY


The Management of the Cagayan de Oro City Water District (COWD) is responsible for the preparation, integrity and objectivity of the financial statements as of December 31, 2016 and other financial information presented in this report. These financial statements were prepared in conformity with the generally accepted accounting principles and properly reflect certain estimates and judgments based upon the best available information.

In this regard, COWD Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. We are confident that our financial and business processes provide us with information that is transparent, timely, complete, relevant, and accurate.

The Commission on Audit as the Government Auditor thru its representatives has examined the Cagayan de Oro City Water District's financial statements in accordance with the generally accepted auditing standards.


ADELFA L. FLORES
Division Manager A

 **MAR 10 2017**
ENGR. RACHEL M. BEJA
General Manager


ALEXANDER P. BULICATIN
Management Advisor

"WATER IS LIFE...DON'T WASTE IT"



REPUBLIC OF THE PHILIPPINES
CAGAYAN DE ORO CITY WATER DISTRICT
Corrales Avenue, Cagayan de Oro City

FINANCIAL STATEMENTS
December 31, 2016

TABLE OF CONTENTS

- 1) Balance Sheet (1-2)
- 2) Statement of Changes in Equity (3)
- 3) Income Statement (4)
- 4) Cash Flow Statement (5)
- 5) Notes to Financial Statement (6-17)

Prepared by:

ADELFA L. FLORES
Division Manager *A/lt*

Checked by:

MARILOU B. ONDAP
Finance Manager

Approved By:

RACHEL M. BEJA
General Manager

Cagayan de Oro City Water District
BALANCE SHEET
As of December 31, 2016

(1)

| | YEAR TO DATE | | | | Increase (Decrease) | |
|--|-------------------------|---------------|-------------------------|---------------|-----------------------|-----------------|
| | Actual This Month | | This Month Last Year | | Over Last Year | |
| | Amount | % to Total | Amount | % to Total | Amount | % to Total |
| ASSETS AND OTHER DEBITS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash (NFS No. 4) | | | | | | |
| Cash- Collecting Officer Working Fund | 1,765,244.30 | 0.08 | 2,285,308.48 | 0.11 | (520,064.18) | (22.76) |
| Cash in Bank- Local Currency, Current Account | 289,488,118.92 | 12.46 | 168,758,986.18 | 8.33 | 120,729,132.74 | 71.54 |
| Cash in Bank- Local Currency, Time Deposits | 246,273,442.56 | 10.60 | 336,242,806.37 | 16.60 | (89,969,363.81) | (26.76) |
| Total | 537,526,805.78 | 23.13 | 507,287,101.03 | 25.04 | 30,239,704.75 | 5.96 |
| Receivable Accounts (NFS No.5) | | | | | | |
| Accounts Receivable | 134,420,677.17 | 5.78 | 138,724,832.69 | 6.85 | (4,304,155.52) | (3.10) |
| Allowance for Doubtful Accounts | (2,296,315.27) | (0.10) | (2,390,908.91) | (0.12) | 94,593.64 | (3.96) |
| Total Accounts Receivable-Net | 132,124,361.90 | 5.68 | 136,333,923.78 | 6.73 | (4,209,561.88) | (3.09) |
| Other Receivables (NFS No. 6) | | | | | | |
| Advances to Officers and Employees | 2,019.00 | - | 180.00 | - | 1,839.00 | 1,021.67 |
| Due from Officers and Employees | 802.13 | - | 3,602.13 | - | (2,800.00) | (77.73) |
| Receivable- Disallowances/Charges | 39,971,212.51 | 1.72 | - | - | 39,971,212.51 | 100.00 |
| Insurance/Reinsurance Claims Receivable | 13,558.36 | - | 13,558.36 | - | - | - |
| Other Receivable | 1,071,312.51 | 0.05 | 1,104,679.19 | 0.05 | (33,366.68) | (3.02) |
| Total | 41,058,904.51 | 1.77 | 1,122,019.68 | 0.06 | 39,936,884.83 | 3,559.37 |
| Inventories (NFS No. 7) | | | | | | |
| Office Supplies Inventory | 2,015,129.37 | 0.09 | 837,987.89 | 0.04 | 1,177,141.48 | 140.47 |
| Fuel, Oil and Lubricants | 87,664.47 | - | 132,018.57 | 0.01 | (44,354.10) | (33.60) |
| Chemicals and Filtering Supplies Inventory | 1,056,628.66 | 0.05 | 882,852.67 | 0.04 | 173,775.99 | 19.68 |
| Maintenance Supplies Inventory | 9,193,593.26 | 0.40 | 6,810,343.59 | 0.34 | 2,383,249.67 | 34.99 |
| Construction Materials Inventory | 15,628,448.10 | 0.67 | 19,054,247.92 | 0.94 | (3,425,799.82) | (17.98) |
| Other Inventories | 21,283,046.90 | 0.92 | 5,221,402.85 | 0.26 | 16,061,644.05 | 307.61 |
| Total | 49,264,510.76 | 2.12 | 32,938,853.49 | 1.63 | 16,325,657.27 | 49.56 |
| Prepayments, Deposits and Deferred Charges (NFS No. 8) | | | | | | |
| Prepaid Rent | - | - | - | - | - | - |
| Prepaid Insurance | 723,761.67 | 0.03 | 152,189.31 | 0.01 | 571,572.36 | 375.57 |
| Guaranty Deposits | 8,743,659.53 | 0.38 | 8,753,853.10 | 0.43 | (10,193.57) | (0.12) |
| Other Prepayments and Deposits | 159,022.68 | 0.01 | 196,376.13 | 0.01 | (37,353.45) | (19.02) |
| Input Tax | - | - | 2,686.79 | - | (2,686.79) | (100.00) |
| Other Deferred Charges | 1,856,118.71 | 0.08 | 974,999.73 | 0.05 | 881,118.98 | 90.37 |
| Total | 11,482,562.59 | 0.49 | 10,080,105.06 | 0.50 | 1,402,457.53 | 13.91 |
| TOTAL CURRENT ASSETS | 771,457,145.54 | 33.19 | 687,762,003.04 | 33.96 | 83,695,142.50 | 12.17 |
| PROPERTY, PLANT AND EQUIPMENT (NFS No. 9) | | | | | | |
| Land and Other Improvements | | | | | | |
| Land | 40,725,074.89 | 1.75 | 40,725,074.89 | 2.01 | - | - |
| Total | 40,725,074.89 | 1.75 | 40,725,074.89 | 2.01 | - | - |
| Plant, Buildings and Structures | | | | | | |
| Plant (UPIS) | 1,550,441,877.39 | 66.71 | 1,527,226,887.31 | 75.38 | 23,214,990.08 | 1.52 |
| Buildings and Other Structures | 137,550,136.48 | 5.92 | 132,662,057.49 | 6.55 | 4,888,078.99 | 3.68 |
| Total | 1,687,992,013.87 | 72.63 | 1,659,888,944.80 | 81.92 | 28,103,069.07 | 1.69 |
| Equipment and Machinery | | | | | | |
| Office Equipment | 48,571,419.73 | 2.09 | 28,112,367.69 | 1.39 | 20,459,052.04 | 72.78 |
| Laboratory Equipment | 6,745,213.25 | 0.29 | 6,474,299.97 | 0.32 | 270,913.28 | 4.18 |
| Land Transport Equipment | 49,564,063.98 | 2.13 | 49,014,272.98 | 2.42 | 549,791.00 | 1.12 |
| Other Machinery and Equipment | 302,585,331.36 | 13.02 | 254,120,042.32 | 12.54 | 48,465,289.04 | 19.07 |
| Total | 407,466,028.32 | 17.53 | 337,720,982.96 | 16.67 | 69,745,045.36 | 20.65 |
| Furniture, Fixtures and Books | | | | | | |
| Furniture and Fixtures | 2,667,303.80 | 0.11 | 5,431,947.84 | 0.27 | (2,764,644.04) | (50.90) |
| Total | 2,667,303.80 | 0.11 | 5,431,947.84 | 0.27 | (2,764,644.04) | (50.90) |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 2,138,850,420.88 | 92.02 | 2,043,766,950.49 | 100.87 | 95,083,470.39 | 4.65 |
| Accumulated Depreciation-PPE | (1,039,327,482.25) | (44.72) | (951,874,491.31) | (46.98) | (87,452,990.94) | 9.19 |
| Total | 1,099,522,938.63 | 47.31 | 1,091,892,459.18 | 53.89 | 7,630,479.45 | 0.70 |
| Construction-in-Progress (NFS No. 10) | | | | | | |
| Construction-in-Progress- Plant | 15,287,701.44 | 0.66 | 17,458,511.29 | 0.86 | (2,170,809.85) | (12.43) |
| Construction-in-Progress- Buildings and Other Structures | 30,438,912.13 | 1.31 | 18,839,991.72 | 0.93 | 11,598,920.41 | 61.57 |
| Total | 45,726,613.57 | 1.97 | 36,298,503.01 | 1.79 | 9,428,110.56 | 25.97 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 1,145,249,552.20 | 49.27 | 1,128,190,962.19 | 55.68 | 17,058,590.01 | 1.51 |
| OTHER ASSETS (NFS No. 11) | | | | | | |
| Intangible Assets | 5,492,981.20 | 0.24 | 2,106,586.48 | 0.10 | 3,386,394.72 | 160.75 |
| Accumulated Amortization-Intangible Assets | (1,721,091.49) | (0.07) | (1,428,967.83) | (0.07) | (292,123.66) | 20.44 |
| Intangible Assets, net | 3,771,889.71 | 0.16 | 677,618.65 | 0.03 | 3,094,271.06 | 456.64 |
| Restricted funds | 239,622,711.04 | 10.31 | 50,201,686.59 | 2.48 | 189,421,024.45 | 377.32 |
| Other Assets | 164,111,358.54 | 7.06 | 159,320,646.34 | 7.86 | 4,790,712.20 | 3.01 |
| TOTAL OTHER ASSETS | 407,505,959.29 | 17.53 | 210,199,951.58 | 10.37 | 197,306,007.71 | 93.87 |
| TOTAL ASSETS AND OTHER DEBITS | 2,324,212,657.03 | 100.00 | 2,026,152,916.81 | 100.00 | 298,059,740.22 | 14.71 |

| | YEAR TO DATE | | | | Increase (Decrease) | |
|--|-------------------------|---------------|-------------------------|---------------|------------------------|----------------|
| | Actual This Month | | This Month Last Year | | Over Last Year | |
| | Amount | % to Total | Amount | % to Total | Amount | % to Total |
| LIABILITIES, EQUITY AND OTHER CREDIT ACCOUNTS | | | | | | |
| CURRENT LIABILITIES (NFS No. 12) | | | | | | |
| Inter-Agency Payables | | | | | | |
| Due to National Government Agencies (BIR, etc.) | 4,032,758.26 | 0.17 | 4,118,670.16 | 0.20 | (85,911.90) | (2.09) |
| Due to Government Owned and/or Controlled Corporation | 3,734,115.46 | 0.16 | 5,574,072.04 | 0.28 | (1,839,956.58) | (33.01) |
| Total | 7,766,873.72 | 0.33 | 9,692,742.20 | 0.48 | (1,925,868.48) | (0.65) |
| Other Payables | | | | | | |
| Due to Officers and Employees | 15,251.63 | 0.00 | 12,731.08 | 0.00 | 2,520.55 | 19.80 |
| Contractor's Security Deposits | 21,715,735.71 | 0.93 | 12,048,593.72 | 0.59 | 9,667,141.99 | 80.23 |
| Accrued Light and Power | 19,430,951.99 | 0.84 | 8,884,008.54 | 0.44 | 10,546,943.45 | 118.72 |
| Other Payables | 52,426,343.42 | 2.26 | 52,774,146.20 | 2.60 | (347,802.78) | (0.66) |
| Total | 93,588,282.75 | 4.03 | 73,719,479.54 | 3.64 | 19,868,803.21 | 26.95 |
| Loans/ Lease Payable | | | | | | |
| Current Portion of Long-term Debt | 66,817,966.19 | 2.87 | 64,038,151.22 | 3.16 | 2,779,814.97 | 4.34 |
| Total | 66,817,966.19 | 2.87 | 64,038,151.22 | 3.16 | 2,779,814.97 | 4.34 |
| TOTAL CURRENT LIABILITIES | 168,173,122.66 | 7.24 | 147,450,372.96 | 7.28 | 20,722,749.70 | 14.05 |
| NON-CURRENT LIABILITIES (NFS 13) | | | | | | |
| Loans Payable | 583,590,440.88 | 25.11 | 651,522,620.85 | 32.16 | (67,932,179.97) | (10.43) |
| TOTAL NON-CURRENT LIABILITIES | 583,590,440.88 | 25.11 | 651,522,620.85 | 32.16 | (67,932,179.97) | (10.43) |
| TOTAL LIABILITIES | 751,763,563.54 | 32.34 | 798,972,993.81 | 39.43 | (47,209,430.27) | (5.91) |
| DEFERRED CREDITS (NFS No. 14) | | | | | | |
| Customers' Deposit | 9,056,122.05 | 0.39 | 9,056,122.05 | 0.45 | - | - |
| Other Deferred Credits | 33,320,931.63 | 1.43 | 33,896,613.88 | 1.67 | (575,682.25) | (1.70) |
| TOTAL DEFERRED CREDITS | 42,377,053.68 | 1.82 | 42,952,735.93 | 2.12 | (575,682.25) | (1.34) |
| EQUITY (NFS No. 15) | | | | | | |
| Government Equity | 866,925.40 | 0.04 | 866,925.40 | 0.04 | - | - |
| Capital/Equity Reserve | - | - | 3,170,522.91 | 0.16 | (3,170,522.91) | (100.00) |
| Donated Capital (OPIC) | 119,230,157.23 | 5.13 | 119,230,157.23 | 5.88 | - | - |
| Retained Earnings | 1,409,974,957.18 | 60.66 | 1,060,959,581.53 | 52.36 | 349,015,375.65 | 32.90 |
| TOTAL EQUITY | 1,530,072,039.81 | 65.83 | 1,184,227,187.07 | 58.45 | 345,844,852.74 | 29.20 |
| TOTAL LIABILITIES, EQUITY AND OTHER CREDIT ACCOUNTS | 2,324,212,657.03 | 100.00 | 2,026,152,916.81 | 100.00 | 298,059,740.22 | 14.71 |

CAGAYAN DE ORO CITY WATER DISTRICT
COMPARATIVE STATEMENT OF CHANGES IN EQUITY

| | 2016 | 2015 |
|------------------------------------|--------------------------------|--------------------------------|
| Government Equity | | |
| Balance at beginning of the period | 866,925.40 | 866,925.40 |
| Additions (deductions) | | |
| Balance at the end of the period | <u>866,925.40</u> | <u>866,925.40</u> |
| Restricted Capital | | |
| Balance at beginning of the period | 3,170,522.91 | 3,170,522.91 |
| Additions (deductions) | (3,170,522.91) | |
| Balance at the end of the period | <u>-</u> | <u>3,170,522.91</u> |
| Donated Capital | | |
| Balance at beginning of the period | 119,230,157.23 | 131,857,138.36 |
| Additions (deductions) | - | (12,626,981.13) |
| Balance at the end of the period | <u>119,230,157.23</u> | <u>119,230,157.23</u> |
| Retained Earnings | | |
| Balance at beginning of the period | 1,060,959,581.53 | 701,086,571.27 |
| Prior period adjustments | 69,720,121.52 | 71,237,614.17 |
| Net income (loss) for the period | 279,295,254.13 | 288,635,396.09 |
| Balance at the end of the period | <u>1,409,974,957.18</u> | <u>1,060,959,581.53</u> |
| TOTAL EQUITY | <u><u>1,530,072,039.81</u></u> | <u><u>1,184,227,187.07</u></u> |

INCOME STATEMENT
For the period ended December 31, 2016

| | CURRENT MONTH | | | | | | YEAR TO DATE | | | | | | |
|--|----------------------|---------------|----------------------|---------------|------------------------|----------------|-----------------------|---------------|-------------------------|---------------|------------------------|---------------|--|
| | Actual | % to | Budget | % to | Variance | % to | Actual | % to | Budget | % to | Variance | % to | |
| | Amount | Total | Amount | Total | Amount | Budget | Amount | Total | Amount | Total | Amount | Budget | |
| Business and Service Income: | | | | | | | | | | | | | |
| Generation, Transmission and Distribution Income | 77,668,295.05 | 94.67 | 82,063,374.00 | 95.38 | (4,395,078.95) | (5.36) | 940,171,986.38 | 94.77 | 967,094,332.00 | 95.30 | (26,922,345.62) | (2.78) | |
| Interest Income | 273,686.86 | 0.33 | 120,564.00 | 0.14 | 153,122.86 | 127.01 | 4,177,533.55 | 0.42 | 1,446,812.00 | 0.14 | 2,730,721.55 | 188.74 | |
| Other Business and Service Income | 738,912.00 | 0.90 | 621,923.00 | 0.72 | 116,989.00 | 18.81 | 8,359,487.95 | 0.84 | 7,462,988.00 | 0.74 | 896,499.95 | 12.01 | |
| Fines and Penalties- Service Income | 3,363,123.09 | 4.10 | 3,233,678.00 | 3.76 | 129,445.09 | 4.00 | 39,364,878.03 | 3.97 | 38,804,191.00 | 3.82 | 560,687.03 | 1.44 | |
| Total Business and Service | 82,044,017.00 | 100.00 | 86,039,539.00 | 100.00 | (3,995,522.00) | (4.64) | 992,073,885.91 | 100.00 | 1,014,808,323.00 | 100.00 | (22,734,437.09) | (2.24) | |
| Less: Operating Expenses: | | | | | | | | | | | | | |
| Operation Expenses: | | | | | | | | | | | | | |
| Personal Services | | | | | | | | | | | | | |
| Salaries and Wages | 12,034,232.66 | 14.67 | 11,804,869.00 | 13.72 | (229,363.66) | (1.94) | 110,746,266.71 | 11.16 | 141,658,626.00 | 13.96 | 30,912,359.29 | 21.82 | |
| Personnel Economic Relief Allowance (PERA) | 4,504,821.33 | 1.97 | 1,167,850.00 | 1.36 | (446,649.47) | (38.25) | 10,817,880.46 | 1.09 | 14,014,134.00 | 1.38 | 3,196,253.54 | 22.81 | |
| Representation Allowance | 217,000.00 | 0.26 | 201,250.00 | 0.23 | (15,750.00) | (7.83) | 2,047,750.00 | 0.21 | 2,415,000.00 | 0.24 | 367,250.00 | 15.21 | |
| Transportation Allowance | 217,000.00 | 0.26 | 201,250.00 | 0.23 | (15,750.00) | (7.83) | 2,047,750.00 | 0.21 | 2,415,000.00 | 0.24 | 367,250.00 | 15.21 | |
| Clothing and Uniform Allowance | 466,632.51 | 0.57 | 233,951.00 | 0.27 | (232,681.51) | (99.46) | 2,309,846.21 | 0.23 | 2,807,500.00 | 0.28 | 497,653.79 | 17.73 | |
| Honoraria (Directors' Fees & Remunerations, etc) | 1,156,760.00 | 1.41 | 281,260.00 | 0.33 | (875,500.00) | (311.28) | 3,277,083.28 | 0.33 | 3,375,120.00 | 0.33 | 98,036.72 | 2.90 | |
| Year-end Bonus | 1,375,490.98 | 1.68 | 1,079,886.00 | 1.26 | (295,604.98) | (27.37) | 10,749,701.60 | 2.20 | 12,958,467.00 | 1.28 | 2,208,765.40 | 17.04 | |
| Other Bonuses and Allowances | 4,504,821.33 | 5.49 | 3,956,071.00 | 4.60 | (548,750.33) | (13.87) | 21,810,055.58 | 1.16 | 47,473,028.00 | 4.68 | 25,662,972.42 | 54.06 | |
| Life and Retirement | 1,393,957.15 | 1.70 | 1,204,113.00 | 1.40 | (189,844.15) | (15.77) | 11,553,405.73 | 1.16 | 14,449,334.00 | 1.42 | 2,895,928.27 | 20.04 | |
| PAG-IBIG Contributions | 141,955.53 | 0.17 | 58,725.00 | 0.07 | (83,230.53) | (141.73) | 551,227.02 | 0.06 | 704,700.00 | 0.07 | 153,472.98 | 21.78 | |
| PHILHEALTH Contributions | 185,312.50 | 0.23 | 124,937.00 | 0.15 | (60,375.50) | (48.32) | 1,099,525.00 | 0.11 | 1,499,387.00 | 0.15 | 399,862.00 | 26.67 | |
| ECC Contribution | 117,153.84 | 0.14 | 52,975.00 | 0.06 | (64,178.84) | (121.15) | 580,488.28 | 0.06 | 635,700.00 | 0.06 | 55,211.72 | 8.69 | |
| Provident Fund Contributions | 1,429,070.42 | 1.74 | 1,402,961.00 | 1.63 | (26,109.42) | (1.86) | 11,881,578.29 | 1.20 | 16,835,686.00 | 1.66 | 4,954,107.71 | 29.43 | |
| Retirement Benefits - Regular | 602,870.85 | 0.73 | 189,915.00 | 0.22 | (412,955.85) | (217.44) | 819,810.46 | 0.08 | 2,279,079.00 | 0.22 | 1,459,268.54 | 64.03 | |
| Vacation and Sick Leave Benefits | 1,891,929.12 | 2.31 | 1,135,103.00 | 1.32 | (756,826.12) | (66.67) | 6,339,316.66 | 0.64 | 13,621,115.00 | 1.34 | 7,281,798.34 | 53.46 | |
| Other Personnel Benefits | 3,983,905.71 | 4.86 | 537,999.00 | 0.63 | (3,445,906.71) | (640.50) | 6,401,745.05 | 0.65 | 6,456,043.00 | 0.64 | 54,297.95 | 0.84 | |
| Total Personal Services | 31,332,592.07 | 38.19 | 23,633,115.00 | 27.47 | (7,699,477.07) | (32.58) | 203,033,430.33 | 20.55 | 283,597,919.00 | 27.95 | 80,564,488.67 | 28.41 | |
| Other operations Expenses | | | | | | | | | | | | | |
| Office Supplies Expense | 1,076,391.56 | 1.31 | 492,532.97 | 0.57 | (583,858.59) | (118.54) | 3,569,844.08 | 0.36 | 5,910,318.97 | 0.58 | 2,340,474.89 | 39.60 | |
| Fuel, Oil and Lubricants Expenses | 699,476.22 | 0.85 | 409,321.00 | 0.48 | (290,155.22) | (70.89) | 2,967,274.61 | 0.30 | 4,911,841.00 | 0.48 | 1,944,566.39 | 39.59 | |
| Other Supplies Expenses | 1,197,924.16 | 1.46 | 267,396.03 | 0.31 | (930,528.13) | (348.00) | 2,485,300.82 | 0.25 | 3,209,093.03 | 0.32 | 723,792.21 | 22.55 | |
| Travel Expenses | 248,721.93 | 0.30 | 288,984.00 | 0.34 | 40,262.07 | 13.93 | 1,598,585.75 | 0.16 | 3,467,808.00 | 0.34 | 1,869,222.25 | 53.90 | |
| Training and Scholarship Expenses | 390,366.50 | 0.48 | 275,945.00 | 0.32 | (114,421.50) | (41.47) | 3,285,882.79 | 0.33 | 3,311,340.00 | 0.33 | 25,457.21 | 0.77 | |
| Electricity | 475,530.26 | 0.58 | 393,750.00 | 0.46 | (81,780.26) | (20.77) | 4,574,960.15 | 0.46 | 4,725,000.00 | 0.47 | 150,039.85 | 3.18 | |
| Fuel | 10,000.00 | 0.01 | 35,000.00 | 0.04 | 25,000.00 | 71.43 | 15,200.00 | 0.00 | 420,000.00 | 0.04 | 404,800.00 | 96.38 | |
| Postage and Deliveries | 38,133.00 | 0.05 | 7,500.00 | 0.01 | (30,633.00) | (408.44) | 127,840.00 | 0.01 | 90,000.00 | 0.01 | (37,840.00) | (42.04) | |
| Telephone Expenses- Landline | 46,340.16 | 0.06 | 26,276.00 | 0.03 | (20,064.16) | (76.36) | 246,763.86 | 0.02 | 315,312.00 | 0.03 | 68,548.14 | 21.74 | |
| Telephone Expenses- Mobile | 108,584.77 | 0.13 | 75,000.00 | 0.09 | (33,584.77) | (44.78) | 737,857.67 | 0.07 | 900,000.00 | 0.09 | 162,142.33 | 18.02 | |
| Internet Expenses | 24,456.00 | 0.03 | 15,918.00 | 0.02 | (8,538.00) | (53.64) | 270,873.75 | 0.03 | 190,950.00 | 0.02 | (79,923.75) | (41.86) | |
| Cable, Satellite, Telegraph and Radio Expenses | 64,672.50 | 0.08 | 13,214.00 | 0.02 | (51,458.50) | (389.42) | 117,919.61 | 0.01 | 158,612.00 | 0.02 | 40,692.39 | 25.66 | |
| Printing Expenses | 183,400.00 | 0.22 | 65,750.00 | 0.08 | (117,650.00) | (178.94) | 769,200.00 | 0.08 | 789,000.00 | 0.08 | 19,800.00 | 2.51 | |
| Advertising, Promotional and Marketing Expenses | 381,155.84 | 0.46 | 110,500.00 | 0.13 | (270,655.84) | (244.94) | 839,522.31 | 0.08 | 1,326,000.00 | 0.13 | 486,477.69 | 36.69 | |
| Taxes, Duties and Licenses | 2,141,564.37 | 2.61 | 1,750,000.00 | 2.03 | (391,564.37) | (22.38) | 19,634,919.85 | 1.98 | 21,000,000.00 | 2.07 | 1,365,080.15 | 6.50 | |
| Insurance Premiums | 153,152.05 | 0.19 | 100,000.00 | 0.12 | (53,152.05) | (53.15) | 1,033,284.33 | 0.10 | 1,200,000.00 | 0.12 | 166,715.67 | 13.89 | |
| Indemnities and Other Claims | 107,777.35 | 0.13 | 25,000.00 | 0.03 | (82,777.35) | (331.11) | 181,092.69 | 0.02 | 300,000.00 | 0.03 | 118,907.31 | 39.64 | |
| Awards and Rewards | 3,000.00 | 0.00 | 1,000.00 | 0.00 | (2,000.00) | (200.00) | 6,000.00 | 0.00 | 12,000.00 | 0.00 | 6,000.00 | 50.00 | |
| Rent/ Lease Expenses | 107,750.00 | 0.13 | 44,000.00 | 0.05 | (63,750.00) | (144.89) | 388,250.00 | 0.04 | 528,000.00 | 0.05 | 139,750.00 | 26.47 | |
| Survey Expenses | 10,000.00 | 0.01 | 41,663.00 | 0.05 | 31,663.00 | 76.00 | 10,273.35 | 0.00 | 500,000.00 | 0.05 | 489,726.65 | 97.95 | |
| Research, Exploration and Development Expenses | 10,000.00 | 0.01 | 16,663.00 | 0.02 | 6,663.00 | 39.99 | 10,000.00 | 0.00 | 200,000.00 | 0.02 | 190,000.00 | 95.00 | |
| Generation, Transmission and Distribution Exp. | 25,523,155.69 | 31.11 | 23,503,242.00 | 27.32 | (2,019,913.69) | (8.59) | 277,458,240.37 | 27.97 | 282,038,904.00 | 27.79 | 4,580,663.63 | 1.62 | |
| Extraordinary and Miscellaneous Expenses | 28,287.78 | 0.03 | 14,200.00 | 0.02 | (14,087.78) | (99.21) | 151,589.51 | 0.02 | 170,400.00 | 0.02 | 18,810.49 | 11.04 | |
| Membership Dues and Cont. to Organizations | 261,041.65 | 0.32 | 23,029.00 | 0.03 | (238,012.65) | ##### | 275,400.00 | 0.03 | 276,348.00 | 0.03 | 948.00 | 0.34 | |
| Cultural and Athletic Expenses | 2,600.00 | 0.00 | 13,663.00 | 0.02 | 11,063.00 | 80.97 | 332,209.00 | 0.03 | 164,000.00 | 0.02 | (168,209.00) | (102.57) | |
| Donations | 11,500.00 | 0.01 | 13,337.00 | 0.02 | 1,837.00 | 13.77 | 71,500.00 | 0.01 | 160,000.00 | 0.02 | 88,500.00 | 55.31 | |
| Legal Services | 31,341.00 | 0.04 | 10,000.00 | 0.01 | (21,341.00) | (213.41) | 131,341.00 | 0.01 | 120,000.00 | 0.01 | (11,341.00) | (9.45) | |
| Auditing Services | 166,659.25 | 0.20 | 41,663.00 | 0.05 | (124,996.25) | (300.02) | 500,004.00 | 0.05 | 500,000.00 | 0.05 | (4.00) | (0.00) | |
| General/Janitorial Services | 215,309.48 | 0.26 | 50,000.00 | 0.06 | (165,309.48) | (330.62) | 509,350.05 | 0.05 | 600,000.00 | 0.06 | 90,649.95 | 15.11 | |
| Security Services | 1,083,881.85 | 1.32 | 743,826.00 | 0.86 | (340,055.85) | (45.72) | 8,876,933.46 | 0.89 | 8,925,934.00 | 0.88 | 49,000.54 | 0.55 | |
| Other Professional Services | 118,039.00 | 0.14 | 40,500.00 | 0.05 | (77,539.00) | (191.45) | 517,675.83 | 0.05 | 486,000.00 | 0.05 | (31,675.83) | (6.52) | |
| Doubtful Accounts Expenses | 111,239.29 | 0.14 | 45,000.00 | 0.05 | (66,239.29) | (147.20) | 164,558.17 | 0.02 | 540,000.00 | 0.05 | 375,441.83 | 69.53 | |
| Depreciation - Property, Plant and Equipment | 6,923,887.98 | 8.44 | 7,980,352.00 | 9.28 | 1,056,464.02 | 13.24 | 87,745,114.59 | 8.84 | 95,764,235.00 | 9.44 | 8,019,120.41 | 8.37 | |
| Other Maintenance and Operating Expenses | 1,371,156.04 | | 307,409.00 | 0.36 | (1,063,747.04) | (346.04) | 3,991,899.14 | 0.40 | 3,688,886.00 | 0.36 | (303,013.14) | (8.21) | |
| Total Other Operations Expenses | 43,326,495.68 | 52.81 | 37,241,634.00 | 43.28 | (6,084,861.68) | (16.34) | 423,596,660.74 | 42.70 | 446,899,982.00 | 44.04 | 23,303,321.26 | 5.21 | |
| Total Operation Expenses | 74,659,087.75 | 91.00 | 60,874,749.00 | 70.75 | (13,784,338.75) | (22.64) | 626,630,091.07 | 63.24 | 730,497,901.00 | 71.98 | 103,867,809.93 | 14.22 | |
| Maintenance Expenses: | | | | | | | | | | | | | |
| Repair & Maintenance-Property, Plant & Equipment | 2,628,918.84 | 3.20 | 1,376,568.00 | 1.60 | (1,252,350.84) | (90.98) | 13,127,316.42 | 1.32 | 16,518,970.00 | 1.63 | 3,391,653.58 | 20.53 | |
| Total Maintenance Expenses | 2,628,918.84 | (3.20) | 1,376,568.00 | 1.60 | (1,252,350.84) | (90.98) | 13,127,316.42 | 1.32 | 16,518,970.00 | 1.63 | 3,391,653.58 | 20.53 | |
| Total Operation and Maintenance Expenses | 77,288,006.59 | 87.79 | 62,251,317.00 | 72.35 | (15,036,689.59) | (24.15) | 639,757,407.49 | 64.57 | 747,016,871.00 | 73.61 | 107,259,463.51 | 14.36 | |
| Utility Operating Income | 4,756,010.41 | 12.21 | 23,788,222.00 | 27 | | | | | | | | | |

Cagayan de Oro City Water District
CASH FLOW STATEMENT
As of Decemeber 31, 2016

| <u>Cash Flows from Operating Activities</u> | <u>THIS MONTH</u> | <u>Y-T-D</u> |
|---|------------------------|-------------------------|
| Cash Inflows: | | |
| Collection of Water Bills | 83,042,638.58 | 971,840,187.09 |
| Collection of Other Water Revenues | 1,103,076.22 | 11,725,451.30 |
| Refund of overpayment of expenses and Cash Advances | 60,968.79 | 387,282.87 |
| Receipt of Performance/Bidders/Bail Bonds | 35,609.85 | 6,571,681.77 |
| Interest Income | 272,844.20 | 3,752,820.96 |
| Other Receipts | 727,762.51 | 10,848,503.97 |
| Fund Transfer | - | 8,500,000.00 |
| Total Cash Inflows | <u>85,242,900.15</u> | <u>1,005,125,927.96</u> |
| Cash Outflows: | | |
| Payment of Operating Expenses: | | |
| Payroll | 9,496,204.67 | 112,446,727.67 |
| Fuel/Power for Pumping | 9,521,004.53 | 105,217,421.01 |
| Chemicals | 51,000.00 | 1,059,358.99 |
| Other Operation and Maint. Expenses | 10,099,104.07 | 84,994,099.25 |
| Payment of Payables | 6,402,358.64 | 143,070,270.82 |
| Purchase of office supplies Inventory | 142,562.48 | 2,094,358.28 |
| Payment of prepaid expenses | 56,879.36 | 15,200,629.52 |
| Remittance of GSIS/PAG-IBIG/Withholding Taxes | 9,399,489.47 | 95,536,233.50 |
| Fund Transfer | - | 208,539,200.00 |
| Total Cash Outflows | <u>45,168,603.22</u> | <u>768,158,299.04</u> |
| Total Cash Provided (used) by Operating Activities | <u>40,074,296.93</u> | <u>236,967,628.92</u> |
| <u>Cash Flows from Investing Activities:</u> | | |
| Cash Outflows: | | |
| Investments in Securities | | |
| Purchase/construction of | | |
| Buildings and Other Structures | 801,249.30 | 10,546,141.61 |
| Office Equipment, Furnitures and Fixtures | 435,375.00 | 18,915,158.72 |
| Transportation Equipment | 76,000.00 | 549,791.00 |
| Other Property, Plant and Equipment | 5,806,658.00 | 54,031,040.65 |
| Total Cash Outflows | <u>7,119,282.30</u> | <u>84,042,131.98</u> |
| Total Cash Provided (Used) by Investing Activities | <u>(7,119,282.30)</u> | <u>(84,042,131.98)</u> |
| <u>Cash Flows from Financing Activities</u> | | |
| Cash Inflows: | | |
| Proceeds from Borrowings (Loans Payable) | | - |
| Cash Outflows: | | |
| Cash payment of int.on loans payable and other fin. charges | 4,549,884.32 | 57,533,427.19 |
| Payments of domestic and foreign loans | 5,491,563.64 | 65,152,365.00 |
| Total Cash Outflows | <u>10,041,447.96</u> | <u>122,685,792.19</u> |
| Total Cash Provided (used) by Financing Activities | <u>(10,041,447.96)</u> | <u>(122,685,792.19)</u> |
| Cash Provided by Operating, Investing and Financing Activities | <u>22,913,566.67</u> | <u>30,239,704.75</u> |
| Add: Cash and Cash Equivalents - Beginning | <u>514,613,239.11</u> | <u>507,287,101.03</u> |
| Cash and Cash Equivalents, Ending | <u>537,526,805.78</u> | <u>537,526,805.78</u> |

I. GENERAL

Note 1 Basis of Reporting

Cagayan de Oro City Water District (COWD) is a government-owned and controlled corporation that collects, purifies and distributes potable water to its concessionaires in Cagayan de Oro City and Municipality of Opol.

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles applied on a consistent basis. It was in November of 2014 that COWD converted its chart of accounts from Local Water Utility Administration's Commercial Practices Manual for Water Districts to Modified New Government Accounting System that is applicable to Water Utilities as prescribed by the Commission on Audit. As to date the Modified NGAS chart of accounts is used in the recording of the District's financial transactions and presentation of the Financial Statements.

Note 2 Significant Accounting Policies

Change in Accounting Policies

Allowance for Doubtful Accounts. The District uses the aging of accounts receivable for provision for doubtful account as per Modified NGAS accounting policies Chp.4 Sec. 66 as follows:

| Age of Accounts | Percentage |
|------------------|------------|
| 1-60 days | 1% |
| 61-180 days | 2% |
| 181-1 year | 3% |
| More than 1 year | 5% |

Supplies Inventory. The District uses the asset method in recording materials and supplies. Expense is recognized upon issuance of the items stored in stocks.

Prepayments. The District adopts the asset method in recording payment for insurance, and vehicle registration which are amortized monthly throughout the period of coverage.

Property, Plant and Equipment (PPE).

- Direct cost of land acquired and other incidental expenses are capitalized as part of the cost of land.

- PPE are carried at cost less accumulated depreciation. The Depreciation is computed using the straight-line method over the estimated useful lives of the properties ranging from 5 to 50 years after deducting the residual value equivalent to 10% of the original cost of the asset from the total cost of the asset.

-The cost of maintenance and minor repairs is charged to expense as incurred, while major repairs, which prolong the life of the assets, are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is charged to current operation.

Payable Accounts. The District recognized and records payables in the books of accounts only upon delivery of the goods/inventory/other assets and rendition of services to the District.

Income Recognition. Revenues are recorded using the accrual basis of accounting.

Change in Accounting Treatment

Allowance for Doubtful Accounts. The District uses the Percent of Sales Method in estimating Doubtful Accounts up to CY 2014. However, Provision for Doubtful Accounts is change to Aging of Accounts Receivable effective on January 2015 as prescribed by the Modified New Government Accounting System accounting policies Chp.4 Sec. 66. This results to substantive difference in the accumulated balance of the Allowance for Doubtful Accounts and the Required Allowance per Aging of Accounts Receivable. As a result, Php 78,188,096.53 was reclassified to Retained Earnings-Unappropriated in January 2015. Details is shown below:

| Particulars | No. of Days Outstanding | Active Accounts | | No. of Days Outstanding | Inactive Accounts | | Required Allow. For the Period (C=A+B) | |
|------------------------------------|-------------------------|---------------------|-----------|-------------------------|---------------------|-----------|--|---------------------|
| | | (A) | % | | (B) | % | | |
| Unadjusted Balance-12/31/14 | | | | | | | | |
| Uncollectible A/R based on Aging | 00-90 | 953,493.46 | 1% | 00-90 | 8,474.05 | 1% | 961,967.50 | 87,985,900.85 |
| | over 90 | 803,487.96 | 3% | over 90 | 8,032,348.86 | 5% | 8,835,836.82 | |
| Adjustment per JV#01-02A-15 | | | | | | | | (78,188,096.53) |
| Adjusted Balance-12/31/14 | TOTAL | 1,756,981.42 | 4% | TOTAL | 8,040,822.91 | 6% | 9,797,804.32 | 9,797,804.32 |
| Uncollectible A/R based on Aging | 00-90 | 964,567.89 | 1% | 00-90 | 7,746.37 | 1% | 972,314.26 | |
| | over 90 | 1,105,830.78 | 3% | over 90 | 7,765,429.70 | 5% | 8,871,260.48 | |
| Adjustment per JV#01-02A-15 | | | | | | | | 45,770.42 |
| Adjusted Balance-01/31/15 | TOTAL | 2,070,398.67 | 4% | TOTAL | 7,773,176.07 | 6% | 9,843,574.74 | 9,843,574.74 |

Correction of Fundamental errors.

All prior period Income/Expense Account Adjustments/Errors are corrected using Retained Earnings Unappropriated Account while Adjustments/ Errors affecting current years operation are charged to current year's accounts.

Note 3 Subsequent Events

Due to the implementation of the full computerization of COWD's Accounting System, financial data migrated from ACCPAC Accounting Software to Remantic Accounting Software resulted to substantial changes in June 2016 account balances. In particular, the Inventory, Property Plant & Equipment and its related accounts were previously recorded manually. These accounts are temporarily placed on clearing account and still subject to reconciliation. Adjustments that affects the reported income for CY 2016 will be adjusted in CY 2017 and will be charged to retained earning-unappropriated.

II. BALANCE SHEET

Note 4 Cash and Other Cash Accounts

The District's cash account consists of undeposited collections and deposits in banks available for general expenditures incurred in operations. The Cash Collecting Officers consists of undeposited cash on hand while Cash in bank - Local Currency is primarily composed of Current Interest Bearing Accounts where its disbursements are thru checks issuances and at the same time earns interest income from its account balances. This account consists of the following:

| Account Name | Amount |
|---------------------------------|---------------------|
| Cash-Collecting Officers | |
| -Corrales-Main Office | 1,473,485.86 |
| -Kauswagan-Sub Office | 159,132.15 |
| -Macasandig-Sub Office | 17,945.75 |
| -Tinao-Sub Office | 114,680.54 |
| | 1,765,244.30 |
| Working Fund | |
| -Petty Cash Fund | - |
| -Tellers' Change Fund | - |

Cash in Bank in Local Currency, Current Account

| | |
|-------------------------------------|-----------------------|
| -Amanah Bank | |
| -Development Bank in the Philippine | 859,896.96 |
| -Land Bank of the Philippines | 273,444,726.24 |
| -Maybank | 11,314,155.50 |
| -Philippine National Bank | 173,938.57 |
| -Philippine Veterans Bank | 726,745.37 |
| -Postal Bank | 264,388.43 |
| -Queenbank Savings | 468,730.81 |
| -United Coconut Planters Bank | 445,081.85 |
| | <u>1,790,455.19</u> |
| | 289,488,118.92 |

Total Cash in Bank-Local Currency, Time Deposits

| | |
|------------------------------------|------------------------------|
| Development Bank in the Philippine | |
| -Capital Improvement | |
| -Expansion & Operating Reserve | 146,759,757.10 |
| -General Fund- Corrales | 29,190,206.54 |
| -General Fund- Capistrano | 50,314,312.26 |
| | <u>20,009,166.66</u> |
| | 246,273,442.56 |
| Total Cash | <u>537,526,805.78</u> |

The District's cash account consists of undeposited cash and deposits in banks available for general expenditures incurred in operations.

- Cash Collecting Officers consists of month end undeposited collections to be deposited in the bank in January 2017.

- Working Fund includes Petty Cash Fund and Change Fund given to designated disbursing officers and tellers. The Petty Cash Fund is operated on an imprest system.

- Cash in bank, Local Currency is primarily composed of Current Interest Bearing Accounts where its disbursements are thru checks issuances and at the same time earns interest income from its account balances.

Note 5 Account Receivables

The Accounts Receivable-Customers Account consists of all amounts due on accounts arising from the services rendered to customers for water sales and incidental

| <u>Particulars</u> | <u>Amount</u> |
|---------------------------------------|------------------------------|
| Billing , net of billing adjustments | 936,899,547.33 |
| Penalty, net of penalty adjustment | 39,303,836.64 |
| Reclassified to A/R- Inactive Account | (5,049,864.01) |
| Collections, net of adjustments | <u>(975,457,675.48)</u> |
| Net Increase/ (Decrease) | (4,304,155.52) |
| Beginning Balance- 1/1/2016 | <u>138,724,832.69</u> |
| Total | 134,420,677.17 |
| Allowance for Doubtful Accounts | <u>(2,296,315.27)</u> |
| Net Amount of A/R Customers | <u>132,124,361.90</u> |

Note 6 Other Receivables

The District's Other Receivables consists of the following:

| <u>Account Name</u> | <u>Amount</u> |
|---|-----------------------------|
| Advances to Officers and Employees | 2,019.00 |
| Due from Officers and Employees | 802.13 |
| Receivable- Disallowances/Charges | 39,971,212.51 |
| Insurance/Reinsurance Claims Receivable | 13,558.36 |
| Other Receivable | - |
| Gov't Agencies | 243,971.92 |
| Customers | 112,053.15 |
| Ex-employees and Officers | (506.29) |
| Electric Companies | 63,844.00 |
| Employees of Other Water Districts | 1,150.00 |
| Hotels | 9,089.66 |
| Hospitals | 2,129.56 |
| NGOs | 1,727.05 |
| Past Board of Directors | 132,185.35 |
| Subdivisions | 300,991.54 |
| Schools | 33,001.78 |
| Suppliers | 5,155.73 |
| Water Districts | 86,761.53 |
| Gawad Kalinga Beneficiaries | 27,691.00 |
| Others | <u>52,066.53</u> |
| Total | <u>41,058,904.51</u> |

COA Notice of Disallowance for the period covered CY 1994 to CY1999

| Reference CSB No. | Date | Transaction Period | Amount Disallowed | Need Not be Refunded/Lifted | Adjusted Disallowance |
|--|-----------|---------------------------|-------------------|--------------------------------|--------------------------|
| 95-001-101(94) | 8/24/1995 | Jan.-Dec.'94 | 2,060,962.95 | | |
| 97.001(95) | 4/8/1997 | Jan.-Dec.'95 | 4,860,096.26 | | |
| 98-001(96) | 6/9/1998 | Jan.-Dec.'96 | 1,603,601.66 | | |
| 99-001-101(97) | 3/22/1999 | Jan.-Dec.'97 | 2,236,099.30 | | |
| Total | | | 10,760,760.17 | | |
| Less: Miscalculation | | | 32,317.17 | | |
| Adjusted Amount | | | 10,728,443.00 | 6,773,047.36 | 3,955,395.64 |
| Less: COWD Retirement Plan Fund Returned to General Fund per JV#12-016-10 | | | | | 1,866,177.89 |
| Net Amount Disallowed 1994-1997 recorded in the books per JV#02-025A-16 dtd. 2/29/16 and JV#12-029-16 | | | | | 2,089,217.75 |
| Less: Amount deducted from Orlando Romero (P 4,450.00)/Elva Ubay-Ubay (P 4,450.00)/Rommel Gaylo (P 1,600.00) per DV#15-07-05-021 | | | | | 10,500.00 |
| Net Amount Disallowed 1994-1997 | | | | | 2,078,717.75 |
| 2000-001-(98/99) | 9/25/2000 | Jan. 1, 1998-May 31, 1999 | 37,363,278.47 | - | 37,363,278.47 |
| TOTAL COA NDs RECORDED IN THE BOOKS | | | | | 39,441,996.22 |

Note 7 Inventories

This account includes items stored in COWD warehouse, such as office supplies, janitorial supplies, fuel, oil & lubricants, plant materials, operating supplies, chemicals, construction materials, finished goods, tools, meters and other supplies.

| <u>Account Name</u> | <u>Amount</u> |
|--|----------------------|
| Office Supplies Inventory | 2,015,129.37 |
| Fuel, Oil and Lubricants | 87,664.47 |
| Chemicals and Filtering Supplies Inventory | 1,056,628.66 |
| Maintenance Supplies Inventory | 9,193,593.26 |
| Construction Materials Inventory | 15,628,448.10 |
| Other Inventories | |
| Meters | 5,394,452.32 |
| Service Connection | 15,141,729.15 |
| Transmission Distribution Pipe | 10,672,765.72 |
| Tools and Other Suppliers | 2,418,145.42 |
| Work in Progress Inventory | 788,994.94 |
| Finished Goods Inventory | 858,947.14 |
| Hydrants | 825,890.12 |
| Clearing | (14,817,877.91) |
| Total | 21,283,046.90 |
| | 49,264,510.76 |

Note 8 Prepayments, Deposits and Deferred Charges

(9)

Prepayments. This account consists of the following:

| <u>Account Name</u> | <u>Amount</u> |
|----------------------|-------------------|
| Officers & Employees | - |
| Insurance Co. | 723,761.67 |
| LTO | 52,305.18 |
| Associations | - |
| Bureau of Treasury | - |
| Total | 106,717.50 |
| | 882,784.35 |

Guaranty Deposit. This account consists of cash deposits to various offices for specific purposes such as guaranty for fulfillment of obligations.

| <u>Office</u> | <u>Purpose</u> | <u>Amount</u> |
|-----------------------------------|-------------------------------|---------------------|
| CEPALCO | Electric bill deposit | 5,420,578.48 |
| MORESCO | Electric bill deposit | 83,775.72 |
| MISORTEL | Telephone deposit | 51,417.00 |
| COACO | oxygen/acetylene tank deposit | 2,500.00 |
| Mabuhay Vinyl Corporation | gas chlorine tank deposit | 489,000.00 |
| City Treasurer's Office | bond of projects | 2,189,875.35 |
| Metropolitan Circuit Trial Court | bond of projects | 10,000.00 |
| DPWH Region 10 | bond of projects | 274,746.66 |
| Pryce Corporation Incorporated | tank deposit | 7,000.00 |
| Cagayan de Oro Corporation | Deposit | 150,000.00 |
| MisOr 2nd Dist. Eng'g Office | Cash bond of projects | 14,766.32 |
| Primestar Realty & Developer Inc. | Rental deposit | 50,000.00 |
| Total | | 8,743,659.53 |

Deferred Charges. This account consists of the following:

| <u>Particulars</u> | <u>Amount</u> |
|--------------------------------------|---------------------|
| Visayan Surety-Injunction Bond | 400,407.96 |
| Land Transfer Cost -Deferred Costing | 193,658.56 |
| Non-moving Items for disposal | 380,933.21 |
| Advance Payment to Contractors | 881,118.98 |
| Total | 1,856,118.71 |

Note 9 Property, Plant and Equipment

This account consists of the following:

| | | |
|---|----------------|-------------------------|
| Land and Land Rights | 30,119,674.89 | |
| Clearing Account | 10,605,400.00 | 40,725,074.89 |
| Springs & Tunnels | 5,000.00 | |
| Wells | 105,477,156.89 | |
| Reservoirs & Tanks | 33,911,747.07 | |
| Transmission & Distribution Mains | 917,626,884.74 | |
| Fire Mains | 3,423.70 | |
| Services Connections | 179,519,209.07 | |
| Meters | 100,765,015.12 | |
| Meters Installation | 19,278,996.94 | |
| Hydrants | 7,548,240.31 | |
| PPE Held For Future Use | 739,200.00 | |
| Unclassified PPE | 8,564,478.72 | |
| Clearing | 177,002,524.83 | |
| Plant (UPIS) | | 1,550,441,877.39 |
| Source of Supply Structures & Improvements | 20,766,622.61 | |
| Pumping Structures & Improvements | 68,025,217.62 | |
| Trans. & Dist. Structures & Improvements | 17,463,201.01 | |
| Gen Plant Structures & Improvements | 31,331,290.36 | |
| Buildings and Other Structures-Clearing | (36,195.12) | 137,550,136.48 |
| Office Equipment | 48,019,489.66 | |
| Office Equipment-Clearing | 551,930.07 | 48,571,419.73 |
| Laboratory Equipment | 6,748,550.59 | |
| Laboratory Equipment-Clearings | (3,337.34) | 6,745,213.25 |
| Land Transport Equipment | 49,826,607.62 | |
| Land Transport Equipment-Clearing | (262,543.64) | 49,564,063.98 |
| Other Machinery and Equipment | | |
| Power Production Equipment | 38,346,322.43 | |
| Pumping Equipment | 171,297,389.80 | |
| Water Treatment Equipment | 11,221,092.35 | |
| Store Equipment | 38,900.00 | |
| Communications Equipment | 8,313,113.60 | |
| Power Operated Equipment | 34,335,173.54 | |
| Tools, Shop & Garage Equipment | 36,358,805.46 | |
| Surveying Instrument/ Accessories | 41,207.82 | |
| Other Machinery and Equipment-Clearing | 2,633,326.36 | 302,585,331.36 |
| Furniture and Fixtures | 7,259,843.83 | |
| Furniture and Fixtures-Clearing | (4,592,540.03) | 2,667,303.80 |
| Total Property, Plant and Equipment | | 2,138,850,420.88 |
| Accumulated Depreciation | | (1,039,327,482.25) |
| Total Property, Plant and Equipment, net | | 1,099,522,938.63 |

Note 10 Construction in Progress

This includes all on going construction for property plant which are not ready for use at balance sheet date. This account consists of the following:

| Particulars | Amount | |
|--|---------------|----------------------|
| Construction Work in Progress of Major Works - Youngsville Project (P5000000 loan) | 6,100.00 | |
| Construction Work in Progress of Major Works - Administration Projects | 15,281,601.44 | |
| Total for Construction Work in Progress of Major Works | | 15,287,701.44 |
| Major maintenance works by administration | 29,884,057.53 | |
| Major maintenance works - REHAB (SENDONG) | 554,854.60 | 30,438,912.13 |
| Total | | <u>45,726,613.57</u> |

Note 11 Other Assets

Restricted Funds consists of deposits for special or specific purposes such as guaranty for the fulfillment of obligations, holdout deposits and garnished bank accounts. This also includes special & time deposit in bank to set aside the deposits received from the customers and the balance of this bank account will offset the balance of Customers Deposits.

| Account Name | Development Bank of the Philippines | | | | | LBP | Grand Total |
|---------------------------------|-------------------------------------|-----------------------|----------------------|--------------------|-----------------------|---------------------|-----------------------|
| | Special Deposit | Hold-out Deposits | Time Deposit | Garnished Accounts | Total | Garnished Accounts | |
| COWD/ LWUA JSA | 30,844.71 | | 7,427,421.29 | | 7,458,266.00 | 1,209,584.53 | 8,667,850.53 |
| Customers Guaranty Deposit | | | 3,041,611.74 | | 3,041,611.74 | 17,451.94 | 3,059,063.68 |
| COWD Special Projects | | | | 3,790.96 | 3,790.96 | | 3,790.96 |
| COWD Contingency Fund | | | | 5,509.87 | 5,509.87 | | 5,509.87 |
| COWD Capital Improvement | | | | | 15,262.67 | 15,262.67 | 3,073,849.59 |
| COWD LBP Savings Account | | | | | 10,302.26 | 10,302.26 | 3,073,849.59 |
| Loan Hold Out Deposits-Existing | | 27,843,986.62 | | | 27,843,986.62 | | 27,843,986.62 |
| Loan Hold Out Deposits-NRW | | 200,016,944.45 | | | 200,016,944.45 | | 200,016,944.45 |
| Grand Total | <u>30,844.71</u> | <u>227,860,931.07</u> | <u>10,469,033.03</u> | <u>9,300.83</u> | <u>238,370,109.64</u> | <u>1,252,601.40</u> | <u>239,622,711.04</u> |

DBP-Hold Out Deposit

Per Continuing Deed of Assignment with Hold-out with the DBP dated September 30, 2008, under no. 3 Terms and Conditions:

At any time while the Term Loan is outstanding, the Assignor shall cause to be maintained in the Deposit Account an amount equivalent to at least two(2) monthly amortizations (principal & interest) due on the Term Loan, mentioned in the Term Loan Agreement (collectively, the "Amount Held-Out"). For this purpose, the Assignor agrees not to make any withdrawal from the deposit account that will diminish the balance thereof to an amount less than the Amount Held-Out. The Assignor agrees that the Assignee shall have full control over the Amount Held-Out while the Term Loan and other amounts due thereon or by reason thereof remain outstanding and the Assignor cannot withdraw the same or any portion thereof without the prior written consent of the Assignee. Further, the Assignor hereby authorizes the Assignee to debit from the Deposit Account all amounts due and payable by the Assignor to the Assignee under the Term Loan Agreement and other documents executed in connection with the Term Loan.

Garnished Accounts

On April 03, 2007 the Bureau of Internal Revenue ordered the garnishment of the COWD funds from depository banks. Therefore, these current accounts are frozen until BIR will lift its garnishment order.

Other Assets consists of the following:

| Account Name | Amount |
|----------------------------|-----------------------|
| Idle Land | 2,362,699.50 |
| Land Occupied by Squatters | 245,000.00 |
| Inactive A/R Account | 161,503,659.04 |
| Total | <u>164,111,358.54</u> |

Idle Land & Land Occupied by Squatters. These are owned by COWD but are not currently being used.

Customers for the last quarter of CY 2015. (Data taken from CSD). Part of this amount involves 4,610 concessionaires covering the period from 1986 to 1991 with a total amount of Ph3,554,406.77. Approved by COWD's Board of Directors per Board Resolution No. 141 dated Dec. 20, 2000 the said amount was written off per JV No. 07-23-03. In adherence with COA, that no Accounts Receivable will be written off without the approval of the Chairman of the Commission on Audit, JV No. 07-23-03 was

| Month | Allow.f | Net Amount |
|----------|----------------|--------------|
| January | 165,755,357.20 | 8,257,889.05 |
| February | 166,157,517.89 | 8,283,206.92 |
| March | 166,715,092.26 | 8,312,345.28 |
| April | 167,145,236.76 | 8,312,345.28 |
| May | 166,803,975.00 | 8,312,345.28 |
| June | 167,334,010.31 | 8,312,345.28 |
| July | 168,334,473.75 | 8,312,345.28 |
| Aug | 168,193,203.46 | 8,312,345.28 |
| Sept | 168,183,956.68 | 8,312,345.28 |
| October | 168,284,513.26 | 8,312,345.28 |
| November | 168,284,513.26 | 8,312,345.28 |
| December | 169,853,453.11 | 8,474,798.33 |

The Balance of Inactive Accounts Receivable as of December 31, 2014 amounting to Php 155,659,586.42 was reclassified to Other Assets per JV#12-28A-14 in adherence to AOM No. 2015-033(2014) dated February 17, 2015. Furthermore, any subsequent increase in Inactive A/R will also be reclassified to Other Assets.

Note 12 Current Liabilities

| Inter-Agency Payables | | |
|---|---------------------|--------------|
| Due to National Government Agencies (BIR, etc.) | | |
| Employees Tax Withheld | 1,001,949.30 | |
| Franchise Tax 2% | 1,369,213.50 | |
| Professional Tax Withheld | 33,444.50 | |
| Rental Tax Withheld | 798.68 | |
| Suppliers' Tax Withheld | <u>1,627,352.28</u> | 4,032,758.26 |

| | | | |
|---|-----------------------|---------------|------------------------------|
| Due to Government Owned and/or Controlled Corporation | | | |
| GSIS | 3,291,078.34 | | |
| PAG-IBIG Fund | 254,876.52 | | |
| PHILHEALTH | 187,561.20 | | |
| SSS | 599.40 | | |
| | <u>599.40</u> | 3,734,115.46 | 7,766,873.72 |
| Other Current Payables | | | |
| Due to Officers and Employees | | | |
| Contractor's Security Deposits | | 15,251.63 | |
| Retention on contract payments | 15,033,676.42 | | |
| Performance and Bids Securities | 8,642,672.09 | | |
| Clearing | <u>(1,960,612.80)</u> | 21,715,735.71 | |
| Accrued Light and Power | | | |
| CEPALCO | 19,500,996.31 | | |
| MORESCO | <u>(70,044.32)</u> | 19,430,951.99 | |
| Other Payables | | | |
| Legal Counsel (Notarial Fee) | 1,013,060.00 | | |
| COWD Coop | 233,052.14 | | |
| COWD Provident Fund | 746,745.78 | | |
| Suppliers | 16,434,733.05 | | |
| Associations | 21,374.00 | | |
| Hospitals | 8,999.76 | | |
| Various Payables | 33,801,146.63 | | |
| Clearing | 160,616.36 | | |
| Refunds | <u>6,615.70</u> | 52,426,343.42 | 93,588,282.75 |
| Current Portion of Long-term Debt | | | |
| LWUA | | 7,368,853.70 | |
| DBP | | 59,449,112.49 | 66,817,966.19 |
| Total Current Liabilities | | | <u><u>168,173,122.66</u></u> |

Taxes Claimed by the Bureau of Internal Revenues per Revenue Regulation. No. 16

Per BIR Assessment Notice No. RR-16-098-112-05 dated 09/14/05, the following taxes are being claimed by BIR covering the period from 1997 to 2003.

| | <u>Basic</u> | <u>Penalty</u> | <u>Total</u> |
|--------------|------------------------------|------------------------------|------------------------------|
| Income | 96,816,603.38 | 150,587,525.05 | 247,404,128.43 |
| Franchise | 36,090,527.28 | 53,756,303.12 | 89,846,830.40 |
| VAT | 1,430,967.06 | 2,266,987.68 | 3,697,954.74 |
| Total | <u><u>134,338,097.72</u></u> | <u><u>206,610,815.85</u></u> | <u><u>340,948,913.57</u></u> |

BIR RR-10 sent a notice dated 02/28/07 informing the District to settle the said tax liability within 10 days from receipt and to avail the One Time Administrative Abatement until 03/30/07. A meeting with the BIR resulted to a compromise agreement that the District will only pay the 2007 franchise tax while the assessment is still under appeal with the On 04/03/07, the BIR ordered the garnishment of the District Funds from its depository banks. The garnishment was lifted on 04/25/07. The District paid the basic franchise tax for:

| | | |
|--|--------------|----------------------|
| 1997-2003 | | |
| EPCIB garnished deposit - ROR# 26606 dtd. 05-02-07 | | 87,586.20 |
| Postal Bank garnished deposit dtd. 05-03-07 | | 17,235.80 |
| CV#05-55 dtd 05-10-07 | | 12,000,000.00 |
| CV#06-254 dtd 06-28-07 | | 5,000,000.00 |
| 1997-2003 | | |
| CV#07-156 dtd 07-19-07 | | 2,000,000.00 |
| CV#07-256 dtd 07-31-07 | | 3,000,000.00 |
| CV#07-259 dtd 07-31-07 | | 2,000,000.00 |
| CV#09-61 dtd 09-07-07 | | 2,500,000.00 |
| CV#11-229 dtd 11-29-07 | | 500,000.00 |
| Year 2011 (Accumulated) | | 8,985,705.28 |
| | Total | <u>36,090,527.28</u> |
| Remaining Balance as of 12/31/2011 | | <u>-</u> |
| 2004 | | |
| Total Payable - JV#06-033-11 | | 5,053,522.84 |
| Payments: | | |
| Year 2012 (Accumulated) | | <u>5,053,522.84</u> |
| Remaining Balance | | <u>-</u> |
| 2004 | | |
| Total Payable - JV#06-033-11 | | 5,053,522.84 |
| 2005 | | |
| Total Payable - JV#06-033-11 | | 6,562,738.30 |
| Payments: | | |
| Year 2012 (Accumulated) | | <u>6,562,738.30</u> |
| Remaining Balance | | <u>-</u> |
| 2006 | | |
| | | <u>9,794,937.43</u> |

2007

| | |
|-------|--------------|
| Mar | 3,063,270.60 |
| Apr. | 1,045,543.40 |
| Ma. | 970,013.91 |
| Jun. | 935,756.64 |
| Jul. | 934,726.43 |
| Aug. | 988,234.79 |
| Sept. | 943,413.40 |
| Oct. | 967,169.43 |
| Nov. | 967,835.18 |
| Dec. | 953,718.90 |

| | |
|---------------------|-----------------------------|
| Total | <u>11,769,682.68</u> |
| Less Withheld Taxes | <u>61,166.01</u> |
| Net Tax Paid | <u><u>11,708,516.67</u></u> |

2009

| | |
|---------------------|----------------------|
| Jan. | 981,355.84 |
| Feb. | 961,422.15 |
| Mar | 966,991.06 |
| Apr | 1,036,887.42 |
| Ma. | 1,010,809.94 |
| Jun | 1,004,488.87 |
| Jul | 987,837.71 |
| Aug | 1,038,028.80 |
| Sep | 1,033,455.70 |
| Oct | 1,000,908.05 |
| Nov | 1,006,582.13 |
| Dec | 1,005,987.60 |
| Total | <u>12,034,755.27</u> |
| Less Withheld Taxes | <u>32,515.13</u> |

| | |
|--------------|-----------------------------|
| Net Tax Paid | <u><u>12,002,240.14</u></u> |
|--------------|-----------------------------|

2011

| | |
|---------------------|-----------------------------|
| Jan. | 1,076,089.41 |
| Feb. | 961,556.32 |
| Mar | 1,014,005.93 |
| Apr | 1,011,284.99 |
| Ma. | 1,033,584.76 |
| Jun | 1,069,739.96 |
| Jul | 1,055,174.97 |
| Aug | 1,081,839.83 |
| Sep | 1,060,272.80 |
| Oct | 1,300,033.18 |
| Nov | 1,299,404.29 |
| Dec | 835,825.78 |
| Total | <u>12,798,812.22</u> |
| Less Withheld Taxes | <u>100,202.65</u> |
| Net Tax Paid | <u><u>12,698,609.57</u></u> |

2013

| | |
|-------|-----------------------------|
| Jan. | 911,758.35 |
| Feb. | 904,736.83 |
| Mar | 849,446.65 |
| Apr | 864,433.06 |
| Ma. | 1,035,896.77 |
| Jun | 977,193.73 |
| Jul | 1,015,110.74 |
| Aug | 1,050,631.27 |
| Sep | 1,047,107.46 |
| Oct | 997,278.11 |
| Nov | 1,030,288.29 |
| Dec | 1,067,932.47 |
| Total | <u><u>11,751,813.73</u></u> |

2015

| | |
|-------|-----------------------------|
| Jan. | 1,309,519.21 |
| Feb. | 1,608,113.02 |
| Mar | 1,122,095.67 |
| Apr | 1,272,533.11 |
| Ma. | 1,440,221.48 |
| Jun | 1,397,498.59 |
| Jul | 1,430,113.74 |
| Aug | 1,385,368.46 |
| Sep | 1,551,951.59 |
| Oct | 1,230,733.96 |
| Nov | 1,371,380.39 |
| Dec | 1,353,738.67 |
| Total | <u><u>16,473,267.89</u></u> |

2008

| | |
|-----------|--------------|
| Jan - Mar | 2,835,518.96 |
| Apr. | 953,408.87 |
| Ma. | 940,211.57 |
| Jun. | 984,563.83 |
| Jul. | 950,465.26 |
| Aug. | 981,252.18 |
| Sept. | 974,306.51 |
| Oct. | 960,698.27 |
| Nov. | 992,234.66 |
| Dec. | 983,441.43 |

| | |
|---------------------|-----------------------------|
| Total | <u>11,556,101.54</u> |
| Less Withheld Taxes | <u>88,297.24</u> |
| Net Tax Paid | <u><u>11,467,804.30</u></u> |

2010

| | |
|---------------|----------------------|
| Jan. | 1,017,870.86 |
| Feb. | 990,648.25 |
| Mar | 993,568.22 |
| Apr | 1,083,732.96 |
| Ma. | 986,118.35 |
| Jun | 1,032,311.43 |
| Jul | 1,041,104.73 |
| Aug | 1,060,164.68 |
| Sep | 1,042,640.32 |
| Oct | 1,035,156.92 |
| Nov | 995,903.77 |
| Dec | 1,047,699.48 |
| Total | <u>12,326,919.97</u> |
| Less Withheld | <u>39,947.47</u> |

| | |
|--------------|-----------------------------|
| Net Tax Paid | <u><u>12,286,972.50</u></u> |
|--------------|-----------------------------|

2012

| | |
|-------|-----------------------------|
| Jan. | 602,585.94 |
| Feb. | 938,409.08 |
| Mar | 1,750,550.05 |
| Apr | 964,516.31 |
| Ma. | 964,516.31 |
| Jun | 1,023,689.60 |
| Jul | 804,413.76 |
| Aug | 660,059.65 |
| Sep | 889,855.47 |
| Oct | 933,573.66 |
| Nov | 857,929.25 |
| Dec | 761,167.42 |
| Total | <u><u>11,151,266.50</u></u> |

2014

| | |
|-------|-----------------------------|
| Jan. | 1,102,142.76 |
| Feb. | 1,231,961.66 |
| Mar | 1,022,045.66 |
| Apr | 1,192,834.86 |
| Ma. | 1,148,134.48 |
| Jun | 1,368,744.90 |
| Jul | 1,340,485.64 |
| Aug | 1,417,220.27 |
| Sep | 1,393,879.34 |
| Oct | 1,322,180.81 |
| Nov | 1,376,812.78 |
| Dec | 1,352,503.94 |
| Total | <u><u>15,268,947.10</u></u> |

2016

| | |
|-------|-----------------------------|
| Jan | 1,402,581.46 |
| Feb | 1,453,106.72 |
| Mar | 1,307,233.76 |
| Apr | 1,388,264.64 |
| May | 1,284,475.36 |
| Jun | 1,518,689.12 |
| Jul | 1,420,579.99 |
| Aug | 1,322,142.37 |
| Sep | 1,465,890.32 |
| Oct | 1,354,243.15 |
| Nov | 1,348,512.09 |
| Dec | 1,369,443.91 |
| Total | <u><u>16,635,162.89</u></u> |

Note 14 Deferred Credits

(14)

| | |
|--|-----------------------------|
| Customers' Deposit. This account amounting to Php 9,056,122.05 pertains to the deposits made by customers normally before the extension of any service connections as security for the payment of subsequent bills, or as a meter deposit. | |
| Other Deferred Credits. | |
| LWUA Grant from | |
| Office of the Pres. per COWD OR#3542064 dtd. 1/4/12 | 52,791,000.00 |
| Speaker Belmonte per COWD OR# 3534291 dtd. 1/24/12 | |
| Total LWUA Grant | <u>1,000,000.00</u> |
| Less: Disbursements | 53,791,000.00 |
| LWUA Grant Balance | <u>44,584,944.43</u> |
| Add: Other Deffered Credits (Account 45900) | 9,206,055.57 |
| COWD Bugo Village | |
| Service Connection Materials paid by customers subject for reconciliation | 313,726.38 |
| Barangay Lapasan Rehab | 9,119,767.74 |
| COWD NHA CDO Bayanihan Village Project | 1,036,823.15 |
| WSS Calaanan Project | 4,751,653.60 |
| Others (Acct. 45900) | 6,020,000.00 |
| Total Other Deffered Credits | <u>2,872,905.19</u> |
| | <u><u>33,320,931.63</u></u> |

The LWUA Grant is reserved for the rehabilitation of COWD's properties damaged by typhoon Sendong.

Note 15 Equity

| | |
|---|--------------------------|
| Capital Contribution - Government Equity consist of: | |
| A. City Government | |
| 1. Fixed Assets turned over by the City Gov't to WD on Dec. 31, 1973 , net of P1,035,562.30 | 544,711.22 |
| Less: Land reverted to donors (JV 12-60-05) | (18,900.00) |
| 2. A/R -Customers turned over on Dec. 31, 1973 | 167,199.08 |
| 3. Cost of Cogon Market Pipeline | 28,419.94 |
| Sub -total | <u>721,430.24</u> |
| B. USAID Grant | |
| Regional Water Supply Training & Library. | 145,495.16 |
| Total | <u><u>866,925.40</u></u> |

Capital/Equity Reserve
This account is set up for the Expansion of Operating Reserves in the amount of P3,170,523.91, which was taken from the COWD-DBP General Fund and transferred to a new account at Postal Bank. This reserve was approved by the Board of Directors per Board Resolution No. 159, s-03 dated Sep. 24, 2003. On Sep. 30, 2008, the amount of P3,170,522.91 plus the accumulated interest of P755,010.49 was transferred to DBP-Corrales as holdout deposit for the DBP-P502.011 Million Refinanced Loan. This amount was returned to Retained Earnings-Unappropriated per JV#07-011-16.

A. Other Paid in Capital

| | |
|-------------------------------------|-----------------------------|
| Laboratory Equipments | 102,504.19 |
| Transmission and Distribution Mains | 42,631,006.51 |
| Office Furnitures & Fixtures | 66,950.00 |
| Distribution Lines | 843,073.25 |
| Fire Hyrants | 2,622,454.25 |
| Meter Stub-out | - |
| M.STB-Iponan, Westfield Home | 941,247.09 |
| PPE-TranspoEquip-Geo-Transprt | 763,000.00 |
| PPE-JICA Donation | 40,994,730.00 |
| PPE-Swiss Humanitarian Aid Donation | 1,999,957.90 |
| Total | <u><u>90,964,923.19</u></u> |

B. Appraisal Capital

The total amount of P28,442,834.00 was taken up representing under valuation of land and land rights and booked up per JV 11-36-96 and JV12-51-96. The amount of P177,600.00 representing appraisal cost of land reverted to donors per JV 12-20-05. Breakdown of parcels of land and its corresponding appraisal cost are as follows:

| Location | Area sq.m. | Appraisal Cost |
|---------------------------|------------|----------------|
| Aluba Reservoir | 1441 | 386,057.50 |
| Balulang PW No. 14 | 300 | 42,325.00 |
| Balulang PW No. 4 | 200 | 20,000.00 |
| Balungis PW No. 17 | 300 | 90,000.00 |
| Bantiles, Bugo PW No. 11 | 400 | 103,127.25 |
| Bontola PW No. 2 | 600 | 220,000.00 |
| Bontola Reservoir | 2784 | 395,232.00 |
| Bugo, Reyes PW No.5 | 482 | 96,400.00 |
| Bugo Reservoir | 420 | 37,800.00 |
| Bugo PW No. 6 | 150 | 21,000.00 |
| Calaanan PW No. 10 | 1409 | 650,008.18 |
| Calaanan PW No. 12 | 400 | 165,010.00 |
| Calaanan PW No. 15 | 400 | 167,780.00 |
| Calaanan | 396 | 172,000.00 |
| Camaman-an Reservoir | 2698 | 187,844.37 |
| Carmen | 120 | 93,600.00 |
| Carmen Reservoir | 3600 | 879,650.00 |
| Corrales Ave., Main Bldg. | 991 | 9,806,307.00 |
| Gaston Park | 281 | 269,760.00 |
| Greehills Reservoir | 420 | 252,000.00 |
| Gusa | 490 | 161,700.00 |
| Kauswagan Shop Bldg. | 4789 | 6,055,985.00 |

| Location | Area sq.m. | Appraisal Cost |
|-------------------------------------|------------|-----------------------------|
| Macasandig Booster Pump | 750 | 810,000.00 |
| Macasandig PW No. 1 Operation Bldg. | 1620 | 2,218,600.00 |
| Macasandig PW No. 4 | 116 | 115,416.00 |
| Macasandig PW No. 7 | 1200 | 540,000.00 |
| Macasandig PW No. 8 | 432 | 140,560.00 |
| Macasandig | 252 | 70.18 |
| Macasandig PW No. 3 & 3A | 254 | 189,616.56 |
| Macasandig | 348 | 156,600.00 |
| Macasandig PW No. 9 | 7743 | 3,677,925.00 |
| Macasandig Old Pump | 218 | 320,460.00 |
| Total | | <u>28,442,834.04</u> |
| Land reverted to donor | 150 | (21,000.00) |
| Land reverted to donor | 348 | (156,600.00) |
| Balance as of 012/31/2012 | | <u>28,265,234.04</u> |

| | | | |
|--|-------------------|-----------------------|--------------------------------|
| Retained Earnings | | | |
| Beginning Balance-1/1/2016 | | | |
| Retained Earnings - Unappropriated | 1,060,815,487.53 | | |
| Retained Earnings - Appropriated | | | |
| Total Net Income | <u>144,094.00</u> | 1,060,959,581.53 | |
| Miscellaneous Charges to Retained Earnings due to prior period adjustments | | <u>279,295,254.13</u> | 1,340,254,835.66 |
| Ending Balance-12/31/2016 | | | <u>69,720,121.52</u> |
| | | | <u>1,409,974,957.18</u> |

In adherence with AOM No. COWD2015-23 dated 11/5/2015, the Donated Capital from LWUA Sendong Grant amounting to P 36,476,905.41 was reclassified to Retained Earnings Appropriated per JV No.11-28D-15.

| Summary: | | | |
|-----------------------|--|----------------------|--------------------------------|
| Government Equity | | | 866,925.40 |
| Equity Reserves | | | |
| Donated Capital | | | |
| Other Paid in Capital | | | |
| Appraisal Capital | | 90,964,923.19 | |
| Retained Earnings | | <u>28,265,234.04</u> | 119,230,157.23 |
| Total Equity | | | <u>1,409,974,957.18</u> |
| | | | <u>1,530,072,039.81</u> |

Note 16 Significant Disclosures

Bulk Water Supply Agreement (BWSA) between COWD and Rio Verde Consortium, Inc.

A. The Bulk Water Supply Agreement (BWSA) was entered between Cagayan de Oro City Water District (COWD) and Rio Verde Water Consortium, Inc. and conforme by LWUA on Dec. 23, 2004.

B. A supplemental agreement on Jan. 21, 2005 stipulated that Rio Verde will supply treated bulk water to COWD, and the latter, in turn guaranteed to purchase at least Forty Thousand (40,000) cubic meters per day through out the Contract Period of 25 years that started on CY 2007.

C. COWD's actual payments made to Rio Verde was based on the purchase order in accordance with the contract and not based on the actual delivered bulk water supply.

| 2015 | Pesos Paid | cu.m. per P.O. | cu.m. Delivered | cu.m. Paid(per 40,000 req) |
|--------------|-----------------------|----------------------|----------------------|----------------------------|
| Jan. | 13,006,000.00 | 1,288,000.00 | 1,288,950.00 | 1,288,000.00 |
| Feb. | 12,122,000.00 | 1,160,000.00 | 1,160,700.00 | 1,160,000.00 |
| Mar | 12,953,402.00 | 1,240,000.00 | 1,240,360.00 | 1,239,560.00 |
| Apr | 12,540,000.00 | 1,200,000.00 | 1,200,780.00 | 1,200,000.00 |
| May | 12,958,000.00 | 1,240,000.00 | 1,241,060.00 | 1,240,000.00 |
| Jun | 12,316,840.25 | 1,202,665.00 | 1,187,100.00 | 1,178,645.00 |
| Jul | 12,958,000.00 | 1,240,000.00 | 1,240,790.00 | 1,240,000.00 |
| Aug | 12,958,000.00 | 1,240,000.00 | 1,240,790.00 | 1,240,000.00 |
| Sep | 12,159,933.50 | 1,200,000.00 | 1,164,310.00 | 1,158,500.00 |
| Oct | 12,958,000.00 | 1,240,000.00 | 1,291,810.00 | 1,240,000.00 |
| Nov | 12,540,000.00 | 1,200,000.00 | 1,240,400.00 | 1,200,000.00 |
| Dec | 12,540,000.00 | 1,240,000.00 | 1,434,400.00 | 1,240,000.00 |
| Total | 152,010,175.75 | 14,690,665.00 | 14,931,450.00 | 14,624,705.00 |

Humanitarian Donation of the Government of Switzerland to COWD

As part of the relief operation for the Victims of the Typhoon Sendong, the Government of Switzerland thru its Swiss Humanitarian Aid (SHA) donated the following Equipments to Cagayan de Oro City Water District with a total amount of Php 2,092,736.60 (CHF 44,647 X Php 46.87295 per CHF to Php exchange rate dtd. 1/30/2012) per Memorandum of Agreement & Letter of Donation between the COWD and the Swiss Humanitarian Aid of the Swiss Confederation dtd. June 1, 2012 and GM Memorandum 15, s-2012.

- 2 Bladders 5,000 litres with drinking water distribution stand
- 1 Bladders 10,000 litres with drinking water distribution stand
- 1 water laboratory
- 1 well cleaning set
- 2 tool kit
- 1 repair kit for drinking water distribution stand
- 18 WATASOL

Equipments Turn-over by Japan International Cooperation Agency (JICA) to COWD

As part of the Rehabilitation Project for COWD Facilities Damaged by Typhoon Sendong, Japan International Cooperation Agency (JICA) turn-over the following Equipments to Cagayan de Oro City Water District with a total amount of Php 40,994,730.00.

I. Production Facilities

A. New Booster Pump (3-Phase 440 V)

| | | |
|---|---------------------|---------------|
| 150 Hp submersible pump & motor | 7,500,000.00 | |
| 150 Hp VFD complete w/ panel board & accessories software | 3,500,000.00 | |
| | <u>1,000,000.00</u> | 12,000,000.00 |

B. Production Well Motors (3-Phase 440V Submersible Pump-Motor Assembly complete w/ controllers & accessories

| | | |
|------------------------|-------------------|--------------|
| PW No. 1-125 Hp | 2,000,000.00 | |
| PW No. 4- 60 Hp (240V) | 1,500,000.00 | |
| PW No. 7- 60 Hp | 1,500,000.00 | |
| PW No. 9-125 Hp | 2,000,000.00 | |
| PW No. 19-100 Hp | 2,000,000.00 | |
| PW No. 24-30 Hp | <u>800,000.00</u> | 9,800,000.00 |

C. Transformer

| | | |
|--------------------------------------|-------------------|--------------|
| Power Cable for BPS old | 800,000.00 | |
| Secondary Cable for BPS New-Yen Loan | <u>800,000.00</u> | 1,600,000.00 |

D. Chlorinating System

| | | |
|---------|--|--------------|
| 100 ppd | | 1,000,000.00 |
|---------|--|--------------|

E. Generator Set

| | | |
|----------------------------|---------------------|--------------|
| 219 KVA for PWs 4,7,9 & 19 | 6,000,000.00 | |
| 75 KVA for PW 24 | <u>1,094,730.00</u> | 7,094,730.00 |

II. Other Facilities

A. Laboratory Apparatus and Equipment

| | | |
|-------------------|--|--------------|
| Biosafety Cabinet | | 1,000,000.00 |
|-------------------|--|--------------|

III. Service Connection Rehab

A. Materials

| | | |
|-----------------------|--|---------------------|
| 5/8" 1/2" water meter | | <u>8,500,000.00</u> |
|-----------------------|--|---------------------|

Total

40,994,730.00

Establishment of Other-Deferred Debits-Non-moving Items for Disposal

As of May 2012 COWD has established a total of P239,510.20 corresponding to non-moving items for disposal. This account is shown under deferred charges account.

Disposal of Unserviceable Items

The unserviceable items of COWD was sold to 88 Cooney Recycling Metal Junk Shop for a total amount of Php 3,555,992.00 per OR# 3717847 & 3717857 dated January 08, 2014.

GSIS Payable- Premium Deficiency (ER) under MOA signed on October 31, 2013

Approved per Board Resolution Nos. 101, S-12 and 061, S-13, (Annex "A") dated September 25, 2012 and July 15, 2013 respectively the Memorandum of Agreement (MOA) between COWD and GSIS for the settlement of unpaid premiums and interest for the period covered June 1978 to March 1992 with the net total obligation of P 6,410,706.93 and such is payable within a period of sixty (60) months, with interest rate of twelve percent (12%) per annum on a diminishing balance.

Approved per Board Resolution No. 010, S-2015 the 5-year term mode of payment of Government Share (GS) back Premium, Arrearages & Interest including 50% interest for retired and separated employees covering the period from June 1978 to March 1992 with a maximum total estimated amount of Php 3,155,157.21 and authorize the General Manager to enter into and sign a Supplemental Memorandum of Agreement (MOA) with GSIS for and in behalf of COWD. However, this was amended per Board Resolution No. 024, S-15.

Approved per Board Resolution No. 024, S-15 the resolution to pay the Government Share of Back Premium, Arrearages & Interest with 50% condonation covering the period from June 1978 to March 1992 for retired and or separated employees in the total amount of Php 1,380,681.56 on one time basis rather than the 5-year term mode of payment to save on interest charges that would amount to Php 62,068.36.

Adaption and Implementation of 30% Water Rate Adjustment in 3 Tranches.

BOD Resolution No. 086, s-13 dated October 2, 2013 approved the Adaption and Implementation of the New Water Rates of COWD in 3 tranches. In pursuant to it, GM Memorandum-255, s-2013 dated October 10, 2013 hereby directed the implementation of the said water rate adjustment.

Effectivity:

| | |
|-------------------|------------------|
| November 01, 2013 | 1st 10% increase |
| February 01, 2014 | 2nd 10% increase |
| May 01, 2014 | 3rd 10% increase |

Effectivity shall apply to the consumption month, therefore billing shall commence December 01, 2013, March 01, 2014 and June 01, 2014, respectively.

Memorandum of Agreement (MOA) dated March 19, 2014 between National Housing Authority (NHA) and Cagayan de Oro City Water District (COWD). The COWD Board of Directors Resolution No. 100, S-13 approve the Memorandum of Agreement (MOA) by and between NHA and COWD for the Installation, Operation and Maintenance of the Development of Water Source with Overhead Steel Tank at the NHA-CDO Bayanihan Village Phase I located at Macapaya, Camaman-an, Cagayan de Oro City. The Project will be undertaken at an Estimated Total Project Cost of Eleven Million Eight Hundred Seventy Nine Thousand One Hundred Thirty Four Pesos (Php 11,879,134.00) to be completed within a period of 120 calendar days, breakdown as follows:

| | |
|--------------------------|-----------------------------|
| Lot Acquisition | 280,000.00 |
| Production Well Drilling | 2,836,690.00 |
| Support Facilities | 6,365,950.00 |
| Overhead Steel Tank | 2,396,494.00 |
| TOTAL | <u>11,879,134.00</u> |

Funds for installation of the said project shall be provided by NHA Forty Percent (40%) of the total project cost shall be released upon perfection of the Agreement while the rest of the project shall be released on progress payment basis. The said partial payment of 40% of the total project cost was received by COWD per OR No. 3789040 dated September 3, 2014 amounting to Php 4,751,653.60.

Memorandum of Agreement (MOA) dated June 29, 2015 between DILG, LGU of Cagayan de Oro City and COWD. The COWD Board of Directors' Resolution No. 070, S-15 dtd. 6/2/2015 approved the Memorandum of Agreement (MOA) by and between DILG, LGU-CDOC and COWD for the Proposed Expansion of Level II Water Supply System for CDORSHP-1 Phase III at Calaan, Calanitoan, this city, as one of the 2014 Bottom-up Budgeting (BUB) Program of the present administration which will be funded by the DILG (as source agency), LGU (as implementing partner) and COWD (as implementing agency). The said project will serve 1,274 families that have been displaced by typhoon Sendong.

The total cost for this project is as follows:

| <u>Agency</u> | <u>Amount</u> |
|----------------------------|-----------------------------|
| DILG | 4,900,000.00 |
| LGU of Cagayan de Oro City | 2,100,000.00 |
| COWD | 3,400,146.00 |
| TOTAL | <u>10,400,146.00</u> |

Memorandum of Agreement (MOA) between Johndorf Ventures Corporation and Cagayan de Oro City Water District (COWD). Per Board Resolution No. 153 S-10 dated November 10, 2010 which approved the Memorandum of Agreement (MOA) between COWD and Johndorf Ventures Corporation, that Johndorf will be reimbursed of the actual expenses incurred to interconnect Pag-ibig Citi Homes to the COWD's Main Water Supply Pipe and such is payable w/in three (3) years on a quarterly basis. The computation is as follows:

| | |
|---------------------------------------|---------------------|
| Actual amount for the contract | 8,328,262.10 |
| Less: Deductions | |
| Water Payments Collected | (828,374.28) |
| Cost of Seepage per MOA | (86,973.00) |
| Net Payable to Johndorf Ventures | <u>7,412,914.82</u> |
| Divide: Payment Period | 12 |
| Quarterly Payment to Johndorf | <u>617,742.90</u> |
| Principal Amount | 7,412,914.82 |
| Less: Payments (Jan. 2012-Jan. 2015) | (7,412,914.82) |
| Balance as of January 31, 2015 | <u>-</u> |

Materials and Supplies Register (MSJ)

The Materials and Supplies Register used in the preparation of April 30, 2015 Financial Statements was based on the actual materials and supplies used in March 2015 because the actual amount of MSJ is not yet available. In line with this, the variance will be adjusted on May 2015 Financial Statements.

Cost of Lost Inventory in COWD Warehouse Kauswagan, CDOC from COWD's book of accounts per JV#06-028-15.

The loss of inventory was due to the theft incident that involves a guard on duty of Rover Eagle Security Services. As stipulated in the Contract of Service (Item No. 5) between COWD and Rover Eagle Security Services, Rover Eagle is liable to pay the cost of thieved items amounting to Php 841,779.00 on 3 installments starting April 2015.