



Republic of the Philippines  
**QUEZON WATER DISTRICT**  
Quezon, Bukidnon

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

The management of the Quezon Water District (QWD), Quezon, Bukidnon is responsible for preparation of the financial statements as at December 31, 2017, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit had audited the financial statements of the Quezon Water District in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

  
**ABNER T. BALAGULAN**

Chairman of the Board

January 30, 2018

Date Signed

  
**THEZA B. UMBAY**

Senior Accounting Processor A

January 30, 2018

Date Signed

  
**RAFAEL H. FRANCISCO**

General Manager

January 30, 2018

Date Signed



**QUEZON WATER DISTRICT  
CONDENSED STATEMENT OF FINANCIAL POSITION**

**For the year ended December 31, 2017  
(with comparative figures for CY 2016)**

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	₱ 6,710,638.62	₱ 2,922,146.3
Receivables	5	4,807,453.01	3,506,098.2
Inventories	6	54,195,489.29	715,342.9
Other Current Assets	7	550,214.42	611,835.2
<b>Total Current Assets</b>		₱ <u>66,263,795.34</u>	₱ <u>7,755,422.7</u>
<b>Non-Current Assets</b>			
Other Investments	8	100,072.59	0.0
Property, Plant and Equipment	9	33,060,877.33	29,961,108.1
Intangible Assets	10	200,000.00	200,000.0
Other Non-Current Assets		670,519.71	599,514.1
<b>Total Non-Current Assets</b>		₱ <u>34,031,469.63</u>	₱ <u>30,760,622.3</u>
<b>Total Assets</b>		₱ <u>100,295,264.97</u>	₱ <u>38,516,045.1</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	11	₱ 52,444,394.74	₱ 859,761.6
Inter-Agency Payables	12	918,811.11	985,836.2
Trust Liabilities	13	2,228,147.87	10,000.0
Provisions	14	722,929.72	572,592.4
<b>Total Current Liabilities</b>		<u>56,314,283.44</u>	<u>2,428,190.3</u>
<b>Non-Current Liabilities</b>			
Financial Liabilities		14,098,161.88	8,987,192.8
<b>Total Non-Current Liabilities</b>		<u>14,098,161.88</u>	<u>8,987,192.8</u>
<b>Total Liabilities</b>		₱ <u>70,412,445.32</u>	₱ <u>11,415,383.2</u>
<b>EQUITY</b>			
Government Equity		₱ 20,473,423.08	₱ 20,473,423.0
Retained Earnings/(Deficit)		9,409,396.57	6,627,238.7
<b>Total Equity</b>		₱ <u>29,882,819.65</u>	₱ <u>27,100,661.8</u>
<b>Total Liabilities and Equity</b>		₱ <u>100,295,264.97</u>	₱ <u>38,516,045.1</u>

(See Accompanying Notes to Financial Statements)



**QUEZON WATER DISTRICT**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended December 31, 2017  
(with comparative figures for CY 2016)

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
<b>Income</b>			
Service and Business Income	15	18,849,004.35	15,845,439.41
Other Non-Operating Income	16	218,500.04	0.08
<b>Total Income</b>		<u>19,067,504.39</u>	<u>15,845,439.49</u>
<b>Expenses</b>			
Personnel Services	17	(4,562,404.04)	(3,550,739.72)
Maintenance and Other Operating Expenses	18	(11,184,092.26)	(9,677,395.57)
Financial Expenses	19	(378,330.00)	(415,978.00)
Non-Cash Expenses	20	(1,454,816.13)	(1,146,682.65)
<b>Total Expenses</b>		<u>(17,579,642.43)</u>	<u>(14,790,795.94)</u>
<b>Profit/(Loss) Before Tax</b>		<b>1,487,861.96</b>	<b>1,054,643.55</b>
<b>Income Tax Expense/(Benefit)</b>		<b>0.00</b>	<b>0.00</b>
<b>Profit/(Loss) After Tax</b>		<b>1,487,861.96</b>	<b>1,054,643.55</b>
<b>Net Assistance/Subsidy/(Financial Assistance/ Subsidy/Contribution)</b>		<b>0.00</b>	<b>0.00</b>
<b>Net Income/(Loss)</b>		<b>1,487,861.96</b>	<b>1,054,643.55</b>
<b>Other Comprehensive Income/(Loss) for the Period</b>		<b>0.00</b>	<b>0.00</b>
<b>Comprehensive Income/(Loss)</b>		<u><b>1,487,861.96</b></u>	<u><b>1,054,643.55</b></u>

(See Accompanying Notes to Financial Statements)





**QUEZON WATER DISTRICT  
CONDENSED STATEMENT OF CASH FLOWS**

For the year ended December 31, 2017  
(with comparative figures for CY 2016)

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Collection of Income/Revenue	19,713,012.23	16,259,627.19
Collection of Receivables	38,587.00	402.02
Receipt of Inter-Agency Fund Transfers	4,533.79	127,959.26
Trust Receipts	3,418,616.56	10,000.00
Other Receipts	64,149.77	211,795.57
<b>Total Cash Inflows</b>	<b>23,238,899.35</b>	<b>16,609,784.04</b>
Adjustments	0.00	0.00
<b>Adjusted Cash Inflows</b>	<b>23,238,899.35</b>	<b>16,609,784.04</b>
<b>Cash Outflows</b>		
Payment of Expenses	12,616,158.43	11,112,336.36
Purchase of Inventories	1,311,389.98	937,863.16
Grant of Cash Advances	494,351.34	379,567.08
Prepayments	8,769.37	9,935.59
Remittance of Personnel Benefit Contributions and Mandatory Deductions	1,770,320.47	1,252,533.91
Other Disbursements	1,281,387.00	28,860.23
<b>Total Cash Outflows</b>	<b>17,482,376.59</b>	<b>13,721,096.33</b>
Adjustments	0.00	0.00
<b>Adjusted Cash Outflows</b>	<b>17,482,376.59</b>	<b>13,721,096.33</b>
<b>Net Cash Provided by/(Used in) Operating Activities</b>	<b>5,756,522.76</b>	<b>2,888,687.71</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Receipt of Interest Earned	4,399.45	37.92
<b>Total Cash Inflows</b>	<b>4,399.45</b>	<b>37.92</b>
Adjustments	0.00	0.00
<b>Adjusted Cash Inflows</b>	<b>4,399.45</b>	<b>37.92</b>
<b>Cash Outflows</b>		
Purchase/Construction of Investment Property	0.00	0.00
Purchase/Construction of Property, Plant and Equipment	6,478,260.20	3,357,608.35



Purchase of Investments	100,000.00	0.00
Purchase of Intangible Assets	142,500.00	47,500.00
<b>Total Cash Outflows</b>	<b>6,720,760.20</b>	<b>3,405,108.35</b>
Adjustments	0.00	0.00
<b>Adjusted Cash Outflows</b>	<b>6,720,760.20</b>	<b>3,405,108.35</b>
<b>Net Cash Provided By/(Used In) Investing Activities</b>	<b>(6,716,360.75)</b>	<b>(3,405,070.43)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from Domestic and Foreign Loans	5,598,442.00	0.00
<b>Total Cash Inflows</b>	<b>5,598,442.00</b>	<b>0.00</b>
Adjustments	0.00	0.00
<b>Adjusted Cash Inflows</b>	<b>5,598,442.00</b>	<b>0.00</b>
<b>Cash Outflows</b>		
Payment of Long-Term Liabilities	448,961.00	413,972.00
Payment of Interest on Loans and Other Financial Charges	401,150.74	412,528.00
Payment of Cash Dividends	0.00	0.00
<b>Total Cash Outflows</b>	<b>850,111.74</b>	<b>826,500.00</b>
Adjustments	0.00	0.00
<b>Adjusted Cash Outflows</b>	<b>850,111.74</b>	<b>826,500.00</b>
<b>Net Cash Provided By/(Used In) Financing Activities</b>	<b>4,748,330.26</b>	<b>(826,500.00)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,788,492.27</b>	<b>(1,342,882.72)</b>
Effects of Exchange Rate Changes on Cash and Cash Equivalents	0.00	0.00
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>2,922,146.35</b>	<b>4,265,029.07</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>₱ 6,710,638.62</b>	<b>₱ 2,922,146.35</b>



**QUEZON WATER DISTRICT**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended December 31, 2017

	Retained Earnings/ (Deficit)	Contributed Capital	TOTAL
<b>BALANCE AT JANUARY 1, 2016</b>	<b>₱ 5,699,751.91</b>	<b>₱20,473,423.08</b>	<b>₱ 26,173,174.99</b>
<b>ADJUSTMENTS:</b>			
Add/(Deduct):			
Changes in Accounting Policy	0.00	0.00	0.00
Prior Period Errors	0.00	0.00	0.00
Other Adjustments	0.00	0.00	0.00
<b>RESTATED BALANCE AT JANUARY 1, 2016</b>	<b>5,699,751.91</b>	<b>20,473,423.08</b>	<b>26,173,174.99</b>
<b>CHANGES IN EQUITY FOR 2016</b>			
Add/(Deduct):			
Comprehensive Income for the year	1,054,643.56	0.00	1,054,643.56
Other Adjustments	(127,156.69)	0.00	(127,156.69)
<b>BALANCE AT DECEMBER 31, 2016</b>	<b>6,627,238.78</b>	<b>20,473,423.08</b>	<b>27,100,661.86</b>
<b>CHANGES IN EQUITY FOR 2017</b>			
Add/(Deduct):			
Comprehensive Income for the year	1,487,861.96	0.00	1,487,861.96
Other Adjustments	1,294,295.83	0.00	1,294,295.83
<b>BALANCE AT DECEMBER 31, 2017</b>	<b>₱ 9,409,396.57</b>	<b>₱ 20,473,423.08</b>	<b>₱ 29,882,819.65</b>





**QUEZON WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**1. GENERAL INFORMATION**

The financial statement of Quezon Water District was authorized for issue on January 30, 2018 as shown in the Statement of Management Responsibility for Financial Statements signed by Mr. Abner T. Balagulan, the Chairman of the Board of Directors.

The Quezon Water District (QWD) came into existence when the Municipal Government of Quezon turned over the operation of the Municipal Water Work System. The Sangguniang Bayan of Quezon passed the appurtenant Resolution No. 10<sup>th</sup> SB 2008-133 on July 10, 2008 citing the need for sufficient, safe and potable water for domestic and industrial uses and the insufficiency of the funding and personal capabilities of the municipality to provide for the development of its waterworks system. Having passed all the requirements, and in consonance with Presidential Decree No. 198 as amended, the Local Water Utilities Administration (LWUA) issued Conditional Certificate of Conformance No. 627 on February 10, 2009 thus, qualifying for financial and technical assistance from LWUA, through loans that are essential for its development and expansion of water facilities.

As a Government Owned and Controlled Corporation (GOCC), it has the following purposes:

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

Quezon Water District has its office address at Old Municipal Building, Balangay 3, Poblacion, Quezon, Bukidnon. Currently it has 35 personnel of which 1 is co-terminus (General Manager), 4 are permanent, 8 are casual and 22 are Job Orders.

On August 1, 2013 it was placed under management take-over by the Local Water Utilities Administration (LWUA) and designated Rafael H. Francisco as Interim General Manager who eventually became the full time General Manager effective January 1, 2016.

The Quezon Water District Board of Directors is comprised of:

NAME	DESIGNATION	TERM
Mr. Abner T. Balagulan	Chairman	January 1, 2015-December 31, 2020
Mrs. Ruby S. Macabaya	Vice Chairman	January 1, 2017-December 31, 2022
Mr. Pacito O. Balida	Board Secretary	January 1, 2015-December 31, 2020



Dr. Cedronio S. Neri, Jr.	Member	May 5, 2014-December 31, 2018
Ms. Maria Perpetua M. Arcayera	Member	January 1, 2017-December 31, 2022

These financial statements have been approved and authorized for issuance by the Board of Directors on January 30, 2017.

## 2. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

QWD is categorized as a small water district under Category D, with 5,252 total service connections, of which 4,638 are active and 614 are inactive as of December 31, 2017. The abrupt increase in the number of active service connections from 3,852 to 4,638 is caused by the turn-over of the water systems from the Waterworks System of the Local Government Unit of Quezon which is previously operated by its Municipal Economic Enterprise thereby generating additional service connections and affecting the financial position and performance of the agency.

Barangay/Water System	Date Turned-over	No. of Connections upon turn-over
Salawagan	February 2017	526
Dumalama	February 2017	40
Total		566

Year 2017 marks the commencement of the QWD Comprehensive Water Supply Project - Phase 1 (CWSP-Ph1) and Phase 2 (CWSP-Ph2) which covers 29 out of the 31 barangays of the Municipality of Quezon from the existing service coverage of eight barangays. The said projects will take twelve months to complete and once completed will have a huge impact on the operations and financial performance of Quezon Water District. The CWSP-Phase 1 and CWSP-Phase 2 is expected to generate 8,798 and 6,330 service connections respectively.

The Phase 2 Project which was funded by a grant from the national government through the Department of Tourism (DOT) and Department of Public Works and Highways (DPWH) Convergence Program the Tourism Water Infrastructure Project (TouWa) in the amount of Php 91.0 Million started in July 2017 and covers 14 Barangays in the southern part of Quezon namely: Salawagan, Kiburiao, Puntian, Mibantang, Cebole, Delapa, Lipa, Pinilayan, Sta. Cruz, Palacapao, San Roque, Linabo, Minsamongan and C-Handumanan. Such Project is implemented by DPWH.

The Phase 1 Project was funded by a Php 163.0 Million term loan from the Land Bank of the Philippines and is being implemented by Quezon Water District. The Civil Works commenced on December 2017. CWSP-Phase 1 covers 15 barangays namely: Poblacion, Libertad, San Jose, Minsalirac, Butong, Magsaysay, Dumalama, Mahayag, San Isidro, Merangeran, Manuto, Lumintao, Paitan, Kipaypayon and Minongan.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

(i) Compliance with PFRS

The financial statements of Quezon Water District have been prepared in conformity with generally accepted accounting principles in the Philippines. These are the agency's first financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS), where PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, was then applied.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

c) Government grants

Grants from other government agencies are recognized at the value of the consideration received and when there is a reasonable assurance that the agency will comply with all the attached conditions of the grant.

d) Income Tax

The Quezon Water District by virtue of Republic Act No. 10026 and the corresponding BIR Revenue Memorandum Circular No. 28-2010 issued is exempted to pay income tax.

e) Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortization but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call at financial institutions. Petty cash fund was maintained under the imprest system of accounting.



g) Accounts receivable

Accounts receivable are amounts due from concessionaires for services rendered in the ordinary course of business. The amount represents uncollected water bills as of a given period.

Accounts receivable are measured at the original water bill amount less billing adjustments, less any provision for impairment.

A provision for impairment is provided using the following percentages depending on the age of the accounts:

Age of Account	%
11-60 days	1%
61-180 days	2%
181 days to 1 year	3%
More than 1 year	5%

The percentages used are based on Section 66 of the NGAS Manual for National Government Agencies Accounting Policies Volume 1.

h) Inventories

Supplies and materials purchased are recorded using Perpetual Inventory System. They are measured at the lower of cost and net realizable value. Those that are purchased out of petty cash fund are directly charged to the appropriate expense accounts. Cost of issued items and the ending inventory of supplies and materials were computed using the Weighted Average Method.

i) Property Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the District and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charge to profit or loss during the reporting period in which they are incurred.

Depreciation is computed using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives or in the case of leasehold improvements over the lease term as follows:

- |   |             |
|---|-------------|
| • Plant-Utility Plant in Service (UPIS) | 5-50 years  |
| • Buildings and Other Structures        | 10-30 years |
| • Equipment and Machinery               | 5-15 years  |



- Motor Vehicles 7 years
- Furniture and fixtures 10 years
- Leased assets improvements useful life of the asset or  
lease term whichever is shorter

j) Intangible Assets

Intangible assets like computer software are recorded at historical cost. Computer software that have an indefinite useful life are not subject to amortization but rather tested for impairment annually.

k) Accounts payable and other payables

These amounts represent liabilities for goods and services provided to the agency prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid 30 days from date of recognition. They are presented as current liabilities since they are due within 12 months after the reporting period. They are recognized initially at their fair value.

l) Loans Payable

Loans payable are recorded by adding the amount of consideration received and transaction costs deducted. The portion of the loan that is expected to be settled within twelve months from reporting date is presented in the statement of financial position as current liabilities while the amount due after 12 months from reporting date is presented as non-current liabilities.

m) Interest Expense

Specific borrowing costs or interest expense that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset to its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

n) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

o) Provisions

Provisions are recognized when the agency has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

estimate can be made of the amount of the obligation. Provision for terminal leave benefits of the employees are determined using the latest actual salary rate of the employees and vacation and sick leave days accumulated as of the period.

#### 4. CASH AND CASH EQUIVALENTS

Particulars	As at December 31, 2017	As at December 31, 2016
	( in Pesos)	
Cash in Bank- Local Currency, Current Account	6,700,544.02	2,912,093.86
Cash in Bank- Local Currency, Savings Account	10,094.60	10,052.49
Total	6,710,638.32	2,922,146.35

#### 5. RECEIVABLES

Current Receivables		
Particulars	As at December 31, 2017	As at December 31, 2016
	( in Pesos)	
Accounts Receivable	2,667,288.51	3,174,131.51
Less: Allowance for Impairment	(112,904.08)	(126,462.18)
Net	2,554,384.43	3,047,669.33
Due from Other Funds	104,296.05	0.00
Due from Officers & Employees	7,352.40	89,892.40
Receivable- Disallowances/Charges	1,881,792.78	165,640.06
Other Receivables	259,627.35	202,896.43
Total	4,807,453.01	3,506,098.22

Accounts Receivable is receivable from concessionaires arising from water bills.  
Due from Other Funds is QWD's receivable from the Comprehensive Water Supply Project-Phase 1 fund for payment of the Project personnel salaries from November to December 2017 reimbursable upon receipt of the loan proceeds from the Land Bank of the Philippines.

#### 6. INVENTORIES

Inventory Held for Consumption		
Particulars	2017	2016
	( in Pesos)	
Office Supplies Inventory	25,329.13	8,842.78
Accountable Forms, Plates and Stickers Inventory	108,363.40	0.00
Chemicals and Filtering Supplies Inventory	37,002.52	88,581.84
Construction Materials Inventory	53,216,815.07	99,345.04
Electrical Supplies and Materials Inventory	1,775.25	0.00



Other Supplies and Materials Inventory	802,223.92	518,573.29
Semi-Expendable Other Machinery and Equipment	3,980.00	0.00
Total	54,195,489.29	715,342.95

## 7. OTHER ASSETS

Particulars	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Advances	0.00	0.00	0.00	302,322.05	0.00	302,322.05
Pre payments	2,726.82	0.00	2,726.82	3,706.65	0.00	3,706.65
Deposits	25,200.00	0.00	25,200.00	25,200.00	0.00	25,200.00
Other Assets	522,287.60	670,519.71	1,192,807.31	280,606.55	599,514.17	880,120.72
TOTAL	550,214.42	670,519.71	1,220,734.13	611,835.25	599,514.17	1,211,349.42

### 7.1 Advances

Particulars	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Advances to Special Disbursing Officers	0.00	0.00	0.00	302,322.05	0.00	302,322.05

Advances to Special Disbursing Officers in CY 2016 are unliquidated cash advances for special purpose/ time-bound undertakings granted to previous cashier and other advances of Ms. Sylvia Beltran. In CY 2017 the amount was reclassified to Receivable-Disallowances/Charges as a result of the receipt of the Commission on Audit's Notice of Finality of Decision.

### 7.2 Prepayments

Particulars	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Prepaid Insurance	2,703.76	0.00	2,703.76	3,528.18	0.00	3,528.18
Withholding Tax at Source	23.06	0.00	23.06	178.47	0.00	178.47
Total	2,726.82	0.00	2,726.82	3,706.65	0.00	3,706.65



### 7.3 Deposits

Particulars	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Guaranty Deposits	25,200.00	0.00	25,200.00	25,200.00	0.00	25,200.00

Guaranty Deposits refers to the surety in the form of cash performance bond deposited to Department of Public Works and Highways (DPWH) – Second Engineering District of Bukidnon equivalent to the full restoration cost of the NLIF-DPWH Project excavation works.

### 7.4 Other Assets

Particulars	2017			2016		
	Current	Non-current	Total	Current	Non-current	Total
Other Assets	522,287.60	670,519.71	1,192,807.31	280,606.55	599,514.17	880,120.72

Current Other Assets pertains to the net realizable value of unserviceable property, plant and equipment as of December 31, 2017.

Non-current Other Assets refers to untraceable reconciling items to Cash in Bank balance per bank reconciliation of One Network Bank current account. Nature of such transactions reducing the cash balance is not yet identified and is subject for further investigation. Management plans to secure record of transactions during the unreconciled period from One Network Bank and reconcile the discrepancy in Cash Balance. This account also includes cost incurred during the survey of LWUA Task force for the Pre-Feasibility study of the Comprehensive Water Supply Project-Phase 1 and 2. In CY 2016 pre-implementation expenses and evaluation and monitoring fee by LWUA (0.02% of Project Cost) of the Comprehensive Water Supply Project- Phase 1 increased the account balance of this account dramatically. Such cost will be later on capitalized to the Comprehensive Water Supply Project –Phase 1. In CY 2017, pre-implementation expenses for the Comprehensive Water Supply Project-Phase 2 (CWSP-Ph2) were also incurred. Such will be capitalized to the CWSP-Ph2 Project upon completion. The breakdown of such account is as follows:

Non-current Other Assets		
Particulars	2017	2016
	( in Pesos)	
Untraced reconciling item to Cash in Bank-ONB	122,926.49	122,926.49
LWUA Survey Team Pre-Feasibility Study Cost	78,568.84	78,568.84
Pre-implementation Expenses-CWSP-Phase1	95,968.87	40,333.33
0.2% Evaluation & Monitoring Fee-LWUA	357,685.51	357,685.51
Pre-implementation Expenses-CWSP-Phase2	15,370.00	0.00
Total	670,519.71	599,514.17

## 8. OTHER INVESTMENTS

Non-current Other Investments		
Particulars	December 31, 2017	December 31, 2016
	<i>( in Pesos)</i>	
Sinking Fund	100,072.59	0.00
Total	100,072.59	0.00

Sinking Fund refers to fund reserve deposited to the joint savings account of Quezon Water District with the Local Water Utilities Administration ( LWUA). The said reserve is required in the financial assistance contracts of QWD with LWUA. Such will be used for debt service, operating and maintenance expenses and capital needs of QWD.

## 9. PROPERTY, PLANT AND EQUIPMENT

Particulars	2017	2016
	<i>(In Pesos)</i>	
Property Plant & Equipment	35,508,600.24	33,939,712.38
Less: Accumulated Depreciation	( 6,626,409.99)	( 5,538,287.43)
Construction in Progress	4,178,687.08	1,559,683.22
Net PPE	33,060,877.33	29,961,108.17

### 9.1 Breakdown of PPE

	2017	2016
Infrastructure Assets	30,814,259.29	29,368,456.78
Accumulated Depreciation-Infrastructure Assets	(5,163,132.21 )	(4,287,666.51)
Buildings and Other Structures	687,980.00	609,232.50
Accumulated Depreciation-Buildings and Other Structures	(177,716.14)	(149,443.94)
Office Equipment	154,294.00	202,358.75
Accumulated Depreciation-Office Equipment	(70,184.05)	(71,695.60)
Information and Communication Technology Equipment	516,225.84	427,568.84
Accumulated Depreciation-Information and Communication Technology Equipment	(253,340.45)	(177,727.80)
Other Machinery and Equipment	2,176,097.50	2,174,899.00
Accumulated Depreciation-Other Machinery and Equipment	(465,804.92)	(499,937.99)
Transportation Equipment	517,951.00	553,875.00
Accumulated Depreciation-Transportation Equipment	(255,238.72)	(230,421.07)
Furniture and Fixtures	51,795.00	51,795.00
Accumulated Depreciation-Furniture and Fixtures	(10,534.01)	(5,573.93)



Leased Assets Improvements, Buildings	589,997.61	551,526.51
Accumulated Depreciation-Leased Assets Improvements, Buildings	(230,459.49)	(115,820.60)
Construction in Progress-Infrastructure Assets	4,178,687.08	1,501,714.22
Construction in Progress-Buildings and Other Structures	0.00	57,969.00
<b>Total</b>	<b>33,060,877.33</b>	<b>29,961,108.17</b>

#### 10. INTANGIBLE ASSETS

Computer Software		
Particulars	2017	2016
	( in Pesos)	
Carrying Amount, January 1	200,000.00	200,000.00
Additions-Internally Developed	0.00	0.00
Additions-Purchased/Acquired through exchange on non-exchange transaction	0.00	0.00
Impairment Loss Reversed	0.00	0.00
<b>Total</b>	<b>200,000.00</b>	<b>200,000.00</b>
Disposals	0.00	0.00
Amortization Recognized	0.00	0.00
Impairment Loss	0.00	0.00
Other Changes	0.00	0.00
<b>Carrying Amount, December 31</b>	<b>200,000.00</b>	<b>200,000.00</b>

Intangible Assets includes the cost of Billing and Collection System and android application for meter reading installed in December 2015. Estimated useful life of which is indefinite thus, there is no provision for amortization. Impairment loss when such software becomes obsolete or damaged will be provided when such condition is already determinable.

#### 11. FINANCIAL LIABILITIES

##### 11.1 Payables

Particulars	2017		2016	
	(in Pesos)			
	Current	Non-current	Current	Non-current
Accounts Payable	51,876,803.16	0.00	312,289.59	0.00
Due to Officers and Employees	80,118.57	0.00	98,252.10	0.00
Total	51,956,921.74	0.00	410,541.69	0.00



## 11.2 Loans Payable

Particulars	2017		2016	
	( in Pesos)			
	Current	Non-current	Current	Non-current
Loans Payable-Domestic	487,473.00	14,098,161.88	449,220.00	8,987,192.88

Loans Payable are measured at amortized cost.

The breakdown of this account is as follows:

Loan Acct No.	Description	Long Term Portion	Current Portion	Total
LWUA				
4-2571	4M Operational Loan	3,357,479.00	180,823.00	3,538,302.00
4-2706	Arrears Loan	509,637.66	306,650.00	816,287.66
9-0368	NLIF-DOH Loan	3,407,630.70		3,407,630.70
9-0368-1	NLIF-DPWH Loan Portion	1,224,972.52		1,224,972.52
Sub -total		8,499,719.88	487,473.00	8,987,192.88
LBP				
	Term Loan for CWSP-Phase 1	5,598,442.00	0.00	5,598,442.00
Sub -total		5,598,442.00	0.00	5,598,442.00
GRAND TOTAL		14,098,161.88	487,473.00	14,585,634.88

This current portion account pertains to the portion of the 4.0 M Operational Loan per Loan Acct. No.4-2571 and current portion of Arrears Loan ( Restructured Loan for Interest and Penalty Arrears of 4.0 M Operational Loan) with Loan Account No. 4-2706 due for payment to Local Water Utilities Administration (LWUA) in year 2018.

The non-current portion pertains to the loans with the Local Water Utilities Administration (LWUA) and the term loan with the Land Bank of the Philippines contracted to finance the Comprehensive Water Supply Project-Phase 1 (CWSP-Ph1) for purposes of expanding the water service area coverage of QWD thereby providing safe, reliable, sound and economically viable water supply to more people in the Municipality of Quezon, Bukidnon.

## 12. INTER-AGENCY PAYABLES

Particulars	2017		2016	
	( in Pesos)			
	Current	Non-current	Current	Non-current
Due to BIR	352,716.11	0.00	103,042.30	0.00

Due to GSIS	68,322.79	0.00	60,473.12	0.00
Due to Pag-IBIG	15,736.18	0.00	10,279.63	0.00
Due to PhilHealth	7,015.00	0.00	6,365.00	0.00
Due to NGAs	475,021.03	0.00	537,412.08	0.00
Due to Government Corporations	0.00	0.00	268,264.13	0.00
TOTAL	918,811.11	0.00	985,836.26	0.00

Inter-Agency Payables consists of payables due to BIR, GSIS, Philhealth and Home Development Fund (Pag-IBIG) for mandatory remittance of withholding taxes, final tax, franchise tax and personnel benefit contributions and loan amortizations. Due to National Government Agencies refers to payable to the Commission on Audit for audit services. Due to Government Corporations pertains to payable to Local Water Utilities Administration (LWUA) for the 0.2% evaluation and monitoring fee for the Comprehensive Water Supply Project-Phase 1.

### 13. TRUST LIABILITIES

Particulars	2017		2016	
	( in Pesos)			
	Current	Non-current	Current	Non-current
Guaranty/Security Deposits Payable	2,208,147.87	0.00	0.00	0.00
Customers' Deposits Payable	20,000.00	0.00	10,000.00	0.00
TOTAL	2,228,147.87	0.00	10,000.00	0.00

### 14. PROVISIONS

Particulars	2017		2016	
	( in Pesos)			
	Current	Non-current	Current	Non-current
Leave Benefits Payable	722,929.72	0.00	572,592.42	0.00

### 15. SERVICE AND BUSINESS INCOME

Particulars	2017	2016
	(in Pesos)	
Service Income		
Other Service Income	916,350.00	759,550.00
Total Service Income	916,350.00	759,550.00
Business Income		
Waterworks System Fees	17,066,479.75	14,322,697.82
Interest Income	4,399.45	37.92
Fines and Penalties-Business Income	793,169.25	763,153.67



Other Business Income	68,605.90	0.00
Total Business Income	17,932,654.35	15,085,889.41
Total	18,849,004.35	15,845,439.41

#### 16. NON-OPERATING INCOME

Particulars	2017	2016
	(in Pesos)	
Miscellaneous Income	218,500.04	0.08
Total	218,500.04	0.08

The Miscellaneous Income account for CY 2017 consists largely by excess of proceeds from sale of bid documents after deducting the honoraria of Bids and Awards Committee honoraria. It also includes proceeds from sale of empty printer ink cartridges and overage in the deposit of collecting officer vis a vis the official receipts and Cash Receipts Record.

#### 17. PERSONNEL SERVICES

##### 17.1 Salaries and Wages

Particulars	2017	2016
	(in Pesos)	
Salaries and Wages-Regular	1,598,507.97	1,358,655.99
Salaries and Wages-Casual/Contractual	914,849.32	680,580.91
Total	2,513,357.29	2,039,236.90

##### 17.2 Other Compensation

Particulars	2017	2016
	(in Pesos)	
Personnel Economic Relief Allowance (PERA)	312,000.00	240,000.00
Representation Allowance (RA)	60,000.00	60,000.00
Transportation Allowance (TA)	60,000.00	60,000.00
Clothing/Uniform Allowance	65,000.00	45,000.00
Honoraria	366,470.00	218,860.00
Year End Bonus	229,873.00	164,780.00
Cash Gift	65,000.00	49,000.00
Other Bonuses and Allowances	274,069.00	217,780.00
Total	1,432,412.00	1,055,420.00

##### 17.3 Personnel Benefit Contributions

Particulars	2017	2016
	(in Pesos)	
Retirement and Life Insurance Premiums	306,860.68	248,173.22
Pag-IBIG Contributions	15,600.00	12,000.00
PhilHealth Contributions	27,562.50	21,975.00
Employees Compensation Insurance Premiums	15,063.00	11,357.10
Total	365,086.18	293,505.32

#### 17.4 Other Personnel Benefits

Particulars	2017	2016
	(in Pesos)	
Terminal Leave Benefits	251,548.57	162,577.51
<b>Total</b>	<b>251,548.57</b>	<b>162,577.51</b>

Particulars	2017	2016
	(in Pesos)	
<b>Grand Total</b>	<b>4,562,404.04</b>	<b>3,550,739.72</b>

#### 18. MAINTENANCE AND OTHER OPERATING EXPENSES

##### 18.1 Generation, Transmission and Distribution Expenses

Particulars	2017	2016
	(in Pesos)	
Generation, Transmission and Distribution Expenses	5,873,792.14	5,768,411.50
<b>Total</b>	<b>5,873,792.14</b>	<b>5,768,411.50</b>

##### 18.2 Repairs and Maintenance

Particulars	2017	2016
	(in Pesos)	
Repairs and Maintenance-Infrastructure Assets	915,786.01	610,419.34
Repairs and Maintenance-Buildings and Other Structures	8,599.85	1,910.00
Repairs and Maintenance-Machinery and Equipment	43,166.73	16,918.00
Repairs and Maintenance-Transportation Equipment	80,138.60	67,148.00
<b>Total</b>	<b>1,047,691.19</b>	<b>696,395.34</b>

##### 18.3 Supplies and Materials Expenses

Particulars	2017	2016
	(in Pesos)	
Office Supplies Expenses	80,623.47	101,520.97
Accountable Forms Expenses	89,587.60	0.00
Non-Accountable Forms Expenses	11,689.60	0.00
Fuel, Oil and Lubricants Expenses	299,189.98	157,354.27
Semi-Expendable Machinery and Equipment Expenses	14,394.00	0.00
Other Supplies and Materials Expenses	65,990.30	43,885.68
<b>Total</b>	<b>561,474.95</b>	<b>302,760.92</b>



#### 18.4 Taxes, Insurance Premiums and Other Fees

Particulars	2017	2016
	(in Pesos)	
Taxes, Duties and Licenses	428,758.71	332,703.92
Fidelity Bond Premiums	3,675.00	3,675.00
Insurance Expenses	9,593.79	9,379.30
Total	442,027.50	345,758.22

#### 18.5 Traveling Expenses

Particulars	2017	2016
	(in Pesos)	
Traveling Expense-Local	422,559.12	234,322.82
Total	422,559.12	234,322.82

#### 18.6 Utility Expenses

Particulars	2017	2016
	(in Pesos)	
Water Expenses	4,258.06	3,269.00
Electricity Expenses	123,852.19	132,917.84
Total	128,110.25	136,186.84

#### 18.7 Training and Scholarship Expenses

Particulars	2017	2016
	(in Pesos)	
Training Expenses	115,856.50	38,254.00
Total	115,856.50	38,254.00

#### 18.8 Communication Expenses

Particulars	2017	2016
	(in Pesos)	
Postage and Courier Services	4,434.00	5,480.00
Telephone Expenses	48,355.35	48,372.30
Internet Subscription Expenses	15,588.00	15,588.00
Total	68,377.35	69,440.30

#### 18.9 Professional Services

Particulars	2017	2016
	(in Pesos)	
Legal Services	15,750.00	0.00
Auditing Services	0.00	125,444.95
Total	15,750.00	125,444.95

#### 18.10 Confidential, Intelligence and Extraordinary Expenses

Particulars	2017	2016
	(in Pesos)	
Extraordinary and Miscellaneous Expenses	0.00	8,375.00
Total	0.00	8,375.00

#### 18.11 Other Maintenance and Operating Expenses

Particulars	2017	2016
	(in Pesos)	
Advertising, Promotional and Marketing Expenses	61,015.50	44,623.58
Printing and Publication Expenses	0.00	82,445.00
Representation Expenses	207,933.39	208,073.97
Membership Dues and Contributions to Organizations	0.00	1,000.00
Donations	10,000.00	5,000.00
Documentary Stamps Expenses	29,993.00	0.00
Major Events and Conventions Expenses	106,376.01	0.00
Other Maintenance and Operating Expenses	2,093,135.36	1,610,903.13
Total	2,508,453.26	1,952,045.68

Particulars	2017	2016
	(in Pesos)	
<b>Grand Total</b>	<b>11,184,092.26</b>	<b>9,677,395.57</b>

#### 19. FINANCIAL EXPENSES

Particulars	2017	2016
	(in Pesos)	
Interest Expenses	377,280.00	412,528.00
Bank Charges	1,050.00	3,450.00
Total	378,330.00	415,978.00

#### 20. NON-CASH EXPENSES

##### 20.1 Depreciation

Particulars	2017	2016
	(in Pesos)	
Depreciation-Infrastructure Assets	916,696.69	675,125.68
Depreciation-Buildings and Other Structures	28,732.33	22,727.76
Depreciation-Machinery and Equipment	267,567.79	231,252.44
Depreciation-Transportation Equipment	78,904.84	69,017.19
Depreciation-Furniture, Fixtures and Books	4,960.09	1,946.93
Depreciation-Leased Assets Improvements	114,638.89	99,274.80
Total	1,411,500.63	1,099,344.79



## 20.2 Impairment Loss

Particulars	2017	2016
	(in Pesos)	
Impairment Loss-Loans and Receivables	11,442.48	19,119.92
Total	11,442.48	19,119.92

## 20.3 Discount and Rebates

Particulars	2017	2016
	(in Pesos)	
Other Discounts	31,873.02	28,217.94
Total	31,873.02	28,217.94

Other Discounts refers to the 5% discount given to senior citizen concessionaires whose classification is residential and whose consumption does not exceed 30 cubic meters. This is in accordance to Republic Act No. 9994 otherwise known as the Expanded Senior Citizen Act of 2010 and LWUA Memorandum Circular No. 008-10 dated July 22, 2010. Such granting of discount to senior citizens started in year 2012 but was previously booked as direct reduction to the Generation, Transmission and Distribution Income account. It was only in the year 2013 that such discount was charged to the discount account in the books.

## 21. SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATIONS 15-2010

On December 28, 2010, Revenue Regulation (RR) No.15-2010 became effective and amended certain provisions of RR No.21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No.21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by Philippine Financial Reporting Standards.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not required part of the basic financial statements.

- (i) *Output value-added tax (VAT)*  
Not applicable. Quezon Water District is a non-vat taxpayer.
- (ii) *Input VAT*  
Not applicable. Quezon Water District is a non-vat taxpayer.
- (iii) *Importations*  
No transactions.
- (iv) *Excise tax*  
Not applicable.
- (v) *Documentary stamp tax*

Particulars	Paid	Accrued	Total
	(in Pesos)		
Documentary stamps for LBP Loan Releases	29,993.00	0.00	29,993.00
Total	29,993.00	0.00	29,993.00

(vi) *All other local and national taxes*

All other local and national taxes paid and accrued for the year-ended December 31, 2017 consist of:

Particulars	Paid	Accrued	Total
	(in Pesos)		
Franchise Tax – 2% of Gross Water Receipts	376,473.03	26,611.78	403,084.81
Mayor's Permit	16,170.00	0.00	16,170.00
Community Tax	6,817.00	0.00	6,817.00
Total	399,460.03	26,611.78	426,071.81

The above local and national taxes are lodged under Taxes, Duties and Licenses account in operating expenses

(vii) *Withholding taxes*

Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2017 consist of:

Particulars	Paid	Accrued	Total
	(in Pesos)		
Tax on compensation and benefits	254,415.63	26,859.46	281,275.09
Creditable Withholding Tax	140,577.85	47,136.18	187,714.03
Final Withholding Tax	319,479.78	259,056.44	578,536.22
Total	714,473.26	333,052.08	1,047,525.34

(viii) *Tax assessments*

The agency has no deficiency tax assessment whether protested or not.

(ix) *Tax cases*

The agency has not been involved in any tax cases, litigations and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.