

JARO WATER DISTRICT  
JARO, LEYTE  
NOTES TO FINANCIAL STATEMENTS

1) AGENCY PROFILE

JARO WATER DISTRICT was established on November 11, 1979 by virtue of Sangguniang Bayan Resolution No. 64, series of 1979. The Local Water Utilities Administration (LWUA) awarded a Conditional Certificate of Conformance (CCC) No. 157 on July 20, 1981 granting the District all the rights and privileges provided for under Presidential Decree No. 198.

After having experienced operational problems in 1980's, the District was rehabilitated in the early part of 1991. A soft loan amounting to P2.021M was approved by LWUA under L/A#3-365 for the purpose of: (a) reactivation of a deep well drilled sometime in 1981, which serves as the main source; (b) construction of a pump house to safeguard the well; (c) providing pumping facilities; (d) restoration of transmission and distribution lines; (e) pipeline expansion and (f) service connections.

By November 1992, the District started to operate.

At the early part of year 2000, sand pumping was observed causing a periodic breakage and maintenance of the turbine pumps. On September 21, 2000, part of the well casing collapsed, pump bogged down and eventually water supply ceases.

In February 2001, a donation from Lingap Fund amounting to P700,000.00 was released to the District through LWUA. Part of the grant was used for well rehabilitation and repair of the turbine pumps. A shallow well was constructed near the elevated reservoir but did not materialize. (The recorded cost was P577,778.50 and was booked under Other Assets.)

The Water District resumed its operation by September 2001 with an scheduled water supply to four (4) barangays in the Poblacion of Jaro.

At present, JARO WATER DISTRICT, with its new management and coupled with its new set of working Board of Directors, is on 24-hour of water supply to six (6) barangays.

JWD Office is located at Real St. Poblacion Jaro, Leyte. It has 11 employees: 6 permanent, 2 casuals and 3 JOs.

The vision of JWD is to be of service in its area of responsibility to all Salugnon at a cost that is economically viable to both the supplier and the users. Its mission is to provide potable, reliable and sustainable water supply to the concessioners at an affordable price.

2) BASIS OF FINANCIAL STATEMENTS PRESENTATION

The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amount that are based on the best estimates and informed judgment of management with an appropriate consideration of materiality.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES & EVENTS

3.1 JWD uses an accrual method of accounting. Income earned is credited upon collection. Expenses incurred are recorded in the period to which they relate. The District is partly adopting the National Government Accounting System.

3.2 Petty Cash Fund account is maintained under imprest system.

3.3 Straight Line Method of Depreciation is used in depreciating the Property, Plant and Equipment with estimated useful life ranging from two to thirty years. A residual value computed at 10% of the actual cost of asset is set and depreciation starts on the following month after its purchase.

3.4 The District purchased a portion of lot at Batan's Village for 100 sq.m. which serves as ROW during its expansion thereat.

4) CORRECTION OF FUNDAMENTAL ERRORS

Fundamental errors of prior years are corrected by using the Prior Period Adjustment Account and also errors affecting current years' operation.

5) CURRENT ASSETS

5.1 Cash are collection from payment on water bills, plumbing materials, water meters, installation fees and other fees. Cash-collecting officer represents the year-end cash balance for deposits.

5.2 Cash in Bank – NLIF Loan proceeds amounting to P4,003,989.20 is an addendum to our bank account at Land Bank of the Phils.

6) ACCOUNTS RECEIVABLE from customers depleted since the District has no Revenues for two months due to no water billings for the month of November & December 2013, in effect of typhoon Yolanda.

7) INVENTORIES- one unit of swivel chair was purchased for office use. Leyte Metro Water District donated to us twenty (20) drums of Hypochloride

Chlorine given from one of the foreign NGOS.

The District purchased One (1) unit of Chemtech (brand) Chlorinator at Rempin Marketing Services, Cebu City during the 1<sup>st</sup> quarter of 2013.

8) PROPERTY, PLANT & EQUIPMENT

8.1 One Hundred square meters (100 sq.m.) of lot was purchased at Batan's Village which serves as Road Right of Way for our expansion thereat.

8.2 The District has an expansion to two nearby barangays namely Caglawaan and Batan's Village which attributes on the increase of 2% by that of CY 2012.

8.3 An increase in our leasehold improvement by 41% from last year's total of P97,778.13 was due to the repair and improvement of our office which we transferred last August, 2012. The District was so lucky that we were able to transfer to another building before the typhoon Yolanda, since the vacated building was totally washed out by the typhoon.

8.4 Equipment & Machinery, Furniture, Fixtures & Books – changes on the amount of these items was due to the reclassification of some assets from furniture and fixtures to equipment and machinery.

9) CURRENT LIABILITIES

The current liabilities of the District amounting to P1,335,129.61 was increased by 144% compared to last year's P547,736.09 due to non-remittance of Inter-Agencies Payable like the GSIS, PAG-IBIG and PHILHEALTH, for the months of November & December of CY 2013.

10) GOVERNMENT EQUITY

This account comprises the following:

	<u>2013</u>	<u>2012</u>
Donated Capital	1,828,497.50	1,828,497.50
Retained Earnings	( 1,338,633.67)	(831,609.39)
<b>T o t a l</b>	<b><u>489,863.83</u></b>	<b><u>( 996,888.11)</u></b>

