



TOLEDO CITY WATER DISTRICT

2nd Fl., Terminal Bldg., Baybay I
Poblacion, Toledo City, Cebu
Tel. Nos. 0(32) 467 8544/ 467 8533/ 322 6430/ 467 8368
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BOARD OF DIRECTORS

Board Resolution No. 20-2015

RESOLUTION APPROVING THE TOLEDO CITY WATER DISTRICT OPERATING BUDGET FOR 2016 IN THE TOTAL AMOUNT OF NINETY EIGHT MILLION EIGHT HUNDRED EIGHTY FOUR THOUSAND FIVE HUNDRED EIGHTY FIVE & 54/100 (P98,884,585.54)

WHEREAS, operating and financial assumptions have been presented which are deemed to be feasible to support and sustain the TCWD operations, copy hereto attached as an integral part;


RESOLVED AS IT IS HEREBY RESOLVED, to APPROVE the Toledo City Water District Operating Budget for 2016 in the total amount of Ninety Eight Million Eight Hundred Eighty Four Thousand Five Hundred Eighty Five & 54/100 (P98,884,585.54) as follows:

Generation Transmission & Distribution Expenses	P 20,896,333.94
Personnel Services	33,863,107.37
Other Operating Expenses	21,899,467.97
Repair & Maintenance	3,184,356.26
CAPITAL EXPENDITURES	<u>19,041,320.00</u>
TOTAL	P 98,884,585.54


APPROVED UNANIMOUSLY. December 9, 2015. Toledo City.


CERTIFICATION

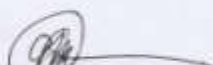
I hereby certify that the above resolution was passed during the Regular Board meeting of the TCWD Board of Directors on December 9, 2015 held at the TCWD Conference Room, 2F Terminal Bldg., Baybay I, Toledo City and that the same is made part of the minutes of the said meeting.



DR. CAMILA L. GÁPARIDA
BOD, Corporate Secretary

Approved:


ANTONIO S. MAPUTI
BOD, Chair


OSCAR A. REYES
BOD, Vice Chair


FAUSTINO P. CANDILADA
BOD, Member


NIDA P. ORDANIZA
BOD, Member

EXECUTIVE SUMMARY

Corporate Budget serves as the financial roadmap for business operations of water district's goal which aims to provide sufficient, safe, potable and affordable water to the public.

For 2016, TCWD intends to expand water service connections to all the 17 remaining barangay not yet served with Level 3 connections and is also preparing to meet the demands of the increasing needs of the existing concession area. This will generate an additional 2,200 consumers at a conservative estimate which will provide an income opportunity to spend for the upgrading facilities to reduce operational expenses as well as improve the basic services. This will also serve as the major financial source to stabilize the current credit standing with LWUA. Water Source Development in Loay and Poog will help reduce the volume of purchased water from Carmen Copper Corporation and will also augment the existing water supply along the East Section of the concession area.

The following figures are expected to come up at the end of the year;

	2015	2016
Liquidity & Solvency Ratio		
Current Ratio	2.04	1.06
Debt to Equity Ratio	1.21	1.17
Profitability & Efficiency Ratio		
Net Income Ratio	9%	5%
Staff Ratio	171	185
Collection Efficiency	80%	85%

SALES & OTHER REVENUES

Market growth is set @ 12%. Seventy-eight of the total growth is coming from the East Section. The expected growth is due to the water source development & expansion projects in the areas of Camp 8 & Loay. Table 1 shows the number service connections of the four Sections.

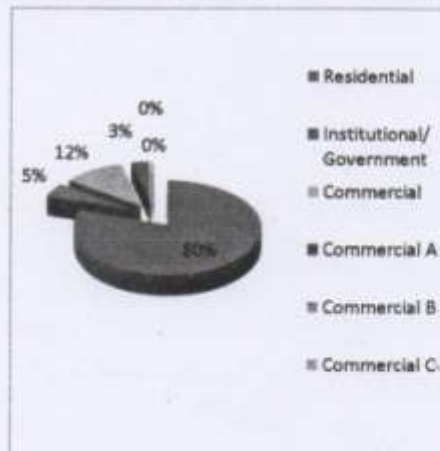
Section	2015	2016	Add'l Service Connections
South	1,983	2,133	150
Central	6,252	6,545	293
North	2,022	2,207	185
East	3,111	5,391	2,280
Total	13,368	16,276	2,908

Table 1 Service Connection per Section

The average month consumption of 19 m³ per concessionaire is considered in computing sales revenue. Overall, 80% of the Sales Revenue will come from residential consumers.

For 2016, water district is aiming to supply foreign & local shipping vessels with average consumption of 600 m³ & 480 m³ per month respectively that will yield

additional revenue of 1.300M



Monthly bulk sales with CEDC will increase from 5,000m³ in the first quarter to 45,000m³ in the next succeeding quarters of 2016.

TCWD will reach out 2,000 households located in remote areas of Toledo to provide Level II Water Service by using delivery trucks. This program will increase revenue by 4.8M.

On time payment ratio will increase from 55% in 2015, to 60% in 2016 hence, income from penalty charges will decrease to 1.386M.

COLLECTIONS

Total collections for 2016 will reach 93.5M or higher by 35% against 2015. Collection Efficiency is set @ 85%. Water District also aims to collect arrears at 32% of accounts receivable.

Other receipts such as interests, reconnection, and installation fees are projected to be 9.7M.

OPERATING EXPENSES

Water District allocated 79.3M for its operating costs. Please see figure 3 for breakdown of expenses.

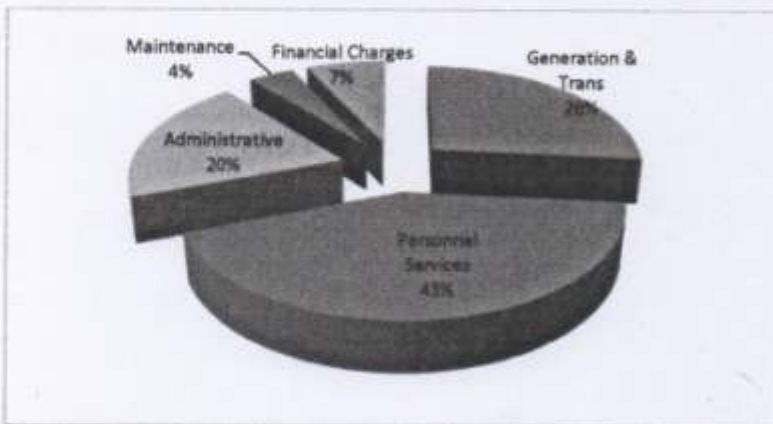


Figure 3 Breakdown of Operating Expenses

TCWD aims to increase the annual production capacity to 6,246,000m³ which is sufficient to satisfy the 5,198,488m³ annual production demand.

Installation of renewable power generator at Luray pump will decrease the power consumption by 80% or equivalent to 7% of the total. Cost per kwph is assumed to be at Php8.50.

Development of Loay Water Source will decrease the volume of purchased water from Carmen Copper Corporation from 21,000m³ per month to 6,000m³ beginning July 2016.

Cost of Chlorine is set @ Php 0.10/m³ produced.

PERSONNEL COST

Cost of personnel services is expected to increase by 18% against 2015. TCWD will implement the 2015 Salary Standardization Law that will cost more or less 1.308M including the midyear bonus equivalent to one month salary. Water District intends to regularize nine contractual employees & to promote nine regular employees amounting to 4.749M. Loyalty incentive amounting to 170,000 is to be given to 17 regular employees by August 2016.

	2015	2016	% increase
Salaries & Wages	16,513,640.13	19,427,919.00	18%
Other Compensation	6,909,315.67	8,327,145.50	21%
Personnel Benefit Contribution	3,608,220.08	4,213,240.86	17%
Other Personnel Benefit	1,741,374.18	1,894,802.01	9%
Total	28,772,550.06	33,863,107.37	

ADMINISTRATIVE COST

Total administrative cost is expected to reach 15.7M which is 22% higher against 2015. TCWD allocated 927,500 to implement Gender and Development Programs.

MAINTENANCE COST

3.184M is budgeted for repairs & maintenance cost.

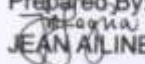
INTEREST EXPENSE

Interest expense will grow more than four times in 2016. The closing of the Level III LWUA loan has a material effect in the financial operation of TCWD.


BALANCE SHEET

TCWD will take account to replace worn out & depleted assets and acquire additional fixed assets. It will then result to an increase in total assets by 4%, but will drop current ratio from 2.04 to 1.06.


Prepared By:


JEAN AILINE C LAGRIA
Corporate Budget Analyst

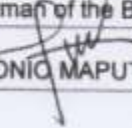
Checked By:


DELINA DELOS REYES
Finance Division Manager B

Approved By:


FRANCISCO R. ABELLANA
General Manager

Board Action


Resolution No.	Date	Chairman of the Board
		 ANTONIO MAPUTI

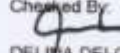
TOLEDO CITY WATER DISTRICT
DETAILED STATEMENT OF REVENUES AND EXPENSES
YEAR 2016

	Actual 2014	Projected/ Actual 2015	Budget 2016
Business and Service Income:			
576	56,955,674	66,574,061	79,610,546.74
612	30,107	14,946	14,945.76
618	2,599,092	3,028,463	2,969,661.39
618-01	952,318	1,630,729	617,103.33
618-04A	518,200	600,207	1,595,159.30
618-04B	280,710	193,092	122,742.42
618-04C	807,863	604,435	634,656.34
619	1,455,860	1,446,076	1,386,920.00
	(22,900)	(18,438)	(23,883.16)
	61,017,832	71,045,108	83,958,190.72
Less: Variable Costs			
792	14,337,539	19,044,463	20,896,333.94
792 -02	3,315,515	5,271,873	2,985,000.00
792 -07	10,273,909	13,223,814	17,077,985.10
792 -09	748,115	548,776	833,348.84
	46,680,293	52,000,644	63,061,656.79
Less: Fixed Costs			
Personal Services			
	16,304,698	16,513,640	19,427,919.00
701	15,014,842	14,902,418	17,301,663.00
706	1,289,856	1,611,222	2,126,256.00
	7,017,488	6,909,316	8,327,145.50
707	1,600,000	1,576,000	1,752,000.00
710	400,750	402,000	492,000.00
711	400,750	402,000	492,000.00
712	335,000	390,000	440,000.00
713	909,392	871,668	939,168.00
714	1,256,596	1,377,769	3,083,977.50
719	2,115,000	1,889,879	1,128,000.00
	3,569,523	3,608,220	4,213,240.86
721	1,802,122	1,783,979	2,076,199.56
722	80,000	78,500	87,600.00
723	185,275	184,538	231,675.00
724	80,000	78,500	87,600.00
725	1,422,126	1,482,503	1,730,166.30
	1,310,890	1,741,374	1,894,802.01
734	1,025,192	1,273,963	1,638,444.97
737	285,698	467,412	256,357.04
749	285,698	467,412	256,357.04
	28,202,599	28,772,550	33,653,107.37
Administrative			
751	402,522	486,706	960,507.74
752	2,148	1,880	-
757	853,029	724,203	847,726.16
765	73,465	70,868	70,330.00
766	319,888	304,352	359,768.00
767	66,500	155,655	730,400.00
768	22,454	30,605	32,134.76
769	335,136	418,602	439,532.20
772	4,135	6,513	105,000.00
773	96,769	72,927	94,800.00
774	460,367	445,025	424,176.00
775	95,705	82,057	16,530.00
776	6,850	650	12,000.00
777	1,410	2,653	3,600.00
778	159,071	207,884	244,700.00
779	1,104,868	1,348,896	1,779,886.20
781	67,295	115,749	138,012.96

TOLEDO CITY WATER DISTRICT
DETAILED STATEMENT OF REVENUES AND EXPENSES
YEAR 2016

	Actual 2014	Projected/ Actual 2015	Budget 2016
782 Representation Expenses	5,415	8,673	36,000.00
786 Rent/ Lease Expenses	532,280	572,280	984,489.50
787 Survey Expenses	66,000	-	80,000.00
788 Research & Exploration		212,000	
795 Extraordinary and Miscellaneous Expenses	836,697	822,183	1,017,500.00
796 Membership Dues and Cont. to Organizations	29,292	47,047	35,285.00
797 Cultural and Athletic Expenses	111,827	155,425	625,500.00
842 Legal Services	186,650	186,400	198,000.00
843 Auditing Services		543,196	
846 Security Services	600,093	515,719	792,000.00
848 Computer Data Processing Services	54,000	60,000	60,000.00
901 Doubtful Accounts Expenses	171,796	1,328,130	1,394,536.46
903 Depreciation Expense	3,358,875	3,658,998	3,561,267.04
989 Other Maintenance & Operating Expense	306,443	381,965	545,250.00
Administrative Cost	10,330,052	12,967,241	15,768,932.12
Total Operation Expense	38,532,651	41,739,791	49,532,039.49
Repairs and Maintenance			
802 Repairs and Maintenance - Land Improvements			
803 Repairs and Maintenance - Plant (UPIS)	1,580,459	2,446,173	2,568,461.26
804 Repairs and Maintenance - Bldgs and Other Struct	39,367	-	40,000.00
807 Repairs and Maintenance - Office Equipment	35,990	53,771	365,875.00
814 Repairs and Maintenance - Land Transport Equip	265,545	175,067	110,000.00
825 Repairs and Maintenance - Other Machinery and Equip	23,085	47,284	60,000.00
826 Repairs and Maintenance - Furniture and Fixtures	740	-	40,000.00
Repairs & Maintenance Expenses	1,945,186	2,722,315	3,184,356.26
Total Operation and Maintenance Expenses	12,275,238	15,689,555	18,953,288.38
Utility Operating Income	6,202,456	7,538,539	10,245,461.04
Net Income Before Interest & Financial Charges	6,202,456	7,538,539	10,245,461.04
Bank Charges	4,000	3,750	-
Interest Expense-73M Loan		685,707	4,092,763.53
Interest Expense-Interest Dues		326,791	1,886,020.59
Interest Expense-5M	229,585	192,122	151,751.73
Documentary Stamps Expenses			
Interest Expenses			
Financial Charges	233,585	1,208,370	6,130,535.85
Net Income/Loss for the Period	5,968,871	6,330,169	4,114,925.19

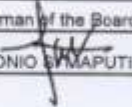
Prepared By:

 JEAN AILINE C. LAGRIA
 Corporate Budget Analyst

Checked By:

 DELIMA DELOS REYES
 Finance Division Manager

Approved By:

 FRANCISCO R. ABELLANA
 General Manager

Board Action

Date	Board Resolution No.	Chairman of the Board
		 ANTONIO S. MAPUTI

TOLEDO CITY WATER DISTRICT
DETAILED STATEMENT OF CASH FLOW
BUDGET YEAR 2016

	2015	Budget 2016
Cash Flows from Operating Activities		
Cash Inflows		
Collection of Water Bills	26,205,268.04	41,318,850.03
Collection of Other Water Revenues	34,283,079.95	41,170,838.46
Collection on Arrears-current	29,352,949.69	27,848,506.69
Collection on Arrears-PY 2002-2015	4,722,914.87	12,295,968.95
Collection on Arrears-PY 2001	207,215.39	1,036,162.81
Other Business and Service Income	1,936,203.31	3,104,821.72
Installation Fee	586,249.98	1,595,159.30
Reconnection fee	193,092.39	122,742.42
Fines and Penalties	1,156,860.94	1,386,920.00
Other Cash Receipts	6,645,452	7,990,742
Interest	14,816.81	14,945.75
MSMC Fund	2,430,911.76	7,975,796.50
Others	4,199,723.13	-
Total Cash Inflows from Operating Activities	69,070,003.02	93,585,052.47
Cash Outflows from Operating Activities		
Payment of Operating Expenses	14,231,167.39	22,642,196.21
Purchased Water	1,398,030.39	5,036,205.27
Power/Fuel Purchased for Pumping	12,381,361.45	16,772,642.11
Chemical, Filtering and Laboratory Supplies Exp	451,775.55	833,348.84
	54,838,835.63	70,942,856.26
Payment of Salaries & Wages		
701 Salaries and Wages	15,993,582.42	17,301,563.00
706 Job Orders/Contractual	1,489,363.69	2,126,256.00
707 Personnel Economic Relief Allowance (PERA)	1,551,000.00	1,752,000.00
710 Representation Allowance	402,000.00	492,000.00
711 Transportation Allowance	402,000.00	492,000.00
712 Clothing and Uniform Allowance	390,000.00	440,000.00
713 Honoraria (Directors' Fees & Remunerations, etc)	770,511.03	939,168.00
714 Year-end Bonus	1,377,768.67	3,083,977.50
719 Other Bonuses and Allowances	1,873,934.20	1,128,000.00
721 Life and Retirement Insurance Contributions	1,790,164.82	2,076,199.56
722 PAG-IBIG Contributions	79,400.00	87,600.00
723 PHILHEALTH Contributions	184,987.50	231,675.00
724 ECC Contributions	78,800.00	87,600.00
725 Provident Fund Contribution	1,543,743.90	1,730,166.30
737 Vacation and Sick Leave Benefits	1,253,982.82	1,638,444.97
749 Other Personnel Benefits - Overtime/Holiday Pay	435,846.83	256,357.04
	29,617,176	33,863,107
Other operations Expenses		
751 Office Supplies Expense	479,000.47	950,507.74
752 Medical, Dental & laboratory Expense	1,880.00	-
757 Fuel, Oil and Lubricants Expenses	688,922.85	847,726.16
765 Other Supplies Expense	79,888.43	70,330.00
766 Travel Expenses	312,511.50	359,768.00
767 Training and Scholarship Expenses	166,713.80	730,400.00
769 Electricity	388,053.53	439,532.20
772 Postage and Deliveries	6,513.33	105,000.00
773 Telephone Expenses- Landline	76,632.55	94,800.00
774 Telephone Expenses- Mobile	490,346.55	424,176.00
775 Internet Expenses	79,124.27	16,530.00
776 Cable, Satellite, Telegraph and Radio Expenses	162.50	12,000.00
777 Printing Expenses	2,653.33	3,600.00
778 Advertising, Promotional and Marketing Expenses	207,884.00	244,700.00
779 Taxes, Duties and Licenses	1,305,822.62	1,744,000.72
781 Insurance Premiums	144,740.00	170,000.00

TOLEDO CITY WATER DISTRICT
DETAILED STATEMENT OF CASH FLOW
BUDGET YEAR 2016

	2015	Budget 2016
788 Research & Exploration	205,437.50	-
795 Extraordinary and Miscellaneous Expenses	1,067,884.34	1,017,500.00
796 Membership Dues and Cont. to Organizations	47,945.67	35,285.00
797 Cultural and Athletic Expenses	157,138.08	625,500.00
842 Legal Services	172,900.00	198,000.00
843 Auditing Services	543,195.69	-
846 Security Services	499,390.15	792,000.00
848 Computer Data Processing Services	60,000.00	60,000.00
989 Other Operating & Maintenance Expenses	387,778.18	645,250.00
Other Payables	1,030,617.55	-
Working Fund	20,000.00	-
Change Fund	3,000.00	-
Fund Transfer	600,000.00	-
Total Operation Expense	9,858,858.07	10,845,108.38
Repairs and Maintenance		
803 Repairs and Maintenance - Plant (UPIS)	1,924,755.99	3,832,428.92
804 Repairs and Maintenance -Bldgs and Other Struct	-	40,000.00
807 Repairs and Maintenance - Office Equipment	52,386.69	365,875.00
814 Repairs and Maintenance - Land Transport Equip	189,189.57	110,000.00
825 Repairs and Maintenance - Other Machinery and Equip	26,854.05	60,000.00
826 Repairs and Maintenance - Furniture and Fixtures	-	40,000.00
Total Maintenance Expenses	2,193,186.30	4,448,303.92
Total Operation and Maintenance Expenses	41,649,229.05	48,956,519.88
Net Cash Flow from Operating Activities	13,169,615.57	21,886,336.60
Cash Flows from Investing Activities		
Cash Inflows:		
Cash Outflows:		
Construction/Purchase	9,074,847.25	15,241,320.00
201-Land	2,141,442.00	14,241,320.00
203-LPIS	99,072.00	-
207 IT Equipment	1,378,053.09	9,063,000.00
207-02 Other Office Equipment	187,316.53	1,136,920.00
Connection Materials	123,916.55	-
225-Other Machines & Equipment	141,536.98	-
214 Land Transportation Equipment	209,046.85	-
Renewable Power Generator	-	2,630,000.00
226 Office Furnitures & Fixtures	-	1,380,000.00
CAPEX-Projects	2,500.00	31,400.00
244 Construction of DAS Sub Office	6,933,405	1,000,000
243-28 Well Construction Loc2 Bato	-	-
243-53 Silt Tunnel Phase#1	218,465.09	-
243-59 Installation of transmission/distribution pipeline	789,460.00	-
243-60 Installation of transmission pipeline	2,644,605.62	-
243-61 Panel Enclosure/housing @	233,424.33	-
243-62	48,027.68	-
243-64	155,528.92	-
243-65 Lateral lines to GPEC Office	476,351.69	-
243-66 Water Expansion @ Poog	160,621.14	-
243-67 installation of 8" Distribution pipeline -Rafols St	25,940.00	-
243-68 CIP Data Logger	64,212.28	-
243-69	110,670.00	-
243-70 Lateral Line @ Silt Kaira Cabitoonan	16,620.00	-
243-71 Improvement of Manggil Pump Station	65,202.50	-
243-72	338,682.00	-
243-73	122,189.00	-
2016 CAPEX Projects	1,463,375.00	-
Net Cash Flow from Investing Activities	1,000,000.00	1,000,000.00
Cash Flows from Financing Activities	(9,074,847.25)	(15,241,320.00)
Cash Inflows:		
Cash Outflows:		
Amortization of 5 million loan	4,193,521	9,542,340.20
Interest	-	-


**TOLEDO CITY WATER DISTRICT
 DETAILED STATEMENT OF CASH FLOW
 BUDGET YEAR 2016**

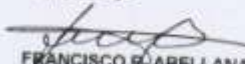
Principal
 Amortization of \$1 Million LWUA Loan
 Interest
 Principal
 Bank Charges
Net Cash Flow from Financing Activities
Cash Provided by Operating, Investing and Financing Activities
Cash and Cash Equivalents, Beginning
Cash and Cash Equivalents, Ending

2015	Budget 2016
356,668.94	2,214,742.15
-	-
1,087,684.38	4,092,763.53
1,706,486.62	636,679.92
3,750.00	-
(4,193,521.46)	(8,542,346.20)
(98,753.13)	(2,797,329.60)
7,333,595.22	7,234,842.09
7,234,842.09	4,437,512.49

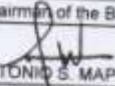
Prepared By:

JEAN ALINE C. LAGRIA
 Corporate Budget Analyst

Checked By:

DELINA DELOS REYES
 Finance Division Manager

Approved By:

FRANCISCO R. ABELLANA
 General Manager

Board Action

Date	Board Resolution No.	Chairman of the Board
		 ANTONIO S. MAPUTI

**TOLEDO CITY WATER DISTRICT
BALANCE SHEET
BUDGET YEAR 2016**

ASSETS

	2015	2016
<u>Current Assets</u>		
Cash	7,234,842	4,437,512
Receivable Accounts (net)	20,573,438.30	16,878,598.51
Inventories	3,912,096.92	1,464,624.99
Prepayments, Deposits and Deferred Charges	151,460.00	151,460.00
Total Current Assets	31,871,837.32	22,932,195.99
<u>Non Current Assets</u>		
Land and Other Improvements (net)	1,783,216.00	1,783,216.00
Plant UPIS (net)	93,263,020.61	101,160,118.57
Buildings & Other Structures (net)	19,168,047.74	18,682,140.08
Leasehold Improvement		
Office Equipment (net)	1,010,548.72	1,895,658.24
Land Transportation Equipment (net)	689,548.05	3,126,751.57
Other Machinery & Equipment (net)	1,268,669.17	1,142,447.75
Furnitures & Fixtures (net)	141,073.82	113,844.86
Construction-in-Progress	2,581,831.51	7,381,831.51
Other Assets	2,886,101.33	2,886,101.33
Total Non Current Assets	122,792,056.95	138,172,109.91
TOTAL ASSETS	154,663,894.27	161,104,305.90
 <u>LIABILITIES AND EQUITY</u>		
<u>Current Liabilities</u>		
Payable Accounts	12,464,534.93	18,189,346.77
Inter-Agency Payables	844,556.30	880,441.78
Other Payables	2,299,000.98	2,604,343.98
Total Current Liabilities	15,608,092.22	21,674,132.53
<u>Non Current Liabilities:</u>		
Loans Payable	67,192,100.87	63,451,547.00
Customer Deposit	1,824,805.63	1,824,805.63
Total Non Current Liabilities	69,016,906.50	65,276,352.63
TOTAL LIABILITIES	84,624,998.71	86,950,485.16
<u>Equity:</u>		
Government Equity	67,574,453.58	67,574,453.58
Donated Capital (OPIC)	3,600,000.00	3,600,000.00
Retained Earnings	(1,135,558.03)	2,979,367.16
TOTAL EQUITY	70,038,895.55	74,153,820.74
TOTAL LIABILITIES AND EQUITY	154,663,894.27	161,104,305.90

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