

MANOLO FORTICH WATER DISTRICT

Notes to Financial Statements
Calendar Year 2015

Brief Historical Background

The Manolo Fortich Water District was duly organized and established by virtue of Presidential No. 198 with its principal address at A. Ditona street, Tankulan, Manolo Fortich, Bukidnon and managed by Engr. Rogelio K. Pangan per Board Resolution No. 36, Series of 2006 passed and approved on July 20, 2006.

All Local Water Districts in the Philippines were declared as government-owned and controlled corporations (GOCCs) with original charter (P.D. No. 198) in a case decided by the Supreme Court on September 13, 1991 docketed as G.R. 95237-38 entitled "Davao City Water District, et al vs. Civil Service Commission, et al."

Summary of Significant Accounting Policies

Financial statements were prepared in conformity with the Generally Accepted Accounting Principles and Standards.

The Accounts were classified in conformity with the Commercial Practices System (CPS) Manual for Water District prescribed by Local Water Utilities Administration (LWUA) and lately were transferred to New Government Accounting System.

Accrual Method of accounting was used. Revenues were recorded in the period in which services were given and expenses were recorded in the period in which benefits were received.

Imprest System was used in Petty expenses.

Depreciation was computed using Straight Line Method.

Materials and Supplies Inventory maintained using First In First Out (FIFO) costing Method and now Moving average Method as required by New Government Accounting System.

Accounts Receivables - Customer was computed based on monthly billings less collections due for the month.

Note 1. Cash and cash equivalents

This account consists of the following

Cash in Bank deposited without restriction to be used in the operations of the water district, cash on hand and working fund in the possession of the district cashier, composed of the following:

Cash on Hand	43,746.96
Change Fund	2,000.00
Working Fund	
Cash in Bank:	
Philippine Postal Savings Bank - Account No. 100120-02277-0 (Sinking Fund)	229,162.82
PPSB Account No. 100120-03104-4 (MSF)	1,204,023.38
DBP Account No. 0830-037367-080	3,826,070.69
PPSB Account No. 100120-02020-4 (General Fund)	14,333,442.21
PPSB Account No. 100120-02233-9 (Customer deposit)	111,047.15
PPSB Account No. 100120-02501-0 (Joint Savings Account)	1,876,235.31
Total	<u>21,625,728.52</u>

Joint Savings Account with LWUA - P 1,876,235.31

The account represents the monthly deposits to guarantee payment of loans with LWUA. It cannot be withdrawn by the district without the consent of LWUA. Instead of the required monthly deposits of 3% of gross billing for the amount of water sales, the MFWD only deposits when there is availability of funds.

Note 2. Accounts Receivable - Customers account has the following composition:

Customers	2,097,907.47
Allowance for Bad Debts	(510,101.93)
Advances to Officers and Employees (Liquidated January 5, 2015 P3,000.00	8,000.00
Total and January 8, 2015 P 5,000.00)	<u>1,595,805.54</u>

Note 3. Accounts Receivable - Others account has the following composition:

Accounts Receivables - Others (for GM)	124,759.91
Accounts Receivables - Others (Materials)	2,986.92
Total	<u>127,746.83</u>

Note 4. The Property Plant and Equipment (PPE) account is recorded at acquisition cost less accumulated depreciation. Straight line method of accounting over the estimated life of assets is being adopted in the computation of depreciation. The following composed the Utility Plant in Service account as of the balance sheet date:

	Acquisition Cost	Accum. Depn.	Net Book Value
Utility Plant in Service			
Land	P 1,381,479.82		1,381,479.82
Lake, River and Other Intakes	1,213,544.23	914,355.65	299,188.58
Wells	1,777,585.58	951,233.39	826,352.19
Power Production Equipment	5,140,399.52	2,912,072.63	2,228,326.89
Pumping Equipment	12,880,133.23	7,609,823.21	5,270,310.02
Water Treatment Equipment	1,467,080.50	1,183,158.57	283,921.93
Reservoirs and Tanks	9,957,485.09	3,051,958.51	6,905,526.58
Transmission and Distribution Mains	92,526,183.06	35,636,623.20	56,889,559.86
Hydrants	182,114.15	161,899.38	20,214.77
Pumping Plant Structures and Improvements	4,897,270.58	2,327,015.06	2,570,255.52
Water Treatment Structures and Improvements	184,329.86	59,100.41	125,229.45
Administrative Structures and Improvements	173,200.57	79,543.96	93,656.61
Office Equipment	699,740.00	466,946.34	232,793.66
IT Equipment	1,403,011.65	1,077,450.29	325,561.36
Land Transportation Equipment	4,887,111.23	2,965,656.90	1,921,454.33
Communications Equipment	80,130.00	72,117.00	8,013.00
Tools, Shops and Garage Equipment	648,928.10	496,567.95	152,360.15
Furnitures and Fixtures	236,370.90	164,974.00	71,396.90
Total Utility Plant Accounts	<u>139,736,098.07</u>	<u>60,130,496.45</u>	<u>79,605,601.62</u>
Leasehold Improvement	2,250,000.00	1,027,406.25	1,222,593.75
Total Utility Plant in Service	<u>141,986,098.07</u>	<u>61,157,902.70</u>	<u>80,828,195.37</u>
Construction Work in Proress	1,586,592.47		1,586,592.47
Total	P <u>143,572,690.54</u>	<u>61,157,902.70</u>	<u>82,414,787.84</u>

Note 5. Other Assets

279	Furniture, Fixture, Equipment	926,954.97
279-01	Inventories-Semi-Expendable Supplies (note: breakdown submitted to Auditor Baco	448,066.22
279-02	Submersible pump coupled 7.5hp @ BEH	150,000.00
	Submersible pump coupled 3hp @ Manupihon	98,000.00
	Submersible pump coupled 3hp with accessories @ Lingi-on	35,624.00
279-03	Lite Ace Pick-up	250,000.00
279-04	Accounts receivables-Inactive	1,132,289.95
279-05	Lite Ace, Engine	50,000.00
		<u>3,090,935.14</u>

Note 6. Accounts Payable

Forwarded Balance from January to November 2015		(1.99)
AMR Trading	133 length Upvc Pipe for Kawayan area, Dicklum spring	370,405.00
Atty. Paayas	Retainer & notarial fee	14,750.00
BCC	FOL for the period of Dec. 1-15, 2015	16,479.71
BCC	FOL for the period of Dec. 15-31, 2015	6,046.81
Colex Gas Station	FOL for the period of Dec. 1-15, 2015	14,766.91
Colex Gas Station	FOL for the period of Dec. 16-31, 2015	14,918.15
Compusource	1 Hard drive for replacement of Acctg. Section	2,275.00
Compusource	2 pcs.Epson Carriage	349.80
Constech Asia	Ball valve	75,705.00
Crown Paper	1 unit Comb binding machine	4,500.00
Deskmark Corp.	1 unit LED TV Samsung	26,680.00
Globe	Mobile plan for the period of 11/18/15 - 12/1//15 acct. #49544405	3,695.91
Globe	Mobile plan for the period of 11/18/15 - 12/1//15 acct. #81714892	5,091.63
Globe	Mobile plan for the period of 11/18/15 - 12/1//15 acct. # 59684455	925.95
GM Pangan	Travelling allowance per diems	4,080.00
GSIS	GSIS premiums of Mr. Pailagao & Ms. Payangga	609.63

Mr. Daciag	Travelling allowance per diems	320.00
Mr. Lee	Travelling allowance per diems	2,425.00
Ms. Gumaling	Travelling allowance per diems	1,760.00
Mystic	2 units pressure gauge for Ecoverde housing	9,000.00
New Freedom	Materials & Fittings for maint. Use	232,416.00
Northmin	20 drums sodium hypochlorite	76,000.00
PBB	PBB CY 2014	645,000.00
Quality Appliance	1 unit window type aircon 1/2hp for Multi-purpose room	8,450.00
Rams	Denatured alcohol & cotton rolls	487.00
Ram's	Materials for development of new source 1 Dicklum spring	2,180.00
RCCC	3 units voltage dual voltage 460/260v primary double bushing	174,000.00
Smart	Internet bill for 11/11/15 to 12/10/15	999.00
Technomart	1 unit 4gb memory DDR3 for commercial	1,150.00
XD Ever	200 pcs. Water meter	191,000.00
		<u>1,906,464.51</u>

Note 7. Retained Earnings

Year	Retained Earnings Balance at beginning	Prior period adjustments	Changes during the period	Net income (loss) for the period	Balance at end of period
2016	17,627,068.57				
2015	10,842,120.64	164,661.02		6,620,286.91	17,627,068.57
2014	9,340,482.06	373,060.28		1,128,578.30	10,842,120.64
2013	9,934,604.98	6,272.00	(31,972.00)	(568,422.92)	9,340,482.06
2012	6,966,946.86	5,083.17		2,962,574.95	9,934,604.98
2011	19,138,095.19	(16,738,478.81)		4,567,330.48	6,966,946.86
2010	18,241,552.77	(693,752.94)		1,590,295.36	19,138,095.19
2009	14,180,659.57	(7,027.21)		4,067,920.41	18,241,552.77
2008	10,561,623.80			3,619,035.77	14,180,659.57
2007	5,819,368.97	(1,031,787.05)		5,774,041.88	10,561,623.80

Note 8. Operating Revenues

This consist of the following:

Metered Sales	56,271,405.89
Discounts	(169,974.84)
Miscellaneous revenue	855,589.91
Penalty charges	3,500.00
	<u>56,960,520.96</u>

Note 9. Operating Expenses

Salaries and Wages Regular/Casual	6,399,603.55
Salaries and Wages Job Order	1,541,345.09
PERA	192,000.00
ADCOM	576,000.00
Representation Allowance	162,000.00
Transportation Allowance	162,000.00
Clothing and Uniform Allowance	150,000.00
Honoraria(Directors' Fees and Renumeration)	469,860.20
Year-End Bonus	647,318.99
Other Bonuses and Allowances/C.N.A.	857,500.00
Productivity Incentive Benefit/PBB	645,000.00
Life and Retirement Insurance Contributions/GSIS	702,203.76
PAG-IBIG Contributions	44,775.94
PHILHEALTH Contributions	90,100.00
ECC Contributions/GSIS	38,661.27
Vacation and Sick Leave Benefits	146,221.24
Other Personnel Benefits	177,920.00
Overtime and Holiday Pay	5,260.00
Total Personal Services	<u>13,007,770.04</u>
Other operations Expenses	
Office Supplies Expense	230,718.15
Fuel, Oil and Lubricants Expenses	663,070.87
Travel Expenses	535,572.71
Training and Scholarship Expenses	261,995.40
Water	11,099.05
Electricity	217,937.88
Postage and Deliveries	2,355.00

Telephone Expenses- Landline	-
Telephone Expenses- Mobile	84,295.81
Internet Expenses	13,629.99
Cable, Satellite, Telegraph and Radio Expenses	5,850.00
Advertising, Promotional and Marketing Expenses	140,688.00
Taxes, Duties and Licenses	1,104,463.92
Franchise and Regulatory Requirements Expenses	115,133.22
Insurance Premiums	64,129.78
Representation Expenses	540,000.00
Rent/ Lease Expenses	-
Power/Fuel Purchased for Pumping	16,313,716.48
Chemical, Feltering and Laboratory Supplies Exp.	920,978.55
Miscellaneous Customer Accounts Exp.	-
Extraordinary and Miscellaneous Expenses	98,000.00
Miscellaneous Expenses	176,520.46
Membership Dues and Cont. to Organizations	28,219.00
Legal Services	128,050.00
Auditing Services	163,693.76
Total Other operations Expenses	<u>21,820,118.03</u>

Note 10. Maintenance Expenses

Maint. of River, Lake and other Intake	7,256.00
Maint of Springs & Tunnels	267,000.00
Maint. Of Wells	15,350.00
Maint. of Reservoir and Tanks	135.00
Maint. of Trans & Dist. Mains	2,771,669.48
Maint. of Services	302,999.50
Maint. of Meters	14,176.00
Maint of Pumping Plant Structures and Improvements	103,033.31
Maint of Water Treatment Structures and Improvements	53,583.00
Maintenance of Trans. and Distribution Structures and Improvements	129,174.16
Maint of Administrative Structures and Improvements	39,245.23
Maint. of Office Equipment	61,620.40
Maint. Of IT Equipment	-
Maint. of Land Transport Equip	255,618.82
Maint of Power Production Equipment	50,800.00
Maint. of Pumping Equipment	92,376.25
Maint. Of Water Treatment Equipment	21,000.00
Maint. Of Communications Equipment	8,080.00
Maint. Of Tools, Shop and Garage Equip.	2,700.00
Maint. Of Furniture and Fixtures	645.00
Total Maintenance Expenses	<u>4,196,462.15</u>

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