

MANOLO FORTICH WATER DISTRICT**Notes to Financial Statements**

Calendar Year 2018

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. Ditoria 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 PFRS and Charts of Accounts for Government Corporations (GCs) and Classified as Government Business Enterprises (GBEs)

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 Moving average method.

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-Collecting Officer	111,888.75
Local currency on Hand(Change fund)	2,000.00
Cash in Bank:	
Philippine Postal Savings Bank - Account No. 100120-02277-0 (Sinking Fund)	5,625,533.15
PPSB Account No. 100120-03104-4 (MSF)	2,769,924.76
DBP Account No. 0830-037367-080 loan account	4,597,785.28
DBP Account No. 0830-037367-081 epayment	188,058.74
DBP Account No. 0830-037367-100 Time deposit	5,056,629.82
PPSB Account No. 100120-02020-4 (General Fund)	35,601,156.11
PPSB Account No. 100120-02501-0 (Joint Savings Account)	3,640,349.20
Total	<u>57,593,325.81</u>

Joint Savings Account with LWUA - P 3,640,349.20

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-account has the following composition:

Customers	2,786,514.03
Allowance for Bad Debts	(779,853.33)
Advances to Officers and Employees	
Total	<u>2,006,660.70</u>

Note 3. Other Receivables -account has the following composition:

Due from Officers and Employees(former GM)	124,759.91
Other Receivable (Materials)	10,881.79
Total	<u>135,641.70</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 Property, Plant and Equipment account as of the balance sheet date:

Property, Plant and Equipment	Acquisition Cost	Accum. Depn.	Net Book Value
Land	1,8179.82		
Accumulated Impairment Losses-Land			
Plant-Utility Plant in service(UPIS)	168,502,396.70		
Accumulated Depreciation-UPIS		88,749,370.15	
Accumulated Impairment Losses-UPIS			
Lake, River and Other Intakes	1,213,544.23	1,108,243.13	105,301.10
Wells	3,712,105.58	1,688,706.30	2,023,399.28
Reservoirs and Tanks	14,453,068.86	4,695,080.25	9,757,988.61
Transmission and Distribution Mains	113,430,085.82	57,496,395.73	55,933,690.09
Hydrants	182,114.15	171,005.09	11,109.06
Pumping Plant Structures and Improvements	4,897,270.58	3,780,326.86	1,116,943.72
Water Treatment Structures and Improvements	184,329.86	121,480.52	62,849.34
Administrative Structures and Improvements	173,200.57	127,612.57	45,588.00
Power Production Equipment	9,958,399.52	5,036,306.17	4,922,093.35
Pumping Equipment	18,232,015.23	12,719,940.28	5,512,074.95
Water Treatment Equipment	1,467,080.50	1,236,831.79	230,248.71
Tools, Shops and Garage Equipment	599,181.80	567,441.46	31,740.34
Leasehold Improvements, Building	2,250,000.00		
Accumulated Depreciation-Leasehold improvements, Building		1,409,859.38	840,140.62
Accumulated Impairment Losses-Leasehold improvements, Building			
Office Equipment	919,751.00		
Accumulated Depreciation-Office Equipment		630,848.43	288,902.57
Accumulated Impairment Losses-Office Equipment			
Information and Communication Technology Equipment	1,737,924.29		
Acc. Depreciation-Information & Communication Technology Equipment		1,407,006.90	330,917.39
Accumulated Impairment Losses-ICTE			
Motor Vehicles	5,956,492.23		
Acc. Depreciation-Motor Vehicles		4,516,610.45	1,439,881.78
Acc. Impairment Losses-Motor Vehicles			
Communications Equipment	67,800.00		
Acc. Depreciation-Communications Equipment		64,410.00	3,390.00
Acc. Impairment Losses-Communication Equipment			
Furnitures and Fixtures	152,190.90		
Acc. Depreciation-Furniture and Fixtures		144,581.35	7,609.55
Acc. Impairment Losses-Furniture and Fixtures			
Construction Work in Proress	2,089,575.00		

Note 5. Other Assets

Computer Software	622,545.00
Semi-Expendable Furniture and Fixtures	1,075,140.07
Semi-Expendable Office Equipment	588,321.92
Other Assets(Pumping Equipment)	587,890.00
Other Asset(AR- Inactive)	945,071.10
	3,818,968.09

Note 6. Accounts Payable

Forwarded Balance from January to November 2015	(1.49)
Uni-field 12/29/2018 brass water meter	262,500.00
Uni-field 12/29/2018 brass water meter	525,000.00
Constech Asia 12/29/2018 Fittings for new connection	326,696.00
Taurus Computer Worx 12/29/2018 Epson ribbon	1,113.00
Crown Paper & Stationeries Supply 12/29/2018 1 unit office chair	4,187.00
AMR Trading 12/29/2018 1 unit 1 hp submersible pump	72,990.00
BCC 12/29/2018 Fuel Oil & Lubricant for Dec. 1-15, 2018.	11,473.37
Calva Gas Filling Station 12/29/2018 Fuel Oil & Lubricant for Dec. 1-15, 2018.	32,822.91
Crown Paper & Stationeries Supply 12/29/2018 1 box continuous paper	795.00
Kopya de oro Services & Trading 12/29/2018 Riso of office form for office use	2,335.00
Various Employees 12/29/2018 Travelling allowance & per diems	6,927.00
Various Employees 12/29/2018 Collective negotiation agreement incentive	1,062,500.00
Dream Care 12/29/2018 Cleaning of mfwd aircon.	5,600.00
Constech Asia 12/29/2018 Fittings for new connection	9,504.00
GTSG Marketing 12/29/2018 Fittings for rehabilitation of piplies.	41,575.00
Mindanao Laboratory 12/29/2018 3 unit chlorinator feed pump.	135,000.00
Ram's 12/29/2018 Materials for diversion of water drain of admin bldg.	5,684.00
Geonobel, Inc. 12/29/2018 1 unit geographic info.system for water system mapping	134,400.00
Metro Davao 12/29/2018 1 unit 25 hp submersible motor	395,740.00

Jessel & Jojo Trading
Goodwish
APM

12/29/2018 Materials & fittings for maint.use.
12/29/2018 led clearance light & shc or double cab.
12/29/2018 Calendar for 2018

398,327.00
1,780.00
248,400.00
3,685,347.79

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
2018	30,037,693.15	(8,888,869.67)		10,829,349.97	31,978,173.45
2017	24,242,259.28	14,668.89		5,780,764.98	30,037,693.15
2016	17,627,068.57	(54,776.41)	(6,296.70)	6,676,263.82	24,242,259.28
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:

Waterworks System Fees (Metered Sales)	76,275,449.98
Sales Discounts	(55,480.46)
Interest Income	117,584.35
Fines and Penalties-Business Income	1,583,522.21
Other Income	27,906.29
Miscellaneous Income	829,492.71
Other Service Income(Maint. Fee P10)	1,212,717.76
Total Revenue	79,991,192.84

Note 9. Operating Expenses

Salaries and Wages - Regular	6,679,257.00
Salaries and Wages - Casual	2,734,588.91
Salaries and Wages Job Order	1,748,217.77
Personnel Economic Relief Allowance(PERA)	255,136.36
Other Compensation	765,409.09
Representation Allowance(RA)	162,000.00
Transportation Allowance(TA)	162,000.00
Clothing/Uniform Allowance	252,000.00
Honoraria(Directors' Fees and Remuneration)	513,259.11
Year-End Bonus (13TH & 14TH Month)	1,569,699.67
Cash Gift	215,000.00
PEI	215,000.00
Other Bonuses and Allowances(PBB,PBI&CNA)	1,963,229.23
Retirement and Life Insurance Premiums	1,130,351.89
PAG-IBIG Contributions	51,000.00
PHILHEALTH Contributions	123,694.08
Employees Compensation Insurance Premiums	51,000.00
Other Personnel Benefits	172,650.00
Terminal Leave Benefits	1,086,232.71
Office Supplies Expenses	182,360.04
Accountable Forms Expenses	69,376.46
Fuel, Oil and Lubricants Expenses	989,502.08
Travel Expenses-Local	787,542.17
Training Expenses	406,749.00
Electricity Expenses	248,644.28
Postage and Courier Services	9,476.67
Telephone Expenses	61,058.45
Internet Subscription Expenses	34,119.23
Cable, Satellite, Telegraph and Radio Expenses	5,867.50
Advertising, Promotional and Marketing Expenses	252,778.00

Taxes, Duties and Licenses	1,273,086.50
Other Utility Expenses	903.83
Insurance Expenses	4,053.35
Representation Expenses	1,259,238.65
Other Supplies and Materials Expenses	14,368.88
Generation, Transmission and Distribution Exp.	18,735,776.81
Chemical, Fettering Supplies Expenses	674,420.62
Extraordinary Miscellaneous Expenses	28,706.25
Cultural and Athletic Expenses	85,953.35
Membership Dues and Cont. to Organizations	3,084.00
Donations	40,661.00
Legal Services	108,250.00
Auditing Services	160,000.00
Total Other operations Expenses	<u>45,899,702.94</u>

Note 10. Maintenance Expenses

Repairs & Maintenance-Infrastructure Assets	
Maint. of River, Lake and other Intake	122,812.70
Maint of Springs & Tunnels	321,000.00
Maint. Of Wells	-
Maint. of Reservoir and Tanks	71,952.00
Maint. of Trans & Dist. Mains	3,831,263.41
Maint. of Services	1,231,503.48
Maint. of Meters	1,025,025.98
Maint of Pumping Plant Structures and Improvements	272,569.91
Maint of Water Treatment Structures and Improvements	7,632.75
Maintenance of Trans. and Distribution Structures and Improvem	4,325.00
Maint of Administrative Structures and Improvements	109,955.72
Maint of Power Production Equipment	6,500.00
Maint. of Pumping Equipment	1,136,231.34
Maint. Of Water Treatment Equipment	172,200.00
Maint. Of Tools, Shop and Garage Equip.	25,842.00
Repairs & Maintenance-Machinery and Equipment	
Maint. of Office Equipment	49,350.00
Maint. Of IT Equipment	83,270.40
Maint. Of Communications Equipment	8,949.00
Repairs & Maintenance-Transportation Equipment	579,367.94
Repairs & Maintenance-Furniture and Fixture	58,850.00
	<u>9,118,601.63</u>

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