

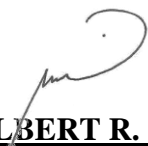


Republic of the Philippines
MARAMAG WATER DISTRICT
Maramag, Bukidnon


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

The statement of Maramag Water District (MWD), Maramag, Bukidnon is responsible for all the information and representation contained in the Balance Sheet as of December 31, 2015 and the related Statements of Income and Expenses and Cash Flows for the year then ended. The financial statements referred to 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 to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


ALBERT R. SEDENIO
Corporate Accountant

February 16, 2016
Date


ROSEMARIE D. AGUSTIN, MGA
General Manager

February 16, 2016
Date



MARAMAG WATER DISTRICT

Maramag, Bukidnon

BALANCE SHEET

As of December 31, 2015

(with comparative figures for CY 2014)

<u>ASSETS AND OTHER DEBITS</u>	<u>CY 2015</u>	<u>CY 2014</u>
CURRENT ASSETS:		
Cash – Collecting Officer	₱ 3,262.84	₱ 118,539.86
Working Fund	-	-
Payroll Fund	-	-
Cash in Bank – Local Currency ^(note 1)	2,692,903.74	3,090,463.02
Accounts Receivable ^(note 2)	4,394,002.48	3,880,342.62
Advances to Officers and Employees ^(note 3)	70,507.00	104,577.00
Receivable – Disallowances / Charges	578,975.61	641,500.12
Other Receivable ^(note 4)	383,027.29	374,177.29
Office Supplies Inventory	188,818.63	297,804.88
Chemicals and Filtering Supplies Inv.	9,231.57	98,364.43
Maintenance Supplies Inventory	983,750.34	967,716.98
Construction Materials Inventory	439,286.15	976,524.34
Other Inventories	180,328.19	237,528.48
Other Prepayments and Deposits ^(note 5)	43,560.00	43,560.00
Total Current Assets	<u>9,967,653.84</u>	<u>10,831,099.02</u>
Property, Plant & Equipment		
Land ^(note 6)	685,000.00	525,000.00
Land Improvements	1,143,374.50	1,143,374.50
Accumulated Dep'n.-Land Improvements	(331,442.56)	(243,784.84)
Plant (UPIS)	44,248,220.37	41,576,959.90
Accumulated Depreciation-Plant	(17,359,741.02)	(15,996,601.58)
Buildings & Others Structures	9,213,174.34	6,905,253.84
Accumulated Dep'n.-Bldg. & Other Struc.	(2,814,046.12)	(2,262,763.17)
Office Equipment	1,563,749.10	1,439,401.60
Accumulated Dep'n.-Office Equipment	(1,053,853.76)	(931,096.76)
Land Transport Equipment	4,074,952.84	3,241,952.84
Accumulated Dep'n.-Land Transport Eqpt.	(2,718,859.67)	(2,368,762.93)
Other Machinery and Equipment	5,328,831.94	4,732,081.94
Accumulated Dep'n.-Other Mach. & Eqpt.	(2,279,545.58)	(1,849,741.68)
Furniture and Fixtures	385,440.82	367,470.82
Accumulated Dep'n.-Furniture & Fixtures	(232,321.46)	(193,313.52)
Construction-in Progress-Plant ^(note 7)	12,127,090.41	14,510,674.28
Const.-in Progress-Bldg. & Other Struc. ^(note 8)	609,489.05	1,748,194.80
Total Property, Plant & Equipment	<u>52,589,513.20</u>	<u>52,344,300.04</u>
Other Assets		
Sinking Fund ^(note 9)	4,551,746.08	3,673,609.56
Restricted Funds ^(note 10)	450,436.19	450,436.21
Other Reserve Funds ^(note 11)	2,811,865.69	2,649,782.72
Total Other Assets	<u>7,814,047.96</u>	<u>6,773,828.49</u>
Total Assets & Other Debits	<u>₱ 70,371,215.00</u>	<u>₱ 69,949,227.55</u>

LIABILITIES, EQUITY AND OTHER CREDITS

Current Liabilities:

Accounts Payable ^(note 12)	₱ 117,000.00	₱ 138,159.00
Due to National Gov't Agency ^(note 13)	13,430,087.12	62,423.72
Due to GOCCs (GSIS & PAG-IBIG)	135,564.16	10,883.18
Due to Officers and Employees	-	52,294.79
Other Payables ^(note 14)	190,461.60	170,461.60
Current Portion of Long-Term Debt ^(note 15)	2,467,766.00	2,138,290.48

Total Current Liabilities

16,340,878.88 **2,572,512.77**

Non-Current Liabilities:

Loans Payable ^(note 16)	5,203,118.51	21,053,823.69
Customer's Deposit ^(note 17)	449,423.82	449,423.82

Total Non-Current Liabilities

5,652,542.33 **21,503,247.51**

Total Liabilities

21,993,421.21 **24,075,760.28**

Equity:

Government Equity ^(note 18)	6,635,000.00	6,635,000.00
Donated Capital (OPIC) ^(note 19)	842,004.39	842,004.39
Retained Earnings	40,900,789.40	38,396,462.88

Total Equity

48,377,793.79 **45,873,467.27**

Total Liabilities, Equity & Other Credits

₱ 70,371,215.00 **₱ 69,949,227.55**

Prepared by:

Approved by:

ALBERT R. SEDENIO
Corporate Accountant

ROSEMARIE D. AGUSTIN
General Manager



MARAMAG WATER DISTRICT
Maramag, Bukidnon
NOTES TO FINANCIAL STATEMENTS
Calendar Year 2015

Brief Historical Background:

The Maramag Water District (MWD) was given the Conditional Certificate of Conformance No. 496 approved by the Local Water Utilities Administration (LWUA) on June 11, 1991 and was granted an approved Water Permit No. 15268 per National Water Resources Board Resolution No. 01-0796 on July 23, 1996.

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

I. Summary of Significant Accounting Policies

- a. Financial Statements were prepared in accordance with Generally Accepted Accounting Principles and Standards.
- b. The accounts were classified in conformity with the Commercial Practices System (CPS) manual for Local Water District prescribed by the Local Water Utilities Administration (LWUA) until November 2014 and it was converted to New Government Accounting System (NGAS) starting December 1, 2014 as prescribed by the Commission on Audit (COA).
- c. Accrual method of accounting was used. Revenues are recorded in the period in which services are given and expenses are recorded in the period in which the benefits are received.
- d. Imprest system was used in petty expenses.
- e. Depreciation was computed based on straight line method.
- f. Accounts Receivable - Customer was computed based on monthly billings plus penalties and last reading before cut-off connections less the bills collected and billing adjustments of the month.
- g. Supplies and materials purchased for inventory were recorded using the perpetual inventory system. Cost of issued items and ending balance of supplies and materials were computed using the moving average method.

II. NOTES:

Note 1: Cash in bank – local currency - ₱ 2,692,903.74

The account represents the following:

a. Cash in bank – local currency, current account - ₱ 1,329,413.97

This account represents the General Fund of MWD with LBP bank account no. CA# 2102-0006-44.

b. Cash in bank – local currency, savings account - ₱ 1,363,489.77

The following comprises the Cash in bank – local currency, savings account:

<u>LBP BANK ACCOUNT</u>	<u>Balance</u>
1. LBP AC# 2101-0883-19 (<i>Ex-MDPS</i>)	₱ 37,295.08
2. LBP AC# 2102-0079-32 (<i>NLIF</i>)	1,316,177.91
3. LBP AC# 2101-0891-45 (<i>BIR-EFPS</i>)	10,016.78

Total

₱ 1,363,489.77

Note 2: Accounts Receivables - ₱ 4,394,002.48

This account represents the billed amount from general consumers which also include the penalties for the billings unpaid on the due month and the last reading before cut-off connections minus the billing adjustments and collections of the month.

Note 3: Advances to officers and employees - ₱ 70,507.00

This account comprises the unliquidated cash advances of officers and employees of the district that remained outstanding as of December 31, 2015.

Name of Employees	Date Granted	Amount
1. Engr. Wilfredo D. Cruz	07/13/1998	5,000.00
2. Alexander M. Sabio	07/15/1998	1,000.00
3. Dir. Alberto L. Balios	09/29/1998	2,000.00
4. Dir. Jimmy C. Wong	09/29/1998	2,000.00
5. Dir. Fr. Cirilo S. Sajelan	09/29/1998	2,000.00
6. Dir. Anna Perla C. Malalang	07/23/1997;09/29/1998;01/24/2000;11/14/2001	29,705.00
7. Atty. Jose S. Malalang	09/07/2001	2,900.00
8. Dir. Nephtali B. Enguito	01/23/2004	16,899.00
9. Dir. Conrado G. Micayabas, Jr.		3,200.00
10. Dir. Antonio P. Carbonilla	2007	3,400.00
11. Dir. Menrado Y. Bonachita	03/05/2013;11/11/2013	2,403.00
Total		₱ 70,507.00

Note 4: Other Receivable - ₱ 383,027.29

Account Code	Particulars	Amount
149-A	Materials	₱ 233,330.63
149-B	Construction	37,500.00
149-C	Dologon RWSA	17,568.65
149-P	Pedro R. Pacomios Jr./RWSA	6,468.85
149-M	Meter Installation	35,072.00
149-1	Pedro R. Pacomios Jr./XRM Yellow Motorcycle	44,237.16
149-D	Performance Bond – DPWH-DEO	8,850.00
	Total	₱ 383,027.29

Note 5: Other Prepayments & Deposits - ₱ 43,560.00

This account balances per record as of December 31, 2015, represents the purchase of (2) units digital meter reading equipment or machine, detailed as follows:

Particulars	Amount
30% payment of (2)units digital meter reading equipment	43,560.00
Total	43,560.00

Note 6: Land - ₱ 525,000.00

These accounts formerly form part of the Utility Plant in Service (UPIS) account in the CY 2015 Financial Report. The following comprises the account:

Location	Value (per book)
1. South Poblacion, Maramag, Buk.	₱ 150,000.00
2. Anahawon, Maramag, Bukidnon	65,000.00
3. Villafuerte Spring, San Miguel, Mar., Buk.	50,000.00

4. Lariosa Spring, Dologon, Maramag, Buk.	220,000.00
5. Danggawan Water System area, Danggawan, Maramag, Bukidnon	200,000.00
Total	₱ 685,000.00

-The lot - Danggawan Water System area located at Danggawan, Maramag, Bukidnon was purchased on installment basis and final payment was made on March 30, 2015.

Note 7: Construction in Progress (CiP) – Plant - ₱ 12,127,090.41

Formerly called Construction Work - In Progress (CWIP) account, now the Construction in progress in the account - Agency assets, is the accumulated values of the construction of future asset of the district that is still in progress or still in the reconciliation of valued cost, actual cost versus per book project cost. The following composed the Construction Work - In Progress or Construction in progress –Plant account, but as of the date of the report NLIF Project was not in progress, thus it is still in pending status for its Financial Assistance Contract (FAC) was not yet forwarded to the district, as a result it's actual and complete cost is still to be determined;

Asset Description	Cost
243(NLIF) N L I F	₱ 12,090,852.91
243(Enc(SM)) Encasement 10”Steel Pipes(Villafuerte)	36,237.50
TOTAL	₱ 12,127,090.41

Note 8: Construction in Progress (CiP) – Buildings & Other Structures - ₱ 609,489.05

The following composed the Construction Work - In Progress or Construction in progress – Buildings & Other Structures account, but as of the balance sheet date the Paglaum (PF & Pumping) was still in pending status waiting for the construction of additional house for the pumping station. Below is the following that comprises the account;

Asset Description	Cost
244(Pag.) Paglaum (PF & Pumping)	₱ 609,489.05
TOTAL	₱ 609,489.05

Note 9: Sinking Fund – (Joint Savings Account with LWUA) – ₱ 4,551,746.08

The account represents the monthly deposits of 3% of gross billing (month) for the amount of water sales to guarantee payment of loans with LWUA. It cannot be withdrawn by the water district without the consent of LWUA. The signatories of the check are the General Manager of Maramag Water District and the LWUA Manager, WD-Mindanao, with LBP SA# 2101-0730-36.

Note 10: Restricted Fund - ₱ 450,436.19

The account represents the “Special Deposits-Customer’s Deposits Account” – the collections of guaranty deposit’s for water installation from concessionaires which is backed-up by cash deposited at Land Bank of the Philippines under Account No. 2101-0835-70. The amount includes the interest earned for calendar year 2015.

Note 11: Other Reserve Funds - ₱ 2,811,865.69

The account represents the following:

a. Miscellaneous Special Funds (Earned Leave Fund) – ₱ 359,751.63

This amount is intended for the earned leave due to pay for MWD employees upon their separation, resignation, and retirement.

b. Miscellaneous Special Funds (Tax Reserve Fund) – ₱ 2,171,445.96

The amount is a reserve fund intended to pay the taxes assessed on the district by the Bureau of Internal Revenue. The district retains this fund for the purpose of settling the liabilities that may occur as per tax assessment by the Bureau of Internal Revenue. This is for the purpose of availability of fund if the BIR assessed the tax liabilities of the district for previous taxable years as the bureau (BIR) deemed necessary, to avoid cash shortages as to operations. Arbitrations, as to whether the local water district is exempted or not of its income tax, were still in progress as of to-date.

Note 12: Accounts Payable - ₱ 117,000.00

The account represents the recognition in the books of the incurred expenses and delivered purchases as of the balance sheet date. The following were;

PAYABLES TO	Amount
1. Legacy Sales & Printing Press (<i>MWD Calendar</i>)	₱ 117,000.00
Total	₱ 117,000.00

Note 13: Due to National Gov't Agency - ₱ 13,430,087.12

The amount includes the withheld taxes due to be remitted to BIR and that of the cash fund from LWUA for NLIF project which was advice to be removed from Loans Payable account for the said amount were not yet supported with the Financial Assistance Contract (FAC) to be forwarded from LWUA to the district. These are the details of the account;

Particulars	Value (per book)
1. Tax Withheld from MWD Employees	₱ 62,335.45
2. Tax Withheld from MWD BOD's	3,172.50
3. Tax Withheld from suppliers	102,954.17
4. LWUA (<i>Loan/Grant</i>) – NLIF Project	13,261,625.00
Total	₱ 13,430,087.12

Note 14: Other Payables - ₱ 190,461.60

This account represents the guarantee deposits for water bill payments of contractors undergoing certain projects for the local government unit of Maramag and performance bond of suppliers joining bidding of materials and supplies of Maramag Water District.

Note 15: Current Portion of Long-term Debt - ₱ 2,467,766.00

The account shows the (*principal*) amortization of two (2) LWUA loans currently payable for the calendar year 2016; see the amortization schedule – showing the principal repayment of loans of the two (2) loans with the corresponding loan account codes:

Month (CY 2016)	LA # 4-1890 RL	LA # 3-739
Jan.	₱ 173,773.00	₱ 24,260.00
Feb.	174,960.00	24,426.00
Mar.	176,156.00	24,592.00
Apr.	177,359.00	24,761.00
May	178,571.00	24,930.00
June	179,791.00	25,100.00

July	181,020.00	25,272.00
Aug.	182,257.00	25,444.00
Sept.	183,502.00	25,618.00
Oct.	184,756.00	25,793.00
Nov.	186,019.00	25,969.00
Dec.	187,290.00	26,147.00
Total	₱ 2,165,454.00	₱ 302,312.00

Note 16: Loan payable - Domestic - ₱ 5,245,480.77

The account consists of various loans availed from Local Water Utilities Administration (LWUA) to finance projects of the water district. The account comprises of the remaining amortization of two (2) LWUA loans, LA # 4-1890- RL and LA # 3-739, which are not due for the next 12 months. Thus, after thorough investigation of the balances of loans such as; LA #(s) 3-452, Dologon RWSA and 10-0085 NL, it was found out that the balances per book of the said loans were not adjusted or reconciled after its final payment thereof. The amount or values presented below were still on the account of the balances per book;

<u>Account Number</u>	<u>Duration of Payments</u>	<u>Outstanding Balance</u>
4-1890 RL	Nov. 2002 – Oct. 2017	₱ 1,976,698.43
3- 739	July 1998 – June 2024	3,268,782.34
		₱ 5,245,480.77

Note 17: Customers' Deposit - ₱ 449,423.82

This account pertains to the deposits made by customers normally before the extension of any service connections as security payment of subsequent bills or as a meter deposit. This was discontinued in Calendar Year 2007 with the deposits treated as other revenues.

Note 18: Government Equity - ₱ 6,635,000.00

The following composed the Government Equity account, formerly “Capital Contribution – Government, as of the balance sheet date:

These accounts include fund contributions from the following:

<u>Particulars</u>	<u>Amount</u>
Sen. Rodolfo R. Biazon	₱ 6,000,000.00
Cong. Juan Miguel F. Zubiri	500,000.00
Brgy. South Pob., Maramag, Bukidnon	10,000.00
PTO – Malaybalay, Bukidnon	15,000.00
Prov. Gov't. of Bukidnon	110,000.00
	₱ 6,635,000.00

Note 19: Donated Capital - ₱ 842,004.39

This account was also called as Member's Equity, comprises the amount received from customers' as counterpart in transfer tapping from old distribution lines to new distribution lines.

Note 20: Generation, Transmission and Dist. Income - ₱ 28,523,542.00

This pertains to the available account on the CPS-NGAS Modified Chart of account that formerly called “Metered Sales – General Customers. The account pertains to sales of water thru metered connections; add the last reading before cut-off connections less billing adjustments due to stock-up meter, water leakages, and other adjustments for the current billing month.

Note 21: Interest Income - ₱ 22,068.26

This interest derived from all deposits maintained at Land Bank of the Philippines LBP – Maramag branch of Maramag Water District for the calendar year 2015.

Note 22: Other Income - ₱ 21,000.00

This amount was derived from payment of Malaybalay City Water District MCWD) for renting the steel forms from the district amounted to ₱20,000.00 and the other amount came from the Bid Documents (Bidocs) sold.

Note 23: Other Business and Service Income - ₱ 1,261,904.75

The account represents the following:

A. Miscellaneous Service Revenues – ₱ 1,017,756.04

This pertains to the collection of fees for reopening connections, labor charges and installation fees for new connections.

B. Other Water Revenues – ₱ 245,498.71

This pertains to the collections of materials sold to customers, rentals of steel forms, and all other fees not specified under miscellaneous service revenues.

Note 24: Fines and Penalties - Service Income - ₱ 1,193,353.93

It is compose of the collected concessionaires’ bill penalties for not paying on time before due date falls, and the penalties imposed to the concessionaires who committed illegal tapping of water service lines.

Note 25: Generation, Transmission & Distribution Exp. - ₱ 7,044,331.22

This account represents the expenses directly attributable to the transmission and distribution of water services. The following comprises the account:

Particulars	Amount
1. Power purchased for pumping	₱ 6,132,899.86
2. Fuel purchased for pumping	37,167.83
3. Chemical, filtering & laboratories supplies	401,870.86
4. Transmission & distribution engineering exp.	236,226.58
5. Miscellaneous customers account expenses	236,166.09
Total	₱ 7,044,331.22

Note 26: Depreciation Expenses - ₱ 2,913,223.29

The following comprises the account:

Items	Amount
Depreciation – Land Improvements	₱ 87,657.72
Depreciation – Plant (UPIS)	1,358,293.46
Depreciation – Buildings & Other Structures	534,905.66
Depreciation – Office Equipment	122,757.00

Depreciation – Land Transport Equipment	350,096.74
Depreciation – Other Machinery & Equipment	429,803.90
Depreciation – Furniture and Fixtures	29,708.81
Total	₱ 2,913,223.29

Note 27: Repair and Maintenance Expenses - ₱ 1,646,575.56

The following comprises the account:

Items	Amount
Repair & Maintenance – Land Improvements	₱ -
Repair & Maintenance – Plant (UPIS)	1,054,158.28
Repair & Maintenance – Buildings & Other Structures	2,480.00
Repair & Maintenance – Office Equipment	6,400.00
Repair & Maintenance – Land Transport Equipment	410,891.28
Repair & Maintenance – Other Machinery & Equip.	172,598.00
Repair & Maintenance – Furniture and Fixtures	48.00
Total	₱ 1,646,575.56


Note 28: Interest Expenses - ₱ 837,400.26

This account pertains to interest paid for all loans availed from Local Water Utilities Administration (LWUA), specifically interest paid to LA # 4-1890 RL and LA # 3-739.

Prepared by:


ALBERT R. SEDENIO
 Corporate Accountant

Approved by:


ROSEMARIE D. AGUSTIN
 General Manager