

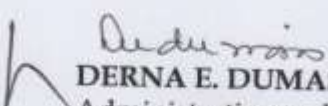
Republic of the Philippines
Metro Midsayap Water District
Poblacion 8, Midsayap, Cotabato

STATEMENT OF THE FINANCIAL MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS


The management of Metro Midsayap Water District is responsible for all information and representation contained in the financial statements for the years ended December 31, 2014 and 2013. The financial statements have been prepared in conformity with applicable laws and regulations and generally accepted accounting principles applied on a consistent basis and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration for 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.

The Commission on Audit, in pursuance of its mandate under section 2, Article XI-D of the Philippine Constitution and pertinent provisions of Presidential decree 1445, has audited the financial statements of the Corporation in accordance with laws, COA and INTOSAI standards, and applicable generally accepted auditing standards and has expressed its opinion on the fairness of presentation upon completion of such examination in its report to board of directors.


DERNA E. DUMASIS

Administrative and Commercial Division
Division Manager (OIC)


CAROL S. TOLENTINO, CPA
General Manager

METRO MIDSAYAP WATER DISTRICT
DETAILED BALANCE SHEET
As of December 31, 2014
(With Comparative Figures for CY 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 3)		
Cash – Collecting Officer	P 34,152.56	P 294,881.14
Cash - Disbursing Officer	-	-
Petty Cash Fund	13,000.00	13,000.00
Cash in Bank – Local Currency, Current Account	213,184.23	(168,812.09)
Cash in Bank – Local Currency, Savings Account	933,075.92	1,080,308.80
Receivables, net (Note 4)		
Accounts Receivable – Water Billing	2,240,085.49	2,499,514.64
Accounts Receivable – Materials and Others	178,801.09	111,948.04
Allowance for Doubtful Accounts	(83,628.87)	(86,035.14)
Due from Officers and Employees	194,419.75	320,487.06
Due from Subsidiaries and Affiliates	100,000.00	100,000.00
Other Receivables	13,846.55	13,846.55
Other Receivables - Cash Variances	2,670,580.00	2,670,580.00
Inventories (Note 5)		
Office Supplies Inventory	157,779.74	194,902.26
Accountable Forms Inventory	221,261.07	224,076.41
Other Supplies Inventory	20,129.60	74,192.20
Spare Parts Inventory	1,251,271.28	1,139,201.95
Construction Materials Inventory	2,029.29	41,604.42
Prepayments		
Other Prepaid Expenses	-	146,305.75
Other Current Assets (Note 6)		
Other Current Assets	679.16	862.75
Total Current Assets	<u>8,160,666.86</u>	<u>8,670,864.74</u>
Investments		
Sinking Fund (Note 7)	338,987.00	338,987.00
Property, Plant and Equipment (Note 8)		
Land	2,082,000.00	2,082,000.00
Office Building	1,178,275.09	1,080,374.00
Other Structures	69,509.80	69,509.80
Office Equipment	1,209,068.63	1,172,217.48
Furniture and Fixture	277,514.20	276,808.20
IT Equipment and Software	1,007,874.40	915,190.00
Machinery	263,200.00	-
Communication Equipment	90,062.00	90,062.00
Other Machineries and Equipment	273,415.11	269,717.00
Motor Vehicle	2,383,365.99	2,363,865.99
Other Property, Plant and Equipment	4,100.00	4,100.00
Artesian Wells, Reservoirs, Pumping Stations and Conduits	40,264,898.35	38,567,570.32
Construction in Progress – Agency Assets	-	78,565.92
Construction in Progress – Artesian Wells, Reservoirs, Pumping	-	1,029,857.12
Accumulated Depreciation (Note 8)		
Accumulated Depreciation - Office Building	(154,007.70)	(132,153.78)
Accumulated Depreciation - Other Structures	-	-
Accumulated Depreciation - Office Equipment	(250,176.93)	(98,571.87)
Accumulated Depreciation - Furniture and Fixture	(124,904.61)	(104,526.84)
Accumulated Depreciation - IT Equipment and Software	(302,645.79)	(302,645.79)
Accumulated Depreciation - Machinery	(2,421.54)	(2,421.54)
Accumulated Depreciation - Communication Equipment	(7,373.02)	(7,373.02)

METRO MIDSAYAP WATER DISTRICT
DETAILED BALANCE SHEET
As of December 31, 2014
(With Comparative Figures for CY 2013)

	<u>2014</u>	<u>2013</u>
Accumulated Depreciation - Other Machineries and Equipment	(112,820.84)	(81,905.24)
Accumulated Depreciation - Motor Vehicle	(616,781.39)	(475,544.63)
Accumulated Depreciation - Other Property, Plant and Equipment	(4,000.00)	(4,000.00)
Accumulated Depreciation - Artesian Wells, Reservoirs, PSs and Co	(22,023,493.09)	(20,656,422.78)
Other Assets		
Other Assets	46,651.52	46,651.52
Total Non Current Assets	<u>25,890,297.18</u>	<u>26,519,910.86</u>
TOTAL ASSETS	P 34,050,964.04	P 35,190,775.60

LIABILITIES AND EQUITY

Liabilities

Payables

Accounts Payable	P 5,942,178.09	P 627,403.90
Due to Officers and Employees	55,632.81	43,681.06
Due to Subsidiaries and Affiliates	-	-
Government Agency Payables		
Due to BIR	101,208.73	22,848.01
Due to GSIS	39,869.46	48,685.56
Due to PAG-IBIG	63,388.29	66,263.78
Due to PHILHEALTH (Note 9)	(9,700.68)	(21,860.34)
Other Current Liabilities (Note 10)		
Guaranty Deposits Payable	1,212,844.84	1,050,597.85
Loans Payable (Note 11)		
Loans Payables - Domestic	14,640,742.53	16,632,869.66
Deferred Credits (Note 12)		
Deferred Credits	409,684.78	412,342.45
Total Liabilities	<u>22,455,848.85</u>	<u>18,882,831.93</u>


Equity

Government Equity	<u>11,595,115.19</u>	<u>16,307,943.67</u>
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TOTAL LIABILITIES AND EQUITY	P 34,050,964.04	P 35,190,775.60
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(See accompanying Notes to Financial Statements)

Prepared by:


BON CARLO M. MELOCOTON, CPA
Senior Accounting Processor - A

Reviewed by:


DERNA E. DUMASIS, MMPA
Administrative and Commercial Division
Division Manager (OIC)

Approved and Submitted by:


CAROL S. TOLENTINO, CPA, MMPA
General Manager

METRO MIDSAYAP WATER DISTRICT
DETAILED INCOME STATEMENTS
For the Year Ended December 31, 2014
(With Comparative Figures for CY 2013)

	<u>2014</u>	<u>2013</u>
REVENUES FROM WATER SALES		
Water Sales - MMWD	4,630,993.32	22,273,342.57
Water Sales - BWS	20,449,889.90	-
Total Revenues	25,080,883.22	22,273,342.57
COST OF SALES (DIRECT COST)		
Water Sales - MMWD		
Electricity Expenses - Pump Station	1,860,122.54	3,217,133.92
Fuel Expenses - Generator Set	256,543.00	428,724.00
Chemical Expenses	195,705.00	660,305.10
COS - MMWD	2,312,370.54	4,306,163.02
Water Sales - BWS		
Bulk Water Supply (PhP10.85)	10,211,140.38	-
COS - BWS	10,211,140.38	-
Total Cost of Sales	12,523,510.92	4,306,163.02
GROSS PROFIT		
Water Sales - MMWD	2,318,622.78	17,967,179.55
Water Sales - BWS	10,238,749.52	-
Other Income	2,670,370.50	2,098,288.93
Gross Profit	15,227,742.80	20,065,468.48
EXPENSES		
Personal Services		
Salaries and Wages – Regular	5,866,593.20	5,015,163.87
Personnel Economic Relief Allowance (PERA)	339,227.27	295,000.00
Additional Compensation (ADCOM)	338,227.27	295,000.00
Representation Allowance (RA)	102,000.00	102,000.00
Transportation Allowance (TA)	102,000.00	102,000.00
Clothing/Uniform Allowance	130,000.00	158,173.80
Productivity Incentive Allowance	257,500.00	165,500.00
Honoraria - General	11,084.00	47,156.95
Honoraria - Per Diems	339,150.00	347,700.00
Longevity Pay	-	40,000.00
Overtime and Night Pay	21,653.72	34,480.13
Cash Gift	142,000.00	123,000.00
Year End Bonus	482,744.11	408,650.76
Life and Retirement Insurance Contributions (GSIS)	695,629.88	595,794.53
PAG-IBIG Contributions	33,650.00	29,300.00
PHILHEALTH Contributions	63,401.65	68,931.15
ECC Contributions	33,750.00	29,300.00
Terminal Leave Benefits	303,197.86	268,446.52
Provident Fund Benefits	27,138.48	224,393.34
Other Personnel Benefits	28,456.70	35,081.00

METRO MIDSAYAP WATER DISTRICT
DETAILED INCOME STATEMENTS
For the Year Ended December 31, 2014
(With Comparative Figures for CY 2013)


	<u>2014</u>	<u>2013</u>
Maintenance and Other Operating Expenses		
Traveling Expense – Local	215,492.24	223,437.85
Training Expenses	212,608.46	295,349.35
Office Supplies Expense	319,553.95	319,879.71
Accountable Forms Expense	147,815.34	136,031.56
Food Supplies Expense	10,077.50	8,485.50
Drugs and Medicines Expense	4,354.00	1,845.00
Gasoline, Oil and Lubricants Expense – Service Vehicle	354,611.71	337,510.65
Other Supplies Expense - General	9,190.00	90,392.60
Water Expense	7,390.39	4,234.83
Electricity Expense – Office	148,713.81	123,783.84
Postage and Deliveries	13,036.69	10,339.72
Telephone Expense – Landline	69,673.90	73,718.28
Telephone Expense – Mobile	70,992.14	70,731.39
Internet Expense	-	6,985.93
Cable Expense	8,191.06	5,026.95
Membership Dues and Contribution to Organizations	18,582.00	21,860.00
Advertising Expense	46,962.45	28,179.00
Representation Expense - General	13,023.89	11,267.00
Representation Expense - St Peter	76,200.00	74,295.00
Transportation and Delivery Expense	10,884.00	4,166.78
Legal Services	42,560.00	34,200.00
Auditing Services	400.00	6,522.25
General Services	1,529.00	1,113.00
Janitorial Services	41,665.70	36,231.50
Security Services	864,373.62	642,675.00
Other Professional Services - General	1,300.00	80,403.42
Other Professional Services - Job Order Employees	1,192,615.04	1,388,967.56
Repairs and Maintenance – Office Building	75,359.25	15,032.80
Repairs and Maintenance – Other Structures	7,943.00	77,091.00
Repairs and Maintenance – Office Equipment	71,209.50	25,925.00
Repairs and Maintenance – Furniture and Fixtures	18,774.20	3,711.55
Repairs and Maintenance – IT Equipment and Software	4,475.50	4,625.50
Repairs and Maintenance – Machinery	-	19,780.00
Repairs and Maintenance – Communication Equipment	714.95	845.00
Repairs and Maintenance – Other Machinery and Equipment	450.00	7,313.00
Repairs and Maintenance – Motor Vehicle	75,168.75	160,609.81
Repairs and Maintenance – Other Transportation Equipment	-	310.00
Repairs and Maintenance – Other PPE	322.00	1,609.20
Repairs and Maintenance – Service Lines	1,549,316.58	1,111,919.06
Repairs and Maintenance – Artesian Wells	166,009.53	160,596.82
Donations	4,200.00	28,081.80
Miscellaneous Expense - General	33,717.98	126,118.81
Miscellaneous Expense - Bacte test	35,938.00	32,334.00

METRO MIDSAYAP WATER DISTRICT
DETAILED INCOME STATEMENTS
For the Year Ended December 31, 2014
(With Comparative Figures for CY 2013)


	<u>2014</u>	<u>2013</u>
Miscellaneous Expense - PhyChem	18,770.00	24,922.00
Miscellaneous Expense - GAD	113,300.67	67,368.75
Taxes, Duties and Licenses - General	79,002.18	73,328.11
Taxes, Duties and Licenses - Franchise Tax	463,048.48	464,755.10
Fidelity Bond Premiums	31,125.00	37,875.00
Insurance Expenses	71,058.03	224,572.71
Bad Debt Expenses	(2,406.27)	(2,703.48)
Depreciation Expenses	1,733,059.42	1,786,794.39
Financial Expenses		
Bank Charges	570.00	530.00
Interest Expenses	2,207,872.87	2,378,980.21
Other Financial Charges	-	(179,572.00)
Expenses	19,978,200.65	19,075,459.86
Net Income (Loss)	(4,750,457.85)	990,008.62

(See accompanying Notes to Financial Statements)

Prepared by:


BON CARLO M. MELOCOTON, CPA
 Senior Accounting Processor - A

Reviewed by:


DERNA E. DUMASIS, MMPA
 Administrative and Commercial Division
 Division Manager (OIC)

Approved and Submitted by:


CAROL S. TOLENTINO, CPA, MMPA
 General Manager

METRO MIDSAYAP WATER DISTRICT
DETAILED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With Comparative Figures for CY 2013)

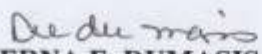
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Receipts from Trade Receivables	25,865,921.24	23,117,512.39
Receipts from Other Receivables	417,088.88	351,136.04
Receipts from Miscellaneous Income	1,790,451.82	1,163,562.07
Receipts from Employees	384,111.39	68,101.57
Concessionaires Deposits and Advance Payments	340,615.06	249,456.59
Total Operating Cash Inflows	<u>28,798,188.39</u>	<u>24,949,768.66</u>
Cash Outflows		
Payment of Operating Expenses	9,055,393.76	11,809,347.73
Payment of Trade Payables	10,195,991.88	4,790,855.47
Remittances to Government Agencies	1,998,689.83	1,744,543.77
Purchase of Supplies	325,063.08	317,849.50
Other Disbursements (i.e. Net Pay, Cash Advances, etc.)	2,885,401.12	2,602,887.99
Total Operating Cash Outflows	<u>24,460,539.67</u>	<u>21,265,484.46</u>
Total cash provided (used) for operating activities	<u>4,337,648.72</u>	<u>3,684,284.20</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Outflows		
Acquisition of various Property and Equipment	163,043.86	350,332.18
Total Investing Cash Outflows	<u>163,043.86</u>	<u>350,332.18</u>
Total cash provided (used) for investing activities	<u>(163,043.86)</u>	<u>(350,332.18)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Outflows		
Payment of LWUA Loans	2,182,929.18	1,796,272.79
Payment of Interest and Other Financial Charges	2,017,640.82	2,391,632.21
Total Financing Cash Outflows	<u>4,200,570.00</u>	<u>4,187,905.00</u>
Total cash provided (used) for financing activities	<u>(4,200,570.00)</u>	<u>(4,187,905.00)</u>
TOTAL CASH INFLOWS (OUTFLOWS)	(25,965.14)	(853,952.98)
Add: Cash Balance, Beginning	1,219,377.85	2,073,330.83
Cash Balance, Ending	<u>P 1,193,412.71</u>	<u>P 1,219,377.85</u>

Prepared by:



BON CARLO M. MELOCOTON, CPA

Senior Accounting Processor - A

Reviewed by:


DERNA E. DUMASIS, MMPA
 Administrative and Commercial Division
 Division Manager (OIC)

Approved and Submitted by:


CAROL S. TOLENTINO, CPA, MMPA
 General Manager

Republic of the Philippines
METRO MIDSAYAP WATER DISTRICT
007 Poblacion 8, Midsayap, Cotabato
Notes to Financial Statements

1. Agency Background

The Metro Midsayap Water District was established thru Sanguniang Bayan Resolution No. 135, Series of 1980 dated November 7, 1980 of the then Sanguniang Bayan of the Municipality of Midsayap, Province of North Cotabato with Presidential Decree No. 198, as amended, as the enabling law to the creation of water districts. On December 16, 1981, the District was issued the Conditional Certificate of Conformance (CCC No. 174) by the Local Water Utilities Administration (LWUA). The mandates of the District are:

- ❖ To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of the district;
- ❖ To provide, maintain and operate waste water collection treatment and disposal facilities; and
- ❖ To conduct such other functions and operations incidental to water resource development, utilization and disposal within the district, as are necessary or incidental to said purpose.

The powers, privileges and duties of the District are exercised and performed by and through the Board of Directors, as the policy-making body composed of the following:

Chairman	-	Godofredo R. Rapacon
Vice-Chairman	-	Guillermo L. Carisma Jr
Treasurer	-	Eugenio G. Morillo
Secretary	-	Atty. Amalia L. Casabar
Auditor	-	Isabelita C. Fullecido
LWUA Representative	-	Engr. Joven P. Aguilar

Day to day activities are executed by its General Manager, Ms. Carol S. Tolentino, CPA, MMPA together with 27 other permanent employees.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The District recognizes cash and cash equivalents on its face value.

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Provision for Doubtful Accounts

This is recognized accounts whose outstanding balances have been approved for termination by the board due to non-payment or non-compliance with certain provisions thereof.

Supplies Inventories

Supplies inventories are valued at cost using the moving average method.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Significant improvements and repairs, including incidental costs are capitalized, while cost of maintenance and repairs is charged to expense. When property is disposed, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged to current operations.

Income and Expense Recognition

Accrual method is used in recognizing income and expenses.

3. Cash and Cash Equivalents

This account consists of:

Accounts	2014	2013
Cash - Collecting Officer	P 34,152.56	294,881.14
Petty Cash Fund	13,000.00	13,000.00
Cash in Bank - Current Account	213,184.23	(168,812.09)
Cash in Bank - Savings Account	933,075.92	1,080,308.80
TOTAL	1,193,412.71	1,219,377.85

As to its restriction:

Accounts	2014
Restricted Cash	P 888,677.99
Unrestricted Cash	304,734.72
TOTAL	1,193,412.71

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4. Receivables

Balances as of December 31, 2014 are as follows:

Accounts	2014	2013
Accounts Receivable	P 2,240,085.49	2,499,514.64
Accounts Receivable - Others	178,801.09	111,948.04
Due from Officers and Employees	194,419.75	320,487.06
Other Receivables	100,000.00	100,000.00
Due from Subsidiaries and Affiliates	13,846.55	13,846.55
Other Receivable - Cash Variance (PY)	2,670,580.00	2,670,580.00
Total	5,397,732.88	5,716,376.29
Less: Allowance for Doubtful Accounts	83,628.87	86,035.14
NET REALIZABLE VALUE	5,314,104.01	5,630,341.15

Accounts receivables (water billing) are open receivables arising from services rendered to concessionaires identified to be residential, semi commercial and pure commercial for water sales and incidental services.

Per Accounting Records	P 2,240,085.49
Per Commercial (Billing) Records	<u>2,237,648.49</u>
Difference	P 2,437.00

The difference of P2,437.00 for Accounts Receivable is caused by the unreconciled CY 2011 ending balances forwarded by the previous accountant due to lack of reconciliation between the two records before.

Accounts receivables (materials and others) are collectibles from customers for their unpaid application fee and material loan accounts.

Per Accounting Records	P 178,801.09
Per Commercial (Billing) Records	<u>167,177.19</u>
Difference	P 11,623.90

The difference of P11,623.90 for Accounts Receivable - Others is caused by the unreconciled CY 2011 ending balances forwarded by the previous accountant due to lack of reconciliation between the two records before.

To collect the dormant accounts the MMWD Management have taken the following actions,

- Outstanding balances of the concessionaires were offsetted with their Guaranty Deposits;
- The distribution of the First Demand Letters is to be completed within February 2015;
- After completing the distribution of the 1st demand letters, the 2nd demand letters will follow which are already notarized and copy furnished the Commission on Audit;

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- Strict implementation of the one month disconnection policy to avoid accumulation of arrearages.

The Accounts Receivable - Cash Variance refers to the unsupported cash balance noted as of December 31, 2011, to wit:

Accounts		
Cash - Collecting Officer	P	533,495.00
Cash in Bank - Current Account		1,879,085.00
Cash in Bank - Savings Account		258,000.00
TOTAL		2,670,580.00

5. Inventories

This consists of the following inventory accounts:

Accounts	2014	2013
Office Supplies Inventory	P 157,779.74	194,902.26
Accountable Forms Inventory	221,261.07	224,076.41
Other Supplies Inventory	20,129.60	74,192.20
Spare Parts Inventory	1,251,271.28	1,139,201.95
Construction Materials Inventory	2,029.29	41,604.42
TOTAL	1,652,470.98	1,673,977.24

The spare parts inventory includes the supplies used for repairs and maintenance of the distribution lines, artesian wells, vehicles and other appurtenances of the District. This also includes PE tubes and water meter for new service connections.

Accounts	Per Accounting	Per Property	Difference
Office Supplies Inventory	P 157,779.74	180,725.73	(22,945.99)
Accountable Forms Inventory	221,261.07	148,076.70	73,184.37
Other Supplies Inventory	20,129.60	22,470.00	(2,340.40)
Spare Parts Inventory	1,251,271.28	1,096,353.67	154,917.61
Construction Materials Inventory	2,029.29	1,123.66	905.63
TOTAL	1,652,470.98	1,448,749.76	203,721.22

The difference of PhP203,721.22 is due to unreconciled CY 2011 ending balances forwarded by the previous accountant due to lack of reconciliation between the two records before.

To address this issue, the Accounting Group is now maintaining its own Inventory Module to monitor receipts and releases of inventories and semi-annual reconciliation will then be strictly observed to properly monitor such variances.

6. Other Current Assets

These are taxes withheld by the concessionaires from their bill payments and deducted to the District's payable to Bureau of Internal Revenue as creditable withholding taxes.

7. Sinking Fund

This represents the joint savings account of LWUA and the District to pay loans granted by LWUA.

8. Property, Plant and Equipment

This account consists of the following as of December 31, 2014:

Accounts	2014	2013
Land	P 2,082,000.00	2,082,000.00
Office Building	1,178,275.09	1,080,374.00
Other Structures	69,509.80	69,509.80
Office Equipment	1,209,068.63	1,172,217.48
Furniture and Fixtures	277,514.20	276,808.20
IT Equipment and Software	1,007,874.40	915,190.00
Machinery	263,200.00	-
Communication Equipment	90,062.00	90,062.00
Other Machinery and Equipment	273,415.11	269,717.00
Motor Vehicle	2,383,365.99	2,363,865.99
Other Property and Equipment	4,100.00	4,100.00
Artesian Wells, Reservoir, PSs	40,264,898.35	38,567,570.32
Construction in Progress	-	1,108,423.04
Total Property, Plant and Equipment	49,103,283.57	47,999,837.83
Less: Accumulated Depreciation		
Office Building	154,007.70	132,153.78
Other Structures	-	-
Office Equipment	250,176.93	98,571.87
Furniture and Fixtures	124,904.61	104,526.84
IT Equipment and Software	302,645.79	302,645.79
Machinery	2,421.54	2,421.54
Communication Equipment	7,373.02	7,373.02
Other Machinery and Equipment	112,820.84	81,905.24
Motor Vehicle	616,781.39	475,544.63
Other Property and Equipment	4,000.00	4,000.00
Artesian Wells, Reservoir, PSs	22,023,493.09	20,656,422.78
Total Accumulated Depreciation	23,598,624.91	21,865,565.49
BOOK VALUE	25,504,658.66	26,134,272.34

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Accounts	Per Record	Per Actual	Difference
Land	P 2,082,000.00	2,082,000.00	-
Office Building	1,178,275.09	685,927.68	492,347.41
Other Structures	69,509.80	-	69,509.80
Office Equipment	1,209,068.63	106,057.10	1,103,011.53
Furniture and Fixtures	277,514.20	120,143.90	157,370.30
IT Equipment and Software	1,007,874.40	844,408.34	163,466.06
Machinery	263,200.00	263,200.00	-
Communication Equipment	90,062.00	-	90,062.00
Other Machinery and Equipment	273,415.11	219,753.00	53,662.11
Motor Vehicle	2,383,365.99	1,511,868.72	871,497.27
Other Property and Equipment	4,100.00	-	4,100.00
Artesian Wells, Reservoir, PSs	40,264,898.35	29,333,317.88	10,931,580.47
• Pumping Stations	***	10,052,852.07	***
• Reservoir	***	3,150,000.00	***
• Booster Pumps	***	462,500.00	***
• Transmission Lines	***	14,638,976.57	***
• Water Meters	***	1,028,989.24	***
BOOK VALUE	49,103,283.57	35,166,676.62	13,936,606.95

The difference between the recorded property and equipment compared to the actual is caused by the following:

- Retired property and equipment were not taken out from the Accounting Records (i.e. Villarica Pumping Station with filtration and concrete small building) causing it to be materially misstated.
- Properties of other agencies previously recorded as property and equipment (i.e. communication equipment) but not taken out from the records upon surrendering it.
- Other structures, property and equipment cannot be verified further due to lack of supporting documents to attest the reliability and verifiability of the recorded property and equipment.

The Construction in Progress account is already re-classified to its particular Property and Equipment Account upon submission last July 14, 2014 of the District's Final Liquidation for the project funded by LWUA loan.

To further address this issue, the Accounting Group is now maintaining its own Property and Equipment Module (having the Actual Property and Equipment as its beginning inventory) to monitor receipts, releases and retirements of properties and equipment and semi-annual reconciliation will then be strictly observed to properly monitor such variances.

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9. Government Agency Payables

This account consists of the following:

Accounts	2014	2013
Due to BIR	P 101,208.73	22,848.01
Due to GSIS	39,869.46	48,685.56
Due to HDMF	63,388.29	66,263.78
Due to PHIC	(9,700.68)	(21,860.34)
TOTAL	194,765.80	115,937.01

The material increase in Due to BIR account is caused by the VAT and eVAT withheld to Mactan Rock and TGV Builders Corp., the Bulk Water Supplier of the District which is payable on January 2015.

The negative balance in the Due to PHIC account is due to the unreconciled CY 2011 ending balances forwarded by the previous accountant due to lack of reconciliation between the two records before.

10. Other Current Liabilities

This consists of the guaranty deposits of the concessionaires upon application for water supply amounting to Php1,212,844.84 and Php1,050,597.85 as of December 31, 2014 and 2013 respectively. Furthermore, these deposits are to be paid back to the concessionaires when they opt to stop the water supply from the District (less all-outstanding balances on their water usage).

11. Loans Payable

This consists of loans availed from the LWUA for the different water system projects, as follows:

Balance as of December 31, 2013	P 16,632,869.66
Less: CY 2014 Payments	<u>1,992,127.13</u>
Balance as of December 31, 2014	P 14,640,742.53
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The payment represents only the principal portion of the loans. Furthermore, Board Resolution 066 series of 2013 dated August 19, 2013, A resolution approving the commitment of the Metro Midsayap Water District (MMWD) thru the Administrative, Finance and Commercial Section to pay the Local Water Utilities Administration (LWUA) Php350,000 monthly amortization starting September 2013 to August 2014. This is in connection with the restructuring of MMWD loans to LWUA to guarantee that the District is capable of paying LWUA of its loans.

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And this is further amended by the issuance of Board Resolution 076 series of 2014 dated September 15, 2014, A resolution committing to remit Php350,000 monthly payments to the Local Water Utilities Administration (LWUA) from September 2014 to August 2015.

12. Deferred Credits

This account consists of advance payment from concessionaires and other deferred charges amounting to Php409,684.78.

13. Income

Metro Midsayap Water District generates its income from the following sources:

- Income from Waterworks
 - Fines and Penalties
 - Other Business Income (i.e application and reconnection fee)
 - Miscellaneous Revenues (i.e. sale of materials, meter rental and others)
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14. Tax Savings

Tax savings for the CY 2014 will be used to support the expansion projects of the District. Please refer to the attached Program of Work for the detailed scheduled projects of the District for the CY 2015.

15. Prior Year's Adjustment

Particulars	2014
DV# 6098M - Overpayment of PHIC Contribution due to change of contribution rate	1,298.02
DV# 6148M - Payment of Legal Fees for October, November and December 2013	(10,590.00)
Liquidation of Christmas Party Celebration for CY 2013	(118,789.50)
DV# 6192M - Overpayment of PHIC Contribution due to change of contribution rate	1,303.32
DV# 6281M - Overpayment of PHIC Contribution due to change of contribution rate	1,161.83
DV# 6369M - Overpayment of PHIC Contribution due to change of contribution rate	1,359.39
DV# 6438M - Release of benefits to Bernard A. Esprela for the period June 2012 to December 2013	(17,746.39)
DV# 4659L - Overpayment of PHIC Contribution due to change of contribution rate	762.68
DV# 6452M - Overpayment of PHIC Contribution due to	1,956.10

Republic of the Philippines
METRO MIDSAYAP WATER DISTRICT
007 Poblacion 8, Midsayap, Cotabato

Notes to Financial Statements

Particulars	2014
change of contribution rate	
DV# 6501M - Additional benefits to Bernard A. Esprela for the period June 2012 to December 2013	(19,171.08)
DV# 6630M - Refund for application fee for CY 2013	(1,305.00)
OR# 325324M - Revert to the MMWD General Fund the Provident Fund Employer Share	200,000.00
DV# 6697M - Refunded application fee of Mr. Florencio Jumamil	(1,305.00)
DV# 6720M - Refund of application fee for CY 2013	(1,305.00)
TOTAL	37,629.37

nothing follows

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