



Republic of the Philippines
KAPATAGAN WATER DISTRICT
BALANCE SHEET

As of December 31, 2014

(With Comparative Figures for December 31, 2013)

	2014		2013	
ASSETS				
Current Assets				
Cash (note 3)	₱	8,450,622.20	₱	2,942,055.32
Receivables (note 4)		608,757.11		599,216.84
Inventories (note 5)		3,167,740.78		1,368,898.55
Total Current Assets	₱	12,227,120.09	₱	4,910,170.71
Property, Plant & Equip't (note 6)				
Land	₱	2,029,309.23	₱	529,309.23
Land Improvements		38,058,066.44		37,399,673.42
Buildings		-		-
Office Equipment, Furniture and Fixtures		1,075,849.31		975,579.64
Machineries and Equipment		10,558,851.30		10,434,311.55
Other Machineries		150,000.00		-
Motor Vehicles		969,975.89		969,975.89
Other Property, Plant and Equipment		1,507,601.01		1,507,601.01
Construction in Progress - Agency Asset		12,639,493.08		12,608,925.08
Accumulated Depreciation		(9,427,707.03)		(6,984,601.23)
Total Property, Plant and Equipment	₱	57,561,439.23	₱	57,440,774.59
TOTAL ASSETS	₱	69,788,559.32	₱	62,350,945.30
LIABILITIES AND EQUITY				
LIABILITIES				
Current Liabilities (note 7)	₱	4,354,270.97	₱	1,690,208.41
Long-Term Liabilities (note 8)		34,593,798.05		36,264,563.18
Total Liabilities	₱	38,948,069.02	₱	37,954,771.59
EQUITY				
Government Equity	₱	4,000,013.34	₱	4,000,013.34
Donated Capital				
Retained Earnings		26,840,476.96		20,396,160.37
Total Equity	₱	30,840,490.30	₱	24,396,173.71

TOTAL LIABILITIES AND EQUITY	₱	69,788,559.32	₱	62,350,945.30
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(See accompanying Notes to Financial Statements)



Kapatagan Water District
STATEMENT OF INCOME AND EXPENSES
For the Year Ended December 31, 2014
(With Comparative Figures for December 31, 2013)

		2014		2013
Income: (note 9)				
Service Income				
Business Income	₱	25,647,997.94	₱	23,087,659.04
Other Income		1,867,885.02		1,984,611.30
Total Income	₱	27,515,882.96	₱	25,072,270.34
Less: Expenses (note 10)				
Personal Services		10,592,588.75		11,280,687.42
Maint. & Other Operating Expenses		8,035,925.89		7,695,955.36
Financial Expenses		2,642,198.81		2,764,580.97
Total Expenses	₱	21,270,713.45	₱	21,845,288.60
Net Operating Income	₱	6,245,169.51	₱	3,226,981.74
Add: Subsidies from Other LGUs				
Total	₱	6,245,169.51	₱	3,226,981.74
Less:				
Less: Subsidies to Other LGUs				
NET INCOME	₱	6,245,169.51	₱	3,226,981.74



Kapatagan Water District
STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2014
 (With Comparative Figures for CY 2013)

	2014	2013
Cash Flow from Operating Activities:		
<i>Cash Inflows: (note 11)</i>		
Collection of Income/Revenues	₱ 28,121,446.18	₱ 25,302,705.21
Receipt of refunds of cash advances and overpayments of expenses	4,929,267.79	456,807.05
Receipt from sale of goods and other inventories	94,145.50	0.00
Total Cash Inflows	₱ 33,144,859.47	₱ 25,759,512.26
<i>Cash Outflows:</i>		
Cash payment of operating expenses	₱ 9,824,977.95	₱ 6,062,536.55
Cash payment of payables incurred in operations	3,894,714.72	2,864,820.79
Cash purchase of inventories	354,763.22	16,466.00
Granting of cash advances/petty cash fund	6,974,601.45	8,458,286.26
Remittance of withholding taxes except thru Tax Remittance Advice	720,389.00	619,278.00
Remittance of GSIS/PAG-IBIG/PHILHEALTH Payable	1,398,253.38	1,250,294.70
Total Cash Outflows	₱ 23,167,699.72	₱ 19,271,682.30
Cash Provided by Operating Activities	₱ 9,977,159.75	₱ 6,487,829.96
Cash Flow from Investing Activities:		
<i>Cash Inflows:</i>		
Receipt of proceeds from sale of property, plant and equipment	₱ 0.00	₱ 0.00
Proceeds from sale of marketable stocks and bonds	0.00	0.00
Redemption of long term investments or repayment		

<i>Total Cash Inflows</i>	₱ 0.00	₱ 0.00
<i>Cash Outflows:</i>		
Cash Purchase of Property, Plant and Equipment	₱ 250,996.87	₱ 265,987.75
Other Long Term Investments	0.00	0.00
<i>Total Cash Outflows</i>	₱ 250,996.87	₱ 265,987.75
Cash Provided by Investing Activities	₱ (250,996.87)	₱ (265,987.75)
Cash Flow from Financing Activities:		
<i>Cash Inflows:</i>		
Cash received from domestic and foreign loans	₱ 0.00	₱ 0.00
<i>Total Cash Inflows</i>	₱ 0.00	₱ 0.00
<i>Cash Outflows:</i>		
Payment of Domestic and Foreign Loans	₱ 4,217,596.00	₱ 4,229,916.00
<i>Total Cash Outflows</i>	₱ 4,217,596.00	₱ 4,229,916.00
Cash Provided by Financing Activities	₱ (4,217,596.00)	₱ (4,229,916.00)
Total Cash provided by Operating, Investing and Financing Activities	₱ 5,508,566.88	₱ 1,991,926.21
Add: Cash Balance, Beginning	₱ 2,942,055.32	₱ 950,129.11
Cash Balance, Ending	₱ 8,450,622.20	₱ 2,942,055.32



Kapatagan Water District
DETAILED STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2014

(With comparative figures for 2013)

	2014	2013
Government Equity		
Balance at beginning of period	₱4,000,013.34	₱4,000,013.34
Additions (deductions)		
Balance at end of period	₱4,000,013.34	₱4,000,013.34
Restricted Capital		
Balance at beginning of period		
Additions (deductions)		
Balance at end of period	-	-
Donated Capital		
Balance at beginning of period		
Additions (deductions)		
Balance at end of period	-	-
Retained Earnings		
Balance at beginning of period	₱20,396,160.37	₱17,142,387.83
Prior period adjustments	199,147.08	26,790.80
Changes during the period		
Net income (loss) for the period	6,245,169.51	3,226,981.74
Balance at end of period	₱26,840,476.96	₱20,396,160.37
TOTAL EQUITY	₱30,840,490.30	₱24,396,173.71

KAPATAGAN WATER DISTRICT
Kapatagan, Lanao del Norte

Notes to Financial Statement

1. General/Brief Historical Background

The Kapatagan Water District (KAPWD) is a Government-Owned & Controlled Corporation (GOCC) that was officially created on September 12, 1988 by virtue of SB Res. No. 177-C in accordance with Sec. 6 P.D. 198 of the Provincial Water Utilities Act of 1973.

On October 24, 1989 KAPWD was issued a Certificate of Conditional Conformance (CCC418) by the Local Water Utilities Administration (LWUA).

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles and standards and pertinent provisions contained in the Commercial Practices Manual for Local Water Utilities Administration and the New Government Accounting system (NGAS).

The accrual method of accounting is adopted for both income and expenses.

In recording expenditures, the voucher system is followed in which vouchers is credited prior to payment and debited when paid.

Property, Plant and Equipment is carried at cost less accumulated depreciation. Depreciation is computed on a straight line method based on the estimated useful life ranging from five (5) to ten (10) years in accordance with COA Circular No. 2003-007 dated December 11, 2003.

3. Cash

This account consists of:

		2014		2013
<i>Accounts</i>		<i>Amount</i>		<i>Amount</i>
Cash on Hand	₱	71,712.73	₱	363,725.03
Petty Cash Fund		0.00		4,898.30
Payroll Fund		0.00		70.58
Cash in Bank		8,378,909.47		2,573,361.41

TOTAL AMOUNT	₱	8,450,622.20	₱	2,942,055.32
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<i>Details of the Cash in bank accounts are as follows :</i>					
			2014		2013
Cash in Bank (FVB)	22-00008-5	₱	2,849,931.34	₱	1,068,055.14
Cash in Bank (LBP)	0802-1078-11		339,043.92		280,266.41
Cash in Bank (LBP)	0801-0610-87		3,382,020.95		1,151,707.17
Cash in Bank (FVB)	51-19772-1		269,396.78		73,332.69
Cash in Bank (LBP)	0802-1148-50		1,538,516.48		
Total		₱	8,378,909.47	₱	2,573,361.41

- The 1st Valley Bank (22-00008-5) is the depository bank of the district pertaining to daily deposit of collections and withdrawal of funds for operations;
- LBP Account No. 0802-1078-11 was utilized to withdraw funds to remit employee and government shares for GSIS, Pag-ibig, Philhealth and BIR;
- LBP Account No. 0801`-0610-87 served as the joint savings account between LWUA and KAPWD.
- 1st Valley Bank Account No. 51-19772-1 served as their combo account of GAD, Calamity, and local mandatory savings account where they withdraw funds to pay agency bonus and other personnel benefits during the year;
- LBP Account No. 0802-1148-50 served as account for LWUA Project Fund for 3Brgys particularly Lapinig, Suso&Bansarvil. Said account was open last September 2014 and will be closed as soon as the projects of the 3brgys are completed.

4. Receivables

a) Account Receivables as of December 31, 2014 consist of the following :

	2014	2013
A/R- Customers	₱ 518,446.67	₱ 524,972.03
Allow. for doubtful Accounts		
A/R – Others (New SVC Loan)	77,310.44	70,055.75
Due from Officers & Employees	13,000.00	1,670.64
Other Receivable		2,518.42
TOTAL	₱ 608,757.11	₱599,216.84

5. Inventories

This account consists of unissued materials which are kept in stock for future use in the operations of the district.

	2014	2013
Raw Materials Inventory	₱ 3,167,740.78	₱ 1,368,898.55
TOTAL	₱ 3,167,740.78	₱ 1,368,898.55

Increase in raw materials inventory is a result of purchasing volume of pipes, coupling, water meters and other materials for new service connections and for maintenance purposes as well.

6. Property, Plant and Equipment

	2014		2013	
Land	₱	2,029,309.23	₱	529,309.23
Land Improvements				
a. Transmission Line		38,058,066.44		37,399,673.42
Accumulated Dep'n		(4,627,747.20)		(2,973,302.37)
Office Equip't, Furniture & Fixtures		1,075,849.31		975,579.64
Accumulated Dep'n		(496,693.82)		(412,227.84)
Machineries and Equipment				
a. Reservoir & Tanks		3,826,444.12		3,826,444.12
Accumulated Dep'n		(1,114,937.21)		(940,227.22)
b. Water Treatment Equip't		706,875.00		672,687.00
Accumulated Dep'n		(327,049.06)		(250,899.70)
c. Pumping Equipment		5,318,688.45		5,304,646.45
Accumulated Dep'n		(1,204,884.20)		(959,052.50)
d. Tel., Telegraph & Radio equip't		279,605.00		219,605.00
Accumulated Dep'n		(105,104.39)		(94,295.25)
e. Tools & Garage		427,238.73		410,928.98
Accumulated Dep'n		(324,960.27)		(308,685.57)
Other Machineries		150,000.00		-
Accumulated Dep'n		-		-
Motor Vehicles		969,975.89		969,975.89
Accumulated Dep'n		(592,437.64)		(519,783.34)
Other Property, Plant and Equipment		1,507,601.01		1,507,601.01
Construction in Progress - Agency Asset		12,639,493.08		12,608,925.08

Accumulated Dep'n		(633,893.24)		(526,127.44)
Total Property, Plant and Equip't	₱	57,561,439.23	₱	57,440,774.59

The equivalent of this account in the CPS is Utility Plant in Service (UPIS).

Property, Plant & Equipment Accounts in the amount of P **52,320,343.95** excluding Land comprises the properties of relatively permanent in character that are used in normal utility operations of water district that were carried at historical cost less accumulated depreciation using the straight line method over the estimated useful lives of the properties pursuant to COA Circular No. 2003-007 dated December 11, 2003. In addition, Construction in Progress – Agency Assets amounting **P 12,639,493.08** comprises the cost or accumulated value of agency assets, which are already completed but still needs to be adjusted and be added to the PPE Account. An inventory report as of December 31, 2014 of these PPE accounts were submitted by the district in compliance with the COA rules and regulations.

In the case of Land, its increase is a result of the 600 square meter purchased by the district for office building construction.

7. Current Liabilities

<i>Accounts</i>	<i>2014</i>		<i>2013</i>	
	<i>Amount</i>		<i>Amount</i>	
1 - A. Accounts Payable:				
Suppliers (Materials & Equipments)				
FSWT	₱	666,184.94	₱	125,534.27
Jhaycor		192,000.00		865,366.00
MRM Empire Trading		109,009.00		
Sonjay		26,150.00		38,100.00
Mabuhay Vinyl		24,516.56		12,258.28
Solarcom Marketing				8,000.00
Real Computer				70,000.00
Bryan Auto Supply		5,690.00		1,264.00
Jackson Air Kooler		4,680.00		
Lanao Computer Sales				1,872.50
Galls Construction Supply		853.66		
Subtotal	₱	1,029,084.16	₱	1,122,395.05
1 - B. Accounts Payable:				
COA – Audit fees	₱	280,000.00	₱	280,000.00
NORMIN NRMC		2,500.00		

Kapatagan Petron Station		10,524.31		25,276.81
LGU - Kapatagan				10,000.00
Raul C. Carreon, Jr.		3,680.00		
Susan L. Uy		1,000,000.00		0
Subtotal	₱	1,296,704.31	₱	315,276.81
Due to BIR		105,631.85		72,622.51
Due to GSIS		161,285.24		127,293.67
Due to Pag-ibig		44,338.25		43,223.39
Due to Philhealth		10,046.98		9,396.98
Due to Brgy. Tiacongan		14,973.70		
Due to Concessionaires – WMMF		163,690.00		
Due to 3 brgys (BAnsarvil, Lapinig, SUsa)		1,528,516.48		
TOTAL AMOUNT	₱	4,354,270.97	₱	1,690,208.41

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counts Payable(1-A) amounting to **₱ 1,029,084.16** comprises the liability accounts of the district for materials used for installation, repairs & maintenance of service connections & supplies incurred but not yet paid. Whereas, the accounts payable (1-B) amounting **₱ 1,296,704.31** consists of accountability for audit fees, annual registration for Water Districts' organization, gasoline, oil & lubricants already consumed & received but not yet paid as well as services rendered but not yet paid and a 600 square meters residential lot owned by Susan L. Uy, purchased by the district for office building amounting P1.5M but was partially paid the amount of P500, 000.00.

Due to BIR, Due to GSIS, Due to Pag-ibig and Due to Philhealth accounts amounting to P105, 631.85, P161, 285.24, P44, 338.25 and P10, 046.98 respectively, represent remittances of employees and employer government shares deducted for the month of December 2014 to be remitted on or before the 10th day of the month of January, 2015. Due to Brgy. Tiacongan, Due to Concessionaires & Due to 3brgys amounting P14, 973.70, P163, 690.00, 1,528,516.48 are trust funds.

8. Long-Term Liabilities

<i>Accounts</i>	<i>2014</i>	<i>2013</i>
	<i>Amount</i>	<i>Amount</i>
1. Loans Payable-Regular LA# 3-703	₱ 4,425,469.72	₱ 4,719,517.33
2. Loans Payable-Soft LA# 3-703	809,945.09	868,216.09
3. Loans Payable-KFW LA# 4-2262A-RL	12,945,003.00	13,378,013.00
4. LA# 4-2262B-RL	2,108,106.00	2,178,607.00
6. Loans Payable- LA# 4-2435	2,395,032.24	2,922,287.76
7. Loans Payable - NLIF - LA#9-0288	11,910,242.00	12,197,922.00

TOTAL AMOUNT	₱34,593,798.05	₱36,264,563.18
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For the purpose of providing a safe, reliable, sound and economically viable water supply and wastewater disposal system, the district entered into various loans and financial assistance contracts as follows:

The loan account No. 3-703 regular loan is a Level III Loan entered by the district on March 15, 1995 with P62, 591 per month. On December 1997 another loan entered by the district a Soft Loan account no. 3-703 with monthly amortization of P10, 822.00.

The KFW loan (LA#4-2262A) and (LA#4-2262B) had an estimated monthly amortization of P173, 443.00 and P28, 244.00, respectively.

The Loan account No. 4-2435 is a Regular Loan entered on November 21, 2008 by the district with LWUA with estimated amortization of P52, 393 per month.

The Loan account 9-0288 is an NLIF –DOH Loan of P7, 500.00 and Grant of P7, 500.00 a total released of P15M entered on August 24, 2012 by the district with LWUA with interest rate of 0% and the repayment period shall be 290 months after project completion with estimated amortization of P22, 536 per month. There is a pending verification from LWUA as regards to the balance of this particular loan as a result of AOM of COA auditor for CY 2014.

9. Income

	2014		2013	
INCOME				
Business and Service Income				
Business income				
Income from waterworks systems	₱	25,647,997.94	₱	23,087,659.04
Total Business Income	₱	25,647,997.94	₱	23,087,659.04
Other Income				
Interest	₱	32,526.43	₱	12,068.43
Misc. Operating & Service Income		72,400.00		58,715.80
Misc. Non Operating		116,308.86		388,769.41

Revenues				
Other business - New Service Connections		1,046,203.66		971,924.52
Fines and penalties		600,446.07		553,133.14
Total Other Income	₱	1,867,885.02	₱	1,984,611.30
TOTAL INCOME	₱	27,515,882.96	₱	25,072,270.34

10. Expenses

Expenses				
Personnel Services				
Salaries and wages	₱	5,336,764.41	₱	5,177,308.47
Overtime pay, director's fees & remunerations		1,966,278.50		2,729,083.71
Personnel benefits contributions				
- Life and Retirement Insurance Contributions		643,251.18		619,349.92
- PAG-IBIG Contributions		37,200.00		37,800.00
- Philhealth Contributions		60,525.00		61,036.49
- ECC Contributions		37,080.00		37,538.61
Other personnel benefits – (PERA, ADCOM, RATA, & others)		2,511,489.66		2,618,570.22
Total Personnel Services	₱	10,592,588.75	₱	11,280,687.42
Maintenance and other expenses				
Traveling	₱	240,585.16	₱	347,992.57
Training and scholarship		21,140.00		24,050.00
Supplies and materials		186,019.50		631,842.21
Gasoline, Oil and Lubricant Expense		174,900.54		223,874.62
Utility		22,953.81		20,285.32
Communication		83,719.94		84,144.73
Advertising		122,208.00		123,658.34
Chemical & Filtering Materials		252,099.36		262,599.36
Rent		120,000.00		114,000.00
Representation		90,852.78		114,075.01
Insurance Expenses		157,050.32		121,939.15
Professional services		31,950.00		19,620.00
Other outside services employed		205,933.58		104,064.85
Repairs and maintenance		1,140,714.91		1,221,467.55
Subsidies and donations		10,423.00		31,422.73

Taxes & licenses		455,356.96		426,271.35
Depreciation		2,443,105.80		1,284,269.76
Other Maint and Operating Expense		2,276,912.23		2,644,442.66
Total Maint & Other Operating Expenses	₱	8,035,925.89	₱	7,800,020.21
Financial expenses				
Interest - LWUA	₱	2,642,198.81	₱	2,764,580.97
Total Financial Expenses	₱	2,642,198.81	₱	2,764,580.97
TOTAL EXPENSES	₱	21,270,713.45	₱	21,845,288.60
NET INCOME (NET LOSS)	₱	6,245,169.51	₱	3,226,981.74

11. Cash Flow

The details of Cash in flow from operating activities are shown below:

	2014		2013	
Cash flow from operating activities				
Cash inflows:				
Collection of Income/Revenues				
Misc. Non Operating Income	₱	21,841.96	₱	466,129.26
Misc. Operating & Service Income		72,400.00		58,700.00
Receipts of Water Sales		26,233,487.47		23,612,552.73
Receipts of New Service Connections		1,631,745.31		1,165,323.22
Receipts of Water meter Maintenance Fee		161,971.44		-
Total Collection of Income/Revenues	₱	28,121,446.18	₱	25,302,705.21
Receipt of refunds of cash advances and overpayments of expenses		115,121.25		447,152.32
Other receipts				
LWUA Project Fund for 3 brgy's (Suso, Lapinig & Bansarvil)		4,765,125.00		
Project Equity - Brgy. San Vicente		20,000.00		
Interest earned from the bank less w/tax		29,021.54		9,654.73

Total Receipt of refunds of cash advances and overpayments of exp.	₱ 4,929,267.79	₱ 456,807.05
Receipt from sale of goods and other inventories	94,145.50	0.00
Total Receipts from Sale of goods & other inventories	₱ 94,145.50	₱ 0.00
<i>Total Cash Inflows</i>	₱ 33,144,859.47	₱ 25,759,512.26