



Republic of the Philippines
KAPATAGAN WATER DISTRICT
BALANCE SHEET

As of December 31, 2015
 (With Comparative Figures for December 31, 2014)

	2015	2014
ASSETS		
Current Assets		
Cash (note 3)	₱ 7,566,349.01	₱ 8,450,622.20
Receivables (note 4)	3,010,642.93	608,757.11
Inventories (note 5)	2,310,822.54	3,167,740.78
Total Current Assets	₱ 12,887,814.48	₱ 12,227,120.09
Property, Plant & Equip't (note 6)		
Land	₱ 3,529,309.23	₱ 2,029,309.23
Land Improvements – Perimeter Fence	896,103.47	
Transmission Line	52,552,493.52	38,058,066.44
Accumulated Dep'n	(6,439,935.75)	(4,627,747.20)
Buildings	-	-
Office Equipment, Furniture and Fixtures	1,033,335.45	1,075,849.31
Accumulated Dep'n	(408,303.87)	(496,693.82)
Machineries and Equipment		
a. Reservoir & Tanks	3,826,444.12	3,826,444.12
Accumulated Dep'n	(1,286,047.20)	(1,114,937.21)
b. Water Treatment Equip't	706,875.00	706,875.00
Accumulated Dep'n	(398,213.86)	(327,049.06)
c. Pumping Equipment	5,318,688.45	5,318,688.45
Accumulated Dep'n	(1,553,130.83)	(1,204,884.20)
d. Telephone, Telegraph & Radio equip't	259,105.00	279,605.00
Accumulated Dep'n	(82,036.96)	(105,104.39)
e. Tools & Garage	564,395.93	427,238.73
Accumulated Dep'n	(334,930.73)	(324,960.27)
Other Machineries	150,000.00	150,000.00
Accumulated Dep'n	(13,500.00)	-
Motor Vehicles	1,063,475.89	969,975.89
Accumulated Dep'n	(601,812.68)	(592,437.64)
Other Property, Plant and Equipment	1,549,801.01	1,507,601.01
Accumulated Dep'n	(728,083.91)	(633,893.24)
Construction in Progress - Agency Asset	-	12,639,493.08
Total Property, Plant and Equipment	₱ 59,604,031.28	₱ 57,561,439.23
Other deferred debits	7,829.88	-
TOTAL ASSETS	₱ 72,499,675.64	₱ 69,788,559.32

LIABILITIES AND EQUITY**LIABILITIES**

Current Liabilities (note 7)	₱ 4,189,734.50	₱ 4,354,270.97
Long-Term Liabilities (note 8)	<u>32,816,070.52</u>	<u>34,593,798.05</u>

Total Liabilities ₱ 37,005,805.02 ₱ 38,948,069.02

EQUITY

Government Equity	₱ 4,000,013.34	₱ 4,000,013.34
Donated Capital		
Retained Earnings	<u>31,493,857.28</u>	<u>26,840,476.96</u>

Total Equity ₱ 35,493,870.62 ₱ 30,840,490.30

TOTAL LIABILITIES AND EQUITY ₱ 72,499,675.64 ₱ 69,788,559.32

(See accompanying Notes to Financial Statements)



Kapatagan Water District
STATEMENT OF INCOME AND EXPENSES
 For the Year Ended December 31, 2015
 (With Comparative Figures for December 31, 2014)

		2015		2014
Income: (note 9)				
Service Income				
Business Income	₱	27,559,191.10	₱	25,647,997.94
Other Income		1,843,034.11		1,867,885.02
Total Income	₱	29,402,225.21	₱	27,515,882.96
Less: Expenses (note 10)				
Personal Services		11,765,835.71		10,592,588.75
Maint. & Other Operating Expenses		11,071,194.71		8,035,925.89
Financial Expenses		1,881,246.47		2,642,198.81
Total Expenses	₱	24,718,276.89	₱	21,270,713.45
Net Operating Income	₱	4,683,948.32	₱	6,245,169.51
Add: Subsidies from Other LGUs				
Total	₱	4,683,948.32	₱	6,245,169.51
Less:				
Less: Subsidies to Other LGUs				
NET INCOME	₱	4,683,948.32	₱	6,245,169.51



Kapatagan Water District
STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2015
 (With Comparative Figures for CY 2014)

		2015		2014
Cash Flow from Operating Activities:				
Cash Inflows: (note 11)				
Collection of Income/Revenues	₱	30,295,858.29	₱	28,121,446.18
Receipt of refunds of cash advances and overpayments of expenses		126,917.18		4,929,267.79
Receipt from sale of goods and other inventories		224,724.42		94,145.50
Total Cash Inflows	₱	30,647,499.89	₱	33,144,859.47
Cash Outflows:				
Cash payment of operating expenses	₱	10,878,753.72	₱	9,824,977.95
Cash payment of payables incurred in operations		5,341,491.57		3,894,714.72
Cash purchase of inventories				354,763.22
Granting of cash advances/petty cash fund		7,421,584.51		6,974,601.45
Remittance of withholding taxes except thru Tax Remittance Advice		842,370.90		720,389.00
Remittance of GSIS/PAG-IBIG/PHILHEALTH Payable		1,654,737.11		1,398,253.38
Total Cash Outflows	₱	26,138,937.81	₱	23,167,699.72
Cash Provided by Operating Activities	₱	4,508,562.08	₱	9,977,159.75
Cash Flow from Investing Activities:				
Cash Inflows:				
Receipt of proceeds from sale of property, plant and equipment	₱	0.00	₱	0.00
Proceeds from sale of marketable stocks and bonds				0.00

Redemption of long term investments or repayment				
Total Cash Inflows	₱	0.00	₱	0.00
Cash Outflows:				
Cash Purchase of Property, Plant and Equipment	₱	1,733,831.27	₱	250,996.87
Other Long Term Investments				0.00
Total Cash Outflows	₱	1,733,831.27	₱	250,996.87
Cash Provided by Investing Activities	₱	(1,733,831.27)	₱	(250,996.87)
Cash Flow from Financing Activities:				
Cash Inflows:				
Cash received from domestic and foreign loans	₱	0.00	₱	0.00
Total Cash Inflows	₱	0.00	₱	0.00
Cash Outflows:				
Payment of Domestic and Foreign Loans	₱	3,659,004.00	₱	4,217,596.00
Total Cash Outflows	₱	3,659,004.00	₱	4,217,596.00
Cash Provided by Financing Activities	₱	(3,659,004.00)	₱	(4,217,596.00)
Total Cash provided by Operating, Investing and Financing Activities	₱	(884,273.19)	₱	5,508,566.88
Add: Cash Balance, Beginning	₱	8,450,622.20	₱	2,942,055.32
Cash Balance, Ending	₱	7,566,349.01	₱	8,450,622.20



Kapatagan Water District
DETAILED STATEMENT OF CHANGES IN EQUITY
 For the Year Ended December 31, 2015
 (With comparative figures for 2014)

	2015	2014
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	26,840,476.96	₱20,396,160.37
Prior period adjustments		199,147.08
Changes during the period	(30,568.00)	
Net income (loss) for the period	4,683,948.32	6,245,169.51
Balance at end of period	31,493,857.28	₱26,840,476.96
TOTAL EQUITY	35,493,870.62	₱30,840,490.30



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:

		2015		2014
<i>Accounts</i>		<i>Amount</i>		<i>Amount</i>
Cash on Hand	₱	43,954.52	₱	71,712.73
Petty Cash Fund		0.00		0.00

Payroll Fund		0.00		0.00
Cash in Bank		7,522,394.49		8,378,909.47
TOTAL AMOUNT	₱	7,566,349.01	₱	8,450,622.20

Details of the Cash in bank accounts are as follows :

			2015		2014
Cash in Bank (FVB)	22-00008-5	₱	2,495,961.88	₱	2,849,931.34
Cash in Bank (LBP)	0802-1078-11		215,081.65		339,043.92
Cash in Bank (LBP)	0801-0610-87		4,478,728.01		3,382,020.95
Cash in Bank (FVB)	51-19772-1		-		269,396.78
Cash in Bank (LBP)	0802-1148-50		82,250.2		1,538,516.48
Cash in Bank (FVB)	102-051-121235		250,372.75		
Total		₱	7,522,394.49	₱	8,378,909.47

- 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; This account was closed last September 10, 2015.
- 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.
- FVB Account No. 102-051-121-235 served as trust fund for the amount collected from concessionaires for Water Meter Maintenance fee.

4. Receivables

a) Account Receivables as of December 31, 2015 consist of the following :

	2015	2014
A/R- Customers	632,690.16	₱ 518,446.67
Allow. for doubtful Accounts	(9,654.86)	

A/R – Others (New SVC Loan)	100,367.63	77,310.44
Due from Officers & Employees	131,240.00	13,000.00
Accounts Receivable – Disallowance	2,156,000.00	
TOTAL	₱ 3,010,642.93	₱ 608,757.11

5. Inventories

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

	2015	2014
Raw Materials Inventory	2,234,956.86	₱ 3,167,740.78
Office Supplies Inventory	59,930.00	
Other Inventory Items - Chlorine	15,935.68	
TOTAL	₱ 2,310,822.54	₱ 3,167,740.78

6. Property, Plant and Equipment

	2015		2014	
Land	₱	3,529,309.23	₱	2,029,309.23
Land Improvements – Perimeter Fence		896,103.47		
Transmission Line		52,552,493.52		38,058,066.44
Accumulated Dep'n		(6,439,935.75)		(4,627,747.20)
Office Equip't, Furniture & Fixtures		1,033,335.45		1,075,849.31
Accumulated Dep'n		(408,303.87)		(496,693.82)
Machineries and Equipment				
a. Reservoir & Tanks		3,826,444.12		3,826,444.12
Accumulated Dep'n		(1,286,047.20)		(1,114,937.21)
b. Water Treatment Equip't		706,875.00		706,875.00
Accumulated Dep'n		(398,213.86)		(327,049.06)
c. Pumping Equipment		5,318,688.45		5,318,688.45
Accumulated Dep'n		(1,553,130.83)		(1,204,884.20)
d. Telephone, Telegraph & Radio equip't		259,105.00		279,605.00
Accumulated Dep'n		(82,036.96)		(105,104.39)
e. Tools & Garage		564,395.93		427,238.73
Accumulated Dep'n		(334,930.73)		(324,960.27)
Other Machineries		150,000.00		150,000.00
Accumulated Dep'n		(13,500.00)		-

Motor Vehicles		1,063,475.89		969,975.89
Accumulated Dep'n		(601,812.68)		(592,437.64)
Other Property, Plant and Equipment		1,549,801.01		1,507,601.01
Accumulated Dep'n		(728,083.91)		(633,893.24)
Construction in Progress - Agency Asset		0.00		12,639,493.08
Total Property, Plant and Equip't	₱	59,604,031.28	₱	57,561,439.23

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

Property, Plant & Equipment Accounts net amount of P **56,074,722.05** 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. 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 1,200 square meter purchased by the district for office building construction.

The account of Telephone, Telegraph & Radio Equipment has decreased its amount from P279, 605 (2014) to P259, 105 (2015) with a difference of P20,500 because of the 5 units of Handheld radios declared as waste materials (3 units of Handheld radio V-8 purchase on CY 2002 and 2 units Hand held radio Versa purchase on CY 2003). On the same manner its accumulated depreciation has also decreased its amount from P 105,104.39 (2014) to P82, 026.96 (2015) with a difference of P 23,067.93. The decrease in accumulated depreciation is greater than the PPE account because though there are 5 units that had been declared as waste materials, the district had purchased 3 units of handheld radios in CY 2015.

7. Current Liabilities

<i>Accounts</i>	<i>2015</i>		<i>2014</i>	
	<i>Amount</i>		<i>Amount</i>	
1 - A. Accounts Payable:				
Suppliers (Materials & Equipments)				
FSWT	₱	0.00	₱	818.94
Jhaycor		102,508.36		192,000.00
JSA Utilized		665,366.00		66,536.00
MRM Empire Trading		531,140.50		109,009.00
Sonjay				26,150.00
Mabuhay Vinyl		24,516.56		24,516.56
Real Computer		167,200.00		

Bryan Auto Supply				5,690.00
Jackson Air Kooler		5,655.00		4,680.00
Galls Construction Supply				853.66
Kapatagan Municipal Womens Organization		21,900.00		
Unifield		137,855.54		
InnoVe Communication		1,000.00		
JPT		201,100.00		
Subtotal	₱	1,858,241.96	₱	1,029,084.16
1 - B. Accounts Payable:				
COA – Audit fees	₱	60,000.00	₱	280,000.00
NORMIN NRMC				2,500.00
Kapatagan Petron Station		7,181.65		10,524.31
Raul C. Carreon, Jr.				3,680.00
Susan L. Uy		954,000.00		1,000,000.00
E. Encarnacion, et.al		13,455.00		
Overtime pay		270,050.00		
Subtotal	₱	1,304,686.65	₱	1,296,704.31
Due to BIR		110,409.24		105,631.85
Due to GSIS		166,213.03		161,285.24
Due to Pag-ibig		41,860.26		44,338.25
Due to Philhealth		12,850.00		10,046.98
Due to Brgy. Tiacongan		60,312.35		14,973.70
Due to Concessionaires – WMMF		542,910.98		163,690.00
Due to 3 brgys (BAnsarvil, Lapinig, SUsO)		82,250.20		1,528,516.48
Deferred Credits to Income		10,000.00		
Subtotal	₱	1,026,806.06	₱	2,028,482.50
TOTAL AMOUNT	₱	4,189,734.50	₱	4,354,270.97

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s Payable (1-A) amounting to **₱ 1,858,241.96** 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 **₱ 1,304,686.65** consists of accountability for audit fees, gasoline, oil & lubricants, 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 P546, 000.00.

Due to BIR, Due to GSIS, Due to Pag-ibig and Due to Philhealth accounts represent remittances of employees and employer government shares deducted for the month of December 2015 to be remitted on or before the 10th day of the month of January, 2016. Due to Brgy. Tiacongan, Due to Concessionaires & Due to 3 brgys are trust funds. While Deferred Credits to income is the account for new service connections already paid by the concessionaire but not yet installed.

8. Long-Term Liabilities

Accounts	2015	2014
	Amount	Amount
1. Loans Payable-Regular LA# 3-703	4,081,028.19	₱ 4,425,469.72
2. Loans Payable-Soft LA# 3-703	745,854.09	809,945.09
3. Loans Payable-KFW LA# 4-2262A-RL	12,388,350.00	12,945,003.00
4. LA# 4-2262B-RL	2,008,312.00	2,108,106.00
6. Loans Payable- LA# 4-2435	1,930,180.24	2,395,032.24
7. Loans Payable - NLIF - LA#9-0288	11,662,346.00	11,910,242.00
TOTAL AMOUNT	₱ 32,816,070.52	₱34,593,798.05

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 monthly amortization of P62, 591 using the 8.5% old interest rate. LWUA issued a MEMO CIRCULAR NO. 003-15 stating ***“THE INTEREST RATE EFFECTIVE JANUARY 1, 2015 IS 8.2% PER ANNUM, THE EXISTING INTEREST RATES BELOW 8.2% P.A. SHALL REMAIN IN EFFECT”***. As a result, the new monthly amortization lowers to P58, 441.

On December 1997 another loan entered by the district a Soft Loan account no. 3-703 with previous monthly amortization of P10, 822.00 and now with the new interest rate of LWUA from 8.5% down to 8.2% has a monthly amortization of P 10,696.

The KFW loan (LA#4-2262A) and (LA#4-2262B) had an estimated monthly amortization of P173, 443.00 and P28, 244.00, respectively base on old rate of 12.5%. But LWUA decreases their interest rate to 8.2%. Therefore, the new monthly amortization of these said accounts is P140, 973 and 22,958 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, 500,000.00 and Grant of P7, 500,000.00 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

	2015		2014	
INCOME				
Business and Service Income				
Business income				
Income from waterworks systems	₱	27,559,191.10	₱	25,647,997.94
Total Business Income	₱	27,559,191.10	₱	25,647,997.94
Other Income				
Interest	₱	34,936.42	₱	32,526.43
Gain on sale of assets		1,098,938.34		
Misc. Operating & Service Income		77,063.00		72,400.00
Misc. Non Operating Revenues				116,308.86
Other business - New Service Connections				1,046,203.66
Fines and penalties		632,096.35		600,446.07
Total Other Income	₱	1,843,034.11	₱	1,867,885.02
TOTAL INCOME	₱	29,402,225.21	₱	27,515,882.96

10. Expenses

Expenses				
Personnel Services				
Salaries and wages	₱	6,139,323.63	₱	5,336,764.41
Overtime pay		913,290.83		824,226.69
Director's fees & remunerations		1,090,993.26		1,142,051.81

Personnel benefits contributions			
- Life and Retirement Insurance Contributions	741,673.24		643,251.18
- PAG-IBIG Contributions	39,500.00		37,200.00
- Philhealth Contributions	68,937.50		60,525.00
- ECC Contributions	39,390.80		37,080.00
Other personnel benefits – (PERA, ADCOM, RATA, & others)	2,732,726.45		2,511,489.66
Total Personnel Services	₱ 11,765,835.71	₱	10,592,588.75
Maintenance and other expenses			
Traveling	₱ 391,470.77	₱	240,585.16
Training and scholarship	162,631.28		21,140.00
Utility	33,834.25		22,953.81
Communication	71,117.85		83,719.94
Advertising	193,778.50		122,208.00
Rent	120,000.00		120,000.00
Insurance Expenses	119,027.25		157,050.32
Supplies and materials	203,198.00		186,019.50
Medical, dental & Laboratory fees	36,430.00		
Gasoline,Oil and Lubricant Expense	192,924.76		174,900.54
Professional services	218,771.98		31,950.00
Other outside services employed	672,027.24		205,933.58
Taxes & licenses	543,418.44		455,356.96
Chemical & Filtering Materials	353,709.92		252,099.36
Grants and donations	9,035.00		10,423.00
Bad debts	9,654.86		
Representation	122,102.32		90,852.78
Repairs and maintenance	1,316,955.81		1,140,714.91
Depreciation	3,061,724.88		2,443,105.80
Other Maint and Operating Expense	3,239,381.60		2,276,912.23
Total Maint & Other Operating Expenses	₱ 11,071,194.71	₱	8,035,925.89
Financial expenses			
Interest - LWUA	₱ 1,881,246.47	₱	2,642,198.81
Total Financial Expenses	₱ 1,881,246.47	₱	2,642,198.81
TOTAL EXPENSES	₱ 24,718,276.89	₱	21,270,713.45
NET INCOME (NET LOSS)	₱ 4,683,948.32	₱	6,245,169.51

11. Cash Flow

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

	2015		2014	
Cash flow from operating activities				
Cash inflows:				
Collection of Income/Revenues				
Misc. Non Operating Income	₱	0.00	₱	21,841.96
Misc. Operating & Service Income		76,422.00		72,400.00
Receipts of Water Sales		28,082,700.72		26,233,487.47
Receipts of New Service Connections		1,598,597.71		1,631,745.31
Interest earned from the bank less w/tax		26,490.39		29,021.54
Receipts of Water meter Maintenance Fee		511,647.47		161,971.44
Total Collection of Income/Revenues	₱	30,295,858.29	₱	28,150,467.72
Receipt of refunds of cash advances and overpayments of expenses		126,917.18		115,121.25
Other receipts				
LWUA Project Fund for 3 brgy's (Suso, Lapinig & Bansarvil)		0.00		4,765,125.00
Project Equity - Brgy. San Vicente		0.00		20,000.00
Total Receipt of refunds of cash advances and overpayments of exp.	₱	126,917.18	₱	4,929,267.79
Receipt from sale of goods and other inventories		224,724.42		94,145.50
Total Receipts from Sale of goods & other inventories	₱	224,724.42	₱	94,145.50
Total Cash Inflows	₱	30,647,499.89	₱	33,144,859.47