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2019
ANNUAL FINANCIAL
REPORT

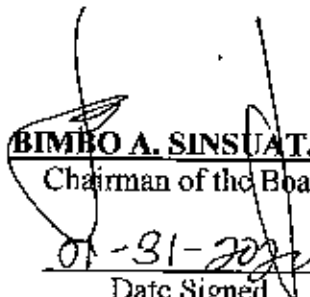
Republic of the Philippines
METRO COTABATO WATER DISTRICT
Governor Gutierrez Avenue, Cotabato City

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

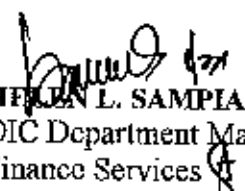
The Management of **Metro Cotabato Water District** is responsible for the preparation of the financial statements as at December 31, 2019, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.


The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of **Metro Cotabato Water District** in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


BIMBO A. SINSUAT, JR.
Chairman of the Board

01-31-2020
Date Signed


HELEN L. SAMPLANO
OIC Department Manager A
Finance Services


MARGARITA F. ROALES
Acting General Manager A

METRO COTABATO WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(With Comparative Figures for CY 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents and International Reserves (Note 3.3 & 6)		
Cash on Hand		
Cash - Collecting Officer	1,305,140.88	1,830,575.92
Petty Cash	-	167,218.50
Cash in Bank - Local Currency		
Cash in Bank - Local Currency, Current Account	36,765,059.89	48,130,632.06
Cash in Bank - Local Currency, Savings Account	5,481,731.30	10,105,149.87
Cash Equivalents		
Time Deposits - Local Currency	153,291,579.73	145,978,860.48
Receivables (Note 3.2 & 7)		
Loans and Receivable Accounts		
Accounts Receivable	32,264,812.44	31,552,946.49
<i>Allowance for Impairment - Accounts Receivable</i>	<i>(584,728.99)</i>	<i>(562,071.05)</i>
Net Value - Accounts Receivable	<u>31,680,083.45</u>	<u>30,990,875.44</u>
Other Receivables		
Receivables - Disallowances/Charges	920,608.91	1,610,110.00
Other Receivables	660,329.68	530,436.75
Inventories (Note 3.4 & 8)		
Inventory Held for Consumption		
Office Supplies Inventory	1,008,208.70	640,309.85
Accountable Forms, Plates and Stickers Inventory	1,237,718.50	500.75
Fuel, Oil and Lubricants Inventory	33,718.00	65,056.00
Chemical and Filtering Supplies Inventory		-
Construction Materials Inventory	14,525,894.18	3,772,441.93
Other Supplies and Materials Inventory	1,922,955.95	1,480,999.82
Semi-Expendable Machinery and Equipment		
Semi-Expendable Office Equipment		
Semi-Expendable Information and Communication Technology Equipment		
Semi-Expendable Communication Equipment		
Semi-Expendable Technical and Scientific Equipment		
Semi-Expendable Other Machinery and Equipment		
Semi-Expendable Furniture, Fixtures and Books		
Semi-Expendable Furniture and Fixtures		
Other Assets (Note 9)		
Advances		
Advances for Payroll	105,550.90	-
Advances to Officers and Employees	3,317.50	36,686.14
Prepayments		
Advance to Contractors	3,383,532.81	240,900.00
Prepaid Insurance	217,021.01	121,847.30
Other Prepayments	49,926.55	37,526.59
Deposits		
Guaranty Deposits	2,222,195.96	2,235,179.96
Other Assets		
Advances to Special Disbursing Officer		
Other Assets	704,554.16	218,806.88
TOTAL CURRENT ASSETS	<u>255,519,128.06</u>	<u>248,194,114.24</u>

METRO COTABATO WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(With Comparative Figures for CY 2018)

	2019	2018
NON CURRENT ASSETS		
Investments (Note 10)		
Financial Assets - Held to Maturity		
Investments in Treasury Bills - Local	42,726,608.36	41,211,111.39
Sinking Fund		
Sinking Fund	5,697,759.81	5,350,134.25
Property, Plant and Equipment (Note 3.5 & 11)		
Land		
Land	39,205,694.18	39,205,694.18
Land Improvements		
Other Land Improvements	5,832,372.41	5,570,573.44
Accumulated Depreciation - Other Land Improvements	<u>(4,694,603.94)</u>	<u>(4,605,536.91)</u>
Net Value - Other Land Improvements	<u>1,137,768.47</u>	<u>965,036.53</u>
Infrastructure Assets		
Road Networks		
Road Networks	15,034,299.80	15,034,299.80
Accumulated Depreciation - Road Networks	<u>(7,667,492.82)</u>	<u>(7,216,463.82)</u>
Net Value - Road Networks	<u>7,366,806.98</u>	<u>7,817,835.98</u>
Plant - Utility Plant in Service (UPIS)		
Plant - Utility Plant in Service (UPIS)	121,777,103.30	121,517,011.07
Accumulated Depreciation - Plant, Utility Plant in Service (UPIS)	<u>(85,988,311.34)</u>	<u>(83,963,168.19)</u>
Net Value - Plant - Utility Plant in Service (UPIS)	<u>35,788,791.96</u>	<u>37,553,842.88</u>
Buildings and Other Structures		
Buildings		
Buildings	12,698,905.04	12,698,905.04
Accumulated Depreciation - Buildings	<u>(6,208,791.27)</u>	<u>(5,916,434.43)</u>
Net Value - Buildings	<u>6,490,113.77</u>	<u>6,782,470.61</u>
Water Plant, Structure and Improvements		
Water Plant, Structure and Improvements	225,982,596.69	224,550,093.41
Accumulated Depreciation - Water Plant, Structure and Improvements	<u>(97,414,683.58)</u>	<u>(93,145,033.45)</u>
Net Value - Plant - Water Plant, Structure and Improvements	<u>128,567,913.11</u>	<u>131,405,059.96</u>
Other Structures		
Other Structures	2,209,605.24	2,209,605.24
Accumulated Depreciation - Other Structures	<u>(312,983.51)</u>	<u>(246,695.39)</u>
Net Value - Plant - Other Structures	<u>1,896,621.73</u>	<u>1,962,909.85</u>
Machinery and Equipment		
Office Equipment		
Office Equipment	9,989,760.05	2,897,037.05
Accumulated Depreciation - Office Equipment	<u>(2,756,079.80)</u>	<u>(1,999,130.80)</u>
Net Value - Office Equipment	<u>7,233,680.25</u>	<u>897,906.25</u>
Information and Communication Technology Equipment		
Information and Communication Technology Equipment	6,826,220.00	6,247,721.00
Accumulated Depreciation - Information and Communication Technology Equ.	<u>(3,794,854.22)</u>	<u>(3,787,644.49)</u>
Net Value - Information and Communication Technology Equipment	<u>3,031,365.78</u>	<u>2,460,076.51</u>
Communication Equipment		
Communication Equipment	1,634,493.90	1,428,077.90
Accumulated Depreciation - Communication Equipment	<u>(1,026,337.67)</u>	<u>(1,067,649.97)</u>
Net Value - Communication Equipment	<u>608,156.23</u>	<u>360,427.93</u>
Technical and Scientific Equipment		
Technical and Scientific Equipment	105,120,710.90	96,616,943.50
Accumulated Depreciation - Technical and Scientific Equipment	<u>(56,799,049.54)</u>	<u>(52,123,751.02)</u>
Net Value - Technical and Scientific Equipment	<u>48,321,661.36</u>	<u>44,493,192.48</u>
Electrical Equipment		
Electrical Equipment	24,380,603.43	21,184,103.43
Accumulated Depreciation - Electrical Equipment	<u>(10,309,178.38)</u>	<u>(8,878,489.30)</u>
Net Value - Electrical Equipment	<u>14,071,425.05</u>	<u>12,305,614.13</u>
Other Machinery and Equipment		
Other Machinery and Equipment	6,402,458.38	5,247,245.78
Accumulated Depreciation - Other Machinery and Equipment	<u>(2,670,854.08)</u>	<u>(2,224,807.82)</u>

METRO COTABATO WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(With Comparative Figures for CY 2018)

	2019	2018
Net Value - Other Machinery and Equipment	3,731,604.30	3,022,437.96
Transportation Equipment		
Motor Vehicles	26,608,571.50	21,390,502.95
<i>Accumulated Depreciation - Motor Vehicles</i>	<i>(11,878,246.57)</i>	<i>(11,259,567.11)</i>
Net Value - Motor Vehicles	14,730,324.93	10,130,935.84
Furniture, Fixtures and Books		
Furniture and Fixtures	1,312,971.88	635,556.88
<i>Accumulated Depreciation - Furniture and Fixtures</i>	<i>(373,847.82)</i>	<i>(297,445.26)</i>
Net Value - Furniture and Fixtures	939,124.06	338,111.62
Construction in Progress		
Construction in Progress - Land Improvements	3,301,917.71	2,682,594.83
Construction in Progress - Infrastructure Assets	16,756,323.60	14,342,923.82
Construction in Progress - Building and Other Structures	33,218,679.10	14,463,227.80
Intangible Assets (Note 3.6 & 12)		
Intangible Assets		
Computer Software	476,269.00	476,269.00
<i>Accumulated Amortization - Computer Software</i>	<i>(428,642.10)</i>	<i>(428,642.10)</i>
Net Value - Computer Software	47,626.90	47,626.90
Development in Progress		
Development in Progress - Computer Software	8,990.00	8,990.00
Development in Progress - Other Intangible Asset	1,265,846.58	981,001.87
Other Assets (Note 9)		
Restricted Fund		
Restricted Fund	37,740,361.01	34,106,806.05
Other Assets		
Other Assets	2,435,919.70	1,678,506.73
Accumulated Impairment Losses - Other Assets	-	-
Net Value - Other Assets	2,435,919.70	1,678,506.73
TOTAL NON CURRENT ASSETS	456,321,084.93	414,574,476.35
TOTAL ASSETS	711,840,212.99	662,768,590.59
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Financial Liabilities (Note 3.2)		
Payables		
Accounts Payable (Note 13)	10,786,916.53	5,141,749.58
Bills/Bonds/Loans Payable		
Loans Payable - Domestic (Note 16)	3,014,478.45	25,233,692.33
Inter-Agency Payables (Note 14)		
Inter-Agency Payables		
Due to BIR	100,370.03	-
Due to GSIS	337.61	38,168.04
Due to Pag-ibig	-	-
Due to PhilHealth	-	-
Due to Subsidiaries/Joint Venture/Associates/Affiliates	-	-
Intra-Agency Payables		
Intra-Agency Payables		
Due to Other Funds	6,885,398.65	5,705,861.12
Other Payables (Note 20)		

METRO COTABATO WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(With Comparative Figures for CY 2018)

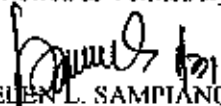
	<u>2019</u>	<u>2018</u>
Other Payables		
Other Payables	1,309,520.26	9,298,590.59
TOTAL CURRENT LIABILITIES	<u>22,097,021.53</u>	<u>45,418,061.66</u>
NON CURRENT LIABILITIES		
Financial Liabilities (Note 3.2)		
Bills/Bonds/Loans Payable		
Loans Payable - Domestic (Note 16)	-	4,026,453.46
Trust Liabilities (Note 17)		
Trust Liabilities		
Guaranty/Security Deposits Payable	3,814,985.55	2,561,307.32
Customer's Deposits Payable	34,795,319.16	32,209,405.68
Deferred Credits (Note 18)		
Other Deferred Credits	625,893.70	441,113.50
Provisions (Note 3.7)		
Provisions		
Leave Benefits Payable	13,571,587.68	11,446,409.95
TOTAL NON CURRENT LIABILITIES	<u>52,807,786.09</u>	<u>50,684,689.91</u>
TOTAL LIABILITIES	<u>74,904,807.62</u>	<u>96,102,751.57</u>
TOTAL ASSETS LESS TOTAL LIABILITIES	<u>636,935,405.37</u>	<u>566,665,839.02</u>
<u>NET ASSETS / EQUITY</u>		
Government Equity (Note 21)		
Government Equity		
Government Equity	26,978,966.81	26,978,966.81
Contributed Capital		
Retained Earnings/(Deficit) (Note 22)		
Retained Earnings/(Deficit)		
Retained Earnings/(Deficit)	609,956,438.56	539,686,872.21
TOTAL NET ASSETS / EQUITY	<u>636,935,405.37</u>	<u>566,665,839.02</u>

(This statement should be read in conjunction with the accompanying notes.)

Prepared By:


AMILYN P. PANDO, CPA
SCAA/ OIC Division Manager A
General Acctg. & Payroll Division

Reviewed & Verified By:



HEBEN L. SAMPIANO
OIC Department Manager A
Finance Services

METRO COTABATO WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(With Comparative Figures for CY 2018)

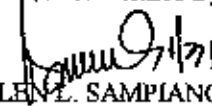
	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents and International Reserves (Note 3.3 & 6)	196,843,511.80	206,212,436.83
Receivables (Note 3.2 & 7)	33,261,022.04	33,131,422.19
Inventories (Note 3.4 & 8)	18,728,495.33	5,959,308.35
Other Assets (Note 9)	6,686,098.89	2,890,946.87
TOTAL CURRENT ASSETS	<u>255,519,128.06</u>	<u>248,194,114.24</u>
NON CURRENT ASSETS		
Investments (Note 10)	48,424,368.17	46,561,245.64
Property, Plant and Equipment (Note 3.5 & 11)	366,397,972.57	331,190,299.16
Intangible Assets (Note 3.6 & 12)	1,322,463.48	1,037,618.77
Other Assets (Note 9)	40,176,280.71	35,785,312.78
TOTAL NON CURRENT ASSETS	<u>456,321,084.93</u>	<u>414,574,476.35</u>
TOTAL ASSETS	<u>711,840,212.99</u>	<u>662,768,590.59</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Financial Liabilities (Note 3.2, 13 & 16)	13,801,394.98	30,375,441.91
Inter-Agency Payables (Note 14)	100,707.64	38,168.04
Intra-Agency Payables (Note 15)	6,885,398.65	5,705,861.12
Other Payables (Note 20)	1,309,520.26	9,298,590.59
TOTAL CURRENT LIABILITIES	<u>22,097,021.53</u>	<u>45,418,061.66</u>
NON CURRENT LIABILITIES		
Financial Liabilities (Note 16)	-	4,026,453.46
Trust Liabilities (Note 17 & 18)	39,236,198.41	35,211,826.50
Provisions (Note 19)	13,571,587.68	11,446,409.95
TOTAL NON CURRENT LIABILITIES	<u>52,807,786.09</u>	<u>50,684,689.91</u>
TOTAL LIABILITIES	<u>74,904,807.62</u>	<u>96,102,751.57</u>
TOTAL ASSETS LESS TOTAL LIABILITIES	<u>636,935,405.37</u>	<u>566,665,839.02</u>
<u>NET ASSETS / EQUITY</u>		
Government Equity (Note 21)	26,978,966.81	26,978,966.81
Retained Earnings/(Deficit) (Note 22)	609,956,438.56	539,686,872.21
TOTAL NET ASSETS / EQUITY	<u>636,935,405.37</u>	<u>566,665,839.02</u>

(This statement should be read in conjunction with the accompanying notes.)

Prepared By:


AMILYN K. PANDO, CPA
SCAA/ OIC Division Manager A
General Acctg. & Payroll Division

Reviewed & Verified By:


HELEN L. SAMPIANO
OIC Department Manager A
Finance Services

METRO COTABATO WATER DISTRICT
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	<u>2019</u>	<u>2018</u>
REVENUE		
Service and Business Income		
Service Income (Note 23)		
Fines and Penalties - Service Income	8,037,598.79	7,896,391.01
Other Service Income	2,559,400.08	2,724,253.67
Business Income (Note 24)		
Seminar/Training Fees	54,000.00	-
Waterworks System Fees	281,285,244.71	271,304,413.46
Sales Discounts	(96,566.75)	(97,384.59)
Interest Income	4,190,151.45	2,357,862.93
Fines and Penalties - Business Income		
Other Business Income		
Assistance and Subsidy (Note 25)		
Assistance and Subsidy		
Assistance from Local Government Units	-	-
Grants and Donations		
Income from Grants and Donations in Cash	-	-
Gains		
Gain on Sale of Property, Plant and Equipment	-	-
Other Non-Operating Income (Note 26)		
Miscellaneous Income		
Miscellaneous Income	5,234,709.01	6,487,404.19
TOTAL REVENUES	<u>301,264,537.29</u>	<u>290,672,940.67</u>
Less: CURRENT OPERATING EXPENSES		
Personnel Services (Note 27)		
Salaries and Wages		
Salaries and Wages - Regular	46,283,787.26	42,465,126.19
Salaries and Wages - Casual/Contractual	4,845,592.44	1,793,389.48
Other Compensation		
Personnel Economic Relief Allowance (PERA)	4,421,223.37	3,915,363.20
Representation Allowance (RA)	1,049,815.22	972,000.00
Transportation Allowance (TA)	1,049,815.22	972,000.00
Clothing/Uniform Allowance	1,152,000.00	978,000.00
Subsistence Allowance	43,000.00	30,800.00
Productivity Incentive Allowance		2,326,877.45
Honoraria	16,500.00	14,500.00
Longevity Pay	28,020.00	30,915.00
Overtime and Night Pay	5,054,427.43	4,749,444.35
Cash Gift	950,000.00	814,000.00
Year End Bonus	8,649,187.58	7,285,879.00
Other Bonuses and Allowances	6,777,209.34	7,282,839.36
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums	6,147,774.92	5,226,502.06
Pag-IBIG Contributions	229,400.00	199,800.00
PhilHealth Contributions	641,265.62	560,531.39
Employees Compensation Insurance Premiums	230,916.19	195,057.65
Other Personnel Benefits		
Terminal Leave Benefits	3,909,002.24	3,142,314.30
Other Personnel Benefits	1,577,054.22	1,475,824.91
Maintenance and Other Operating Expenses (Note 28)		
Travelling Expenses		
Travelling Expenses - Local	4,603,390.67	4,106,678.80
Travelling Expenses - Foreign	439,295.14	19,386.00
Training and Scholarship Expenses		
Training Expenses	679,900.00	1,102,729.30


METRO COTABATO WATER DISTRICT
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	2019	2018
Supplies and Material Expenses		
Office Supplies Expenses	1,728,457.04	1,581,165.06
Accountable Forms Expenses	618,996.25	348,051.49
Food Supplies Expenses		
Drugs and Medicines Expenses		
Fuel, Oil and Lubricants Expenses	2,724,242.90	2,956,987.57
Agricultural and Marine Supplies Expenses		
Chemical and Filtering Supplies Expenses	1,415,310.00	2,514,898.75
Other Supplies and Materials Expenses	12,051,637.26	5,451,624.30
Utility Expenses		
Water Expenses	21,923,127.89	18,612,959.79
Electricity Expenses	41,396,832.11	42,806,825.57
Gas/Heating Expenses		
Communication Expenses		
Postage and Courier Services	73,309.00	53,363.50
Telephone Expenses	436,565.61	471,288.21
Internet Subscription Expenses	135,823.83	188,281.41
Cable, Satellite, Telegraph and Radio Expenses		
Awards/Rewards, Prizes and Indemnities		
Awards/Rewards Expenses	119,500.00	133,500.00
Survey, Research, Exploration and Development Expenses		
Survey Expenses	-	187,000.00
Confidential, Intelligence and Extraordinary Expenses		
Extraordinary and Miscellaneous Expenses	1,035,734.47	1,165,427.43
Professional Services		
Legal Services	56,000.00	36,000.00
Auditing Services		-
Consultancy Services		
Other Professional Services	3,256,827.81	4,648,020.60
General Services		
Environment/Sanitary Services		
Janitorial Services		
Security Services	2,426,616.00	2,031,731.74
Other General Services	222,000.00	216,000.00
Repairs and Maintenance		
Repairs and Maintenance - Land Improvements	146,939.00	97,400.00
Repairs and Maintenance - Infrastructure Assets	3,932,102.81	3,166,085.79
Repairs and Maintenance - Buildings and Other Structures	209,377.57	809,436.04
Repairs and Maintenance - Machinery and Equipment	502,960.45	472,229.85
Repairs and Maintenance - Transportation Equipment	444,157.41	580,707.37
Repairs and Maintenance - Furniture and Fixtures		
Repairs and Maintenance - Other Property, Plant and Equipment		
Financial Assistance/Subsidy/Contribution		
Charity Expenses	2,087.50	21,500.00
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	5,862,932.12	5,659,440.86
Fidelity Bond Premiums	230,839.50	224,812.50
Insurance Expenses	508,178.75	513,173.12
Other Maintenance and Operating Expenses		
Advertising, Promotional and Marketing Expenses	282,400.70	138,277.66
Printing and Publication Expenses		
Representation Expenses	353,224.19	380,416.37
Transportation and Delivery Expenses	6,545.25	18,169.00
Membership Dues and Contributions to Organizations	101,746.00	105,911.25
Subscription Expenses	38,341.00	9,060.00
Donations		

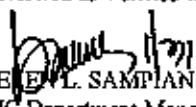
METRO COTABATO WATER DISTRICT
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	<u>2019</u>	<u>2018</u>
Documentary Stamps Expenses	-	46,001.50
Other Maintenance and Operating Expenses	1,132,549.45	1,054,362.22
Financial Expenses (Note 29)		
Financial Expenses		
Interest Expenses	923,053.59	2,276,999.83
Bank Charges	150.00	-
Other Financial Charges	260,866.62	202,321.76
Non-Cash Expenses (Note 30)		
Depreciation		
Depreciation - Land Improvements	65,504.88	41,943.00
Depreciation - Infrastructure Assets	2,448,211.61	2,578,486.72
Depreciation - Building and Other Structures	4,615,002.97	4,625,726.54
Depreciation - Machinery and Equipment	9,578,687.70	7,340,442.33
Depreciation - Transportation Equipment	1,287,892.65	1,024,862.46
Depreciation - Furniture and Fixtures	76,402.56	37,874.78
Amortization		
Amortization - Intangible Assets		-
Impairment Loss		
Impairment Loss - Loans and Receivables	22,657.94	55,432.35
Losses		
Loss on Sale of Property, Plant and Equipment	1,229,018.81	68,719.86
TOTAL CURRENT OPERATING EXPENSES	<u>222,661,388.06</u>	<u>204,612,877.02</u>
SURPLUS (DEFICIT) FROM CURRENT OPERATIONS	<u>78,603,149.23</u>	<u>86,060,063.65</u>
Gains	-	-
Losses	-	-
SURPLUS (DEFICIT) FOR THE PERIOD	<u>78,603,149.23</u>	<u>86,060,063.65</u>

Prepared By:


AMILYN R. HANDA, CPA
SCAA/ OIC Division Manager A
General Acctg. & Payroll Division

Reviewed & Verified By:

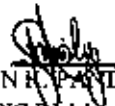

HE E. L. SAMPIANO
OIC Department Manager A
Finance Services

METRO COTABATO WATER DISTRICT
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	<u>2019</u>	<u>2018</u>
REVENUE		
Service and Business Income (Note 23 & 24)	296,029,828.28	284,185,536.48
Assistance and Subsidy (Note 25)	-	-
Other Non-Operating Income (Note 26)	5,234,709.01	6,487,404.19
TOTAL REVENUES	<u>301,264,537.29</u>	<u>290,672,940.67</u>
Less: CURRENT OPERATING EXPENSES		
Personnel Services (Note 27)	93,055,991.05	84,431,164.34
Maintenance and Other Operating Expenses (Note 28)	109,097,947.68	101,928,903.05
Financial Expenses (Note 29)	1,184,070.21	2,479,321.59
Non-Cash Expenses (Note 30)	19,323,379.12	15,773,488.04
TOTAL CURRENT OPERATING EXPENSES	<u>222,661,388.06</u>	<u>204,612,877.02</u>
SURPLUS (DEFICIT) FROM CURRENT OPERATIONS	<u>78,603,149.23</u>	<u>86,060,063.65</u>
Gains		-
Losses		-
SURPLUS (DEFICIT) FOR THE PERIOD	<u>78,603,149.23</u>	<u>86,060,063.65</u>

(This statement should be read in conjunction with the accompanying notes.)

Prepared By:


AMILYN R. PAYDA, CPA
SCAA/ OIC Division Manager A
General Acctg. & Payroll Division

Reviewed & Verified By:


HELEN V. SAMPIANO
OIC Department Manager A
Finance Services

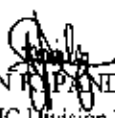
METRO COTABATO WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Cash Inflows		
Receipt of Notice of Cash Allocation		
Proceeds from sale of goods and services		
Collection of Income/Revenues	276,949,564.56	264,170,595.56
Receipt of Assistance and Subsidy from Other NGAs, LGUs and GOCCs		
Collection of Receivables	5,535,786.07	5,115,253.06
Receipt of Inter-Agency Fund Transfers		
Receipt of Intra-Agency Fund Transfers		
Trust Receipts		
Other Receipts	18,631,182.56	18,644,386.90
Adjustments		
Total Cash Inflows	<u>301,116,533.19</u>	<u>287,930,235.52</u>
Cash Outflows		
Replenishment of Negotiated MDS Checks (for BTr)		
Remittance to National Treasury		
Payment of Expenses	176,290,581.61	133,285,957.22
Purchase of Inventories	33,663,919.12	10,096,431.97
Grant of Cash Advances	4,605,810.45	3,662,407.04
Prepayments	3,158,601.97	271,022.36
Payment of Accounts Payable	15,043,760.66	13,082,784.96
Remittance of Personnel Benefit Contributions and Mandatory Deductions	15,640,292.58	33,592,563.16
Other Disbursements	688,096.25	799,777.91
Total Cash Outflows	<u>249,091,062.64</u>	<u>194,790,944.62</u>
Net Cash Provided by (Used in) Operating Activities	<u>52,025,470.55</u>	<u>93,139,290.90</u>
Cash Flows From Investing Activities		
Cash Inflows		
Proceeds from Sale/Disposal of Property, Plant and Equipment	22,899.50	-
Receipts from Cash Dividends	1,340,075.35	965,825.10
Total Cash Inflows	<u>1,362,974.85</u>	<u>965,825.10</u>
Cash Outflows		
Purchase/Construction of Investment Property		
Purchase/Construction of Property, Plant and Equipment	32,691,231.49	24,267,724.06
Investments	2,897,368.01	2,817,600.37
Purchase of Bearer Biological Assets		
Purchase of Intangible Assets		
Grant of Loans		
Adjustments		
Total Cash Outflows	<u>35,588,599.50</u>	<u>27,085,324.43</u>

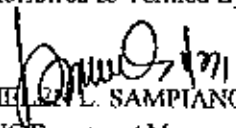
Net Cash Provided by (Used in) Investing Activities	<u>(34,225,624.65)</u>	<u>(26,119,499.33)</u>
Cash Flows From Financing Activities		
Cash Inflows		
Adjustments	-	100.00
Total Cash Inflows	<u>-</u>	<u>100.00</u>
Cash Outflows		
Payment of Long-Term Liabilities	25,233,692.33	23,185,516.00
Payment of Interest Expense (BTR/NG Debt)	1,935,078.60	3,859,896.73
Adjustments		
Total Cash Outflows	<u>27,168,770.93</u>	<u>27,045,412.73</u>
Net Cash Provided by (Used in) Financing Activities	<u>(27,168,770.93)</u>	<u>(27,045,312.73)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(9,368,925.03)</u>	<u>39,974,478.84</u>
Effects of Exchange Rate Changes on Cash and Cash Equivalents		-
Cash and Cash Equivalents, January 1	206,212,436.83	166,237,957.99
Cash and Cash Equivalents, December 31 (Note 6)	<u>196,843,511.80</u>	<u>206,212,436.83</u>

(This statement should be read in conjunction with the accompanying notes.)

Prepared By:


 AMILYN R. PANDA, CPA
 SCAA/ OIC Division Manager A
 General Acctg. & Payroll Division

Reviewed & Verified By:


 JOSEPH L. SAMPIANO
 OIC Department Manager A
 Finance Services

METRO COTABATO WATER DISTRICT
STATEMENT OF CHANGES IN NET ASSET/EQUITY
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	<u>2019</u>	<u>2018</u>
BALANCE AT JANUARY 1	566,665,839.02	487,917,374.31
Additions (Deductions):		
Changes in accounting policy		-
Prior period errors/adjustments (Note 5)	(8,333,582.88)	(7,311,598.94)
Other adjustments		-
RESTATED BALANCE	<u>558,332,256.14</u>	<u>480,605,775.37</u>
Additions (Deductions):		
Changes in Net Assets/Equity for the Calendar Year		
Surplus (Deficit) for the period	78,603,149.23	86,060,063.65
Adjustment of net revenue recognized directly in net assets/equity		-
BALANCE AT DECEMBER 31	<u>636,935,405.37</u>	<u>566,665,839.02</u>

(This statement should be read in conjunction with the accompanying notes.)

Prepared By:


AMILYN K. TANADA, CPA
SCAA/ OIC Division Manager A
General Acctg. & Payroll Division

Reviewed & Verified By:


HELEN L. SAMPIANO
OIC Department Manager A
Finance Services

METRO COTABATO WATER DISTRICT

Notes to Financial Statements

For the year ended December 31, 2019

I. GENERAL INFORMATION

1. AGENCY PROFILE

The formation of Metro Cotabato Water District (MCWD) began in 1976 when the Sangguniang Panlungsod of the Cotabato City passed Resolution No. 35 dated March 9, 1976, in accordance with the provisions of Presidential Decree (PD) No. 198, as amended by PD Nos. 768 and 1479. The establishment of the Water District was purposely to improve the entire water system and to provide safe, potable, reliable and sufficient water supply to the constituents of Cotabato City.

On November 5, 1976, Local Water Utilities Administration (LWUA) after thorough evaluation issued the MCWD's Conditional Certificate of Conformance No. 30, acknowledging the operation of MCWD. The mandates of the District are:

- To be highly efficient water utility rendering excellent service to the community;
- 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;
- 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;
- To provide adequate, safe affordable water supply to its concessionaires;
- To deliver efficient service and be responsible in promoting environmental conservation, rehabilitation and sanitation;
- To sustain a highly reliable system for the benefit of all people within its service area.

In 1978, a phased development plan was prepared by LWUA. Tanacl Spring was tapped as the main source of supply and necessary water mains were made operational in 1982, as part of the Interim Improvement Program. Further improvement works were done between 1983 and 1987 under Phase I Improvement Program wherein wells were commissioned to be finished in 1999.

The Phase II-A Improvement Program was implemented with one well made operational in 1994, and two other wells in 1999. These new water sources substantially augmented the District's supply, but the volume of water was not adequate to serve MCWD's concessionaires on a 24-hour basis.

The LWUA-ADB Municipal Water Supply Improvement Project (MWSP) used Dimapatoy River as the source of improved water and produced an average of 8,840 cubic meters per day. The Dimapatoy source contributed to the increase of service connections and population served.

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

CHAIRMAN	-	Mr. Bimbo A. Sinsuat, Jr.
VICE CHAIRMAN	-	Ms. Fauziah B. Alba
SECRETARY	-	Ms. Cecilia C. Barroga
TREASURER	-	Ms. Lourdes V. Mastura
AUDITOR	-	Atty. Eugenio U. Soyao

Day to day activities for CY 2019 were carried out by the Acting General Manager Ms. Margarita F. Roales and the one hundred sixty-six (166) regular employees, twenty eight (28) casual employees and sixty-six (66) job orders

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) in compliance with Commission on Audit Resolution No. 2015-040 dated December 1, 2015 and COA Circular Nos. 2015-010 and 2016-006 dated December 1, 2015 and December 29, 2016, respectively.

The financial statements are prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- The accompanying financial statements have been prepared in compliance with the accounting principles generally accepted in the Philippines and in accordance with the New Government Accounting System (NGAS).
- Property Plant & Equipments are carried at cost less accumulated depreciation which is computed using the straight-line method after deducting the ten percent (10%) residual value then dividing based on the estimated life of the property. The Cost of maintenance and repairs are charged to operations as incurred. Major renewals and betterments which extend the lives of the equipment are capitalized. The cost and related depreciation are removed from the accounts when assets are retired and disposed of, any resulting gain or loss credited or charged to current operations.
- Allowance for doubtful accounts is set-up to provide for estimated losses due to non-collection of accounts from customers.
- Materials and supplies are valued at moving average method.

- The District uses accrual basis of accounting. Revenues are recorded during the period in which the services are given/rendered and expenses are recorded at the time these are incurred. However, penalty charges are recorded in cash basis.

3.1 BASIS OF ACCOUNTING

The financial statements are prepared on an accrual basis in accordance with the Philippine Financial Reporting Standards (PFRS).

3.2 FINANCIAL INSTRUMENTS

a. Financial Assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. The METRO COTABATO WATER DISTRICT determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, the date that the METRO COTABATO WATER DISTRICT commits to purchase or sell the asset.

The METRO COTABATO WATER DISTRICT's financial assets include among others: cash and cash equivalents; investments, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Impairment of financial assets

The METRO COTABATO WATER DISTRICT assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

b. Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The METRO COTABATO WATER DISTRICT's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.4 Inventories

Inventories are measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the **METRO COTABATO WATER DISTRICT**.

3.5 Property, Plant and Equipment

Recognition

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE, as follows:

- Tangible items;
- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably.

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Expenditure that is directly attributable to the acquisition of the items; and
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement after Recognition

After recognition, all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the **METRO COTABATO WATER DISTRICT** recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

Depreciation

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

Depreciation Method

The straight line method of depreciation is adopted unless another method is more appropriate for agency operation.

Estimated Useful Life

The **METRO COTABATO WATER DISTRICT** uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

The **METRO COTABATO WATER DISTRICT** uses a residual value equivalent to at ten percent (10%) of the cost of the PPE.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

Derecognition

The **METRO COTABATO WATER DISTRICT** derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6 Intangible Assets

Recognition and Measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

Recognition of an Expense

Expenditure on an intangible item were recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

Subsequent Measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over its useful life.

The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful lives was not be amortized.

3.7 Provisions

Provisions were recognized when the **METRO COTABATO WATER DISTRICT** has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions were reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions were reversed.

3.8 Changes in accounting policies and estimates

The **METRO COTABATO WATER DISTRICT** recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

The **METRO COTABATO WATER DISTRICT** recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The **METRO COTABATO WATER DISTRICT** correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.9 Revenue from non-exchange transactions

Recognition and Measurement of Assets from Non-Exchange Transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset were recognized as an asset if the following criteria were met:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

Recognition Revenue from Non-Exchange Transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As **METRO COTABATO WATER DISTRICT** satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

Measurement of Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

Fees and Fines not Related to Taxes

The **METRO COTABATO WATER DISTRICT** recognizes revenues from fees and fines, except those related to taxes, when earned and the asset recognition criteria were met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues were recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Gifts and Donations

The **METRO COTABATO WATER DISTRICT** recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Goods in-kind were recognized as assets when the goods were received, or there is a binding arrangement to receive the goods. If goods in-kind were received without conditions attached, revenue is recognized immediately. If conditions were attached, a liability is recognized, which is reduced and revenue recognized as the conditions were satisfied.

On initial recognition, gifts and donations including goods in-kind were measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair values were ascertained by reference to quoted prices in an active and liquid market.

Transfers

The **METRO COTABATO WATER DISTRICT** recognizes an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

Services In-Kind

Services in-kind were not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities and the related assets were measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the **METRO COTABATO WATER DISTRICT** and can be measured reliably.

3.10 Revenue from Exchange Transactions

Measurement of Revenue

Revenue was measured at the fair value of the consideration received or receivable.

Rendering of Services

The **METRO COTABATO WATER DISTRICT** recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the

amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the **METRO COTABATO WATER DISTRICT**.

Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

3.11 Budget Information

The annual budget is prepared on a cash basis and is published in the **METRO COTABATO WATER DISTRICT**'s website. These budget figures were those approved by the governing body both at the beginning and during the year.

3.12 Employee benefits

The employees of **METRO COTABATO WATER DISTRICT** are member of the Government Service Insurance System (GSIS) which provides life and retirement insurance coverage.

The **METRO COTABATO WATER DISTRICT** recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

The **METRO COTABATO WATER DISTRICT** recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were set up as payables. Non-accumulating compensated absences, like special leave privileges, were not recognized.

4. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

The **METRO COTABATO WATER DISTRICT** recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The **METRO COTABATO WATER DISTRICT** recognizes the effects of changes in accounting estimates prospectively by including in profit or loss.

The **METRO COTABATO WATER DISTRICT** corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

5. PRIOR PERIOD ADJUSTMENTS

- 2018 Payroll Advances for job order and casual employees that were liquidated 2019.
- 2018 Overtime for regular and casual employees were paid in 2019.
- 2018 Night Shift Differential Pay was paid in 2019.
- December 2018 RATA Differential Pay from Category B to Category A rate was paid in 2019.
- 2018 Terminal Leave Pay was paid in 2019.
- Underpayment of 2018 C.N.A was paid in 2019.
- 2018 Comprehensive Health Care plan for non-incumbents employees were obligated in prior year and paid 2019.
- Supplies and Materials Expenses, Repairs and maintenance account were obligated in prior years and paid 2019.
- Depreciation expense adjustments were due to late closing of completed projects and dropping of assets.
- Other Expenses were obligated in 2018 and paid in 2019.

PARTICULARS	AMOUNT
SALARY DIFFERENTIAL	56,940.48
CASUAL PAYROLL	68,957.63
OVERTIME	473,906.06
NIGHT SHIFT DIFFERENTIAL	29,704.24
TERMINAL LEAVE	48,525.66
RATA - DIFFERENTIAL	11,113.48
COLLECTIVE NEGOTIATION AGREEMENT	1,056,923.68
COMPREHENSIVE HEALTH CARE	714,571.54
JOB ORDER WAGES	39,672.67
PETTY CASH REPLENISHMENT	4,958.45
SET-UP OF DISALLOWANCES	(24,000.00)
DEPRECIATION EXPENSES	400,501.15
SUPPLIES AND MATERIALS	1,531,062.00
DROP ASSETS FROM BOOKS	14,263.60
CLOSE COMPLETED PROJECT	103,745.82
TRANSFER OF UNSERVICEABLE PPE TO OTHER ASSETS	(124,402.50)
ADJUSTMENT OF MATERIALS IN TRANSIT	217,518.28
GSIS REMITTANCE	36,391.58
BAC HONORARIUM	101,671.57
REPRESENTATION EXPENSES	2,958.00
COMMUNICATION EXPENSES	8,481.67
MISCELLANEOUS EXPENSES	65,788.50
INTERNET EXPENSES	1,847.59
ADVERTISING EXPENSE	6,200.00
MISCELLANEOUS INCOME	(12,488.99)
LIGHT AND POWER EXPENSE	31,701.95
CABLE SUBSCRIPTION	400.00
GASOLINE EXPENSES	120,706.50
SECURITY EXPENSES	1,138,386.24
REPAIRS AND MAINTENANCE EXPENSES	296,911.00

CALENDAR 2019	185,000.00
TRAVELLING EXPENSES	192,859.37
OTHER MAINT. AND OPERATING EXPENSES	228,956.53
LEGAL SERVICES	35,000.00
AUDITING FEES	258,831.81
POSTAGE AND DELIVERY	6,877.00
BULK WATER EXPENSES	1,003,140.32
TOTAL	Php 8,333,582.88

Republic of the Philippines
METRO COTABATO WATER DISTRICT
 Governor Gutierrez Avenue, Cotabato City

NOTES TO FINANCIAL STATEMENT
 December 31, 2019

II. BALANCE SHEET

ASSETS

6. CASH ON HAND / CASH IN BANK (CASH)

This account is broken down as follows:

	<u>C.Y. 2019</u>	<u>C.Y. 2018</u>
Cash - Collecting Officers	1,305,140.88	1,830,575.92
Advances for Payroll	-	167,218.50
Petty Cash Fund	-	-
Cash In Bank - Local Currency, Current Account	36,765,059.89	48,130,632.06
Cash In Bank - Local Currency, Savings Account	5,481,731.30	10,105,149.87
Cash In Bank - Local Currency, Time Deposits	153,291,579.73	145,978,860.48
Total	<u>196,843,511.80</u>	<u>206,212,436.83</u>

The amount of P1,305,140.88 under Cash - Collecting Officer is made up of Teller's Loose Change which was originally P3,000.00 but with additional P9,000.00 as per approved Board Res. No. 091-13, thus increased to P12,000.00; plus P1,293,140.88 representing Cash on Hand for afternoon collection made by the tellers deposited the following working day.

Cash in Bank-Local Currency, Current Account represents collections deposited with Land Bank being used by MCWD for operations, and the account with the Development Bank of the Philippines represents fund transferred from LBP Operations for payment of loan amortization and payroll of casual employees.

Cash in Bank-Local Currency, Savings Account represents deposits with LBP, IB, DBP, and UCPB which are designated as collecting banks for payment of water bills of MCWD customers. Accumulated deposits are then transferred to LBP current account to be used for operations.

Cash in Bank - Local Currency, Time Deposit represents deposit with Land Bank of the Philippines and Development Bank, reserves for SL/VI, set-aside for unappropriated earnings and are transferrable to other accounts for use of the District.

Advances for Payroll represents unliquidated payroll as of December 31, 2018 amounting to P167,218.50. This was presented in the Balance Sheet as part of Petty Cash Fund in 2018 since the District is in transition period for the new format in presenting financial statements and now presented as part of Other Assets - Advances.

7. RECEIVABLES (NET)

This account includes the following:

	<u>2019</u>	<u>2018</u>
Accounts Receivable	32,264,812.44	31,552,946.49
Less: Allowance for Doubtful Accounts	584,728.99	562,071.05
Accounts Receivable (net)	31,680,083.45	30,990,875.44
Receivables- Disallowances/ Charges	920,608.91	1,610,110.00
Other Receivables	660,329.68	530,436.75
Total	<u>33,261,022.04</u>	<u>33,131,422.19</u>

Accounts Receivable represents open accounts arising from services rendered to customers (Active and In-active) for water sales.

The Allowance for Doubtful Account is an amount of Accounts Receivable estimated to be uncollectible.

The Receivables-Disallowances are disallowances in the grant of commutable RATA and communication allowance of several

officers, 2012 grant of gift certificates to officers, employees and security guards, and 2017 economic relief assistance grant to Board of Directors.

The Account Receivable-Others are collectibles from customers for loaned materials from the District, and receivable from employees.

8. INVENTORIES (NET)

This account is consist of:

	<u>2019</u>	<u>2018</u>
Office Supplies Inventory	1,008,208.70	640,309.85
Accountable Forms Inventory	1,237,718.50	500.75
Medical, Dental & Laboratory Supplies Inventory	-	-
Fuel, Oil and lubricants Inventory	33,718.00	65,056.00
Construction Materials Inventory	14,525,894.18	3,772,441.93
Other Supplies and Materials Inventory	1,922,955.95	1,480,999.82
Semi-Expendable Office Equipment	-	-
Semi-Expendable Information and Communication Technology Equipment	-	-
Semi-Expendable Communication Equipment	-	-
Semi-Expendable Technical and Scientific Equipment	-	-
Semi-Expendable Other Machinery and Equipment	-	-
Semi-Expendable Furniture and Fixtures	-	-
Total	<u>18,728,495.33</u>	<u>5,959,308.35</u>

This account consists of unissued office supplies and construction materials which are kept in stocks for future use in the operations of the District and semi-expendable supplies purchased for District's operation.

9. OTHER ASSETS

This account is consist of:

	<u>2019</u>	<u>2018</u>
Advances for Payroll	105,550.90	-
Advances to Officers and Employees	3,317.50	36,686.14
Advances to Contractors	3,383,532.81	240,900.00
Prepaid Insurance	217,021.01	121,847.30
Other Prepayments	49,926.55	37,526.59
SUB-TOTAL	<u>3,759,348.77</u>	<u>436,960.03</u>
GUARANTY DEPOSITS:		
DPWH/CEO Excavation Deposits	91,155.21	104,139.21
COLIGHT Electric/Light Deposits	2,082,712.75	2,082,712.75
PLDT Deposits	13,328.00	13,328.00
Tank/Cylinder Deposits	35,000.00	35,000.00
TOTAL GUARANTY DEPOSITS	<u>2,222,195.96</u>	<u>2,238,179.96</u>
RESTRICTED FUND	<u>37,740,361.01</u>	<u>34,106,806.05</u>
OTHER ASSETS	<u>3,140,473.86</u>	<u>1,897,313.61</u>
Total	<u>46,862,379.60</u>	<u>38,676,259.65</u>

Advances for Payroll represents unliquidated payroll as of December 31, 2019.

Advances to Officers and Employees consists mainly of the amount granted as advances for Traveling Expenses and other operational needs, and are subject to liquidation.

Prepaid Insurance account consists of unexpired portion of insurance paid to GSIS for properties, vehicles and motorcycles, while other Prepaid Expenses represent Real Property Tax, Web hosting Expenses, mandatory emission test and renewal of LTO registration.

Advances to Contractors represents mobilization fee paid to contractors which is 15% of the contract price.

Guaranty Deposits are deposits made in compliance with the requirements of the transaction / contract which are subject for refund.

Restricted fund represents Guaranty Deposits made by customers normally before extension of any service connections and as a security for payment of delinquent accounts.

Other Assets represent items in transit which are purchased and paid but not yet received by the District with Cash on Delivery in its delivery term and assets not used in the operation that are already inspected and waiting for disposal.

10. LONG TERM INVESTMENTS

This account includes the following:

	<u>2019</u>	<u>2018</u>
Investment in Treasury Bills -Local	42,726,608.36	41,211,111.39
Sinking Fund	5,697,759.81	5,350,134.25
Total	<u>48,424,368.17</u>	<u>46,561,245.64</u>

These Investment Accounts are amount set aside for the liquidation of long-term debts with DBP and Water District employees.

11. PROPERTY PLANT & EQUIPMENT

This consists of the following accounts:

	<u>2019</u>	<u>2018</u>
Land	39,205,694.18	39,205,694.18
Other Land Improvements	5,832,372.41	5,570,573.44
Accumulated Depreciation - Other Land Improvements	(4,694,603.94)	(4,605,536.91)
Road Networks	15,034,299.80	15,034,299.80
Accumulated Depreciation - Road Networks	(7,667,492.82)	(7,216,463.82)
Plant - Utility Plant in Service (UPIS)	121,777,103.30	121,517,011.07
Accumulated Depreciation - Plant, Utility Plant in Service (UPIS)	(85,988,311.34)	(83,963,168.19)
Buildings	12,698,905.04	12,698,905.04
Accumulated Depreciation - Buildings	(6,208,791.27)	(5,916,434.43)
Water Plant, Structure and Improvements	225,982,596.69	224,550,093.41
Accumulated Depreciation - Water Plant, Structure and Improvements	(97,414,683.58)	(93,145,033.45)
Other Structures	2,209,605.24	2,209,605.24
Accumulated Depreciation - Other Structures	(312,983.51)	(246,695.39)
Office Equipment	9,989,760.05	2,897,037.05
Accumulated Depreciation - Office Equipment	(2,756,079.80)	(1,999,130.80)
Information and Communication Technology Equipment	6,826,220.00	6,247,721.00
Accumulated Depreciation - Information and Communication Technology Equi	(3,794,854.22)	(3,787,644.49)
Communication Equipment	1,634,493.90	1,428,077.90
Accumulated Depreciation - Communication Equipment	(1,026,337.67)	(1,067,649.97)
Technical and Scientific Equipment	105,120,710.90	96,616,943.50
Accumulated Depreciation - Technical and Scientific Equipment	(56,799,049.54)	(52,123,751.02)
Electrical Equipment	24,380,603.43	21,184,103.43
Accumulated Depreciation - Electrical Equipment	(10,309,178.38)	(8,878,489.30)
Other Machinery and Equipment	6,402,458.38	5,247,245.78
Accumulated Depreciation - Other Machinery and Equipment	(2,670,854.08)	(2,224,807.82)
Motor Vehicles	26,608,571.50	21,390,502.95
Accumulated Depreciation - Motor Vehicles	(11,878,246.57)	(11,259,567.11)
Furniture and Fixtures	1,312,971.88	635,556.88
Accumulated Depreciation - Furniture and Fixtures	(373,847.82)	(297,445.26)
Net Book Value	<u>313,121,052.16</u>	<u>299,701,552.71</u>
Construction in Progress - Land Improvements	3,301,917.71	2,682,594.83
Construction in Progress - Infrastructure Assets	16,756,323.60	14,342,923.82
Construction in Progress - Building and Other Structures	33,218,679.10	14,463,227.80
Total	<u>366,397,972.57</u>	<u>331,190,299.16</u>

Property Plant & Equipment are carried at cost less accumulated depreciations and accumulated impairment loss, if any.

12. INTANGIBLE ASSETS

This consists the following accounts:

	<u>2019</u>	<u>2018</u>
Computer Software	476,269.00	476,269.00
Accumulated Amortization - Computer Software	(428,642.10)	(428,642.10)
Net Book Value	<u>47,626.90</u>	<u>47,626.90</u>
Development in Progress - Computer Software	8,990.00	8,990.00
Development in Progress - Other Intangible Asset	1,265,846.58	981,001.87
Total	<u>1,322,463.48</u>	<u>1,037,618.77</u>

Intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

LIABILITIES

13. CURRENT LIABILITIES: ACCOUNTS PAYABLE & INTER-AGENCY PAYABLES

This account includes the following:

	<u>2019</u>	<u>2018</u>
Accounts Payable	<u>10,786,916.53</u>	<u>5,141,749.58</u>

Accounts Payable are unpaid obligations of Water District at the end of the year.

14. INTER-AGENCY PAYABLES

This account includes the following:

	<u>2019</u>	<u>2018</u>
Due to BIR	100,370.03	-
Due to GSIS	337.61	38,168.04
Due to Pag-Ibig	-	-
Due to PhilHealth	-	-
Total	<u>100,707.64</u>	<u>38,168.04</u>

Due to BIR account represents excess of tax withheld from tax due of the employees and to be release as tax refund on January 2020.

Due to GSIS represents contribution withheld from employees who had salary increased due to step-increment and will be remitted on January 2020.

15. INTRA-AGENCY PAYABLES

This account includes:

	<u>2019</u>	<u>2019</u>
Due to Other Funds	<u>6,885,398.65</u>	<u>5,705,861.12</u>

Due to other funds are welfare fund employer share for regular employees (incumbents).

16. LOANS PAYABLE

This account includes:

	<u>2019</u>	<u>2018</u>
Loans Payable - Domestic	<u>3,014,478.45</u>	<u>29,260,145.79</u>

Loans Payable represents loan from Development Bank of The Philippines for the construction of Dimapatoy Pumping Station.

17. TRUST LIABILITIES

This account includes the following:

	<u>2019</u>	<u>2018</u>
Guaranty/Security Deposits Payable		
Retention - Contract Payments	3,202,517.45	1,955,337.86
Deposit Bidders' Fund	612,468.10	605,969.46
Sub-Total	<u>3,814,985.55</u>	<u>2,561,307.32</u>

Customer's Deposit Payable	34,795,319.16	32,209,405.68
Total	<u>38,610,304.71</u>	<u>34,779,713.08</u>

Guaranty/Security Deposits Payable pertains to the amount withheld from the payments due to contractors to assure fulfillment of their contracts.

Customer's Deposit Payable account pertains to liability arising from cash received from customers to guaranty performance of the contract which are refundable.

18. DEFERRED CREDITS - OTHERS

This account includes the following:

	<u>2019</u>	<u>2018</u>
Other Deferred Credits	462,745.24	269,685.49
Deferred Credits - Mark up	54,031.11	54,031.11
Deferred Credits - Materials	105,001.92	113,281.47
Deferred Credits - Banks	4,115.43	4,115.43
Total	<u>625,893.70</u>	<u>441,113.50</u>

Deferred Credits account pertains to collection received in advance.

19. PROVISIONS

This account includes:

	<u>2019</u>	<u>2018</u>
Leave Benefits Payable	13,571,587.68	11,446,409.95
Total	<u>13,571,587.68</u>	<u>11,446,409.95</u>

Leave Benefits Payable account represents the money value of earned leave credits of employees as of December 31, 2019.

20. OTHER PAYABLES

This account includes:

	<u>2019</u>	<u>2018</u>
Other Payables		
Other Payables/Other Curr. and Acc. Liab.	605,768.95	605,768.95
CCWD/LWUA-Joint Savings	297,809.60	297,809.60
Withholding Tax on Compensation	2,531.20	10,845.57
Franchise Tax Payable	174,946.44	174,946.44
Accrued Light and Power	-	3,486,100.89
CWE Workers	44,628.42	44,628.42
CCWDEMPC	-	-
Metro Davao Supreme Pumps Industries, Inc.	119,980.00	119,980.00
Economic Relief Assistance	-	-
Separated employees	3,492.73	3,492.73
Corporate Social Responsibility	22,313.42	20,017.99
MTL Gensan Motors Inc.	-	4,535,000.00
Jedaric Chemicals Co., Inc.	33,130.00	
CCWD/13th Month Allocation	4,919.50	
Total	<u>1,309,520.26</u>	<u>9,298,590.59</u>

Other Payables represent Accrued Liability account or obligations which have matured, already due and payable.

21. GOVERNMENT EQUITY

This account includes the following:

	<u>2019</u>	<u>2018</u>
Assets transferred to CCWD by the City Gov't.	960,132.50	960,132.50
Cash subsidy from City Government	105,000.00	105,000.00
BPW Monetary Aide through LWUA (1979)	171,600.00	171,600.00
Cot. Rotary Club(Manday Project Expansion-mat)	14,375.00	14,375.00
Donation from Archdiocese of Cot.	494,032.98	494,032.98
Donation from Regional Unified Command XII	70,731.10	70,731.10

Donation from Rotary Club of Cot. and Canada	216,369.52	216,369.52
Donation from Archdiocese of Cotabato	51,798.03	51,798.03
Donation from 12Th Brigade Separate PA	100,000.00	100,000.00
Donation from Rotary Club of Cotabato	200,000.00	200,000.00
Donation from Kimpo Realty & Agri. Co.	12,500.00	12,500.00
Donation from Rotary Club of Cot/Kimpo Realty	109,026.87	109,026.87
Donation from Compact	17,400.00	17,400.00
Senate Initiative Fund through LWUA	12,825,000.81	12,825,000.81
Chlorine Tank Deposit by Aguatek (4 cylinders)	48,000.00	48,000.00
Chlorine Tank Deposit by Aguatek (4 cylinders)	48,000.00	48,000.00
Grant Project fund from Cong. Dilangalen	1,000,000.00	1,000,000.00
Donation from Brgy. Mother Rosary Hts. Proj.. F.	50,000.00	50,000.00
Donation from SZOPAD Special Fund	435,000.00	435,000.00
Funds for Brgy. Datu Sarip Sinsuat Kalanganan-2	5,000,000.00	5,000,000.00
Funds for Tamontaka Circumferential Road	5,000,000.00	5,000,000.00
Funds for Dimapatoy Watershed Rehab. Prog.	50,000.00	50,000.00
Total	26,978,966.81	26,978,966.81

These pertains to the property received by Water District from Government Entities and other agencies in the form of Donations such as cash, land & water system facilities.

22. RETAINED EARNINGS

This account includes the following:

	<u>2019</u>	<u>2018</u>
Retained Earnings - beginnings	539,686,872.21	460,938,407.50
Less: Prior Period Adjustments	8,333,582.88	7,311,598.94
Add: Net Income for the Period	78,603,149.23	86,060,063.65
Total	609,956,438.56	539,686,872.21

This account represents cumulative balance of periodic net income or loss, prior period adjustments, changes in accounting policy and other capital adjustments.

III. STATEMENT OF INCOME & EXPENSES

REVENUE

23. SERVICE INCOME

This account includes the following:

	<u>2019</u>	<u>2018</u>
Others:		
Income from Non-utility Operations	539,634.58	569,613.62
Miscellaneous Service Revenue	1,155,263.00	1,327,897.00
Miscellaneous-Meter Rental	854,352.50	815,643.05
Other Water Revenues	10,150.00	11,100.00
	<u>2,559,400.08</u>	<u>2,724,253.67</u>
Fines & Penalties	8,037,598.79	7,896,391.01
Total	10,596,998.87	10,620,644.68

24. BUSINESS INCOME

This account includes the following:

	<u>2019</u>	<u>2018</u>
Income from Waterworks Systems	281,285,244.71	271,304,413.46
Less: Misc. Income Deductions	96,566.75	97,384.59
Sub-Total	281,188,677.96	271,207,028.87
Interest Income	4,190,151.45	2,357,862.93
Seminar/Training Fees	54,000.00	-
Total	285,432,829.41	273,564,891.80

Business Income from Waterworks Systems represents water sales net of Senior Citizen's Discount for the period.

25. ASSISTANCE AND SUBSIDY

This account includes:

Gain on sale of Property, Plant and Equipment

<u>2019</u>	<u>2018</u>
-	-

26. OTHER NON-OPERATING INCOME

This account includes:

Miscellaneous Income

<u>2019</u>	<u>2018</u>
<u>5,234,709.01</u>	<u>6,487,404.19</u>

CURRENT OPERATING EXPENSES**27. PERSONNEL SERVICES**

This account includes the following:

Salaries and Wages

Other Compensation

Personnel Benefit Contributions

Other Personnel Benefits

Total

<u>2019</u>	<u>2018</u>
51,129,379.70	44,258,513.67
29,191,198.16	29,372,618.36
7,249,356.73	6,181,891.10
5,486,056.46	4,618,139.21
<u>93,055,991.05</u>	<u>84,431,164.34</u>

28. MAINTENANCE AND OTHER OPERATING EXPENSES

This account includes the following:

Traveling Expense

Training and Scholarship Expenses

Supplies and Materials Expenses

Utility Expenses

Communication Expenses

Awards/Rewards Expenses

Survey, Research, Exploration and Development Expenses

Confidential, Intelligence and Extraordinary Expenses

Professional Expenses

General Services

Repair and Maintenance

Financial Assistance/Subsidy/Contribution

Taxes, Insurance Premiums and Other Fees

Other Maintenance and Operating Expenses

Total

<u>2019</u>	<u>2018</u>
5,042,685.81	4,126,064.80
679,900.00	1,102,729.30
18,538,643.45	12,852,727.17
63,319,960.00	61,419,785.36
645,698.44	712,933.12
119,500.00	133,500.00
-	187,000.00
1,035,734.47	1,165,427.43
3,312,827.81	4,684,020.60
2,648,616.00	2,247,731.74
5,235,537.24	5,125,859.05
2,087.50	21,500.00
6,601,950.37	6,397,426.48
1,914,806.59	1,752,198.00
<u>109,097,947.68</u>	<u>101,928,903.05</u>

Supplies and Materials expenses includes Office supplies expenses, Accountable forms expense, fuel, oil and lubricants expense, chemical and filtering supplies expense and other supplies expenses (P12,051,637.26)

Utility expenses includes light and power expenses for Office and Pumping Stations amounting to 41,396,832.11.

Taxes, insurance premiums and other fees includes percentage tax payable - franchise tax on water amounting to P5,625,704.88.

29. FINANCIAL EXPENSES

This consist the following accounts:

Interest Expenses

Bank Charges

Other Financial Charges

Total

<u>2019</u>	<u>2018</u>
923,053.59	2,276,999.83
150.00	-
260,866.62	202,321.76
<u>1,184,070.21</u>	<u>2,479,321.59</u>

30. NON-CASH EXPENSES

This consists the following:

Depreciation-Land Improvements


Depreciation-Infrastructure Assets

<u>2019</u>	<u>2018</u>
65,504.88	41,943.00
2,448,211.61	2,578,486.72

Depreciation-Building and Other Structures	4,615,002.97	4,625,726.54
Depreciation-Machinery and Equipment	9,578,687.70	7,340,442.33
Depreciation-Transportation Equipment	1,287,892.65	1,024,862.46
Depreciation-Furniture & Fixtures	76,402.56	37,874.78
Sub-Total	18,071,702.37	15,649,335.83
Amortization -Intangible Assets	-	-
Impairment Loss - Loans and receivables	22,657.94	55,432.35
Loss on Sale of Property, Plant and Equipment	1,229,018.81	68,719.86
Total	19,323,379.12	15,773,488.04

This account refers to annual depreciation of assets due the wear and tear computed using the straight line method.

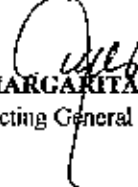
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