

GENERAL MARIANO ALVAREZ WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. General Information

The General Mariano Alvarez Water District (GMAWD) is a government-owned-and-controlled corporation created pursuant to Presidential Decree No. 198, as amended, otherwise known as the Provincial Water Utilities Act of 1973. The GMAWD was created in 1988 by virtue of SB Resolution No. 30-88 dated May 24, 1988 and was issued Conditional Certificate of Conformance (CCC) No. 393 by Local Water Utilities Administration on April 14, 1989, thereby meeting government standards.

The GMAWD was formed for the following purposes:

- To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within its boundaries:
- To provide, maintain and operate waste water collection, treatment and disposal facilities, and
- To conduct such other functions and operations incidental to water resource development, utilization and disposal within its boundaries.

GMAWD took over the ownership, management and operation of GMAWD water supply in 1991 by virtue of the Deed of Donation of six deepwells and appurtenances of the NHA in its favour.

As of December 31, 2015 it serves 16,935 total service connections that are attended by 123 personnel. The Agency has 73 permanent employees, 36 casual, and 14 job orders. The GMAWD has been operating with Ms. Juliet M. Nacita as its General Manager since November 28, 2009.

The powers, privileges and duties of the water district are exercised and performed by and through its policy making body, which is the Board of Directors composed of the following:

Engr. Cesario R. Mullet	-	Chairman
Rev. Dr. Mely S. Mojica	-	Vice Chairman
Engr. Michael I. Torres	-	Secretary
Rosalinda P. Ancero	-	Treasurer
Atty. Iuminada Vaflor Fabroa	-	Member

As of this report, the district have been operating with 16 deepwells that serves as water supply for the 24 Barangays and has an on-going water supply system project at Metro San Jose, GMA, Cavite.

2. Summary of Significant Accounting Policies

2.1 Basis of Accounting

Property, Plant and Equipment are carried at cost less accumulated depreciation and obsolescence. For assets under construction, the Construction Period Theory was

applied for costing purposes. Related expenses incurred during the construction of the project formed part of the operating cost. Bonus paid to Contractors for early completion the works was added to the total cost of the project and those projects with liquidated damages were charged to and paid by the contractor thru deduction from the project cost.

The GMAWD has provided allowance for doubtful accounts which represents the estimated amount of accounts receivables which are liable to become uncollectible.

2.2 Revenue Recognition

Accrual method is used in recognizing income.

2.3 Inventory Procedure and Valuation Method

Materials and Supplies Inventory are valued at cost using the moving average method.

2.4 Property, Plant and Equipment

The GMA Water District computes depreciation expenses on the basis of an estimated useful life of the following Property, Plant and Equipment

Particulars	Estimated Useful Life (in Years)
Land	
Land Improvements	10
Collecting and Impounding Reserves	20
Wells	30
Supply Mains	20
Other Source of Supply Plant	10
Other Pumping Plant	10
Reservoirs and Tanks	30
Transmission and Distribution Mains	20
Services	10
Meters	6
Meter Installation	6
Hydrants	10
Other Plants	10
Source of Supply Plant Structures and Improvements	20
Pumping Plant Structures and Improvements	20
Water Treatment Structures and Improvements	20
Transmission and Dist. Structures and Improvements	30
Gen. Admin. Structures and Improvements	30
Office Equipment	5
Laboratory Equipment	10
IT Equipment	5
Leasehold Improvements – Land	5
Leasehold Improvements – Building	5
Power Production Equipment	10
Pumping Equipment	10
Water Treatment Equipment	5

Stores Equipment	5
Communication Equipment	5
Power Operated Equipment	10
Tools, Shops and Garage Equipment	5
Furniture and Fixtures	10
Transport Equipment	10
Other Property, Plant and Equipment	5
Other Property, Plant and Equipment - GAD	5
IT Software	5

2.5 Changes in Accounting Policy

There have been no changes in accounting policies. All accounting policies have been applied on bases consistent with the previous year.

3. Cash and Cash Equivalents

This account includes the following:

Particulars	2015	2014
Cash – Collecting Officers	484,931.15	266,217.83
Working Fund	15,000.00	15,000.00
Cash in Bank:		
LBP # 2371-0923-85	21,501.54	21,447.05
LBP # 2372-1011-91	66,131.60	65,997.66
LBP # 2372-1015-15	20,211.02	20,211.02
LBP # 2371-0229-72	44,826.89	44,690.41
LBP # 2371-0167-94	5,824,836.01	5,407,356.82
LBP # 2372-1011-40	4,848,570.58	3,707,545.35
LBP # 3282-1022-33	2,296,449.11	2,421,424.96
LBP # 3281-0495-84	492,453.03	440,674.33
DBP # 05303-650-6	445,726.12	190,000.00
Total	14,560,637.05	12,600,565.43

Cash Collecting Officers – This consists of collections and deposits made by Collecting Officers based on official receipts last December 31, 2015 which were deposited on January 4, 2016.

Working Fund – This account represents a revolving cash funds given to the designated disbursing officers either for specific or general purpose.

Cash in Bank – Local Currency, CA (LBP # 2372-1011-40 LBP # 3282-1022-33 and DBP # 5303-650-6) – These account pertains to deposits in banks available for general expenditures incurred in operations.

Cash in Bank – Local Currency, SA – (LBP # 2371-0229-72 and 3281-0495-84) -These accounts are maintained for special or specific purposes such as operation and maintenance reserve for repairs of damaged facilities. **LBP #2371-0167-94** is a sinking fund which pertains to payments of debt service and a capital reserve for expansion/projects of GMAWD

facilities. On the other hand, LBP 2372-1011-91, 2372-1015-15, and 2371-0923-85 are joint accounts of GMAWD/LWUA for special projects funded from LWUA loan released.

4. Receivables

This account is broken down as follows:

Particulars	2015	2014
Accounts Receivable - GMAWD	16,146,818.78	16,682,501.06
Accounts Receivable - GEMASCO	556,994.93	622,559.43
Allowance for Doubtful Accounts	(469,557.57)	(1,302,278.97)
Advances to Officers and Employees	7,120.25	-
Receivables - Disallowances	17,631,336.61	18,279,226.61
Other Receivables	3,706,311.04	3,132,205.47
Other Receivables - GAD	124,480.72	124,480.72
Other Receivables - Burglary	336,839.35	336,839.35
Other Receivable - Ricardito Verdeprado Sr.	392,896.47	392,896.47
Total Receivables	38,433,240.58	38,268,430.14

Accounts Receivable- GMAWD - This account represents the water bills of active and inactive concessionaires of GMAWD. The reason why there is a big difference for this account is that due to system error that until now the Accounting and Commercial Division were continuously reconciling the variances in the amount of ₱5,734,113.51.

Accounts Receivable- GEMASCO - This refers to water bills of concessionaires serviced by GMAWD covering the period 1992 – 1995 which remained outstanding upon take-over of GEMASCO in 1995 by virtue of Supreme Court decision on Forcible Entry case amounting to 1.2M. As of December 31, 2015 almost fifty percent (56%) of which were collected because some of these concessionaires has applied again to GMAWD for water service connection.

Receivables – Disallowances – This pertains to the benefits claimed/received by GMAWD officers and employees for the year 2009, 2010 and 2011 with Notices of Disallowances (ND) Notice of Finality of Decision (NFD) COA Order of Execution (COE). As of December 31, 2015, the employees has made a refund to the district for a total of Six Hundred Forty Seven Thousand Eight Hundred Ninety Pesos (647,890.00)

Other Receivables – This account consists of the amount due to:

- Materials and fittings for installation of new service connections sold to concessionaires on instalment basis.

- GMAWD-GAD Micro-Finance Loan extended to women's organization in GMA as livelihood program per approved 2007 GAD Plan.
- Amount lost during burglary on March 25, 2007. The incident was already reported to COA Regional Office.
- Unremitted cash collections from year 2002-2007 of Mr. Ricardito C. Verdeprado, Sr., Bill Collector at Mandarin Homes Sub-office. He was charged administratively for committing dishonesty thru malversation of public funds and conduct prejudicial to the best/interest of the service and was dismissed from the service on Sept. 6, 2007. A criminal case against him was also filed by GMAWD and is now pending in court for resolution.

5. Inventories

This account consists of the following:

Particulars	2015	2014
Merchandise Inventory	2,714,777.25	1,589,742.07
Office Supplies Inventory	119,387.17	60,206.09
Other Inventories	-	137,036.35
Total	2,834,164.42	1,786,984.51

- Merchandise Inventory these pertains to cost of materials purchased or produced for sale and for the repair of service lines.
- Office Supplies Inventory are cost of office supplies purchased/received being used in GMAWD office operations.

6. Investments

This pertains to application of service/power lines for Meralco.

Particulars	2015	2014
Meralco Stocks (Area D Gab. 1)	78,450.00	78,450.00
Meralco Stocks (Tirona Pump Station)	428,537.74	428,537.74
Meralco Stocks (Kua Pump Station)	192,734.65	192,734.65
Meralco Stocks (Brgy. San Gabriel Pump Station #1)	114,851.02	114,851.02
Meralco Stocks (Pob. 5 Pump Station)	503,265.68	960,116.11
Meralco Stocks (Ramon Cruz Pump Station)	130,160.00	130,160.00
Meralco Stocks (Brgy. Pulido Pump Station)	1,640,730.00	1,640,730.00
Meralco Stocks (Tahanan Pump Station)	46,323.94	299,440.00
Meralco Stocks (Brgy. Kua Pump Station # 14)	1,785,637.99	1,785,637.99
Meralco Stock (Brgy. Gregoria de Jesus Pump Station)	420,334.86	-
Total	5,341,025.88	5,630,657.51

7. Property, Plant and Equipment , Net

This account consists of the following:

Particulars	2015	2014
Land	10,823,133.80	10,273,133.80
Land Improvements	51,144.67	55,554.70
Artesian Wells, Reserviors, Pumping Stations & Conduits	97,591,565.46	89,178,025.71
Waterways, Aqueducts, Seawalls, Riverwall & Conduits	30,964,100.29	18,521,290.09
Other Property, Plant and Equipment	8,276,988.66	8,540,223.56
Other Property, Plant and Equipment - GAD	456,920.67	535,851.99
Office Building	18,879,513.32	19,348,863.00
Office Equipment	1,932,666.86	1,935,364.12
IT Equipment and Software	1,033,548.50	1,063,240.15
Communication Equipment	400,107.22	399,066.05
Furniture and Fixtures	4,555,800.73	4,507,192.64
Machinery	2,639,362.08	2,534,565.67
Other Machinery and Equipment	542,807.60	603,692.44
Motor Vehicles	2,111,510.38	2,114,367.70
Leasehold Improvements - Land	1,360,173.40	1,360,173.40
Leasehold Improvements - Building	87,598.00	87,598.00
Total	181,706,941.64	161,058,203.02
Construction in Progress	3,966,766.60	7,746,882.20
Total	185,673,708.24	168,805,085.22

8. Other Assets

This account consists of the following:

Particulars	2015	2014
Guarantee Deposits		
Service Deposit Area H. Gab. 1	12,350.00	12,350.00
Meter Deposit (NHA P.S.)	2,320.00	2,320.00
Meter Deposit (Area K P.S.)	1,600.00	1,600.00
Service Deposit (Pump Station No. 1)	12,350.00	12,350.00
Meter Deposit (Pump Station No. 1)	2,320.00	2,320.00
Service and Meter Deposit	33,150.00	33,150.00

Meter Deposit (San Gabriel P.S.)	3,230.00	3,230.00
Meter Bill Deposit (San Gabriel P. S.)	113,810.00	113,810.00
Meter Service Deposit (Samaka Site P. S.)	70,365.87	70,365.87
Meter Deposits (Samaka Site P.S.)	2,320.00	2,320.00
Meralco Service Deposit (Upgrading)	21,290.00	21,290.00
Meter and Bill Deposit (Olaes P.S.)	135,771.73	91,992.28
Service Deposit (Pob. 5 P.S.)	84,686.47	84,686.47
Service Deposit (Tahanan P.S.)	25,850.00	25,850.00
Meter and Service Deposit (Ramon Cruz P.S.)	111,729.15	111,729.15
Meter and Bill Deposit (Tirona P.S.)	94,602.72	94,602.72
Meter and Bill Deposit (Kua P.S.)	186,689.82	186,689.82
Meter Deposit (Tahanan P.S.)	2,320.00	2,320.00
Smart Communication (Plan 2500/2 units)	5,000.00	5,000.00
Service Deposit (GMAWD Office)	61,878.55	61,878.55
Meter Deposit (Mushroom Farm)	7,630.00	7,630.00
Service Deposit (Annex Building)	9,000.00	9,000.00
Installation of 20KV Protective Hose	2,184.00	2,184.00
Relocation Facilities Application # 4110-20000906- 0111 RL	43,942.14	43,942.14
Bill Deposit Application no. 1441-201009-0004	96,920.00	96,920.00
PLDT	1,785.71	1,785.71
Buenaventura L. San Juan	-	-
Bill Deposit (Brgy. Gregoria de Jesus Pump Station)	56740.00	-
Bill Deposit (Brgy. Poblacion 5 Pump Station)	45,896.68	45,896.68
Bill Deposit (Mandarin Homes Pump Station)	92,984.55	43,445.20
Bill Deposit (Brgy. Maderan Pump Station)	74,776.77	66,701.22
Bill Deposit (Brgy. Pulido Pump Station#13)	181,828.35	145,038.50
Bill Deposit (Brgy. Pulido Pump Station # 15)	65,434.81	-
Bill Deposit (Teachers Village Pump Station)	113,130.45	113,130.45
Bill Deposit (Brgy. Kua Pump Station #14)	117,200.00	117,200.00
Total	1,893,087.77	1,632,728.76

Guarantee Deposits – these accounts represent amounts paid to Meralco as meter and service deposits, Smart Communication (Plan 2500) and to PLDT.

9. Other Liability Accounts

Particulars	2015	2014
Performance/Bidders/Bail Bonds Payable	969,370.52	357,436.32
Accounts Payable	8,009,929.93	3,276,015.12
Total	8,979,300.45	3,633,451.44

Performance/Bidders/Bail Bonds Payable pertains to the amount withheld from payments due to the contractors to assure fulfilment of their contracts.

Accounts Payables are those unpaid Purchase Orders within one year from the Balance Sheet date.

10. Inter-Agency Payables

This account pertains to the following:

Particulars	2015	2014
Due to BIR	748,527.92	762,591.64
Due to GSIS	483,081.08	472,614.23
Due to Pag-ibig	173,939.58	182,393.10
Due to Philhealth	72,999.29	69,186.29
Total	1,478,547.87	1,486,785.26

Due to BIR are taxes withheld from employees compensation, VAT and expanded withholding tax deducted from different suppliers; Due to GSIS, Pag-ibig, Philhealth are personal shares and loan payments of employees which are to be remitted on or before 10th day of the following month.

11. Long-Term Liabilities

GMAWD has the following long-term liabilities which are the loans from LWUA.

Loan Account No.	2015	2014
3-447	1,254,753.76	1,418,897.76
3-710	2,862,338.30	3,023,816.30
4-2149A	33,705,185.35	35,562,885.35
Total	37,822,277.41	40,005,599.41

- For LA 3-447 (Regular Loan) this loan was used for the rehabilitation of Area D Pumping Station.
- Loan Account No. 3-710 (Regular Loan) was used for the construction of one (1) exploratory well and expansion of lines at Brgy. Tirona Pumping Station.
- Loan Account No. 4-2149A(ADB Loan) and LA No. 4-2149B (LBP Loan) were used for the construction of five (5) exploratory production well located at Brgy. Ramon Cruz, Brgy. Poblacion 5, Brgy. Olaes, Brgy. San Gabriel (Tahanan) and Brgy. Pulido; construction of four (4) overhead tank located at Brgy. Ramon Cruz, Brgy. Kua, Brgy. Tirona and Brgy. San Gabriel (Tahanan) and expansion of lines in different Barangays.

12. Other Income

This account is composed of the following:

Particulars	2015	2014
Interest Income	16,015.34	16,643.99
Rent/Lease Income	32,650.00	11,600.00
Miscellaneous Income	-	14,188.20
Total Other Income	48,665.34	42,432.19

15. Equity

- Government Equity consists of contributions from the following:

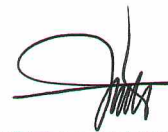
Particulars	2015	2014
Other Subsidies	351.35	351.35
Water System Donated by NHA (TV Pump Station)	5,455,000.00	5,455,000.00
Water System Donated by NHA (Area K & D)	653,965.18	653,965.18
Water System & appurtenances Donated by NHA (Brgy. Maderan, Olaes, NHA, Memije Pump Station)	2,627,453.49	2,627,453.49
Total	8,736,770.02	8,736,770.02

- Donated Capital account includes:

Particulars	2015	2014
Water System – Sunshine Homes	2,849,000.00	2,849,000.00
Municipal Subsidies and Grants	239,244.86	239,244.86
Water System Donated by Asiatic (Mandarin Homes)	2,446,200.00	2,446,200.00
Lingap Fund (Brgy. Pulido Expansion)	170,000.00	170,000.00
Water Distribution System – Riverview Place	3,287,968.80	3,287,968.80
80% of Cost of portable equipment for water testing & monitoring grant by LWUA	880,000.00	880,000.00
Total	9,872,413.66	9,872,413.66

- Retained Earnings are cumulative net earnings obtained by GMAWD during the previous years and Net Income was earned during the period of operation.

Particulars	2015	2014
Retained Earnings	165,865,873.71	153,542,678.95
Net income	15,915,606.58	11,383,693.78
Total	181,781,480.29	164,926,372.73



JULIET M. NACITA
General Manager