

AUTONOMOUS REGION IN MUSLIM MINDANAO
PROVINCE OF MAGUINDANAO
GENERAL FUND

NOTES TO FINANCIAL STATEMENT

i. Brief History:

The Province of Maguindanao was created pursuant to Presidential Decree No. 341, issued by then President Ferdinand E. Marcos on November 22, 1973, dividing the then Province of Cotabato into three (3) smaller provinces namely: Sultan Kudarat with the seat of the government of Isulan; North Cotabato in Amas, Kidapawan as the seat of the Government and Maguindanao in Maganoy as the Provincial Capital.

The Province of the Maguindanao, upon devolution, enjoys total independence in the planning, managing and deciding its administrative, fiscal and development activities. Its primary concern is to deliver basic services and provide development that would enhance the quality of life of its constituents.

II. Basis of Financial Statements Presentation

The Financial Statements of the Province of Maguindanao have been prepared in conformity with generally accepted state accounting principles.

III. Summary of Significant Accounting Policies

1. The LGU uses accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except for transactions where accrual basis is impractical or when other methods are required by law.
2. The Modified Obligation System is used to record allotments received and obligation incurred. Separate registries are maintained to control allotments and obligation for each class of allotment.
3. The cost of ending inventory of office supplies and materials and other inventory items are computed using the Moving Average Method.
4. Supplies and materials purchased for inventory purpose are recorded using the Perpetual Inventory System.
5. Petty Cash Fund account is maintained under the Imprest System. All replenishments are directly charged to the expense account. The PFC is not used to purchase regular inventory item on stock.
6. Property, Plant and Equipment are carried at cost less accumulated depreciation.
7. For assets under construction, all related expenses incurred during the construction of the project are capitalized and those incurred after the construction are charged against the operating cost.
8. Properties of the government which are used by the general public are accounted for under the Public Infrastructure/Reforestation Projects. These are dropped from Property, Plant and equipment account and recorded in the registry of Public Infrastructure/Reforestation Projects.
9. Public Infrastructure/Reforestation Project and serviceable assets not used in operation are not subject to depreciation.
10. The Straight Line Method of depreciation is used in depreciating the Property, Plant and Equipment with estimated useful lives ranging from five to fifty years. A residual value, computed at ten (10) percent of the cost of assets is set and depreciation starts on the second month after purchase.
11. Payable accounts are recognized and recorded in books of accounts only upon acceptance of the goods/inventory/other assets and rendition of service to the agency.
12. Accounts are reclassified to conform with new Chart of Accounts prescribed under the New Government Accounting System which was implemented effective January 1, 2002.
13. Financial expenses such as bank charges are separately classified from MOOE.

V. Cash

Cash in Bank, Local Currency, Cur. Acct.	<i>P</i> 3,135,562.79
	<u><u>P 3,135,562.79</u></u>

VI. Receivables

		Allowance for Bad Debts	Receivables- Net
Due from GOCCs	<i>P</i> 43,297.00	<i>P</i> 4,329.70	<i>P</i> 38,967.30
Due from LGUs	3,463,665.99	351,409.88	3,112,256.11
Other Receivables	949,674.11	94,967.40	854,706.71
	<u><u>P 4,456,637.10</u></u>	<u><u>P 450,706.98</u></u>	<u><u>P 4,005,930.12</u></u>

Vii. Inventories

Office Supplies Inventory	<i>P</i> 44,105.00
Accountable Forms Inventory	109,632.61
	<u><u>P 153,737.61</u></u>

Viii. Property, Plant and Equipment

	Balance Dec. 31, 2007	Net Addition/ (Reduction)	Balance Dec. 31, 2008
Electr., Power&Ener. Struct.	<i>P</i> 1,488,375.00	<i>P</i> (41,343.75)	<i>P</i> 1,447,031.25
Office Buildings	174,375,286.11	(493,113.24)	173,882,172.87
Office Equipment	18,014,721.28	2,067,658.24	20,082,379.52
Furnitures & Fixtures	491,835.72	248,780.47	740,616.19
IT Equipment & Software	802,760.96	(6,538.50)	796,222.46
Library Books	553,977.60	(51,935.40)	502,042.20
Machineries	5,181,547.36	(89,152.47)	5,092,394.89
Construction & Heavy Eqpt.	126,424,860.26	(20,200,972.77)	106,223,887.49
Firefighting Eqpt. & Access.	71,926.88	(3,748.50)	68,178.38
Military & Police Equipment	59,117.08	(5,542.29)	53,574.79
Technical & Scientific Eqpt.	196,644.17	(10,293.21)	186,350.96
Motor Vehicles	20,384,351.74	(277,383.96)	20,106,967.78
Other Property, Plant & Eqpt.	1,176,712.55	(23,041.62)	1,153,670.93
	<u><u>P 349,222,116.71</u></u>	<u><u>P (18,886,627.00)</u></u>	<u><u>P 330,335,489.71</u></u>

ix. Current Liabilities

Accounts Payable	<i>P</i> 211,437.88
Due to BIR	3,244,089.13
Due to GSIS	1,307,278.17
Due to PAG-IBIG	1,169,071.14
Due to PHILHEALTH	1,368,187.26
Due to Other NGAs	4,639.08
Due to LGUs	2,150,435.19
Due to Other Funds	1,840,000.00
Other Payables	202,980.66
	<u><u>P 11,498,118.51</u></u>

X. Long Term Liabilities	
Loans Payable - Balance January 01, 2008	P 119,704,985.83
Less: Loan Repayments	(13,917,242.00)
Loans Payable - Balance December 31, 2008	<u>P 105,787,743.83</u>
XI. Deferred Credits	
Other Deferred Credits	P 209,769.65
	<u>P 209,769.65</u>
XII. Government Equity	
Beginning Balance	P 225,169,080.40
Add/Deduct: Retained Earnings Surplus	14,759,904.90
Total	<u>P 239,928,985.30</u>
Add/Deduct: Transfer from (to):	
Transfer of completed projects to Registry	(19,793,897.06)
Ending Balance	<u>P 220,135,088.24</u>
XIII. Income Accounts	
Property Transfer Tax	P 2,252.20
Real Property Tax	137,770.65
Tax on Delivery Trucks and Vans	42,355.00
Clearance & Certification Fees	30.00
Rent Income	1,501,250.00
Other Business Income	586.17
Subsidy from Other LGUs	30,000.00
Internal Revenue Allotment	525,578,228.69
Share from E-VAT	14,461,400.89
	<u>P 541,753,873.60</u>
XIV. Expenditure Accounts	
Personal Services	
Salaries and Wages-Regular	P 73,332,282.02
Salaries and Wages-Casual	10,101,149.00
Salaries and Wages-Contractual	19,340,567.31
Personnel Economic Relief Allowance	3,346,032.80
Additional Allowance	9,660,463.64
Representation Expenses	2,635,332.00
Transportation Allowance	2,635,332.00
Clothing Allowance	2,588,301.00
Honoraria	3,002,748.60
Overtime and Night Pay	1,850,713.52
Cash Gift	2,274,544.00
Year End Bonus	4,290,955.75
Life and Retirement Insurance Contributions	6,750,643.74
PAG-IBIG Contributions	1,698,365.00
PHILHEALTH Contributions	1,032,420.00
ECC Contributions	785,700.00
Retirement Gratuity	700,000.00
Terminal Leave Benefits	1,200,000.00
Other Personnel Benefits	10,795,856.00

Maintenance and Operating Expenses	
Traveling Expenses	10,616,500.00
Training Expenses	25,685,841.16
Office Supplies Expenses	4,532,553.00
Animal/Zoological Supplies Expenses	150,000.00
Food Supplies Expenses	61,526,643.60
Drugs and Medicines Expenses	6,978,273.50
Medical, Dental & Lab. Supplies Expenses	100,000.00
Gasoline, Oil and Lubricants	53,087,751.60
Agricultural Supplies Expenses	34,367,694.93
Other Supplies Expenses	17,557,961.00
Water Expenses	2,301,000.00
Electricity Expenses	3,500,000.00
Postage and Deliveries	55,000.00
Telephone Expenses-Landline	2,500,000.00
Telephone Expenses-Mobile	130,800.00
Membership Dues and Contrib. to Org.	197,000.00
Awards and Indemnities	330,110.00
Advertising Expenses	71,381.00
Printing and Binding Expenses	20,000.00
Representation Expenses	3,048,000.00
Subscription Expenses	50,000.00
Consultancy Expenses	9,000,000.00
Environment and Sanitary Services	4,000,000.00
General Services	7,150,000.00
Repairs and Maint.-School Building	9,000,000.00
Repairs and Maint.-Other Structures	6,000,000.00
Repairs and Maint.-Office Equipment	2,528,824.00
Repairs and Maint.-Furnitures and Fixture	300,000.00
Repairs and Maint.-Constr. And Heavy Eqpt.	3,000,000.00
Repairs and Maint.-Motor Vehicle	2,042,000.00
Repairs and Maint.-Roads, Highways and Bridges	19,414,323.22
Repairs and Maint.-Other Public Infrs.	13,873,042.00
Donations	300,000.00
Extraordinary Expenses	6,249.00
Miscellaneous Expenses	15,804,651.00
Fidelity Bond Premiums	100,000.00
Insurance Expenses	900,200.00
Bad Debts Expenses	225,353.49
Depreciation-Electr., Power and Energy Structures	41,343.75
Depeciation-Office Buildings	493,113.24
Depreciation-Office Equipment	100,103.76
Depreciation-Furnitures and Fixture	3,457.53
Depreciation-IT Equipment and Software	6,538.50
Depreciation-Library Books	51,935.40
Depreciation-Machineries	89,152.47
Depreciation-Construction and Heavy Equipment	20,200,972.77
Depreciation-Firefighting Equipment and Accessories	3,748.50
Depreciation-Military and Police Equipment	5,542.29
Depreciation-Technical and Scientific Equipment	10,293.21
Depreciation-Motor Vehicles	277,383.96
Depreciation-Other Property, Plant and Equipment	23,041.62
Other Maintenance and Operating Expenses	14,420,192.13
Commitment Fees	3,750,000.00
Financial Expenses	
Interest Expenses	9,044,590.69

CERTIFIED CORRECT: