



Republic of the Philippines
Metropolitan Cebu Water District

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Memo For : **THE BOARD OF DIRECTORS**
Memo From : **THE GENERAL MANAGER**
Subject : **FINANCIAL REPORT FOR THE 1st QUARTER OF 2014**
Date : **April 28, 2014**

EXECUTIVE SUMMARY

- The water district has sold a total water sales volume of 13,526,142 cubic meters this quarter. This is up by 5.5% from the 1st quarter of 2013. However, this is below our target by 2%.
- The month of March, 4,569,646 cubic meters of water was sold at an effective rate of P 26.28 per cubic meter. Actual sales volume missed the target by 2.2%. Both consumption per SC per day and the effective rate have not met the projections by 2.5% and 1.2%, respectively.
- Operating expenses for this month amounted to a total of P 86.2 Million which is lesser than the budget by P 11.8 Million or 12.1%. Expenses has also decreased by P 2.5 Million or 2.8%. As of this quarter, total operating expense stands at P 347.5 million or 5.6% from last year of the same period. This percentage increase in Opex (2014 vs. 2013) is lower than last year (2013 vs. 2012) by 3 percentage points.
- This month's Net Income amounted to P 26.6 million or a net income ratio of 22.5% which is higher than last year by 6.3 percentage points. As of this quarter, net income ratio stands at 22.7% which is 1.8 percentage points higher than last year.
- Net cash inflow for the month is P 9.6 million after a total disbursement of P 82.6 million for operating costs, P 14.9 million for debt service, P 15.1 million for capital expenditures and P 10.6 million for other cash disbursements. Ending cash balance now amounts to P 1.07 billion. Out of this amount, P 482 billion is earmarked for capital expenditures leaving a free cash worth 7 months of operating expenses

VARIANCE REPORT

A. Current Period vs Same Period Last Year

The following accounts showed a significant variance (in million) between the performance of the current period and that of the same period of the previous year:

Account	2014	2013	Increase (Decrease)	Remarks
Share in JV Contracts (Bulk Water)	7.8	8.9	(1.1)	• Bulk water deliveries from Consolacion and Talamban are lesser this year by 34,000 and 35,000 cubic meters, respectively

Account	2014	2013	Increase (Decrease)	Remarks
Water Treatment	0.3	1.0	(0.7)	<ul style="list-style-type: none"> Materials expense decreased by P0.6 Million
Maintenance of Power and Production Equipment	1.7	2.4	(0.7)	<ul style="list-style-type: none"> Materials withdrawn is less than last year by P 0.6 million
Meter Maintenance	1.3	2.4	(1.1)	<ul style="list-style-type: none"> Materials expense is less than last year by P 1.2 million
CNA Incentive – Civilian	2.2	0.0	2.2	<ul style="list-style-type: none"> CNA incentive is now recognized in one account as prescribed by the DBM.

B. Actual vs Budget

The following accounts showed a significant variance (in million) between the actual figures and the budget:

Account	Actual	Budget	Variance	Remarks
Installation and Disconnection	0.7	2.3	1.6	<ul style="list-style-type: none"> Materials withdrawn is less than the budget by P 4.5 million
Share in JV Contracts	7.8	9.8	2.0	<ul style="list-style-type: none"> Actual bulk water deliveries coming from Banawa, Talamban, Apas and BC Homes are less than the budget by 78,000 cubic meters
Water Treatment	0.2	2.3	2.1	<ul style="list-style-type: none"> Materials withdrawn is less than the budget by P1.9 million. Bulk of WQCD's materials were already withdrawn in February
Maintenance of Transmission Lines	8.3	10.4	2.1	<ul style="list-style-type: none"> Materials usage is less than the budget by P1.4 million Personnel cost savings of P0.5 million due to vacancies
Water Sourcing and Environmental Expense	1.0	2.7	1.7	<ul style="list-style-type: none"> Budget for IWRM has not been fully utilized

For your review and approval.

ARMANDO H. PAREDES