



Republic of the Philippines
COMMISSION ON AUDIT

Regional Office No. III

City of San Fernando, Pampanga

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August 30, 2011

The Board of Directors

Baliuag Water District
Baliuag, Bulacan

Gentlemen:

We are pleased to transmit the Financial Audit Report on the accounts of **Baliuag Water District** for the calendar year ended December 31, 2010, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The report was prepared by Ms. Bernardita M. Bustamante, Audit Team Leader, Audit Team No. 6 and reviewed by Atty. Reynaldo C. Canoy, Head, Audit Group F, Province of Bulacan.

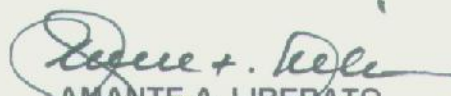
The audit was aimed at ascertaining the propriety of financial transactions, compliance by the District with prescribed laws, rules and regulations; the accuracy of records and reports; and ultimately the fairness of presentation of the financial statements. Furthermore, the audit was conducted in accordance with generally accepted auditing standards, and we believe that it provides reasonable basis for the results of the audit.

The report consists of three (3) parts: Part I – Audited Financial Statements; Part II – Detailed Findings and Recommendations; and Part III – Status of Implementation of Prior Year's Recommendations. The findings and recommendations were discussed with concerned management officials and staff.

We request that the recommendations be implemented fully, and we will appreciate being informed of the action taken in this regard within sixty (60) days from the date of receipt hereof.

We acknowledge the cooperation extended to our audit team by the district's officials and employees concerned.

Very truly yours,


AMANTE A. LIBERATO
Regional Director

BALIWAG WATER DISTRICT
BALANCE SHEET
December 31, 2010
(With comparative figures for C.Y. 2009)

	2010	2009
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 3)	P 250,355.54	P 441,386.33
Receivables, Net (Note 4)	10,286,771.59	9,265,306.07
Inventories (Note 5)	5,862,200.60	5,636,777.69
Other Deferred Debits (Note 6)	544,197.19	544,197.19
Total Current Assets	16,943,524.92	15,887,667.28
Non-Current Assets		
Investments (Note 7)	2,857,159.89	2,802,364.70
Property, Plant and Equipment, Net (Note 8)	161,741,990.83	154,994,163.12
Total Non-Current Assets	164,599,150.72	157,796,527.82
TOTAL ASSETS	181,542,675.64	173,684,195.10
LIABILITIES AND EQUITY		
Current Liabilities		
Payable Accounts	2,300,525.76	1,948,734.24
Inter-Agency Payables (Note 9)	2,728,360.36	1,697,906.46
Other Current Liabilities (Note 10)	761,472.99	893,823.96
Total Current Liabilities	5,790,359.11	4,540,464.66
Non-Current Liabilities		
Loans Payable (Note 11)	41,816,565.96	19,243,035.83
Deferred Credits	846,414.22	22,106,157.97
Total Non-Current Liabilities	42,662,980.18	41,349,193.80
TOTAL LIABILITIES	48,453,339.29	45,889,658.46
Equity		
Government Equity	24,304,396.52	24,304,396.52
Retained Earnings (Note 12)	108,784,939.83	103,490,140.12
TOTAL EQUITY	133,089,336.35	127,794,536.64
TOTAL LIABILITIES & EQUITY	P 181,542,675.64	P 173,684,195.10

(See accompanying Notes to Financial Statements.)

BALIWAG WATER DISTRICT
STATEMENT OF INCOME AND EXPENSES
For the Year Ended December 31, 2010
(With comparative figures for C.Y. 2009)

	2010	2009
INCOME		
Income from Waterworks	P 82,312,725.49	P 76,366,238.15
Other Service Income	3,680,243.55	3,480,848.52
Fines and Penalties-Business Income	2,837,102.60	2,494,423.30
Gross Income	88,830,071.64	82,341,509.87
EXPENSES		
Personal Services (Note 13)	31,436,612.24	28,362,503.43
Maintenance and Other Operating Expenses (Note 14)	36,000,616.79	27,718,905.39
Financial Expenses (Note 15)	16,701,212.57	15,127,304.45
Total Expenses	84,138,441.60	71,228,713.27
INCOME (LOSS) FROM OPERATION	4,691,630.04	11,112,796.70
ADD: OTHER INCOME		
Other General Income (Note 16)	135,723.31	150,339.31
Gain/Loss on Sale of Disposed Assets	37,865.95	49,549.25
Other Non-Operating Income	448,278.81	856,411.62
Total Other Income (Expenses)	621,868.07	1,056,300.18
NET INCOME (LOSS)	P 5,313,498.11	P 12,169,096.88

(See accompanying Notes to Financial Statements.)

BALIWAG WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010
(With comparative figures for C.Y. 2009)

	2010	2009
Cash Flows from Operating Activities		
Cash Inflows		
Collection of Account Receivables	P 83,341,338.24	P 78,453,738.61
Collection of Service Fees & Charges	3,407,456.55	3,127,382.38
Collection of Advanced Payment	488,365.92	307,109.63
Collection of Other Receivables	3,187,258.12	2,516,894.08
Proceeds from Sale of Materials	292,908.30	381,836.00
Refund of Cash Advances	-	36,307.89
Miscellaneous Receipts	12,248.58	1,406,543.00
Cash Debit Adjustment	1,891,936.15	121,865.73
Total Cash Inflows	92,621,511.86	86,351,677.32
Cash Outflows		
Payment of Personal Services	31,436,612.24	16,109,624.05
Payment of MOOE	22,526,336.75	24,436,076.90
Payment of Accounts Payable	7,168,209.31	1,162,594.28
Payment of Cash Advances	1,724,988.00	1,601,618.00
Replenishment of Working Fund	166,431.75	161,402.70
Remittances - GSIS, BIR, Philhealth	8,518,323.37	8,972,272.34
Contribution to Provident Fund	3,511,667.95	3,280,619.12
Miscellaneous Disbursements	-	1,185,944.29
Cash Credit Adjustment	39,503.25	27,831.60
Total Cash Outflows	75,092,072.59	56,937,983.28
Net Cash Provided (used) in Operating Activities	17,529,439.27	29,413,694.04
Cash Flows from Investing Activities		
Cash Inflows		
Interest on Time Deposits	-	30,463.00
Interest on Savings Deposits	7,750.71	13,783.44
Dividend on Stock Investment	60,926.00	-
Total Cash Inflows	68,676.71	44,246.44
Cash Outflows		
Purchase/Constructing of PPE	13,877,583.54	37,213,660.74
Total Cash Outflows	13,877,583.54	37,213,660.74
Net Cash Provided (used) in Investing Activities	(13,808,906.83)	(37,169,414.30)
Cash Flows from Financing Activities		
Cash Inflows		
Proceeds from Borrowings	6,846,289.00	14,003,938.63
Total Cash Inflows	6,846,289.00	14,003,938.63
Cash Outflows		
Cash Payment of Principal/Interest	10,757,852.23	7,258,599.95
Total Cash Outflows	10,757,852.23	7,258,599.95
Net Cash Provided (used) in Financing Activities	(3,911,563.23)	6,745,338.68
Net Cash Provided by Operating, Investing and Financing Activities	(191,030.79)	(1,010,381.58)
Cash & Cash Equivalents, Beginning	441,386.33	1,451,767.91
CASH & CASH EQUIVALENTS, END	P 250,355.54	P 441,386.33

BALIWAG WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2010
(With Comparative Figures for C.Y. 2009)

		2010		2009
GOVERNMENT EQUITY				
Balance at the Beginning of the Year	P	24,304,396.52	P	24,304,396.52
Additions/Deductions		-		-
		24,304,396.52		24,304,396.52
RETAINED EARNINGS				
Balance at the Beginning of the Year		103,471,441.72		91,343,428.15
Prior Years' Adjustment		-		(22,384.91)
Net Income		5,313,498.11		12,169,096.88
		108,784,939.83		103,490,140.12
TOTAL	P	133,089,336.35	P	127,794,536.64

BALIWAG WATER DISTRICT

BALIWAG WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

1. AGENCY BACKGROUND

Pursuant to Presidential Decree No. 198, otherwise known as the "Local Water Utilities Act of 1973" as amended by P.D. Nos. 768 and 1479, and by virtue of the Local Sangguniang Bayan Resolution No.011 series of 1988, the Baliwag Water District was created. On July 1, 1989, the Conditional Certificate of Conformance No. 407 was issued by Local Water Utilities Administration to formalize its establishment.. This CCC is the accreditation of LWUA to a newly-formed water district to operate under the standard specification.

Since 1992, by virtue of the Supreme Court En Banc decision, GR No. 95237-38 (Davao City Water District, et al. vs. CSC et al.), water districts were declared government-owned and/or controlled corporation (GOCC) with original charter, and as such they are placed under the jurisdiction of the Civil Service Commission and Commission on Audit.

As of December 31, 2010, the District has seventeen (17) pumping stations, which serve twenty seven (27) barangays with 23,237 total active service connections. The District is categorized as "big" water district pursuant to the Local Water District Manual on Recategorization on August 2005.

The Baliwag Water District was formed for the purpose of acquiring, installing, improving, maintaining and operating water supply, and distributing potable water for the residents of Baliwag, Bulacan.

As of December 31, 2010, the District's Board of Directors was composed of the following:

Zenaida R. Salao (Women)	-	Chairwoman
Juanito F. Gregorio (Civic)	-	Vice-Chairman
Conrado E. Evangelista (Education)	-	Secretary
Rogelio R. Munsayac(Business)	-	Treasurer
Ernesto C. Francisco(Professional)	-	Member

The District has seventy four (74) personnel as of December 31, 2010 and headed by its General Manager, Mr. Artemio F. Baylosis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting System

The Corporation adopts the prescribed New Government Accounting System (NGAS) for Government - Owned and/or Controlled Corporations, effective January 1, 2009.

b. Materials and Supplies Inventory

The inventories on hand are stated at cost based on the first in - first out method and determined on the basis of inventory control records.

c. Property, Plant and Equipment

PPE is carried at cost less accumulated depreciation. Depreciation is computed on a straight-line method over the estimated useful lives of the property and commences on the month subsequent to acquisition.

Major repairs that prolong the life of the property are capitalized, while minor repairs and maintenance costs are expensed as incurred.

d. Income and Expense Recognition

The accrual method of accounting is adopted in the recognition of earnings and expenses.

BALIWAG WATER DISTRICT

3. CASH AND CASH EQUIVALENTS

This account is composed of cash on hand and in banks available for general expenditures and fixed deposits; viz:

		2010		2009
Cash - Undeposited Collections	P	-	P	43,074.55
Cash - Petty Cash Fund		10,000.00		10,000.00
Cash in Bank - LBP		240,355.54		388,311.78
Total	P	250,355.54	P	441,386.33

4. ACCOUNTS RECEIVABLE

This includes all amounts due on open accounts arising from services rendered to the customers for water sales and incidental services. Other Receivables pertain to the balance of loan of employees for personal use like materials, telephone and others.

		2010		2009
Accounts Receivable - Customer	P	7,888,376.88	P	6,742,853.66
Notes Receivable		1,105,929.83		1,176,262.09
Due from Officers and Employees				276,653.02
Other Receivable		2,081,302.56		1,743,821.66
Allowance for Bad Debts		(788,837.68)		(674,284.36)
Total	P	10,286,771.59	P	9,265,306.07

5. INVENTORIES

This account pertains to unissued materials and supplies, which are kept in stock and held for future use.

		2010		2009
Office Supplies	P	322,801.80	P	320,641.80
Materials Inventory		5,539,398.80		5,316,135.89
Total	P	5,862,200.60	P	5,636,777.69

6. OTHER DEFERRED DEBITS

This represents amounts of other expenses which were paid for but remained unconsumed at the end of the accounting period.

	2010		2009	
Bal. as of 1998	P	1,398.00	P	1,398.00
Bond Deposit to DPWH		216,838.00		216,838.00
Meter Deposit to Meralco		185,800.00		185,800.00
For Adjustment		140,161.19		140,161.19
Total	P	544,197.19	P	544,197.19

7. INVESTMENTS

This includes excess cash deposited with authorized government depository banks as time deposits and acquisition of securities held as permanent or long-term investment.

	2010		2009	
Investments in Time Deposit	P	2,247,899.89	P	2,193,104.70
Investments in Stocks		609,260.00		609,260.00
Other Investment		-		-
Total	P	2,857,159.89	P	2,802,364.70

8. PROPERTY, PLANT & EQUIPMENT

This includes all properties of the District of relatively permanent character that are used in normal operations. The breakdown of this account is as follows:

	2010		2009	
Land	P	13,210,698.76	P	13,210,698.76
Waterworks Structures and Facilities		172,822,662.22		164,796,259.21
Office Buildings		20,698,401.73		20,496,707.13
IT Equipment and Software		5,587,623.20		3,836,775.95
Communication Equipment		1,348,445.77		1,250,445.77
Construction and Heavy Equipment		1,863,455.21		1,722,445.21
Other Machineries and Equipment		305,712.50		259,912.50
Land Transportation Eqt.		6,676,598.50		6,618,598.50
Other Property, Plants and Equipment		181,684.16		181,684.16
Other Equip/Furniture/Fixtures		4,716,166.26		4,716,166.26
Accumulated Depreciation		(76,556,210.48)		(63,812,856.93)
Construction in Progress		10,886,753.00		1,717,326.60
Total	P	161,741,990.83	P	154,994,163.12

9. **INTER-AGENCY PAYABLES**

This represents contributions due, collections received, amounts withheld for remittance to the following government agencies:

	2010		2009	
Due to BIR	P	183,877.32	P	202,678.33
Due to GSIS		277,044.21		238,410.96
Due to Pag-ibig		65,114.63		51,725.97
Due to Philhealth		12,662.50		11,200.00
Due to Provident Fund		2,189,661.70		1,193,891.20
Total	P	2,728,360.36	P	1,697,906.46

10. **OTHER CURRENT LIABILITY**

These consist of the indebtedness of the District arising from trade or business

	2010		2009	
Guaranty Deposits Payable	P	60,223.87	P	76,870.19
Contractors Security Deposit		701,249.12		816,953.77
Total	P	761,472.99	P	893,823.96

11. **LOANS PAYABLE**

These are long term indebtedness of the District from domestic creditors covered by a contract or agreement to finance its various projects.

	2010		2009	
Loans Payable - Domestic	P	41,340,405.92	P	18,306,311.35
Other Long Term Debt		476,160.04		936,724.48
Total	P	41,816,565.96	P	19,243,035.83

12. **RETAINED EARNINGS**

	2010		2009	
Retained Earnings, Beginning	P	103,490,140.12	P	91,343,428.15
Add(Deduct):		-		-
Net Income		5,313,498.11		12,169,096.88
Prior Year Adjustment		(18,698.40)		(22,384.91)
Total	P	108,784,939.83	P	103,490,140.12

13. PERSONAL SERVICES

	2010	2009
Salaries and Wages - Regular	P 13,248,830.46	P 14,728,737.95
Employee Benefits	13,179,556.33	9,595,016.79
Honoria	1,829,666.90	1,620,166.75
Overtime and Night Pay	430,071.42	178,040.99
Life and Retirement Insurance	1,527,994.98	1,357,949.35
Pag-Ibig Contribution	228,093.35	84,900.00
PhiHealth Contributions	141,400.00	125,937.50
Provident Fund	850,998.80	691,754.10
Total	P 31,436,612.24	P 28,382,503.43

14. MAINTENANCE AND OTHER OPERATING EXPENSES

	2010	2009
Travelling Expenses	1,526,266.18	581,394.51
Training Expenses	479,088.07	732,322.32
Office Supplies Expenses	1,290,057.87	1,120,267.67
Laboratory/Chemicals	695,380.00	279,640.00
Gasoline, Oil and Lubricants	1,658,136.60	1,337,684.20
Electricity Expenses	19,158,289.35	13,980,221.45
Communication Expenses	332,168.36	347,518.53
Advertising Expenses	73,005.50	243,877.65
Rent Expenses	85,087.08	38,516.94
Representation Expenses	191,916.49	212,496.29
Professional Services	230,050.00	346,330.58
Other Operation & Maint. Exps.	2,083,366.45	3,359,900.28
Donations	28,300.00	59,120.00
Taxes, Duties and Licenses	1,887,312.96	126,652.48
Insurance Expenses	150,858.06	52,030.19
Bad Debts Expenses	114,553.32	5,607.14
Repairs and Maintenance Expenses	6,016,800.50	4,895,325.16
Total	P 36,000,616.79	P 27,718,905.39

15. **FINANCIAL EXPENSES**

	2010		2009	
Bank Charges	P	58,386.41	P	302,841.27
Depreciation Expenses		12,743,353.55		11,115,779.18
Interest Expenses		3,899,472.61		3,708,684.00
Total	P	16,701,212.57	P	15,127,304.45

16. **OTHER GENERAL INCOME**

	2010		2009	
Dividend Income	P	60,926.00	P	61,326.00
Interest Income		74,797.31		89,013.31
Total	P	135,723.31	P	150,339.31

BALIWAG WATER DISTRICT