



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

FINANCIAL AUDIT REPORT

on the

BALIWAG WATER DISTRICT BALIWAG, BULACAN

**For the Years Ended
December 31, 2014 and 2013**

BALIWAG WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
As of December 31, 2014
(With Comparative Figures for CYs 2013 & 2012)

	2014	2013	2012
ASSETS			
Current Assets			
Cash and Cash Equivalents (Note 3)	P 4,449,274.10	P 8,197,984.43	P 8,546,542.25
Receivables, Net (Note 4)	18,837,980.91	16,310,563.76	14,038,720.67
Inventories (Note 5)	8,051,365.99	6,636,290.14	6,448,892.25
Other Deferred Debits (Note 6)	728,997.19	544,197.19	544,197.19
Total Current Assets	32,067,618.19	31,689,035.52	29,978,352.36
Non-Current Assets			
Investments (Note 7)	3,644,875.36	3,613,178.73	3,568,490.36
Intangible Assets	3,810,699.25	1,121,188.25	1,121,188.25
Property, Plant and Equipment, Net (Note 8)	279,069,278.70	258,940,479.52	222,575,806.91
Total Non-Current Assets	286,524,853.31	263,674,846.50	227,265,485.52
TOTAL ASSETS	P 318,592,471.50	P 295,363,882.02	P 257,243,837.88
LIABILITIES AND EQUITY			
Current Liabilities			
Payable Accounts	P 2,896,271.48	P 2,512,082.44	P 2,342,528.67
Inter-Agency Payables (Note 9)	2,941,497.11	2,622,660.65	1,516,109.43
Other Current Liabilities (Note 10)	1,524,207.68	3,497,549.29	2,783,178.55
Total Current Liabilities	7,361,976.27	8,632,292.38	6,641,816.65
Non-Current Liabilities			
Loans Payable (Note 11)	130,210,481.20	112,413,230.32	31,325,562.02
Deferred Credits	8,020,015.41	915,112.73	57,340,268.83
Total Non-Current Liabilities	138,230,496.61	113,328,343.05	88,665,830.85
TOTAL LIABILITIES	145,592,472.88	121,960,635.43	95,307,647.50
Equity			
Government Equity	24,304,396.52	24,304,396.52	24,304,396.52
Retained Earnings (Note 12)	148,695,602.10	149,098,850.07	137,631,793.86
TOTAL EQUITY	172,999,998.62	173,403,246.59	161,936,190.38
TOTAL LIABILITIES and EQUITY	P 318,592,471.50	P 295,363,882.02	P 257,243,837.88

See accompanying Notes to Financial Statements.

BALIWAG WATER DISTRICT
STATEMENT OF COMPREHENSIVE INCOME
For the Period Ending December 31, 2014
(With Comparative Figures for Cys 2013 & 2012)

	2014	2013	2012
INCOME			
Income from Waterworks	P 135,384,226.17	P 119,712,686.11	P 111,063,536.27
Other Service Income	7,492,164.82	6,936,012.75	6,471,257.97
Fines and Penalties-Business Income	5,345,573.45	4,163,777.98	3,500,162.41
Gross Income	148,221,964.44	130,812,476.84	121,034,956.65
EXPENSES			
Personal Services (Note 13)	44,222,120.58	43,715,350.40	38,229,173.44
Maintenance and Other Operating Expenses (Note 14)	87,566,587.26	68,609,866.79	61,610,717.84
Financial Expenses (Note 15)	8,215,266.67	7,155,547.11	4,359,798.80
Total Expenses	140,003,974.51	119,480,759.30	104,199,690.08
INCOME (LOSS) FROM OPERATION	8,217,989.93	11,331,717.54	16,835,266.57
ADD: OTHER INCOME			
Other General Income (Note 16)	278,304.33	287,217.42	77,463.10
Gain/Loss on Sale of Disposed Assets	45,264.35	41,314.04	38,522.50
Other Non-Operating Income	0.00	0.00	293,200.00
Total Other Income (Expenses)	323,568.68	328,531.46	409,185.60
NET INCOME (LOSS)	P 8,541,558.61	P 11,660,249.00	P 17,244,452.17

See accompanying Notes to Financial Statements

BALIWAG WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
For the Period Ending December 31, 2014
(With Comparative Figures for CYs 2013 & 2012)

	2014	2013	2012
GOVERNMENT EQUITY			
Balance at the Beginning of the Year	P 24,304,396.52	P 24,304,396.52	P 24,304,396.52
Balance at the end of the Year (Note 12)	24,304,396.52	24,304,396.52	24,304,396.52
RETAINED EARNINGS			
Balance at the Beginning of the Year	149,098,850.07	137,631,793.86	120,473,454.41
Prior Period Adjustments	-	(193,192.79)	(86,112.72)
Changes during the Year	(8,944,806.58)	-	-
Net Income/(Loss) for the Year	8,541,558.61	11,660,249.00	17,244,452.17
	148,695,602.10	149,098,850.07	137,631,793.86
GOVERNMENT EQUITY END	P 172,999,998.62	P 173,403,246.59	P 161,936,190.38

See accompanying Notes to Financial Statements

BALIWAG WATER DISTRICT

BALIWAG WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Period Ending December 31, 2014
(With Comparative Figures for CYs 2013 & 2012)

	2014	2013	2012
Cash Flows from Operating Activities			
Cash Inflows			
Collection of Account Receivables	P 139,457,895.16	P 122,185,688.71	P 110,972,637.42
Collection of Service Fees & Charges	4,335,275.82	3,637,772.75	3,737,266.22
Collection on Advanced Payment	0.00	0.00	114,296.01
Collection of Other Receivables	2,715,590.23	3,060,309.00	2,636,148.92
Proceeds from Sale of Materials	178,537.00	146,137.10	126,096.00
Refund of Cash Advances	266,360.75	168,959.99	267,367.32
Miscellaneous Receipts	791,924.29	559,249.18	344,059.26
Cash Debit Adjustment	722,377.91	1,057,012.47	1,284,201.00
Total Cash Inflows	148,467,961.16	130,815,129.20	119,482,072.15
Cash Outflows			
Payment of Personal Services	20,729,259.15	23,587,516.80	20,618,164.50
Payment of MOOE	55,002,372.99	41,588,401.53	38,949,507.40
Payment of Accounts Payable	20,206,110.36	19,157,738.75	16,160,565.68
Payment of Cash Advances	1,583,655.00	1,121,760.00	1,595,306.00
Replenishment of Working Fund	544,458.18	352,230.34	214,672.38
Remittances - GSIS, BIR, Philhealth	16,601,047.16	15,987,335.27	14,939,802.51
Contribution to Provident Fund	6,587,057.21	5,125,096.25	6,005,220.82
Miscellaneous Disbursements	667,434.75	1,704,350.60	616,140.97
Cash Credit Adjustment	708,993.17	33,199.75	2,456,470.30
Total Cash Outflows	122,630,387.97	108,557,628.69	101,555,850.56
Net Cash Provided (used) in Operating Activities	25,837,573.19	22,257,500.51	17,926,221.59
Cash Flows from Investing Activities			
Cash Inflows			
Interest on Savings Deposits	7,479.96	12,801.61	12,459.80
Total Cash Inflows	7,479.96	12,801.61	12,459.80
Cash Outflows			
Purchase/Construction of PPE (Note 8)	36,482,924.07	39,564,586.87	50,211,736.68
Total Cash Outflows	36,482,924.07	39,564,586.87	50,211,736.68
Net Cash Provided (used) in Investing Activities	(36,475,444.11)	(39,551,785.26)	(50,199,276.88)
Cash Flows from Financing Activities			
Cash Inflows			
Proceeds from Borrowings	33,061,172.13	37,098,422.38	48,185,502.49
Total Cash Inflows	33,061,172.13	37,098,422.38	48,185,502.49
Cash Outflows			
Finance Charges	386,524.69	0.00	0.00
Payment of Principal/Interest (Note 15)	25,785,486.85	20,152,695.45	9,707,411.46
Total Cash Outflows	26,172,011.54	20,152,695.45	9,707,411.46
Net Cash Provided (used) in Financing Activities	6,889,160.59	16,945,726.93	38,478,091.03
Net Cash Provided by Operating, Investing and Financing Activities	(3,748,710.33)	(348,557.82)	6,205,035.74
Cash and Cash Equivalents, Beginning	8,197,984.43	8,546,542.25	2,341,506.51
CASH and CASH EQUIVALENTS, ENDING	P 4,449,274.10	P 8,197,984.43	P 8,546,542.25

See accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1. AGENCY BACKGROUND

Pursuant to Presidential Decree No. 198, otherwise known as the "Local Water Utilities Act of 1973", as amended by PD Nos. 768 and 1479, and by virtue of the Local Sangguniang Bayan Resolution No. 011 series of 1988, the Baliwag Water District (BWD) 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, 2014, the District has 21 pumping stations which serve 27 barangays with 25,373 total active service connections. The District is categorized as "Category B" pursuant to the Revised Local Water Districts (LWD) Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO) on March 2012.

The BWD was formed for the purpose of acquiring, installing, improving, maintaining and operating water supply and distribution system for the residents of Baliwag, Bulacan.

As of December 31, 2014, the BWD's Board of Directors was composed of the following:

Juanito F. Gregorio (Civic)	- Chairman
Zenaida R. Salao (Women)	- Vice-Chairman
Conrado E. Evangelista (Education)	- Secretary
Rogelio R. Munsayac (Business)	- Member
Maria Lourdes C. Sablan (Professional)	- Member

The BWD has 92 personnel as of December 31, 2014, 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

This account includes office supplies inventory and materials for operation that are recorded at cost determined using Weighted Average Method.

c. Property, Plant and Equipment (PPE)

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.

3. CASH AND CASH EQUIVALENTS

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

	2014	2013	2012
Cash - Undeposited Collections	P 1,429,464.47	P 1,045,921.71	P 841,131.47
Cash - Petty Cash Fund	19,000.00	19,000.00	19,000.00
Cash in Bank – PNB	1,043,791.64	2,071,275.32	6,709,181.00
Cash in Bank – LBP	91,394.38	4,995,948.59	977,229.78
Cash in Bank – DBP	635,354.61	65,838.81	-
Cash in Bank - LBP2	1,230,269.00	-	-
Total	P 4,449,274.10	P 8,197,984.43	P 8,546,542.25

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 Bill Deposit to Meralco of various Pumping Stations of BWD.

	2014	2013	2012
Accounts Receivable – Customer	P 12,835,648.21	P 11,942,094.52	P 11,365,703.91
Notes Receivable	2,248,680.98	1,522,911.68	1,475,476.68
Due from Officers and Employees	-	-	2,934.42
Other Receivable	5,037,113.54	4,039,664.01	2,331,176.06
Allowance for Bad Debts	(1,283,461.82)	(1,194,106.45)	(1,136,570.40)
Total	P 18,837,980.91	P 16,310,563.76	P 14,038,720.67

5. INVENTORIES

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

	2014	2013	2012
Office Supplies	P 1,573,595.12	P 288,430.35	P 544,638.74
Materials Inventory	6,136,692.87	5,954,059.79	6,021,653.51
Chemical Supplies Inventory	341,078.00	393,800.00	282,600.00
Total	P 8,051,365.99	P6,636,290.14	P 6,848,892.25

6. OTHER DEFERRED DEBITS

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

	2014	2013	2012
Balance as of 1998	P 1,398.00	P 1,398.00	P 1,398.00
Bond Deposit to DPWH	216,838.00	216,838.00	216,838.00
Meter Deposit to Meralco	185,800.00	185,800.00	185,800.00
Advances to Contractors	184,800.00	-	-
For Adjustment	140,161.19	140,161.19	140,161.19
Total	P728,997.19	P 544,197.19	P 544,197.19

7. INVESTMENTS

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

	2014	2013	2012
Investments in Time Deposit	P 1,728,798.23	P 1,697,101.60	P 1,652,413.23
Other Investment	691,077.13	691,077.13	691,077.13
Reserve Funds (PNB)	1,225,000.00	1,225,000.00	1,225,000.00
Total	P 3,644,875.36	P 3,613,178.73	P 3,568,490.36

8. PROPERTY, PLANT & EQUIPMENT (PPE)

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

	2014	2013	2012
Land	P 19,101,676.76	P 18,265,176.76	P17,487,546.76
Waterworks Structures and Facilities	289,973,583.15	230,255,103.58	214,757,400.87
Office Buildings	32,659,974.64	31,585,459.14	22,559,855.36
IT Equipment and Software	17,744,365.04	14,396,959.04	6,880,151.02
Communication Equipment	1,945,388.27	1,945,388.27	1,471,370.27

	2014	2013	2012
Construction and Heavy Equipment	1,846,286.71	1,846,286.71	1,846,286.71
Other Machineries and Equipment	6,276,073.00	5,314,783.00	4,008,687.50
Land Transportation Equipment	24,978,403.50	24,925,403.50	9,099,803.50
Other Property, Plants and Equipment	420,056.16	420,056.16	420,056.16
Office Equipment/Furniture and Fixtures	8,506,163.19	8,095,962.34	5,781,906.76
Construction in Progress	14,964,926.01	37,620,884.91	40,904,681.28
Total PPE	418,416,896.43	374,671,463.41	325,217,746.19
Less: Accumulated Depreciation	139,347,617.73	115,730,983.89	102,641,939.28
Total	₱ 279,069,278.70	₱258,940,479.52	₱222,575,806.91

9. INTER-AGENCY PAYABLES

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

	2014	2013	2012
Due to BIR	₱ 716,144.88	₱ 476,909.80	₱ 607,462.32
Due to GSIS	5,169.60	403,032.28	392,441.21
Due to Pag-ibig	857.44	55,974.04	78,305.51
Due to Philhealth	525.00	19,750.00	18,925.00
Due to Provident Fund	2,218,800.19	1,664,199.26	418,975.39
Due to Cocolife Insurance	-	2,795.27	-
Total	₱2,941,497.11	₱2,622,660.65	₱1,516,109.43

10. OTHER CURRENT LIABILITY

This consists of the indebtedness of the District arising from trade or business.

	2014	2013	2012
Contractors Security Deposit	₱ 1,524,207.68	₱ 3,497,549.29	₱ 2,783,178.55

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.

	2014	2013	2012
Loans Payable - LWUA	₱ 7,543,489.65	₱ 8,322,512.20	₱10,083,168.51
Loans Payable - LBP	67,371,008.92	43,013,578.05	20,176,293.41
Loans Payable - PNB	55,237,726.81	60,545,839.89	-
Other Long Term Debt	58,255.82	531,300.18	1,066,100.10
Total	₱130,210,481.20	₱112,413,230.32	₱31,325,562.02

12. GOVERNMENT EQUITY

These are contributions by government agencies and private corporations which become part of BWD equity.

	2014	2013	2012
Equity from Municipal Government	P 3,420,845.00	P 3,420,845.00	P 3,420,845.00
From NPC	1,495,000.00	1,495,000.00	1,495,000.00
Other Paid-In Capital	19,388,551.52	19,388,551.52	19,388,551.52
Total	P 24,304,396.52	P 24,304,396.52	P 24,304,396.52

13. PERSONAL SERVICES

Below are the details of the compensation benefits paid to officials and employees:

	2014	2013	2012
Salaries and Wages - Regular	P23,621,765.82	P22,739,016.41	P18,649,528.97
Employee Benefits	14,606,586.45	15,170,017.48	13,809,415.98
Honoraria	619,884.00	752,544.00	1,052,490.00
Overtime and Night Pay	572,182.40	429,450.53	459,293.23
Life and Retirement Insurance	2,883,365.69	2,522,112.00	2,142,036.84
Pag-Ibig Contributions	458,938.47	401,317.14	339,733.35
PhiHealth Contributions	268,000.00	234,525.00	195,375.00
Provident Fund	1,191,397.75	1,446,367.84	1,581,300.07
Total	P44,222,120.58	P 43,715,350.40	P38,229,173.44

14. MAINTENANCE AND OTHER OPERATING EXPENSES

The maintenance and other operating expenses incurred are shown below:

	2014	2013	2012
Travelling Expenses	P 796,613.74	P 779,542.60	P 1,805,776.92
Training Expenses	1,976,305.44	1,210,588.52	1,602,627.93
Office Supplies Expenses	1,467,551.64	2,379,208.08	1,948,527.64
Laboratory Chemicals	2,636,201.00	1,761,350.00	1,629,420.00
Gasoline, Oil and Lubricants	2,954,479.40	3,814,397.83	2,735,666.62
Electricity Expenses	23,084,193.47	21,527,595.78	21,290,219.33
Communication Expenses	569,540.15	414,807.19	403,970.70
Advertising Expenses	602,682.85	297,697.15	138,005.65
Rent Expenses	142,115.17	151,339.45	178,076.60
Representation Expenses	145,827.94	200,720.26	168,775.75
Professional Services	335,200.00	435,190.42	341,230.00
Other Operation & Maintenance Expenses	15,731,050.43	7,002,649.53	5,977,693.39
Donations	161,000.00	34,450.00	127,823.15
Taxes, Duties and Licenses	3,463,021.69	2,908,563.40	2,353,351.53
Insurance Expenses	571,299.76	519,792.35	207,465.31
Bad Debts Expenses	89,355.37	57,536.05	321,256.04

	2014	2013	2012
Repairs and Maintenance Expenses	9,247,316.56	9,973,105.11	6,432,591.66
Depreciation Expenses	23,592,832.65	15,141,333.07	13,948,239.62
Total	P87,566,587.26	P68,609,866.79	P61,610,717.84

15. FINANCIAL EXPENSES

These are the financial expenses incurred during the operations:

	2014	2013	2012
Bank Charges	P 186,299.53	P 188,513.44	P 60,178.18
Interest Expenses	8,028,967.14	6,967,028.67	4,099,620.62
Total	P 8,215,266.67	P7,155,542.11	P 4,359,798.80

16. OTHER GENERAL INCOME

These are composed of the following:

	2014	2013	2012
Dividend Income	P -	P -	P 200.00
Interest Income	48,970.70	71,862.42	77,263.10
Miscellaneous Non- Operating Income	229,333.63	215,355.00	-
Total	P 278,304.33	P 287,217.42	P 77,463.10