



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

# FINANCIAL AUDIT REPORT

on the

## BALIWAG WATER DISTRICT BALIWAG, BULACAN

For the Year Ended December 31, 2016



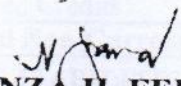
# Baliwag Water District

Tomacruz St., Poblacion, Baliwag, Bulacan 3006  
Tel. Nos. : (044) 766-2618 / (044) 798-0370 / (044) 798-0372  
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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Baliwag Water District is responsible for all information and representations contained in the Statement of Financial Position as of December 31, 2016, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended. The financial statements have been prepared in conformity with applicable laws and regulations and State accounting principles applied on a consistent basis and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

In this regard, management maintains system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or dispositions and liabilities are recognized.

  
**LORENZA H. FERNANDO**  
OIC – Finance Department

  
**ARTEMIO F. BAYLOSIS**  
General Manager



ISO 9001: 2008 Certified  
Cert. Reg. No. 01 100 1432628

**BALIWAG WATER DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2016**  
*(With Comparative Figures for CY 2015)*

	2016	2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Note 3)	₱ 9,371,764.96	₱ 7,329,824.04
Receivables, Net (Note 4)	20,684,599.82	20,557,122.62
Inventories (Note 5)	8,727,958.70	8,694,915.15
Other Deferred Debits (Note 6)	544,197.19	1,034,247.19
<b>Total Current Assets</b>	<b>39,328,520.67</b>	<b>37,616,109.00</b>
<b>Non-Current Assets</b>		
Investments (Note 7)	703,210.37	2,427,227.98
Property, Plant and Equipment, Net (Note 8)	382,317,095.07	332,147,281.71
<b>Total Non-Current Assets</b>	<b>383,020,305.44</b>	<b>334,574,509.69</b>
<b>TOTAL ASSETS</b>	<b>₱ 422,348,826.11</b>	<b>₱ 372,190,618.69</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Payable Accounts	₱ 2,615,740.93	₱ 2,827,767.14
Inter-Agency Payables (Note 9)	6,045,342.09	2,922,266.63
<b>Total Current Liabilities</b>	<b>8,661,083.02</b>	<b>5,750,033.77</b>
<b>Non-Current Liabilities</b>		
Loans Payable (Note 10)	193,645,524.07	164,559,864.72
Deferred Credits	17,287,180.98	11,845,190.92
<b>Total Non-Current Liabilities</b>	<b>210,932,705.05</b>	<b>176,405,055.64</b>
<b>TOTAL LIABILITIES</b>	<b>219,593,788.07</b>	<b>182,155,089.41</b>
<b>Equity</b>		
Government Equity (Note 11)	24,304,396.52	24,304,396.52
Retained Earnings	178,450,641.52	165,731,132.76
<b>TOTAL EQUITY</b>	<b>202,755,038.04</b>	<b>190,035,529.28</b>
<b>TOTAL LIABILITIES and EQUITY</b>	<b>₱ 422,348,826.11</b>	<b>₱ 372,190,618.69</b>

*See accompanying Notes to Financial Statements.*

**BALIWAG WATER DISTRICT**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the Year Ended December 31, 2016**  
*(With Comparative Figures for CY 2015)*

	2016	2015
<b>INCOME</b>		
Income from Waterworks	P159,300,266.02	P147,485,609.17
Other Service Income	8,521,784.00	7,016,773.00
Fines and Penalties-Business Income	5,935,763.35	5,733,174.55
Other General Income (Note 12)	256,669.20	626,121.46
Gain on Sale of Disposed Assets	83,316.56	259,041.00
<b>Gross Income</b>	<b>174,097,799.13</b>	<b>161,120,719.18</b>
<b>EXPENSES</b>		
Personal Services (Note 13)	54,827,447.60	49,241,224.68
Maintenance and Other Operating Expenses (Note 14)	90,230,971.57	81,719,367.47
Financial Expenses (Note 15)	10,668,629.38	10,001,284.40
<b>Total Expenses</b>	<b>155,727,048.55</b>	<b>140,961,876.55</b>
<b>NET INCOME</b>	<b>P 18,370,750.58</b>	<b>P 20,158,842.63</b>

*See accompanying Notes to Financial Statements.*

**BALIWAG WATER DISTRICT**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2016**  
*(With Comparative Figures for CY 2015)*

	2016	2015
<b>GOVERNMENT EQUITY (Note 11)</b>		
Balance at the End of the Year	P24,304,396.52	P24,304,396.52
<b>RETAINED EARNINGS</b>		
Balance at the Beginning of the Year	165,731,132.76	148,695,602.10
Changes during the Year	(5,651,241.82)	(3,123,311.97)
Net Income/(Loss) for the Year	18,370,750.58	20,158,842.63
Balance at the End of the Year	178,450,641.52	165,731,132.76
<b>TOTAL EQUITY</b>	<b>P 202,755,038.04</b>	<b>P 190,035,529.28</b>

*See accompanying Notes to Financial Statements.*

BALIWAG WATER DISTRICT

**BALIWAG WATER DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2016**  
*(With Comparative Figures for CY 2015)*

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Cash Inflows		
Collection of Account Receivables	P164,456,618.48	P150,792,401.67
Collection of Service Fees and Charges	3,808,008.25	3,826,039.00
Collection of Other Receivables	4,944,949.00	3,553,194.67
Proceeds from Sale of Materials	354,514.00	208,631.00
Refund of Cash Advances	334,116.01	427,879.56
Miscellaneous Receipts	2,688,843.72	930,227.54
Cash Debit Adjustment	2,863,743.92	1,267,231.16
<b>Total Cash Inflows</b>	<b>179,450,793.38</b>	<b>161,005,604.60</b>
Cash Outflows		
Payment of Personal Services	27,792,655.98	24,359,041.49
Payment of Maintenance and Other Operating Expenses	53,595,733.26	54,011,663.37
Payment of Accounts Payable	14,721,232.49	14,890,111.46
Payment of Cash Advances	1,664,277.83	1,826,350.00
Replenishment of Working Fund	207,788.44	206,958.34
Remittances - GSIS, BIR, Philhealth	22,710,187.98	17,225,652.62
Contributions to Provident Fund	7,044,238.63	7,916,350.95
Monetization of Leave Credits	766,646.81	0.00
Miscellaneous Disbursements	2,383,340.52	43,148.00
Cash Credit Adjustment	55,039.51	10,815.04
<b>Total Cash Outflows</b>	<b>130,941,141.45</b>	<b>120,490,091.27</b>
<b>Cash Provided by Operating Activities</b>	<b>48,509,651.93</b>	<b>40,515,513.33</b>
<b>Cash Flows from Investing Activities</b>		
Cash Inflows		
Interest on Savings Deposits	19,357.35	8,494.25
<b>Total Cash Inflows</b>	<b>19,357.35</b>	<b>8,494.25</b>
Cash Outflows		
Purchase/Construction of PPE	63,008,799.74	58,227,617.34
<b>Total Cash Outflows</b>	<b>63,008,799.74</b>	<b>58,227,617.34</b>
<b>Cash Used in Investing Activities</b>	<b>(62,989,442.39)</b>	<b>(58,219,123.09)</b>
<b>Cash Flows from Financing Activities</b>		
Cash Inflows		
Proceeds from Borrowings	50,562,114.90	46,918,164.33
Cash Outflows		
Finance Charges	54,189.40	380,733.33
Payment of Principal/Interest	33,986,194.12	25,953,271.30
<b>Total Cash Outflows</b>	<b>34,040,383.52</b>	<b>26,334,004.63</b>
<b>Cash Provided by Financing Activities</b>	<b>16,521,731.38</b>	<b>20,584,159.70</b>
<b>Net Cash Provided by Operating, Investing and Financing Activities</b>	<b>2,041,940.92</b>	<b>2,880,549.94</b>
Cash and Cash Equivalents, Beginning	7,329,824.04	4,449,274.10
<b>Cash and Cash Equivalents, Ending (Note 3)</b>	<b>P 9,371,764.96</b>	<b>P 7,329,824.04</b>

*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 (CCC) No. 407 was issued by Local Water Utilities Administration (LWUA) 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 corporations (GOCCs) 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, 2016, the District has 22 pumping stations which serve 27 barangays with 31,432 total active service connections. The District is categorized as Category A pursuant to the Local Water District Manual on Re-categorization in January 2017.

The District 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, 2016, the District's Board of Directors was composed of the following:

Name	Sector	Position/Designation
Mr. Conrado E. Evangelista	Education	Chairman
Ms. Maria Lourdes C. Sablan	Professional	Vice-Chairman
Mr. Florido S. Santos	Business	Secretary
Ms. Zenaida R. Salao	Women	Member
Ms. Maria Manolita C. Cruz	Civic	Member

The District has 117 personnel as of December 31, 2016, headed by its General Manager, Mr. Artemio F. Baylosis.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Accounting System

The District 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 expense 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, petty cash fund, and cash in banks available for general expenditures and for fixed deposits, viz:

	2016	2015
Cash - Collecting Officers	₱ 383,696.55	₱ 731,911.70
Cash - Petty Cash Fund	19,000.00	19,000.00
Cash in Bank		
Local Currency, Savings Account (LCSA) – Philippine National Bank	0.00	1,861,283.95
LCSA – Landbank of the Philippines (LBP)	2,399,051.66	1,382,517.77
LCSA - Development Bank of the Philippines	4,326,862.02	1,310,331.40
LCSA2 – LBP2	477,891.96	2,024,779.22
LCSA3 – LBP3	1,765,262.77	0.00
<b>Totals</b>	<b>₱9,371,764.96</b>	<b>₱7,329,824.04</b>

### 4. RECEIVABLES

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 Deposits to Meralco of various Pumping Stations of the District.



	2016	2015
Accounts Receivable – Customer	₱ 14,887,221.93	₱14,791,835.39
Notes Receivable	2,367,249.21	2,177,737.46
Other Receivables	4,713,590.50	4,871,011.59
Allowance for Bad Debts	(1,283,461.82)	(1,283,461.82)
<b>Net</b>	<b>₱20,684,599.82</b>	<b>₱20,557,122.62</b>

## 5. INVENTORIES

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

	2016	2015
Office Supplies Inventory	₱1,039,578.45	₱1,244,862.02
Materials Inventory	7,198,580.25	7,259,153.13
Chemical Supplies Inventory	489,800.00	190,900.00
<b>Totals</b>	<b>₱8,727,958.70</b>	<b>₱8,694,915.15</b>

## 6. OTHER DEFFERED DEBITS

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

	2016	2015
Balance as of 1998	₱1,398.00	₱1,398.00
Bond Deposits to DPWH	216,838.00	216,838.00
Meter Deposits to Meralco	185,800.00	185,800.00
Advances to Contractors	0.00	490,050.00
For Adjustment	140,161.19	140,161.19
<b>Totals</b>	<b>₱544,197.19</b>	<b>₱1,034,247.19</b>

## 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.

	2016	2015
Investments in Time Deposits	₱703,210.37	₱1,736,150.85
Other Investments	0.00	691,077.13
<b>Totals</b>	<b>₱703,210.37</b>	<b>₱2,427,227.98</b>

## 8. PROPERTY, PLANT AND EQUIPMENT, Net

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:

	2016	2015
Land and Land Improvements	₱ 19,141,676.76	₱ 19,141,676.76
Waterworks Structures and Facilities	391,848,089.63	325,562,939.64
Office Buildings	70,646,825.57	32,715,934.64
IT Equipment and Software	31,202,067.65	25,914,385.65
Communication Equipment	2,248,737.27	2,047,112.27
Construction and Heavy Equipment	1,846,286.71	1,846,286.71
Other Machineries and Equipment	7,504,913.00	6,563,633.00
Land Transportation Equipment	25,884,339.90	25,344,039.90
Other Property, Plants and Equipment	156,122.00	156,122.00
Office Equipment, Furniture and Fixtures	14,590,081.95	8,779,168.19
Construction in Progress	5,996,325.27	46,450,555.83
Total PPE	571,065,465.71	494,521,854.59
Accumulated Depreciation	(188,748,370.64)	(162,374,572.88)
<b>Net Book Value</b>	<b>₱382,317,095.07</b>	<b>₱332,147,281.71</b>

## 9. INTER-AGENCY PAYABLES

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

	2016	2015
Due to BIR	₱825,604.10	₱ 658,712.37
Due to GSIS	794,867.59	660,766.60
Due to Pag-IBIG	94,754.42	89,490.72
Due to Philhealth	54,575.00	49,075.00
Due to LBP Loans	6,195.30	0.00
Due to Provident Fund	4,269,345.68	1,464,221.94
<b>Totals</b>	<b>₱ 6,045,342.09</b>	<b>₱2,922,266.63</b>

## 10. LOANS PAYABLE

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

	2016	2015
Loans Payable – LWUA	₱5,845,946.65	₱ 6,729,432.65
Loans Payable – LBP	186,863,260.59	156,247,207.85

	2016	2015
Other Long Term Debt	936,316.83	1,583,224.22
<b>Totals</b>	<b>₱193,645,524.07</b>	<b>₱164,559,864.72</b>

## 11. GOVERNMENT EQUITY

These are contributions by government agencies and private corporations which become part of the District's equity.

	2016	2015
Equity from Municipal Government	₱ 3,420,845.00	₱ 3,420,845.00
From National Power Corporation	1,495,000.00	1,495,000.00
Other Paid-In Capital	19,388,551.52	19,388,551.52
<b>Totals</b>	<b>₱24,304,396.52</b>	<b>₱24,304,396.52</b>

## 12. OTHER GENERAL INCOME

These are composed of the following:

	2016	2015
Seminar Fess	₱ 60,088.80	₱ 0.00
Interest Income	37,340.40	19,807.96
Miscellaneous Non- Operating Income	159,240.00	606,313.50
<b>Totals</b>	<b>₱256,669.20</b>	<b>₱626,121.46</b>

## 13. PERSONAL SERVICES

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

	2016	2015
Salaries and Wages – Regular	₱29,279,716.87	₱25,347,516.57
Employees' Benefits	17,233,781.00	16,485,189.82
Honoraria	746,514.00	715,158.00
Overtime and Night Pay	979,054.05	889,604.95
Life and Retirement Insurance	3,471,634.59	2,961,976.90
Pag-IBIG Contributions	146,200.00	335,342.36
PhilHealth Contributions	315,025.00	276,800.00
Provident Fund	2,655,522.09	2,229,636.08
<b>Totals</b>	<b>₱54,827,447.60</b>	<b>₱49,241,224.68</b>

#### 14. MAINTENANCE AND OTHER OPERATING EXPENSES

The maintenance and other operating expenses incurred are shown below:

	2016	2015
Travelling Expenses	₱1,578,116.37	₱ 1,472,137.48
Training Expenses	1,427,686.34	1,475,329.52
Office Supplies Expenses	901,282.56	1,422,285.71
Laboratory/Chemicals Expenses	1,241,199.34	1,334,609.08
Gasoline, Oil and Lubricants	8,882,010.50	2,538,963.80
Electricity Expenses	21,713,249.92	22,325,991.46
Communication Expenses	604,467.76	557,727.49
Advertising Expenses	473,613.11	232,543.95
Rent Expenses	73,999.36	41,740.72
Representation Expenses	277,245.80	187,214.35
Professional Services	566,606.69	336,598.96
Other Operating and Maintenance Expenses	16,546,784.06	14,768,804.61
Donations	24,830.00	52,873.70
Taxes, Duties and Licenses	3,456,061.33	3,453,884.82
Insurance Expenses	837,499.64	838,771.71
Bad Debts Expenses	0.00	0.00
Repairs and Maintenance Expenses	5,252,521.03	5,087,990.16
Depreciation Expenses	26,373,797.76	25,591,899.95
<b>Totals</b>	<b>₱90,230,971.57</b>	<b>₱81,719,367.47</b>

#### 15. FINANCIAL EXPENSES

These are the financial expenses incurred during the operations.

	2016	2015
Bank Charges	₱314,615.90	₱ 564,258.56
Interest Expenses	10,354,013.48	9,437,025.84
<b>Totals</b>	<b>₱10,668,629.38</b>	<b>₱10,001,284.40</b>