



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

FINANCIAL AUDIT REPORT

on the

BALIWAG WATER DISTRICT

Baliuag, Bulacan

For the Year Ended December 31, 2015

8. PROPERTY, PLANT AND EQUIPMENT

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:

	2015	2014
Land and Land Improvements	₱ 19,141,676.76	₱ 19,101,676.76
Waterworks Structures and Facilities	325,562,939.64	289,973,583.15
Office Buildings	32,715,934.64	32,659,974.64
IT Equipment and Software	25,914,385.65	17,744,365.04
Communication Equipment	2,047,112.27	1,945,388.27
Construction and Heavy Equipment	1,846,286.71	1,846,286.71
Other Machineries and Equipment	6,563,633.00	6,276,073.00
Land Transportation Equipment	25,344,039.90	24,978,403.50
Other Property, Plants and Equipment	156,122.00	420,056.16
Office Equipment, Furniture and Fixtures	8,779,168.19	8,506,163.19
Construction in Progress	46,450,555.83	14,964,926.01
Total PPE	494,521,854.59	418,416,896.43
Accumulated Depreciation	(162,374,572.88)	(139,347,617.73)
Net Book Value	₱332,147,281.71	₱279,069,278.70

9. INTER-AGENCY PAYABLES

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

	2015	2014
Due to BIR	₱ 658,712.37	₱ 716,144.88
Due to GSIS	660,766.60	5,169.60
Due to Pag-IBIG	89,490.72	857.44
Due to Philhealth	49,075.00	525.00
Due to Provident Fund	1,464,221.94	2,218,800.19
Totals	₱2,922,266.63	₱2,941,497.11

10. LOANS PAYABLE

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

	2015	2014
Loans Payable – LWUA	₱ 6,729,432.65	₱ 7,543,489.65
Loans Payable – LBP	156,247,207.85	67,371,008.92
Loans Payable – PNB	-	55,237,726.81
Other Long Term Debt	1,583,224.22	58,255.82
Totals	₱164,559,864.72	₱130,210,481.20

11. GOVERNMENT EQUITY

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

	2015	2014
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
Totals	₱24,304,396.52	₱24,304,396.52

12. PERSONAL SERVICES

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

	2015	2014
Salaries and Wages – Regular	₱25,347,516.57	₱23,621,765.82
Employees' Benefits	16,485,189.82	14,606,586.45
Honoraria	715,158.00	619,884.00
Overtime and Night Pay	889,604.95	572,182.40
Life and Retirement Insurance	2,961,976.90	2,883,365.69
Pag-IBIG Contributions	335,342.36	458,938.47
PhilHealth Contributions	276,800.00	268,000.00
Provident Fund	2,229,636.08	1,191,397.75
Totals	₱49,241,224.68	₱44,222,120.58

13. MAINTENANCE AND OTHER OPERATING EXPENSES

The maintenance and other operating expenses incurred are shown below:

	2015	2014
Travelling Expenses	₱ 1,472,137.48	₱ 796,613.74
Training Expenses	1,475,329.52	1,976,305.44
Office Supplies Expenses	1,422,285.71	1,467,551.64
Laboratory/Chemicals Expenses	1,334,609.08	2,636,201.00
Gasoline, Oil and Lubricants	2,538,963.80	2,954,479.40
Electricity Expenses	22,325,991.46	23,084,193.47
Communication Expenses	557,727.49	569,540.15
Advertising Expenses	232,543.95	602,682.85
Rent Expenses	41,740.72	142,115.17
Representation Expenses	187,214.35	145,827.94
Professional Services	336,598.96	335,200.00
Other Operating and Maintenance Expenses	14,768,804.61	15,731,050.43

	2015	2014
Donations	52,873.70	161,000.00
Taxes, Duties and Licenses	3,453,884.82	3,463,021.69
Insurance Expenses	838,771.71	571,299.76
Bad Debts Expenses	-	89,355.37
Repairs and Maintenance Expenses	5,087,990.16	9,247,316.56
Depreciation Expenses	25,591,899.95	23,592,832.65
Totals	₱81,719,367.47	₱87,566,587.26

14. FINANCIAL EXPENSES

These are the financial expenses incurred during the operations.

	2015	2014
Bank Charges	₱ 564,258.56	₱ 186,299.53
Interest Expenses	9,437,025.84	8,028,967.14
Totals	₱10,001,284.40	₱8,215,266.67

15. OTHER GENERAL INCOME

These are composed of the following:

	2015	2014
Interest Income	₱ 19,807.96	₱ 48,970.70
Miscellaneous Non- Operating Income	606,313.50	229,333.63
Totals	₱626,121.46	₱278,304.33



Baliwag Water District

Tomacruz St., Poblacion, Baliwag, Bulacan 3006
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Fax No. : (044) 766-3737
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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, 2015, 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, 2015
(With Comparative Figures for CY 2014)

	2015	2014
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 3)	P 7,329,824.04	P 4,449,274.10
Receivables - Net (Note 4)	20,557,122.62	18,837,980.91
Inventories (Note 5)	8,694,915.15	8,051,365.99
Other Deferred Debits (Note 6)	1,034,247.19	728,997.19
Total Current Assets	37,616,109.00	32,067,618.19
Non-Current Assets		
Investments (Note 7)	2,427,227.98	3,644,875.36
Intangible Assets	-	3,810,699.25
Property, Plant and Equipment - Net (Note 8)	332,147,281.71	279,069,278.70
Total Non-Current Assets	334,574,509.69	286,524,853.31
TOTAL ASSETS	P372,190,618.69	P318,592,471.50
LIABILITIES AND EQUITY		
Current Liabilities		
Payable Accounts	P 2,827,767.14	P 2,896,271.48
Inter-Agency Payables (Note 9)	2,922,266.63	2,941,497.11
Other Current Liabilities	-	1,524,207.68
Total Current Liabilities	5,750,033.77	7,361,976.27
Non-Current Liabilities		
Loans Payable (Note 10)	164,559,864.72	130,210,481.20
Deferred Credits	11,845,190.92	8,020,015.41
Total Non-Current Liabilities	176,405,055.64	138,230,496.61
TOTAL LIABILITIES	182,155,089.41	145,592,472.88
Equity		
Government Equity (Note 11)	24,304,396.52	24,304,396.52
Retained Earnings	165,731,132.76	148,695,602.10
TOTAL EQUITY	190,035,529.28	172,999,998.62
TOTAL LIABILITIES and EQUITY	P372,190,618.69	P318,592,471.50

See accompanying Notes to Financial Statements.

BALIWAG WATER DISTRICT
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2015
(With Comparative Figures for CY 2014)

	2015	2014
INCOME		
Income from Waterworks	P147,485,609.17	P135,384,226.17
Other Service Income	7,016,773.00	7,492,164.82
Fines and Penalties-Business Income	5,733,174.55	5,345,573.45
Gross Income	160,235,556.72	148,221,964.44
EXPENSES		
Personal Services (Note 12)	49,241,224.68	44,222,120.58
Maintenance and Other Operating Expenses (Note 13)	81,719,367.47	87,566,587.26
Financial Expenses (Note 14)	10,001,284.40	8,215,266.67
Total Expenses	140,961,876.55	140,003,974.51
INCOME (LOSS) FROM OPERATION	19,273,680.17	8,217,989.93
ADD: OTHER INCOME		
Other General Income (Note 15)	626,121.46	278,304.33
Gain on Sale of Disposed Assets	259,041.00	45,264.35
Total Other Income	885,162.46	323,568.68
NET INCOME (LOSS)	P 20,158,842.63	P 8,541,558.61

See accompanying Notes to Financial Statements.

BALIWAG WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2015
(With Comparative Figures for CY 2014)

	2015	2014
GOVERNMENT EQUITY (Note 11)		
Balance at the Beginning of the Year	P 24,304,396.52	P 24,304,396.52
RETAINED EARNINGS		
Balance at the Beginning of the Year	148,695,602.10	149,098,850.07
Changes during the Year	(3,123,311.97)	(8,944,806.58)
Net Income/(Loss) for the Year	20,158,842.63	8,541,558.61
Balance at the End of the Year	165,731,132.76	148,695,602.10
TOTAL EQUITY	P190,035,529.28	P172,999,998.62

See accompanying Notes to Financial Statements.

BALIWAG WATER DISTRICT

BALIWAG WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015
(With Comparative Figures for CY 2014)

	2015	2014
Cash Flows from Operating Activities		
Cash Inflows		
Collection of Account Receivables	P150,792,401.67	P139,457,895.16
Collection of Service Fees and Charges	3,826,039.00	4,335,275.82
Collection of Other Receivables	3,553,194.67	2,715,590.23
Proceeds from Sale of Materials	208,631.00	178,537.00
Refund of Cash Advances	427,879.56	266,360.75
Miscellaneous Receipts	930,227.54	791,924.29
Cash Debit Adjustment	1,267,231.16	722,377.91
Total Cash Inflows	161,005,604.60	148,467,961.16
Cash Outflows		
Payment of Personal Services	24,359,041.49	20,729,259.15
Payment of Maintenance and Other Operating Expenses	54,011,663.37	55,002,372.99
Payment of Accounts Payable	14,890,111.46	20,206,110.36
Payment of Cash Advances	1,826,350.00	1,583,655.00
Replenishment of Working Fund	206,958.34	544,458.18
Remittances - GSIS, BIR, Philhealth	17,225,652.62	16,601,047.16
Contributions to Provident Fund	7,916,350.95	6,587,057.21
Miscellaneous Disbursements	43,148.00	667,434.75
Cash Credit Adjustment	10,815.04	708,993.17
Total Cash Outflows	120,490,091.27	122,630,387.97
Cash Provided by (Used in) Operating Activities	40,515,513.33	25,837,573.19
Cash Flows from Investing Activities		
Cash Inflows		
Interest on Savings Deposits	8,494.25	7,479.96
Total Cash Inflows	8,494.25	7,479.96
Cash Outflows		
Purchase/Construction of PPE	58,227,617.34	36,482,924.07
Total Cash Outflows	58,227,617.34	36,482,924.07
Cash Provided by (Used in) Investing Activities	(58,219,123.09)	(36,475,444.11)
Cash Flows from Financing Activities		
Cash Inflows		
Proceeds from Borrowings	46,918,164.33	33,061,172.13
Cash Outflows		
Finance Charges	380,733.33	386,524.69
Payment of Principal/Interest	25,953,271.30	25,785,486.85
Total Cash Outflows	26,334,004.63	26,172,011.54
Cash Provided by (Used in) Financing Activities	20,584,159.70	6,889,160.59
Net Cash Provided by (Used in) Operating, Investing and Financing Activities	2,880,549.94	(3,748,710.33)
Cash and Cash Equivalents, Beginning	4,449,274.10	8,197,984.43
Cash and Cash Equivalents, Ending (Note 3)	P 7,329,824.04	P 4,449,274.10

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, 2015, the District has 22 pumping stations which serve 27 barangays with 28,561 total active service connections. The District is categorized as Category B pursuant to the Local Water District Manual on Re-categorization in March 2012.

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, 2015, the District's Board of Directors was composed of the following:

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

The District has 107 personnel as of December 31, 2015, 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 and in banks available for general expenditures and for fixed deposits, viz:

	2015	2014
Cash - Collecting Officers	₱ 731,911.70	₱1,429,464.47
Cash - Petty Cash Fund	19,000.00	19,000.00
Cash in Bank		
Local Currency, Savings Account (LCSA) - PNB	1,861,283.92	1,043,791.64
Local Currency, Savings Account (LCSA) - LBP	1,382,517.77	91,394.38
Local Currency, Savings Account (LCSA) - DBP	1,310,331.40	635,354.61
Local Currency, Savings Account (LCSA) - LBP2	2,024,779.22	1,230,269.00
Subtotal	6,578,912.31	3,000,809.63
Totals	₱7,329,824.01	₱4,449,274.10

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.

	2015	2014
Accounts Receivable – Customer	P14,791,835.39	P12,835,648.21
Notes Receivable	2,177,737.46	2,248,680.98
Other Receivables	4,871,011.59	5,037,113.54
Allowance for Bad Debts	(1,283,461.82)	(1,283,461.82)
Net	P20,557,122.62	P18,837,980.91

5. INVENTORIES

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

	2015	2014
Office Supplies Inventory	P1,244,862.02	P1,573,595.12
Materials Inventory	7,259,153.13	6,136,692.87
Chemical Supplies Inventory	190,900.00	341,078.00
Totals	P8,694,915.15	P8,051,365.99

6. OTHER DEFERRED DEBITS

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

	2015	2014
Balance as of 1998	P 1,398.00	P 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	490,050.00	184,800.00
For Adjustment	140,161.19	140,161.19
Totals	P1,034,247.19	P728,997.19

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.

	2015	2014
Investments in Time Deposits	P1,736,150.85	P1,728,798.23
Other Investments	691,077.13	691,077.13
Reserve Funds (PNB)	-	1,225,000.00
Totals	P2,427,227.98	P3,644,875.36