



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue
Quezon City

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Bayambang Water District
Bayambang, Pangasinan**

Report on the Financial Statements

We have audited the accompanying financial statements of Bayambang Water District, which comprise the statement of financial position as of December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with State Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standard of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The District had an unreconciled balance of P187,470.69 between General Ledger and Aging Schedule of the individual concessionaires of Accounts Receivable-Customers, thereby casting doubts on the reliability, accuracy of the Receivables presented in the Financial Statement.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Bayambang Water District as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard.

COMMISSION ON AUDIT

By:


PEDRO F. SISON, JR.
Supervising Auditor

February 28, 2014



REPUBLIC OF THE PHILIPPINES
NAYABANG WATER DISTRICT
No. 1001 Avenue, Baguio City, Benguet 2600 Philippines
692.12.89

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Nayabang Water District is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2017 and the related Statements of Income and Expenses, Cash Flow and Changes in Government Equity for the year then ended. The financial statements have been prepared in conformity with the generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a 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 disposition and liabilities are recognized.

DELIA E. CARAGAN

As Accounting Officer A

FRANCIS A. FERNANDEZ

General Manager

Approved: Francis A. Fernandez, General Manager
Approved: Delia E. Caragan, Accounting Officer A
Approved: Francis A. Fernandez, General Manager
Approved: Delia E. Caragan, Accounting Officer A

BAYAMBANG WATER DISTRICT
BALANCE SHEET
As of December 31, 2013
(With Comparative Figures for 2012)

| ASSETS | 2013 | 2012 |
|---|----------------------|---------------------|
| Current Assets | | |
| Cash on Hand (Note 1) | P 56,755.81 | P 19,764.00 |
| Party Cash Fund | 10,000.00 | 10,000.00 |
| Cash in bank-Local Currency | | 448,814.56 |
| Cash in Bank, Checking Account(RBCP-001-002-01-13618-6) | 1,098,430.27 | |
| Cash in Bank, Savings Account(RBB-3959) | 262,705.96 | |
| Cash in Bank, Checking Account(LBP-1342-1043-19) | 226,255.68 | |
| Cash in Bank, High Yield Account(LBP-1341-1827-82) | 2,365,089.53 | |
| Cash in Bank, Customers Deposit(LBP-1341-1888-29) | 781,039.33 | |
| Special Deposits | | 304,151.46 |
| Banking Fund | | 2,341,319.96 |
| Receivables (Note 2) | | |
| Accounts Receivable-Customers | 3,305,655.72 | 2,025,926.89 |
| Allowance for Doubtful Accounts | (802,435.20) | |
| Accounts Receivable, Net | 2,503,220.52 | |
| Advances to Officers and Employees | - | 165,573.71 |
| Due from Officers and Employees | - | |
| Accounts Receivable-Others | (12,582.75) | 8,426.95 |
| Inventories (Note 3) | | 3,737,426.99 |
| Accountable Forms Inventory | - | |
| Maintenance Supplies Inventory | - | |
| Merchandise Inventories | 3,506,472.08 | |
| Prepayments, Deposits and Deferred Charges | | 38,739.98 |
| Advances to Contractors | - | |
| Other Prepayments and Deposits (Note 4) | 38,444.06 | |
| Other Deferred Charges | - | |
| Total Current Assets | 10,835,830.49 | 9,100,144.50 |
| Non-Current Assets | | |
| Property, Plant and Equipment | | 89,246,547.42 |
| Land | 4,464,127.38 | |
| Land Improvements, net | | |
| Accumulated Depreciation | | |
| Public infrastructures | | |
| Plant-Wells | 5,293,978.00 | |
| Plant-Supply Mains | 340,071.60 | |
| Other source of supply-Plant | 940,650.90 | |

| | | |
|--|----------------------|----------------------|
| Other Pumping Plant | | |
| Transmission and Distribution Mains | 58,233,848.75 | |
| Meters | 4,721,990.53 | |
| Meter Installation | 182,225.90 | |
| Services | 933,774.50 | |
| Hydrants | 272,115.92 | |
| Reservoir and Tanks | 2,064,099.97 | |
| Buildings and Other Structures, net | | |
| Office Building | 2,000,000.00 | |
| Other Structures | 2,097,499.84 | |
| Other Machinery and Equipment, net | | |
| Power Production Equipment | 3,440,028.87 | |
| Pumping Equipment | 5,710,497.07 | |
| Water Treatment Equipment | 565,198.00 | |
| Communication Equipment | 15,348.00 | |
| Power Operated Equipment | 360,561.23 | |
| Tools, Shop and Garage Equipment | 954,133.95 | |
| Office Equipmen, net | | |
| Office Equipment | 352,212.23 | |
| Furniture and Fixtures, net | | |
| Furniture and Fixtures | 50,000.00 | |
| Motor Vehicles, net | | |
| Motor Vehicle | 2,008,224.12 | |
| Less: Accumulated Depreciation | (32,732,512.17) | (29,289,878.17) |
| Construction Work In Progress | | 194,706.51 |
| Property, Plant & Equipment, Net | 62,268,074.59 | 60,151,375.76 |
| Other Assets | | |
| IT Equipment and Software | 72,000.00 | |
| Restricted Funds | | |
| Other Reserve Funds | | |
| Other Assets | | |
| Total Non - Current Assets (Note 5) | 62,340,074.59 | |
| Total Assets | 73,175,905.08 | 69,251,520.26 |

LIABILITIES and EQUITY

| | | |
|--|----------------------|----------------------|
| Current Liabilities | | |
| Payables | 10,942,571.73 | 9,113,231.94 |
| Total Current Liabilities (Note 6) | 10,942,571.73 | 9,113,231.94 |
| Non - Current Liabilities | | |
| Other Long Term Liabilities | 18,924,892.71 | 23,197,800.19 |
| Total Non - Current Liabilites (Note 7) | 18,924,892.71 | 23,197,800.19 |

Deferred Credits

Equity

Government Equity (Note 8)

19,036,823.15

19,036,823.15

Retained Earnings (Note 9)

24,271,617.49

17,903,664.98

Total Equity

43,308,440.64

36,940,488.13

Total Liabilities and Equity

73,175,905.08

69,251,520.26

(See Accompanying Notes to Financial Statements)

BAYAMBANG WATER DISTRICT
STATEMENT OF INCOME AND EXPENSES
For the Year ended December 31, 2013
(with Comparative Figures for 2012)

BUSINESS INCOME

| | | |
|--------------------------------|-----------------|-----------------|
| Income from Water Works System | P 35,066,855.19 | P 31,248,056.66 |
|--------------------------------|-----------------|-----------------|

General Income

| | | |
|-------------------------------|--------------|------------|
| Miscellaneous Service Revenue | 680,281.75 | 625,925.00 |
| Fines and Penalties | 1,138,922.05 | 954,831.31 |
| Other Income | - | 38,933.80 |
| Miscellaneous Income | - | - |

GROSS INCOME

| | | |
|--|-----------------|-----------------|
| | P 36,886,058.99 | P 32,867,746.77 |
|--|-----------------|-----------------|

Less: Expenses

Personal Expenses

| | | |
|--|------------------------|-----------------------|
| Salaries and Wages-Regular | 4,576,871.75 | 2,076,943.79 |
| Salaries and Wages-Others | 776,055.00 | |
| Overtime and Holiday Pay | - | 112,241.62 |
| Personnel Economic Relief Allowance (PERA) | 135,000.00 | |
| Representation Allowance | 102,000.00 | |
| Transportation Allowance | 102,000.00 | |
| Clothing and Uniform Allowance | 138,000.00 | |
| Honoraria-Director's Fee | 428,172.00 | 818,236.00 |
| Professional Fees | - | 238,991.00 |
| Year End Bonus | 127,500.00 | |
| Other Bonus and Allowances | 3,867,742.97 | |
| GSIS Contribution | 457,909.60 | 595,813.18 |
| Pag-ibig Contribution | 184,098.88 | |
| Phil Health Contribution | 53,865.00 | 47,837.50 |
| ECC Contribution | 27,689.70 | |
| Other Personnel Benefits | 850,380.37 | 4,868,370.92 |
| Total Personal Benefits | P 11,827,285.27 | P 8,758,434.01 |

Maintenance and Other Operating Expenses

| | | |
|--|--------------|--------------|
| Office Supplies Expenses | P 191,822.98 | 241,798.10 |
| Fuel, Oil and Lubricants | 475,925.33 | 380,503.96 |
| Fuel/Power Purchased for Pumping | - | 7,594,549.48 |
| Communications | - | 66,740.62 |
| Chemicals | - | 78,475.00 |
| Pumping Labor and Expenses | - | 910,492.40 |
| Customer Records and Collection Expenses | - | 628,420.50 |
| Travel Expenses | 85,551.60 | 63,090.86 |
| Training Expenses | 87,600.00 | 56,500.00 |
| Telephone Expenses-Landline | 37,989.49 | |
| Telephone Expenses-Mobile | 34,932.46 | |
| Office Light and Power | - | 125,342.52 |

| | | |
|---|------------------------|------------------------|
| Advertising Expenses | 14,000.00 | 25,983.00 |
| Taxes, Duties and Licenses | 78,806.03 | 167,774.09 |
| Franchise and Regulatory Requirements | 756,604.00 | 870,970.27 |
| Fidelity Bond Premiums | 7,500.00 | |
| Representation Expenses | 188,877.60 | 176,081.91 |
| Insurance | - | 63,485.69 |
| Generation, Transmission and Distribution Expenses | 6,729,708.83 | |
| Extraordinary and Miscellaneous Expense | 72,000.00 | 496,279.25 |
| Membership Dues and Contributions | 38,613.38 | |
| Rep.&Maint.-Artesian Well, Reservoir, Pumping Station | 93,253.75 | 220,414.50 |
| Maintenance of Trans.and Distr.Mains | - | 1,412,805.12 |
| Maintenance of Services | - | 234,303.36 |
| Maintenance of General Plant | - | 208,079.01 |
| Maintenance of Structures and Improvements | - | 55,215.00 |
| Rep.&Main.-Building and Structures | - | |
| Rep.&Main.-Office Equipment | - | |
| Rep.&Main.-Land Transportation | 124,000.00 | |
| Rep.&Main.Other Machinery Equipment | 50,024.52 | |
| Donations | 38,613.00 | 65,755.00 |
| Legal Services | 36,000.00 | |
| Technical Services | 121,000.00 | |
| Computer Data Processing Services | 42,000.00 | |
| Depreciation | 3,442,634.00 | |
| Other Operating and Maintenance Expenses | 3,773,857.33 | |
| Total Maintenance and Other Operating Expenses | P 16,521,314.30 | P 14,143,059.64 |
| Depreciation | P | P 3,263,019.00 |
| Total Operating Expenses | P | P 26,164,512.65 |
| Financial Expenses | | |
| Interest Expenses on Long Term Debts | P 2,781,649.11 | 3,065,284.91 |
| Other Interest Charges | 222,161.31 | 237,694.82 |
| Total Financial Expenses | P 3,003,810.42 | P 3,302,979.73 |
| Total Expenses | P 31,352,409.99 | P 29,467,492.38 |
| Income(loss) From Operation | P 5,533,649.00 | P 3,400,254.39 |
| Add(deduct) Other Income/Expenses | | |
| Other Income | | |
| Grant and Donation | - | |
| Interest Income | 46,789.69 | 49,492.67 |
| Discounts | | |
| Total Deductions | | |
| Net Income(Loss) Before Income Tax | P 5,580,438.69 | P 3,449,747.06 |

BAYAMBANG WATER DISTRICT
Bayambang, Pangasinan
CASH FLOW STATEMENT
For the Year Ended December 31, 2013
(With Comparative Figures for 2012)

| | 2013 | 2012 |
|--|------------------------|------------------------|
| CASH FLOWS from OPERATING ACTIVITIES: | | |
| Cash Inflows: | | |
| Collection from Metered Sales | P 35,705,322.81 | P 31,721,729.61 |
| Miscellaneous Service Revenues | 715,836.65 | 668,171.00 |
| Refund of Cash Advances | 79,821.70 | 448,261.42 |
| Sale of Materials | 1,801,743.95 | 1,643,312.27 |
| Other Receipts | 617,375.00 | 550,400.00 |
| Other Income | 871,104.85 | 1,165,271.13 |
| Loan Proceeds from Land Bank | - | 249,390.41 |
| Interest Revenue | 46,789.69 | 49,492.67 |
| Others | 194,015.68 | 5,027.00 |
| Total Cash Inflows | P 40,032,010.33 | 36,501,055.51 |
| Cash Outflows: | | |
| Salaries | P 5,352,926.75 | P 4,625,969.68 |
| Fuel Purchased for Pumping | 6,912,850.44 | 6,876,545.21 |
| Chemicals and Filtering Materials | 63,857.50 | 55,900.00 |
| Advances to Officers and Employees | 607,230.00 | 1,058,437.33 |
| Other Operating and Miscellaneous Expenses | 7,578,609.94 | 6,187,856.59 |
| Debt Service | 6,724,460.00 | 6,107,462.00 |
| Fund Reserve | 23,769.57 | 37,605.48 |
| Other Disbursements | 10,505,118.43 | 11,350,865.56 |
| UPIS | 601,055.00 | 589,714.07 |
| Total Cash Outflow | P 38,369,877.63 | P 36,890,355.92 |
| Total Cash Provided (USED) by Operating Activities | P 1,662,132.70 | P (389,300.41) |
| CASH PROVIDED BY OPERATING, | | |
| INVESTING & FINANCING | | |
| Add: Cash & Cash Equivalent - Beginning | P 772,774.35 | P 1,172,050.43 |
| Adjustments | 280.00 | |
| CASH & CASH EQUIVALENT- ENDING | P 2,435,187.05 | P 782,750.02 |
| BREAKDOWN OF CASH & CASH EQUIVALENT | | |
| Cash - collecting officer | P 56,755.81 | |
| Working Fund | 10,000.00 | |
| Cash in Bank | 1,587,391.91 | |
| Special Deposits | 781,039.33 | |
| | P 2,435,187.05 | |

BAYAMBANG WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
As of December 31, 2013
(With Comparative Figures for 2012)

| | 2013 | 2012 |
|--|------------------------|------------------------|
| Government Equity | | |
| Beginning Balance | P 36,940,508.13 | P 32,347,719.94 |
| Add(deduct)Adjustments | | |
| Prior Year Adjustment | | (2,250.00) |
| Correcting Entry (12/30/12) | (20.00) | |
| Check not issued on 2012 | 17,966.00 | |
| Over liquidation of prior year's cash adv. | 900.00 | |
| Liquidation of cash adv. of prior years | (116,730.36) | |
| Over recording of account to Northblock | 12,330.00 | |
| Adjustment | 2,094.33 | |
| Net Income for the Period | 6,451,392.54 | 4,595,038.19 |
| GOVERNMENT EQUITY-ENDING | P 43,308,440.64 | P 36,940,508.13 |

Notes to Financial Statements

BALANCE SHEET

Note 1 – Cash and Other Cash Equivalent

This pertains to deposited collections in custody of the collecting officer as of December 31, 2013.

| 2013 | 2012 |
|--------------|------------|
| 2,435,187.05 | 782,750.02 |

Note 2 – Accounts Receivable

This account consists of amount due from customers arising from water sales and penalties.

| 2013 | 2012 |
|--------------|--------------|
| 2,490,637.77 | 2,199,927.55 |

Note 3 – Inventories

This consists of materials and supplies left in the custody of Property Custodian.

| 2013 | 2012 |
|--------------|--------------|
| 3,506,472.08 | 3,737,426.99 |

Note 4 – Prepayments

Amount of advanced for insurance premiums of insurable government property.

| 2013 | 2012 |
|-----------|-----------|
| 38,444.06 | 38,739.98 |

Note 5 – Property, Plant and Equipment (net)

| 2013 | 2012 |
|---------------|---------------|
| 62,340,074.59 | 59,956,669.25 |

Note 6 – Current Liabilities

This includes the unpaid expenses and obligations incurred by the District.

| 2013 | 2012 |
|---------------|--------------|
| 10,942,571.73 | 9,113,231.94 |

Note 7 – Long –Term Liabilities

Loans refers to the initial loan from Local Water Utilities Administration to finance the District's projects.

| 2013 | 2012 |
|---------------|---------------|
| 18,924,892.71 | 23,197,800.19 |

Note 8 - Government Equity

This pertains to the acquired assets and donations of the District.

| 2013 | 2012 |
|---------------|---------------|
| 19,036,823.15 | 19,036,823.15 |

Note 9 – Retained Earnings

This consists of the accumulated earnings or income of the District

| 2013 | 2012 |
|---------------|---------------|
| 24,271,617.49 | 17,903,664.98 |