



Republic of the Philippines
COMMISSION ON AUDIT
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 at December 31, 2014, and the statement of comprehensive income statement, 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 notes in accordance with New Government Accounting System (NGAS).

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 which Internal Control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 the International Standards of Auditing. Those standards require that we comply with 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 the 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

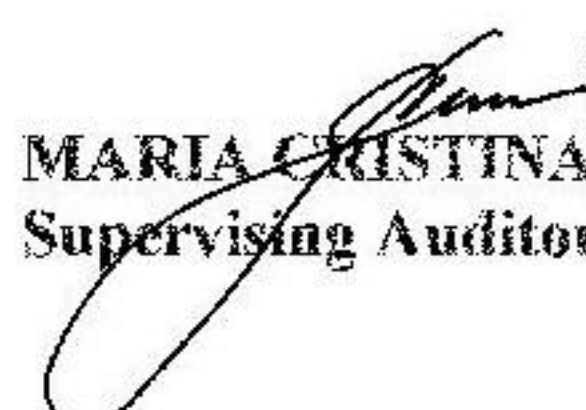
Management did not conduct a physical inventory of its Property, Plant and Equipment with a total amount of ₱100,996,194.87, therefore, their condition, valuation and existence was not established / determined. This raised doubts on the reliability and accuracy of the Property, Plant and Equipment account as presented in the Financial Statements.

Qualified Opinion

In our opinion, except for the effects of the matters 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 at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

COMMISSION ON AUDIT

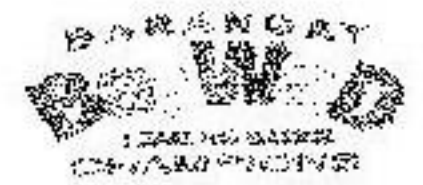
By:


MARIA CRISTINA N. POSERIO
Supervising Auditor

February 25, 2015




REPUBLIC OF THE PHILIPPINES
BAYANBANG WATER DISTRICT
COCOA-1119

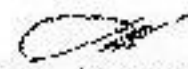


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Bayanbang Water District is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2014 and the related Statements of Income and Expenses, Cash Flows 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 reflected 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.


DONNABE A. JUNIO
Sr. Accounting Professor A


FRANCIS J. FERNANDEZ
General Manager



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Working Towards a Better, Water District for Efficient Water Service

**BAYAMBANG WATER DISTRICT
DETAILED BALANCE SHEET**

As of December 31, 2014
(With Comparative Figures for 2013)

	2014	2013
ASSETS		
Current Assets		
Cash on Hand P	-	56,755.81
Petty Cash Fund	10,000.00	10,000.00
Cash in Bank-Local Currency		
Cash in Bank-Checking Account (RBCP-001-002-01-136)	279,036.64	1,098,430.27
Cash in Bank-Savings Account (RBB-3959)	79,752.29	262,705.96
Cash in Bank-Checking Account (LBP-1342-1043-19)	46,673.88	226,255.68
Cash in Bank-High Yield Account (LBP-1341-1827-82)	2,384,397.47	2,365,089.53
Cash in Bank-Customers Deposit (LBP-1341-1888-29)	1,103,013.17	781,039.33
Special Deposits		-
Sinking Fund		-
Receivables		
Accounts Receivable - Customers	4,283,702.95	3,305,655.72
Allowance for Doubtful Accounts	(802,435.20)	(802,435.20)
Accounts Receivable, Net	3,481,267.75	2,503,220.52
Advances to Officers and Employees	108,818.94	-
Due from Officers and Employees		-
Accounts Receivable - Others	(16,175.85)	(12,582.75)
Inventories		
Accountable Forms Inventory		-
Maintenance Supplies Inventory		-
Merchandise Inventories	2,403,065.58	3,506,472.08
Prepayments, Deposits and Deferred Charges		
Advances to Contractors		-
Other Prepayments and Deposits	30,419.80	38,444.06
Other Deferred Charges		-
Total Current Assets	9,910,269.67	10,835,830.49
Non-Current Assets		
Property, Plant and Equipment		
Land	4,464,127.38	4,464,127.38
Land improvements, net Accumulated Depreciation		-
Public Infrastructures		
Plant - Wells	5,443,978.00	5,293,978.00
Plant - Supply Mains	340,071.60	340,071.60
Other Source of Supply - Plant	940,650.90	940,650.90
Other Pumping Plant		
Transmission and Distribution Mains	61,549,579.22	58,233,848.75

Meters	5,268,097.53	4,721,990.53
Meter Installation	182,225.90	182,225.90
Services	985,321.80	933,774.50
Hydrants	372,008.92	272,115.92
Reservoir and Tanks	2,064,099.97	2,064,099.97
Buildings and Other Structures, net		
Office Building	2,000,000.00	2,000,000.00
Other Structures	2,126,794.59	2,097,499.84
Other Machinery and Equipment, net		
Power Production Equipment	3,515,553.87	3,440,028.87
Pumping Equipment	6,523,687.60	5,710,497.07
Water Treatment Equipment	639,198.00	565,198.00
Communication Equipment	15,348.00	15,348.00
Power Operated Equipment	1,010,412.31	360,561.23
Tools, Shop and Garage Equipment	1,013,882.93	954,133.95
Office Equipment, net		
Office Equipment	521,932.23	352,212.23
Furniture and Fixtures, net		
Furniture and Fixtures		50,000.00
Motor Vehicles, net		
Motor Vehicles	2,019,224.12	2,008,224.12
Less: Accumulated Depreciation	(36,336,163.17)	(32,732,512.17)
Property, Plant and Equipment, Net	64,660,031.70	62,268,074.59
Other Assets		
IT Equipment and Software	72,000.00	72,000.00
Total Non-Current Assets	64,732,031.70	62,340,074.59
Total Assets	P 74,642,301.37	73,175,905.08

LIABILITIES AND EQUITY

LIABILITIES

Current Liabilities		
Payables	10,464,490.84	10,942,571.73
Total Current Liabilities	10,464,490.84	10,942,571.73
Non-Current Liabilities		
Other Long Term Liabilities	15,669,815.12	18,924,892.71
Total Non-Current Liabilities	15,669,815.12	18,924,892.71

EQUITY

Government Equity	19,036,823.15	19,036,823.15
Retained earnings	29,471,172.26	24,271,617.49
Total Equity	48,507,995.41	43,308,440.64

TOTAL LIABILITIES AND EQUITY

P 74,642,301.37	73,175,905.08
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**BAYAMBANG WATER DISTRICT
DETAILED STATEMENT OF INCOME AND EXPENSES**

As of December 31, 2014
(With Comparative Figures for 2013)

	2014	2013
BUSINESS INCOME		
Income from water Works System	P 38,108,813.76	35,066,855.19
General Income		
Miscellaneous Service Income	536,000.00	680,281.75
Fines and Penalties	1,231,877.67	1,138,922.05
Other Income	100,913.00	-
Miscellaneous Income	677,942.62	-
GROSS INCOME	40,655,547.05	36,886,058.99
Less: EXPENSES		
Personal Services		
Salaries and Wages - Regular	4,142,944.00	4,576,871.75
Salaries and Wages - Others	949,806.00	776,055.00
Overtime and Holiday Pay	344,468.36	-
Personnel Economic & Relief Allowance	157,500.00	135,000.00
Representation Allowance	102,000.00	102,000.00
Transportation Allowance	102,000.00	102,000.00
Clothing/Uniform Allowance	138,000.00	138,000.00
Honoraria-Directors Fee	557,465.41	428,172.00
Year-End Bonus	132,402.80	127,500.00
Other Bonuses and Allowances	3,731,811.39	3,867,742.97
GSIS Contribution	523,155.76	457,909.60
PAG-IBIG Contributions	182,310.32	184,098.88
PHILHEALTH Contributions	58,937.50	53,865.00
ECC Contributions	24,608.15	27,689.70
Other Personnel Benefits	526,944.94	850,380.37
Total Personal Benefits	11,674,354.63	11,827,285.27
Maintenance and Other Operating Expenses		
Office Supplies Expense	368,784.35	191,822.98
Fuel, Oil and Lubricants	1,134,123.24	475,925.33
Fuel/Power for Pumping	7,720,699.03	-
Communications	2,080.00	-
Chemicals	162,090.00	-
Pumping Labor and Expenses	973,031.50	-
Customer Records and Collection Expenses	444,051.60	-
Travel Expenses	70,759.00	85,551.60
Training Expenses	94,351.00	87,600.00

Telephone Expenses - Landline	42,181.85	37,989.49
Telephone Expenses - Mobile	43,012.85	34,932.46
Office Light and Power	141,694.30	-
Advertising Expenses	25,221.60	14,000.00
Taxes, Duties and Licenses	694,036.19	78,806.03
Franchise and Regulatory Requirements	685,304.92	756,604.00
Fidelity Bond Premiums	4,800.00	7,500.00
Representation Expenses	314,234.47	188,877.60
Insurance	58,731.23	-
Generation, Transmission and Distribution Expenses	-	6,729,708.83
Extraordinary and Miscellaneous Expense	-	72,000.00
Membership Ducs and Contributions	53,100.00	38,613.38
Repairs and Maintenance - Artesian Wells, Reservoirs, Pumping Stations and Conduits	-	93,253.75
Maintenance of Trans and Distribution Mains	2,136,095.90	
Maintenance of Services	234,425.40	
Maintenance of General Plant	279,104.20	
Maintenance of Structure and Improvement	125,207.00	
Repairs and Maintenance - Land Transportation		124,000.00
Repairs and Maintenance - Other Machinery Equipment		50,024.52
Donations	53,100.00	38,613.00
Legal Services	18,000.00	36,000.00
Technical Services	154,000.00	121,000.00
Computer Data Processing Services	42,000.00	42,000.00
Depreciation	3,603,651.00	3,442,634.00
Other Operating and Maintenance Expenses	1,760,279.32	3,773,857.33
Total Maintenance and Other Operating Expenses	21,438,149.95	16,521,314.30
Financial Expenses		
Interest Expenses on Long Term Debts	2,459,552.52	2,781,649.11
Other Interest Charges	84,341.51	222,161.31
Total Financial Expenses	2,543,894.03	3,003,810.42
Total Expenses	35,656,398.61	31,352,409.99
Income (Loss) from Operation	4,999,148.44	5,533,649.00
Add/Deduct Other Income/Expenses		
Interest Income	31,241.87	46,789.69
Net Income (Loss) before Income Tax	P 5,030,390.31	5,580,438.69

BAYAMBANG WATER DISTRICT
STATEMENT OF CHANGES IN GOVERNMENT EQUITY

As of December 31, 2014
(With Comparative Figures for 2013)

	2014	2013
Government Equity		
Beginning Balances	P 43,308,440.64	36,940,508.01
Add (Deduct) Adjustments		
Prior Year Adjustment		(83,460.03)
Refund of overpayment of materials	(1,609.35)	
Over recording of Account in LIMPAN	11,209.00	
Collections	194,705.51	
Payment of materials for improvements	(30,240.00)	
Over deposit of Collection	59.10	
Adjustment	0.20	
Adjustment for over recording	(4,960.00)	
Net Income for the period	5,030,390.31	6,451,392.54
GOVERNMENT EQUITY - ENDING	P 48,507,995.41	43,308,440.64

**BAYAMBANG WATER DISTRICT
DETAILED CASH FLOW STATEMENT**

As of December 31, 2014
(With Comparative Figures for 2013)

		2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Collection from Metered Sales	P	38,364,917.48	35,705,322.81
Miscellaneous Service Revenues		640,163.00	715,836.65
Refund of Cash Advances		206,031.62	79,821.70
Sale of Materials		1,440,265.63	1,801,743.95
Other Receipts		464,000.00	617,375.00
Other Income		678,182.62	871,104.85
Interest Revenue		27,920.67	46,789.69
Others		218,819.86	194,015.68
Total Cash Inflows		42,040,300.88	40,032,010.33
Cash Outflows			
Salaries		5,009,012.60	5,352,926.75
Fuel Purchased for Pumping		7,719,083.64	6,912,850.44
Chemicals and Filtering Materials		162,090.00	63,857.50
Advances to Officers and Employees		837,195.00	607,230.00
Other Operating and Miscellaneous Expenses		13,583,689.02	7,578,609.94
Debt Service		5,307,460.00	6,724,460.00
Fund Reserve		19,307.94	23,769.57
Other Disbursements		9,255,522.80	10,505,118.43
UPIS		1,087,629.03	601,055.00
Total Cash Outflows		42,980,990.33	38,369,877.63
Total Cash Provided by(Used In) Operating Activities		(940,689.45)	1,662,132.70
CASH PROVIDED BY OPERATING, INVESTING & FINANCING			
Add: Cash and Cash Equivalent - Beginning		2,435,187.05	772,774.35
Adjustment		23,978.38	280.00
CASH AND CASH EQUIVALENT - ENDING	P	1,518,475.98	2,435,187.05
BREAKDOWN OF CASH & CASH EQUIVALENT			
Cash - Collecting Officer	P		56,755.81
Working Fund		10,000.00	10,000.00
Cash in Bank		405,462.81	1,587,391.91
Special Deposits		1,103,013.17	781,039.33
	P	1,518,475.98	2,435,187.05

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies:

1. The Bayambang Water District adopts the Commercial System of Accounting prescribed by the Local water Utilities Administration (LWUA).
2. Revenue and Expense Recognition – The accrual method of accounting is adopted for both income and expense. Under this method, expense are recognized and recorded regardless when paid and revenues or income are recognized and recorded when earned regardless of when collected.
3. Disbursement Procedures – In recording expenditures, the Voucher System is followed in which vouchers payable account is credited prior to payment and debited upon payment.
4. Depreciation – Provision for depreciation is computed based on the straight line method of accounting.

B. Utility Plant in Service

This account refers to the properties and equipment owned by the District. Depreciation of these assets is based on LWUA guidelines on asset depreciation. They are as follows:

	2014	2013
TOTAL	P101,068,194.87	P95,072,586.76
Less: Accum. Depreciation	36,336,163.17	32,732,512.17
Utility Plant in Service – NET	64,732,031.70	62,340,074.59

Cash and Cash Equivalents

This account composed as follows:

Cash on Hand	0.00	0.00
Cash in Bank	405,462.81	1,587,391.91
Special Deposit	1,103,013.17	781,039.33
Working Fund	10,000.00	10,000.00
Total	1,518,475.98	2,378,431.24

Accounts Receivables – Customers

This account refers to amount due from concessionaires arising from water sales services and other incidental services.

Accounts Receivables	4,283,702.95	3,305,655.72
Less: Allo. For Bad Debts	802,435.20	802,435.20
Accounts Receivable – Net	3,481,267.75	2,503,220.52

Materials and Supplies Inventories

This account refers to the cost of construction materials, pipes, fittings, office supplies kept on stock for future use.