



Republic of the Philippines
COMMISSION ON AUDIT
Quezon City

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Binmaley Water District

Binmaley, Pangasinan

Report on the Financial Statements

We have audited the accompanying financial statements of Binmaley Water District, which comprise the statement of financial position as at December 31, 2017, 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 Philippine Financial Reporting Standards (PFRS).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards (PFRS). This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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 applicable Philippine Public Sector Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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 to 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.

Bases for Qualified Opinion

As discussed in Part II of the Report, the report on the physical inventory of Property, Plant and Equipment accounts does not reconcile with the general ledger balances at year end, showing a discrepancy of ₱3,312,786.90, thus, the accuracy and reliability of the recorded amounts as well as the computed accumulated depreciation remained doubtful.

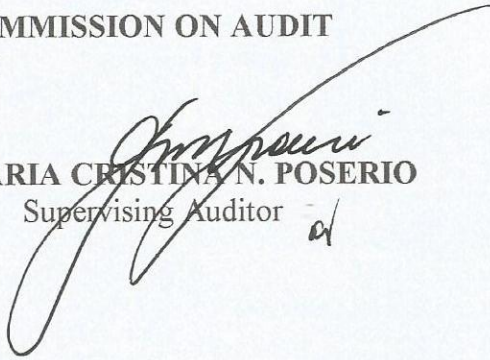
Also, unserviceable Property, Plant and Equipment amounting to ₱3,729,052.40 were not reclassified to the Other Asset Account, thereby, overstating the PPE accounts and understating the Other Asset account.

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 Binmaley Water District as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

COMMISSION ON AUDIT

By:


MARIA CRISTINA N. POSERIO
Supervising Auditor

February 26, 2018



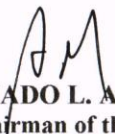
BINMALEY WATER DISTRICT
Binmaley, Pangasinan
Telefax: (075)540-0054; Tel.Nos: (075)540-0057 to 58

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of the **BINMALEY WATER DISTRICT** is responsible for the preparation of the financial statements as at **December 31, 2017**, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the **BINMALEY WATER DISTRICT** in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


AMADO L. AQUINO
Chairman of the Board

Date Signed


MANUELLA D. DE VERA
Division Manager B
1-19-2018

Date Signed


MARIANO V. GONZALO
General Manager

Date Signed



BINMALEY WATER DISTRICT
Binmaley, Pangasinan
Detailed Statement of Financial Position
AS of December 31, 2017

			2017		2016
<u>ASSETS AND OTHER DEBITS</u>					
<u>CURRENT ASSETS</u>					
Cash and Cash equivalents					
Cash- Collecting Officer	1-01-01-010	P	918,288.40	P	936,371.82
Petty Cash	1-01-01-020		-		-
Advances for Payroll	1-99-01-020		-		-
Total			918,288.40		936,371.82
Cash in Bank-Local Currency					
Cash in Bank- Local Currency Current Account	1-01-02-020		1,142,983.73		1,057,319.90
Cash in Bank- Local Currency Savings Account	1-01-02-030		43,921,450.91		28,948,270.94
Total			45,064,434.64		30,005,590.84
Receivables					
Accounts Receivable	1-03-01-010		3,747,635.40		3,900,224.85
Allowance for Doubtful Accounts	1-03-01-011		-		(67,607.83)
Due from Officers and Employees	1-03-05-020		-		-
Other Receivable	1-03-05-990		191,050.28		510,351.68
Receivership and Liquidation Receivable	1-03-01-190		2,277,809.17		2,277,809.17
Total			6,216,494.85		6,620,777.87
Inventories					
Merchandise Inventory	1-04-01-010		674,794.24		562,007.28
Supplies					
Office Supplies Inventory	1-04-04-010		46,999.54		62,596.29
Non-Accountable Forms Inventory	1-04-04-030		23,825.32		28,282.00
Semi-Expendable Office Equipment	1-04-05-020		156,316.00		156,316.00
Accountable Forms, Plates and Stickers Inventory	1-04-04-020		293,871.23		101,371.46
Chemicals and Filtering Supplies Inventory	1-04-04-120		258,100.00		175,450.00
Construction Materials Inventory	1-04-04-130		1,798,419.80		1,149,047.25
Total			2,577,531.89		1,673,063.00
Prepayments					
Prepaid Rent	1-99-02-020		36,000.00		36,000.00
Prepaid Insurance	1-99-02-050		-		66,240.69
Other Prepayments	1-99-02-990		100,000.00		111,442.72
Total			136,000.00		213,683.41
Other Current Assets					
Guaranty Deposits	1-99-03-020		80,551.00		130,551.00
TOTAL CURRENT ASSETS		P	55,668,095.02	P	40,142,045.22

NON-CURRENT ASSETS**Sinking Fund**

Sinking Fund	1-02-07-010	3,126,329.54	2,681,609.01
TOTAL NON-CURRENT ASSETS		P 3,126,329.54 P	2,681,609.01

PROPERTY, PLANT AND EQUIPMENT

Land	1-06-01-010	9,839,240.79	9,789,240.79
Land Improvements	1-06-02-010	80,380.00	80,380.00
Accumulated Depreciation- Land Improvements	1-06-02-011	(29,725.20)	(27,064.20)
Buildings	1-06-04-010	210,091,024.63	210,091,024.63
Accumulated Depreciation- Buildings and Other Structures	1-06-04-011	(37,018,606.22)	(33,595,102.10)
Leased Assets Improvements, Buildings	1-06-09-020	161,593.16	161,593.16
Accumulated Depreciation- Leasehold Impvt.	1-06-09-021	(145,433.84)	(145,433.84)
Office Equipment	1-06-05-020	640,652.00	611,927.00
Accumulated Depreciation- Office Equipment	1-06-05-021	(439,897.02)	(392,327.22)
IT Equipment	1-06-05-030	1,882,844.00	1,786,144.00
Accumulated Depreciation – IT Equipment	1-06-05-031	(1,380,409.80)	(1,240,794.60)
Medical Equipment	1-06-05-110	69,830.00	69,830.00
Accumulated Depreciation- Laboratory Equipment	1-06-05-111	(13,455.00)	(13,455.00)
Other Machinery and Equipment	1-06-05-990	15,833,607.22	14,762,805.98
Accumulated Depreciation- Other Machinery and Equipment	1-06-05-990	(7,157,779.88)	(6,516,476.72)
Motor Vehicles	1-06-06-010	2,770,688.87	2,049,688.87
Accumulated Depreciation-Motor Vehicles	1-06-06-011	(1,476,299.49)	(1,326,639.09)
Furniture and Fixtures	1-06-07-010	218,596.56	218,596.56
Accumulated Depreciation- Furniture and Fixtures	1-06-07-010	(130,946.11)	(91,598.71)
Other Property Plant and Equipment	1-06-98-990	69,506,375.86	68,145,618.52
Accumulated Depreciation- Other Property Plant & Equipment	1-06-98-991	(24,717,221.59)	(23,257,929.94)
Construction-in-Progress- Other Property Plant & Equip.	1-06-99-990	2,737,193.56	1,224,557.56
Construction-in-Progress- Buildings and Other Structures	1-06-99-030	-	-
TOTAL PROPERTY, PLANT AND EQUIPMENT		P 241,322,252.50 P	242,384,585.65

OTHER ASSETS

Restricted funds	1-99-04-010	7,385,769.98	6,070,527.28
Other Assets	1-99-99-990	302,854.11	271,162.82
TOTAL OTHER ASSETS		P 7,688,624.09 P	6,341,690.10

TOTAL ASSETS

TOTAL ASSETS	P 307,805,301.15 P	291,549,929.98
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LIABILITIES, EQUITY AND OTHER CREDIT ACCOUNTS
CURRENT LIABILITIES

Payable Accounts			
Accounts Payable	2-01-01-010	P 34,687.00	P 14,437.00
Due to Officers and Employees	2-01-01-020	1,368,688.00	566,000.00
Total		<u>1,403,375.00</u>	<u>580,437.00</u>
Inter-Agency Payables			
Due to BIR	2-02-01-010	181,212.34	212,477.41
Due to GSIS	2-02-01-020	252,956.32	227,568.34
Due to Pag-IBIG	2-02-01-030	30,345.91	42,102.51
Due to Philhealth	2-02-01-040	15,500.00	14,025.00
Total		<u>480,014.57</u>	<u>496,173.26</u>
Other Payables			
Customers' Deposit	2-04-01-050	5,955,308.80	5,491,753.10
Other Payables	2-99-99-990	1,832,985.84	1,832,985.84
Total		<u>7,788,294.64</u>	<u>7,324,738.94</u>
TOTAL CURRENT LIABILITIES		P <u>9,671,684.21</u>	P <u>8,401,349.20</u>
<u>NON-CURRENT LIABILITIES</u>			
Loans Payable-Domestic	2-01-02-040	8,248,436.83	10,081,422.67
TOTAL NON-CURRENT LIABILITIES		<u>8,248,436.83</u>	<u>10,081,422.67</u>
TOTAL LIABILITIES		P <u>17,920,121.04</u>	P <u>18,482,771.87</u>
<u>EQUITY</u>			
Government Equity	3-04-01-020	188,853,236.22	188,853,236.22
Retained Earnings	3-07-01-010	101,031,943.89	84,213,921.89
TOTAL EQUITY		P <u>289,885,180.11</u>	P <u>273,067,158.11</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDIT ACCOUNTS		P <u><u>307,805,301.15</u></u>	P <u><u>291,549,929.98</u></u>

"See Accompanying Notes to Financial Statements"



BINMALEY WATER DISTRICT
Binmaley, Pangasinan
Detailed Statement of Comprehensive Income
For the year ended December 31, 2017

			2017		2016
Account Number					
Business Income:					
Waterworks System Fees	4-02-02-090	P	55,777,242.57	P	53,477,394.91
Interest Income	4-02-02-210		104,928.99		91,291.29
Fines and Penalties- Business Income	4-02-02-230		2,412,315.70		2,346,616.65
Other Service Income	4-02-01-990		340,950.00		335,050.00
Miscellaneous Income	4-06-03-990		309,696.55		353,545.55
Total Business and Service Income		P	58,945,133.81	P	56,603,898.40
Less: Expenses:					
Personnel Services					
Salaries and Wages-Regular	5-01-01-010	P	8,459,104.00	P	7,643,583.26
Salaries and Wages-Contractual	5-01-01-020		213,400.00		185,240.00
Personnel Economic Relief Allowance (PERA)	5-01-02-010		757,500.00		727,244.01
Representation Allowance	5-01-02-020		282,000.00		282,000.00
Transportation Allowance	5-01-02-030		282,000.00		282,000.00
Clothing and Uniform Allowance	5-01-02-040		155,000.00		150,000.00
Honoraria	5-01-02-100		1,002,378.00		936,380.00
Overtime and Night Pay	5-01-02-130		561,963.14		497,116.24
Year-end Bonus	5-01-02-140		1,014,639.00		772,516.00
Other Bonuses and Allowances	5-01-02-990		1,295,330.46		1,517,894.00
Personnel Benefit Contributions					
Retirement and Life Insurance Premiums	5-01-03-010		1,043,046.60		937,785.24
PAG-IBIG Contributions	5-01-03-020		39,200.00		37,400.00
PHILHEALTH Contributions	5-01-03-030		91,400.00		84,250.00
Employees Compensation Insurance Premiums	5-01-03-040		38,881.60		37,058.40
Terminal Leave Benefits	5-01-04-030		-		-
Other Personnel Benefits	5-01-04-990		1,540,583.00		1,492,010.00
Total		P	16,776,425.80	P	15,582,477.15
Maintenance and Operating Expenses					
Travelling Expenses-Local	5-02-01-010	P	64,895.33	P	57,291.86
Training Expenses	5-02-02-010		476,104.60		76,200.00
Office Supplies Expense	5-02-03-010		171,269.27		194,721.95
Accountable Forms Expenses	5-02-03-020		115,123.73		106,684.39
Fuel, Oil and Lubricants Expenses	5-02-03-090		325,994.37		269,540.45
Chemical and Filtering Supplies Expenses	5-02-03-130		3,610,941.00		3,419,310.00
Other Supplies and Materials Expenses	5-02-03-990		43,640.76		25,515.75
Electricity Expenses	5-02-04-020		262,246.90		232,314.38
Postage and Courier Services	5-02-05-010		2,259.00		2,418.00
Telephone Expenses- Landline	5-02-05-010		70,890.92		71,516.66
Membership Dues and Cont. to Organizations	5-02-99-060		10,882.00		29,212.00
Printing and Publication Expenses	5-02-99-020		3,300.00		780.00
Advertising, Promotional and Marketing Expenses	5-02-99-010		64,900.00		66,400.00
Representation Expenses	5-02-99-030		610,209.49		544,385.20
Generation, Transmission and Distribution Exp.	5-02-09-010		8,935,065.55		8,562,504.23
Auditing Services	5-02-11-020		-		770.00
Security Services	5-02-12-030		539,550.00		324,000.00
Other Professional Services	5-02-11-990		189,000.00		128,081.60

Repairs and Maintenance - Land Improvements	5-02-13-020	-	-
Repairs and Maintenance - Bldgs. & Other Struct.	5-02-13-040	11,802.25	26,742.75
Repairs and Maintenance - Leased Assets Imprvt	5-02-13-090	-	-
Repairs and Maintenance - Office Equipment	5-02-13-051	14,990.00	10,220.00
Repairs and Maintenance - IT Equipment	5-02-13-052	26,324.60	17,510.00
Repairs and Maintenance - Medical Equipment	5-02-13-053	-	-
Repairs and Maintenance - Other Mach.and Equip't	5-02-13-054	163,368.75	153,949.00
Repairs and Maintenance - Motor Vehicles	5-02-13-060	83,530.63	66,793.12
Repairs and Maintenance - Furniture and Fixtures	5-02-13-070	-	-
Repairs and Maintenance - Other Prop. Plant & Equip	5-02-13-990	200,865.77	401,205.11
Extraordinary and Miscellaneous Expenses	5-02-10-030	128,701.56	163,459.15
Taxes, Duties and Licenses	5-02-15-010	1,035,720.89	1,029,287.95
Insurance Expenses	5-02-15-030	95,660.57	88,608.29
Donations	5-02-99-080	84,722.00	93,500.00
Depreciation - Land Improvements	5-05-01-020	2,661.00	2,661.00
Depreciation - Buildings and Other Structures	5-05-01-040	3,423,504.12	3,423,504.12
Depreciation - Leased Assets Improvement	5-05-01-090	-	-
Depreciation - Office Equipment	5-05-01-051	47,569.80	47,569.80
Depreciation - IT Equipment	5-05-01-052	139,615.20	139,615.20
Depreciation - Medical Equipment	5-05-01-053	-	-
Depreciation - Other Machinery and Equipment	5-05-01-054	641,303.16	641,303.16
Depreciation - Motor Vehicles	5-05-01-060	149,660.40	149,660.40
Depreciation - Furniture and Fixtures	5-05-01-070	39,347.40	39,347.40
Depreciation - Other Property Plant & Equipment	5-05-01-990	1,707,585.36	1,707,585.36
Interest Expenses	5-03-01-020	830,587.44	968,155.55
Impairment Loss-Loans and Receivables	5-05-03-020	117,418.07	-
Total Maintenance and Operating Expenses		P <u>24,441,211.89</u>	P <u>23,282,323.83</u>
Total Expenses		<u>41,217,637.69</u>	<u>38,864,800.98</u>
Net Income for the Period		P <u>17,727,496.12</u>	P <u>17,739,097.42</u>

"See Accompanying Notes to Financial Statements"



BINMALEY WATER DISTRICT

Binmaley, Pangasinan

COMPREHENSIVE STATEMENT OF CHANGES IN EQUITY

For the years 2016 and 2017

	2017	2016
Government Equity Beginning	P 188,853,236.22	P 188,853,236.22
Retained Earnings, Beginning	84,213,921.89	67,178,866.28
Add/(Deduct): Prior Period Adjustments	(909,474.12)	(704,041.81)
Add: Net Income	17,727,496.12	17,739,097.42
Balances at Year-end	P <u>289,885,180.11</u>	P <u>273,067,158.11</u>



BINMALEY WATER DISTRICT
Binmaley, Pangasinan
Comprehensive Statement of Cash Flows
For the years 2016 and 2017

		<u>2017</u>		2016
<u>Cash Flows from Operating Activities</u>				
Cash Inflows:				
Collection of Water Bills	P	58,157,121.82	P	55,869,224.66
Collection of Other Water Revenues		656,326.22		688,932.84
Refund of overpayment of expenses and Cash Advances/Receivables		1,021,890.33		811,335.41
Sale of service connection materials		1,650,944.83		1,688,717.98
Customer Deposit		523,781.50		527,183.10
Interest Income		53,123.56		46,549.90
Total Cash Inflows	P	<u>62,063,188.26</u>	P	<u>59,631,943.89</u>
Cash Outflows:				
Payment of Operating Expenses:				
Payroll		9,430,004.00		8,556,067.27
Fuel/Power Purchased for Pumping		8,218,365.59		8,469,754.23
Chemicals		1,518,591.00		1,288,360.00
Other Operation and Maintenance Expenses		8,551,230.73		6,829,595.68
Payment of Payables		1,218,795.50		1,667,868.00
Purchase of Inventories		5,215,070.00		4,601,218.81
Payment of prepaid expenses				
Remittance of GSIS/PAG-IBIG/Withholding Taxes		5,661,381.44		5,007,442.16
Total Cash Outflows		<u>39,813,438.26</u>		<u>36,420,306.15</u>
Total Cash Provided (used) by Operating Activities	P	<u>22,249,750.00</u>	P	<u>23,211,637.74</u>
<u>Cash Flows from Investing Activities:</u>				
Cash Inflows:				
Receipt from repayment of long term loans by LGUs		-		-
Proceeds from maturing Treasury Bills/Short-Term Investment		-		-
Proceeds from sale of:		-		-
Total Cash Inflows		-		-
Cash Outflows:				
Addition to Sinking Fund		440,514.10		-
Cash Deposit- Miscellaneous Special Fund		1,327,869.50		1,896,556.24
Purchase/construction of				
Other Machinery & Equipment		356,241.24		1,844,162.25
Office Equipment, IT Equipment Furnitures and Fixtures, Land Trans		319,025.00		176,200.00
Land, Buildings and Other Structures		638,255.50		1,616,771.50
Construction in Progress		1,463,511.00		1,224,557.56
Total Cash Outflows		<u>4,545,416.34</u>		<u>6,758,247.55</u>
Total Cash Provided (Used) by Investing Activities	P	<u>(4,545,416.34)</u>	P	<u>(6,758,247.55)</u>

Cash Flows from Financing Activities**Cash Inflows:**

Proceeds from Borrowings (Loans Payable)	-	-
Interest Earnings of Miscellaneous Special Deposit	-	181,710.63

Cash Outflows:

Cash payment of interest on loans and other financial charges	830,587.44	968,155.55
Payments of domestic loans	<u>1,832,985.84</u>	<u>1,832,985.84</u>

Total Cash Outflows	<u>2,663,573.28</u>	<u>2,801,141.39</u>
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Total Cash Provided (used) by Financing Activities	<u>(2,663,573.28)</u>	<u>(2,619,430.76)</u>
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Cash Provided by Operating, Investing and Financing Activities	15,040,760.38	13,833,959.43
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Add: Cash and Cash Equivalents - Beginning	<u>30,941,962.66</u>	<u>17,108,003.23</u>
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Cash and Cash Equivalents, Ending	P <u>45,982,723.04</u>	P <u>30,941,962.66</u>
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**BINMALEY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTES TO FINANCIAL STATEMENTS 2017

1. AGENCY BACKGROUND

Binmaley Water District (BIWAD) was formed through Resolution No. 40, s. 1978 on August 5, 1978 passed by the Sangguniang Bayan Members of Binmaley. On October 5, 1979, Conditional Certificate of Conformance No. 097 was issued by the Local Water Utilities Administration (LWUA) pursuant to PD 198. With its existence, the municipal government of Binmaley transferred the ownership and management of the waterworks system to BIWAD. In 1992, all water districts were declared as Government Owned and Controlled Corporations by the Supreme Court in the landmark case of Davao City Water District vs. Civil Service Commission.

As of December 31, 2017, the district has 8 wells catering on a 24/7 service to the community. The District is also a beneficiary of two constructed and operational water treatment plants from the Japanese Government through the Japan International Cooperation Agency (JICA). The said treatment plants are now serving the Municipality with safe, affordable and potable water.

As of December 31, 2017, the District has 11,439 service connections with thirty four (34) hardworking employees under the stewardship of Engr. Mariano V. Gonzalo. With the cooperation of its staff and the Board of Directors, BIWAD continues in its mission to be of service to the people of Binmaley.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting System

The Binmaley Water District adopts the Philippine Financial Reporting Standards (PFRS) using the Revised Chart of Accounts (RCA) prescribed through COA Circular No. 2015-010 dated December 01, 2015 for use by Government Business Entities (GBEs).

b. Revenue and Expense Recognition

The District adopts the accrual method of accounting for both income and expense. Under this method, expenses are recognize and recorded regardless of when paid while revenues or income are recognized and recorded when earned regardless of when collected.

c. Inventories and Supplies

Inventories consisting of service connection materials held for sale and supplies held for consumption are recorded at cost using the moving average method.

d. Property, Plant and Equipment

Property, plant and equipment are carried in the books at cost less accumulated depreciation. Depreciation is computed using the straight line method.

3.CASH AND CASH EQUIVALENTS

This account consists of the following:

	2017	2016
Cash-Collecting Officer	918,288.40	936,371.82
Petty Cash	-0-	-0-
Advances for Payroll	-0-	-0-
TOTAL	918,288.40	936,371.82

4. CASH IN BANK-LOCAL CURRENCY

This account includes receivables from the following:

	2017	2016
Cash in Bank –Local Currency Current Account (LBP-2422-1025-77)	1,142,983.73	1,057,319.90
Cash in Bank-Local Currency Savings Account:		
LBP-2421-1434-66	43,921,450.91	28,948270.94
P43,838,302.04		
LBP-2421-1615-88	83,148.87	
83,148.87		
TOTAL	45,064,434.64	30,005,590.84

5. RECEIVABLES

This account includes receivables from the following:

	2017	2016
Accounts Receivables	3,747,635.40	3,900,224.85
Due from Officers and Employees	-0-	-0-
Other Receivables	191,050.28	510,351.68
Receivership and Liquidation Receivable	2,277,809.17	2,277,809.17
Total	6,216,494.85	6,688,385.70
Less: Allowance for Doubtful Accounts	-0-	67,607.83
Net Realizable Value	6,216,494.85	6,620,777.87

Accounts Receivable represents uncollected water bills from active and inactive concessionaires.

Other Receivables refer to the amount due from customers or other parties arising from transactions other than water sales and unpaid materials used by concessionaires.

Receivership and Liquidation Receivable represents the Foreclosed deposit of a Savings Account from People's Rural Bank of Binmaley which is under PDIC Receivership.

6. INVENTORIES

This account consists of the following:

	2017	2016
Merchandise Inventory	674,794.24	562,007.28
Office Supplies Inventory	46,999.54	62,596.29
Non-Accountable Forms Inventory	23,825.32	28,282.00
Semi-Expendable Office Equipment	156,316.00	156,316.00
Accountable Forms Inventory	293,871.23	101,371.46
Chemical and Filtering Supplies Inventory	258,100.00	175,450.00
Construction Materials Inventory	1,798,419.80	1,149,047.25
Total Inventories	3,252,326.13	2,235,070.28

Merchandise Inventory composed of Service Connection Materials Held for Sale to concessionaires for installation of New Connection, Reconnections and other maintenance purposes.

Office Supplies Inventory are those supplies held for consumption.

Non-Accountable Forms Inventory composed of Printed Forms for office use.

Accountable Forms Inventory composed of Commercial Checks, Official Receipts, Provisional Receipts, Statement of Account and Notice of Disconnection.

Chemical and Filtering Supplies Inventory composed of Poly Aluminum Chloride, a chemical used for Coagulation process in the Water Treatment Plant operations.

Construction Materials Inventory composed of UPVC pipes, Fittings and Water Meters.

7. PREPAYMENTS

This account is composed of the following:

	2017	2016
Prepaid Rent	36,000.00	36,000.00
Prepaid Insurance	-0-	66,240.69
Other Prepayments and Deposits	100,000.00	111,442.72
Total	136,000.00	213,683.41

8. SINKING FUND

Sinking Fund represents the Joint Savings Account of the Water District and the Local Water Utilities Administration as “Reserves” for utilization as needed.

9. PROPERTY, PLANT AND EQUIPMENT

This account consists of the following:

- A. Land
- B. Land Improvements
- C. Buildings
 - C.1 Office Building
 - C.2 Water Treatment Plants
 - C.3 Structures and Improvements (Source of Supply, Water Treatment, Transmission and Distribution, Reservoir)
- D. Leased Assets Improvements
- E. Office Equipment
- F. IT Equipment

- G. Medical Equipment
- H. Other Machinery and Equipment
 - H.1 Power Production Equipment
 - H.2 Pumping Equipment
 - H.3 Water Treatment Equipment
 - H.4 Communication Equipment
 - H.5 Tools, Shop and Garage Equipment
 - H.6 Sports Equipment
- I. Motor Vehicles
- J. Furniture and Fixtures
- K. Other Property Plant and Equipment
 - K.1 Wells
 - K.2 Supply Mains
 - K.3 Reservoirs and Tanks
 - K.4 Transmission and Distribution Mains
 - K.5 Water Meters
 - K.6 Hydrants
- L. Construction in Progress-Other Plant and Equipment

10. OTHER ASSETS

This account includes the following:

	2017	2016
Restricted Funds	7,385,769.98	6,070,527.28
Other Assets	302,854.11	271,162.82
TOTAL	7,688,624.09	6,341,690.10

Restricted Funds represents Bank Deposits of Trust Liability Accounts such as Customers' Deposit and employees refund of Disallowance pending the decision of the Appeal filed to COA Commission Proper.

11. INTER-AGENCY PAYABLES

This account consists of the following:

	2017	2016
Due to BIR	181,212.34	212,477.41
Due to GSIS	252,956.32	227,568.34
Due to Pag-IBIG	30,345.91	42,102.51
Due to Philhealth	15,500.00	14,025.00
TOTAL	480,014.57	496,173.26

12. OTHER PAYABLES

This account is composed of the following:

	2017	2016
Customers' Deposit	5,955,308.80	5,491,753.10
Other Payables	1,832,985.84	1,832,985.84
TOTAL	7,788,294.64	7,324,738.94

Customers' Deposit represents the amount deposited by customers before the extension of any service connections as a security for the payment of subsequent bills as a guarantee deposit.

Other Payables represents the Current Portion of the Long Term Debt at Land Bank.

13. LOANS PAYABLE-NON-CURRENT

This account includes the following:

	2017	2016
LBP Loan 1	8,248,436.83	10,081,422.67
LBP Loan 2	-0-	-0-
TOTAL	8,248,436.83	10,081,422.67

14. GOVERNMENT EQUITY

This refers to the difference between the utility's assets and liabilities at the time the District assumed control over the operations of the utility.