



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Ave., Quezon City

## **INDEPENDENT AUDITOR'S REPORT**

### **The Board of Directors**

Binmaley Water District  
Binmaley, Pangasinan

### **Qualified Opinion**

We have audited the financial statements of Binmaley Water District, Binmaley, Pangasinan which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 of December 31, 2018 and its financial performance and cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### **Basis for Qualified Opinion**

As discussed in the Part II of the report, the Auditor rendered a qualified opinion on the fairness of presentation of financial statements because the District did not provide an allowance for impairment on the Accounts Receivables (AR) of P3,945,826.55 despite the existence of overdue accounts from active and inactive concessionaires in violation of paragraphs 58-59 of Philippine Accounting Standards (PAS) 39 – Financial Instruments: Recognition and Measurement; thus, resulting to overstatement of both assets and net income for CY 2018.

### **Key Audit Matters**

Except for the matter described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

### **Responsibilities of Management and those Charged with Governance for the Financial Statements**

*Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

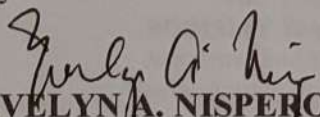
Those charged with governance are responsible for overseeing the District's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **COMMISSION ON AUDIT**

By:

  
**EVELYN A. NISPEROS**  
Supervising Auditor

February 28, 2019





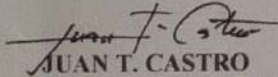
**BINMALEY WATER DISTRICT**  
Binmaley, Pangasinan  
Telefax: (075)540-0054; Tel.Nos: (075)540-0057 to 58

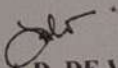
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

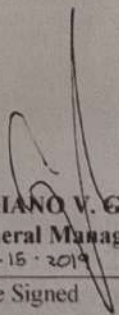
The management of the **BINMALEY WATER DISTRICT** is responsible for the preparation of the financial statements as at **December 31, 2018**, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement 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 International Standards of Supreme Audit Institutions and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

  
**JUAN T. CASTRO**  
Chairman of the Board  
8-15-2019  
Date Signed

  
**MANUELA D. DE VERA**  
Division Manager B  
2-15-2019  
Date Signed

  
**MARIANO V. GONZALO**  
General Manager B  
2-15-2019  
Date Signed

**BINMALEY WATER DISTRICT**  
**Binmaley, Pangasinan**  
**DETAILED STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2018**  
**(With Comparative Figures for 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b><u>CURRENT ASSETS</u></b>		
<b>Cash and Cash equivalents</b>		
Cash- Collecting Officer	P 982,929.26	P 918,288.40
Petty Cash	-	-
Advances for Payroll	-	-
Cash in Bank- Local Currency Current Account	144,835.47	1,142,983.73
Cash in Bank- Local Currency Savings Account	47,768,169.05	43,921,450.91
<b>Total</b>	<u><b>48,895,933.78</b></u>	<u><b>45,982,723.04</b></u>
<b>Receivables</b>		
Accounts Receivable	3,945,826.55	3,747,635.40
Allowance for Doubtful Accounts	-	-
Due from Officers and Employees	-	-
Other Receivable	234,015.28	191,050.28
Receivership and Liquidation Receivable	-	2,277,809.17
<b>Total</b>	<u><b>4,179,841.83</b></u>	<u><b>6,216,494.85</b></u>
<b>Inventories</b>		
Merchandise Inventory	1,027,029.17	674,794.24
<b>Supplies</b>		
Office Supplies Inventory	57,465.79	46,999.54
Non-Accountable Forms Inventory	19,266.89	23,825.32
Semi-Expendable Office Equipment	-	156,316.00
Accountable Forms, Plates and Stickers Inventory	227,356.80	293,871.23
Chemicals and Filtering Supplies Inventory	224,750.00	258,100.00
Construction Materials Inventory	3,598,244.86	1,798,419.80
<b>Total</b>	<u><b>5,154,113.51</b></u>	<u><b>3,252,326.13</b></u>
<b>Prepayments</b>		
Prepaid Rent	-	36,000.00
Prepaid Insurance	66,240.69	-
Other Prepayments	111,449.28	100,000.00
<b>Total</b>	<u><b>177,689.97</b></u>	<u><b>136,000.00</b></u>
<b>Other Current Assets</b>		
Guaranty Deposits	<u><b>80,551.00</b></u>	<u><b>80,551.00</b></u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>P 58,488,130.09</b></u>	<u><b>P 55,668,095.02</b></u>
<b><u>NON-CURRENT ASSETS</u></b>		
<b>Other Investments</b>		
Sinking Fund	<u><b>3,128,866.11</b></u>	<u><b>3,126,329.54</b></u>
<b>Non-Current Receivables</b>		
Receivership and Liquidation Receivable	<u><b>2,277,809.17</b></u>	<u><b>-</b></u>



	2018	2017
<b>Property, Plant and Equipment</b>		
Land	10,189,240.79	9,839,240.79
Land Improvements	261,252.00	80,380.00
Accumulated Depreciation- Land Improvements	(26,622.00)	(29,725.20)
Buildings	211,622,827.09	210,091,024.63
Accumulated Depreciation- Buildings and Other Structures	(40,910,488.57)	(37,018,606.22)
Leased Assets Improvements, Buildings	-	161,593.16
Accumulated Depreciation- Leasehold Impvt.	-	(145,433.84)
Office Equipment	581,641.00	640,652.00
Accumulated Depreciation- Office Equipment	(240,174.63)	(439,897.02)
IT Equipment	2,244,952.00	1,882,844.00
Accumulated Depreciation – IT Equipment	(1,359,843.63)	(1,380,409.80)
Medical Equipment	54,880.00	69,830.00
Accumulated Depreciation- Laboratory Equipment	-	(13,455.00)
Other Machinery and Equipment	17,079,667.72	15,833,607.22
Accumulated Depreciaton-Other Machinery and Equipment	(8,829,345.21)	(7,157,779.88)
Motor Vehicles	2,800,688.87	2,770,688.87
Accumulated Depreciation-Motor Vehicles	(1,791,768.47)	(1,476,299.49)
Furniture and Fixtures	217,581.06	218,596.56
Accumulated Depreciation- Furniture and Fixtures	(136,532.29)	(130,946.11)
Other Property Plant and Equipment	68,623,525.24	69,506,375.86
Accumulated Depreciation- Other Property Plant & Equip.	(27,681,123.65)	(24,717,221.59)
Construction-in-Progress- Other Property Plant & Equip.	4,094,163.00	2,737,193.56
Construction-in-Progress- Buildings and Other Structures	-	-
<b>Total</b>	<b>P 236,794,520.32</b>	<b>P 241,322,252.50</b>
<b>Other Non-Current Assets</b>		
Other Intangible Assets	313,800.00	-
Restricted funds	8,688,616.10	7,385,769.98
Other Assets	332,248.60	302,854.11
<b>Total</b>	<b>P 9,334,664.70</b>	<b>P 7,688,624.09</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>P 251,535,860.30</b>	<b>P 252,137,206.13</b>
<b>TOTAL ASSETS</b>	<b>P 310,023,990.39</b>	<b>P 307,805,301.15</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
<b>Payable Accounts</b>	<b>P 757,605.00</b>	<b>P 34,687.00</b>
Accounts Payable	2,133,942.00	1,368,688.00
Due to Officers and Employees	<b>2,891,547.00</b>	<b>1,403,375.00</b>
<b>Total</b>		
<b>Inter-Agency Payables</b>	176,787.91	181,212.34
Due to BIR	265,290.34	252,956.32
Due to GSIS	31,755.55	30,345.91
Due to Pag-IBIG	17,937.18	15,500.00
Due to Philhealth	<b>491,770.98</b>	<b>480,014.57</b>
<b>Total</b>		

	2018	2017
<b>Other Payables</b>		
Customers' Deposit		
Other Payables	6,447,319.75	5,955,308.80
<b>Total</b>	<u>-</u>	<u>1,832,985.84</u>
	<u>6,447,319.75</u>	<u>7,788,294.64</u>
<b>TOTAL CURRENT LIABILITIES</b>		
	<b>P</b> <u>9,830,637.73</u>	<b>P</b> <u>9,671,684.21</u>
<b>NON-CURRENT LIABILITIES</b>		
Loans Payable-Domestic		
	<u>-</u>	<u>8,248,436.83</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		
	<u>-</u>	<u>8,248,436.83</u>
<b>TOTAL LIABILITIES</b>		
	<b>P</b> <u>9,830,637.73</u>	<b>P</b> <u>17,920,121.04</u>
<b>EQUITY</b>		
Government Equity	188,853,236.22	188,853,236.22
Retained Earnings	111,340,116.44	101,031,943.89
<b>TOTAL EQUITY</b>	<b>P</b> <u>300,193,352.66</u>	<b>P</b> <u>289,885,180.11</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P</b> <u>310,023,990.39</u>	<b>P</b> <u>307,805,301.15</u>



**BINMALEY WATER DISTRICT**  
**Binmaley, Pangasinan**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended December 31, 2018**  
**(With Comparative Figures for 2017)**

	<u>2018</u>	<u>2017</u>
<b>Business Income:</b>		
Waterworks System Fees	P 57,073,544.19	P 55,777,242.57
Interest Income	91,920.58	104,928.99
Fines and Penalties- Business Income	2,585,969.80	2,412,315.70
Other Service Income	370,300.00	340,950.00
Miscellaneous Income	235,505.00	309,696.55
<b>Total Business and Service Income</b>	<b>P 60,357,239.57</b>	<b>P 58,945,133.81</b>
<b>Less: Expenses</b>		
<b>Personnel Services</b>		
Salaries and Wages-Regular	P 8,956,298.00	P 8,459,104.00
Salaries and Wages-Contractual	264,280.00	213,400.00
Personnel Economic Relief Allowance (PERA)	765,500.00	757,500.00
Representation Allowance	282,000.00	282,000.00
Transportation Allowance	282,000.00	282,000.00
Clothing and Uniform Allowance	180,000.00	155,000.00
Honoraria	1,055,232.00	1,002,378.00
Overtime and Night Pay	438,805.19	561,963.14
Year-end Bonus	920,168.00	1,014,639.00
Other Bonuses and Allowances	2,924,356.43	1,295,330.46
<b>Personnel Benefit Contributions</b>		
Retirement and Life Insurance Premiums	1,103,039.60	1,043,046.60
PAG-IBIG Contributions	40,100.00	39,200.00
PHILHEALTH Contributions	108,643.04	91,400.00
Employees Compensation Insurance Premiums	39,875.80	38,881.60
Terminal Leave Benefits	119,167.95	-
Other Personnel Benefits	1,435,930.00	1,540,583.00
<b>Total Personnel Services</b>	<b>P 18,915,396.01</b>	<b>P 16,776,425.80</b>
<b>Maintenance and Operating Expenses</b>		
Travelling Expenses-Local	P 76,821.00	P 64,895.33
Training Expenses	186,993.92	476,104.60
Office Supplies Expense	209,230.95	171,269.27
Accountable Forms Expenses	119,554.43	115,123.73
Fuel, Oil and Lubricants Expenses	365,195.08	325,994.37
Chemical and Filtering Supplies Expenses	3,822,000.00	3,610,941.00
Other Supplies and Materials Expenses	57,258.33	43,640.76
Electricity Expenses	312,128.43	262,246.90

	2018	2017
Postage and Courier Services	2,232.00	2,259.00
Telephone Expenses- Landline	71,297.85	70,890.92
Membership Dues and Cont. to Organizations	31,200.00	10,882.00
Printing and Publication Expenses	1,882.00	3,300.00
Advertising, Promotional and Marketing Expenses	62,400.00	64,900.00
Representation Expenses	719,181.00	610,209.49
Generation, Transmission and Distribution Exp.	11,083,388.63	8,935,065.55
Auditing Services	165,052.80	-
Security Services	651,010.18	539,550.00
Other Professional Services	144,000.00	189,000.00
Repairs and Maintenance - Land Improvements	-	-
Repairs and Maintenance - Bldgs. & Other Struct.	223,800.75	11,802.25
Repairs and Maintenance - Leased Assets Imprvt	-	-
Repairs and Maintenance - Office Equipment	41,695.76	14,990.00
Repairs and Maintenance - IT Equipment	10,950.00	26,324.60
Repairs and Maintenance - Medical Equipment	-	-
Repairs and Maintenance - Other Mach.and Equip't	136,104.00	163,368.75
Repairs and Maintenance - Motor Vehicles	71,032.61	83,530.63
Repairs and Maintenance - Furniture and Fixtures	-	-
Repairs and Maintenance - Other Prop. Plant & Equip	245,387.12	200,865.77
Extraordinary and Miscellaneous Expenses	194,826.00	128,701.56
Taxes, Duties and Licenses	888,071.72	1,035,720.89
Insurance Expenses	35,131.43	95,660.57
Donations	141,300.00	84,722.00
Depreciation - Land Improvements	2,661.00	2,661.00
Depreciation - Buildings and Other Structures	3,423,504.12	3,423,504.12
Depreciation - Leased Assets Improvement	-	-
Depreciation - Office Equipment	47,569.80	47,569.80
Depreciation - IT Equipment	139,615.20	139,615.20
Depreciation - Medical Equipment	-	-
Depreciation - Other Machinery and Equipment	641,303.16	641,303.16
Depreciation - Motor Vehicles	149,660.40	149,660.40
Depreciation - Furniture and Fixtures	39,347.40	39,347.40
Depreciation - Other Property Plant & Equipment	1,707,585.36	1,707,585.36
Interest Expenses	465,622.41	830,587.44
Impairment Loss-Loans and Receivables	-	117,418.07
<b>Total Maintenance and Operating Expenses</b>	<b>P 26,685,994.84</b>	<b>P 24,441,211.89</b>
<b>Total Expenses</b>	<b>P 45,601,390.85</b>	<b>P 41,217,637.69</b>
<b>Net Income for the Period</b>	<b>P 14,755,848.72</b>	<b>P 17,727,496.12</b>



**BINMALEY WATER DISTRICT**  
**Binmaley, Pangasinan**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2018**  
**(With Comparative Figures for 2017)**

	<u>2018</u>	<u>2017</u>
Government Equity, Beginning	P 188,853,236.22	P 188,853,236.22
Retained Earnings, Beginning	101,031,943.89	84,213,921.89
Add/(Deduct): Prior Period Adjustments	(4,447,676.17)	(909,474.12)
Add: Net Income for the Period	14,755,848.72	17,727,496.12
<b>Government Equity, Ending</b>	<b>P <u>300,193,352.66</u></b>	<b>P <u>289,885,180.11</u></b>

**BINMALEY WATER DISTRICT**  
**Binmaley, Pangasinan**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2018**  
**(With Comparative Figures for 2017)**

	<u>2018</u>	<u>2017</u>
<b><u>Cash Flows from Operating Activities</u></b>		
<b>Cash Inflows:</b>		
Collection of Water Bills	P 59,429,103.39	P 58,157,121.82
Collection of Other Water Revenues	590,949.66	656,326.22
Refund of overpayment of expenses and Cash Advances	917,246.71	1,021,890.33
Sale of service connection materials	1,525,094.39	1,650,944.83
Customer Deposit	557,348.40	523,781.50
Interest Income	37,602.84	53,123.56
<b>Total Cash Inflows</b>	<b>P 63,057,345.39</b>	<b>P 62,063,188.26</b>
<b>Cash Outflows:</b>		
Payment of Operating Expenses:		
Payroll	9,986,077.50	9,430,004.00
Fuel/Power Purchased for Pumping	10,988,428.63	8,218,365.59
Chemicals	1,565,800.00	1,518,591.00
Other Operation and Maintenance Expenses	10,003,099.59	8,551,230.73
Payment of Payables	538,813.50	1,218,795.50
Purchase of Inventories	6,827,806.00	5,215,070.00
Payment of prepaid expenses	66,240.69	
Remittance of GSIS/PAG-IBIG/Withholding Taxes	5,026,948.36	5,661,381.44
<b>Total Cash Outflows</b>	<b>45,003,214.27</b>	<b>39,813,438.26</b>
<b>Total Cash Provided (used) by Operating Activities</b>	<b>P 18,054,131.12</b>	<b>P 22,249,750.00</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
<b>Cash Inflows:</b>		
Receipt from repayment of long term loans by LGUs	-	-
Proceeds from maturing Treasury Bills/Short-Term Investment	-	-
Proceeds from sale of:	-	-
<b>Total Cash Inflows</b>	-	-
<b>Cash Outflows:</b>		
Addition to Sinking Fund	-	440,514.10
Cash Deposit- Miscellaneous Special Fund	1,316,402.40	1,327,869.50
Purchase/construction of		
Other Machinery & Equipment	612,450.00	356,241.24
Office Equipment, IT Equipment Furnitures and Fixtures and Land	958,053.00	319,025.00
Transport Equipment		
Land, Buildings and Other Structures	350,000.00	638,255.50
Construction in Progress	1,356,969.90	1,463,511.00
<b>Total Cash Outflows</b>	<b>4,593,875.30</b>	<b>4,545,416.34</b>
<b>Total Cash Provided (Used) by Investing Activities</b>	<b>P (4,593,875.30)</b>	<b>P (4,545,416.34)</b>



CASH FLOW STATEMENTS

Cash Flows from Financing Activities

Cash Inflows:		
Proceeds from Borrowings (Loans Payable)	-	-
Interest Earnings of Miscellaneous Special Deposit	-	-
Cash Outflows:		
Cash payment of interest on loans and other financial charges	465,622.41	830,587.44
Payments of domestic loans	10,081,422.67	1,832,985.84
Total Cash Outflows	10,547,045.08	2,663,573.28
Total Cash Provided (used) by Financing Activities	(10,547,045.08)	(2,663,573.28)
Cash Provided by Operating, Investing and Financing Activities	2,913,210.74	15,040,760.38
Add: Cash and Cash Equivalents , Beginning	45,982,723.04	30,941,962.66
Cash and Cash Equivalents, Ending	P 48,895,933.78	P 45,982,723.04

# NOTES TO FINANCIAL STATEMENTS

## 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, 2018, 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, 2018, the District has 11,839 service connections with thirty three (33) 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 adopted 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 adopted the accrual method of accounting for both income and expense. Under this method, expenses are recognized 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:

	2018	2017
Cash-Collecting Officer	P 982,929.26	P 918,288.40
Petty Cash	-	-
Advances for Payroll	-	-
Cash in Bank –Local Currency Current Account (LBP-2422-1025-77)	144,835.47	1,142,983.73
Cash in Bank-Local Currency Savings Account		
LBP 2421-1434-66 P47,467,348.17	47,768,169.05	43,921,450.91
LBP 2421-1615-88 300,820.88		
<b>TOTAL</b>	<b>P48,895,933.78</b>	<b>P45,982,723.04</b>

4. RECEIVABLES

This account includes receivables from the following:

	2018	2017
Accounts Receivables	P3,945,826.55	P3,747,635.40
Due from Officers and Employees	-	-
Other Receivables	234,015.28	191,050.28
<b>Total</b>	<b>P4,179,841.83</b>	<b>P3,938,685.68</b>
Less: Allowance for Impairment of A/R	-	-
<b>Net Realizable Value</b>	<b>P4,179,841.83</b>	<b>P3,938,685.68</b>

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.

5. INVENTORIES

This account consists of the following:

	2018	2017
Merchandise Inventory	P1,027,029.17	P 674,794.24

	2018	2017
Office Supplies Inventory	57,465.79	46,999.54
Non-Accountable Forms Inventory	19,266.89	23,825.32
Semi-Expendable Office Equipment	-0-	156,316.00
Accountable Forms Inventory	227,356.80	293,871.23
Chemical and Filtering Supplies Inventory	224,750.00	258,100.00
Construction Materials Inventory	3,598,244.86	1,798,419.80
<b>Total Inventories</b>	<b>P5,154,113.51</b>	<b>P3,252,326.13</b>

**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.

## 6. PREPAYMENTS

This account is composed of the following:

	2018	2017
Prepaid Rent	P -	P 36,000.00
Prepaid Insurance	66,240.69	-
Other Prepayments and Deposits	111,449.28	100,000.00
<b>Total</b>	<b>P177,689.97</b>	<b>P136,000.00</b>

**Prepaid Insurance** represents the Prepaid Property Insurance paid to GSIS for the period September 19, 2018 to September 18, 2019.

**Other Prepayments and Deposits** composed of the following:

1. Prepaid Lease of fishpond near the Caloocan Sur WTP used as sludge drying area.



2. Prepaid Property Taxes paid to LGU-Binmaley for the period December 2018 to December 2019.

**Guaranty Deposits** represents the deposits posted to DPWH for the excavation of road pavements for pipelaying activities.

## 7. 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.

## 8. RECEIVABLES-NON-CURRENT

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

## 9. PROPERTY, PLANT AND EQUIPMENT

This account consists of the following:

<b>2018:</b>			
<b>PPE Item</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Land	P 10,189,240.79	P -	P 10,189,240.79
Land Improvements	261,252.00	26,622.00	234,630.00
Buildings	211,622,827.09	40,910,488.57	170,712,338.52
Leased Assets Improvements	-	-	-
Office Equipment	581,641.00	240,174.63	341,466.37
IT Equipment	2,244,952.00	1,359,843.63	885,108.37
Medical Equipment	54,880.00	-	54,880.00
Other Machinery and Equipment	17,079,667.72	8,829,345.21	8,250,322.51
Motor Vehicles	2,800,688.87	1,791,768.47	1,008,920.40
Furniture and Fixtures	217,581.06	136,532.29	81,048.77
Other Property Plant and Equipment	68,623,525.24	27,681,123.65	40,942,401.59
CIP- Other Property Plant & Equip.	4,094,163.00	-	4,094,163.00
CIP-Buildings and Other Structures	-	-	-
<b>Total</b>	<b>P317,770,418.77</b>	<b>P80,975,898.45</b>	<b>P236,794,520.32</b>



2017:			
PPE Item	Cost	Accumulated Depreciation	Net Book Value
Land	P 9,839,240.79	P -	P 9,839,240.79
Land Improvements	80,380.00	29,725.20	50,654.80
Buildings	210,091,024.63	37,018,606.22	173,072,418.41
Leased Assets Improvements	161,593.16	145,433.84	16,159.32
Office Equipment	640,652.00	439,897.02	200,754.98
IT Equipment	1,882,844.00	1,380,409.80	502,434.20
Medical Equipment	69,830.00	13,455.00	56,375.00
Other Machinery and Equipment	15,833,607.22	7,157,779.88	8,675,827.34
Motor Vehicles	2,770,688.87	1,476,299.49	1,294,389.38
Furniture and Fixtures	218,596.56	130,946.11	87,650.45
Other Property Plant and Equipment	69,506,375.86	24,717,221.59	44,789,154.27
CIP-Other Property Plant & Equip.	2,737,193.56	-	2,737,193.56
CIP- Buildings and Other Structures	-	-	-
<b>Total</b>	<b>P313,832,026.65</b>	<b>P72,509,774.15</b>	<b>P241,322,252.50</b>

## 10. OTHER ASSETS

This account includes the following:

	2018	2017
Other Intangible Assets	P 313,800.00	P -
Restricted Funds	8,688,616.10	7,385,769.98
Other Assets	332,248.60	302,854.11
<b>TOTAL</b>	<b>P9,334,664.70</b>	<b>P7,688,624.09</b>

**Other Intangible Assets** represents the 3-year ISO 9001:2015 Certification by Bureau Veritas, Independent ISO Certifying Body.

**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.

**Other Assets** represents the Net Book Value of Defective Water Meters.

## 11. ACCOUNTS PAYABLES

This account represents Trade Payables to suppliers.



## 12. DUE TO OFFICERS AND EMPLOYEES

This account represents the refund made by employees for the settlement of Notice of Disallowances.

## 13. INTER-AGENCY PAYABLES

This account consists of the following:

	2018	2017
Due to BIR	P 176,787.91	P 181,212.34
Due to GSIS	265,290.34	252,956.32
Due to Pag-IBIG	31,755.55	30,345.91
Due to Philhealth	17,937.18	15,500.00
<b>TOTAL</b>	<b>P 491,770.98</b>	<b>P 480,014.57</b>

## 14. OTHER PAYABLES

This account is composed of the following:

	2018	2017
Customers' Deposit	P6,447,319.75	P5,955,308.80
Other Payables	-	1,832,985.84
<b>TOTAL</b>	<b>P6,447,319.75</b>	<b>P7,788,294.64</b>

**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.

## 15. LOANS PAYABLE-NON-CURRENT

	2018	2017
LBP Loan 1	P -	8,248,436.83
LBP Loan 2	-	-
<b>TOTAL</b>	<b>P -</b>	<b>8,248,436.83</b>

## 16. 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.

#### **17. OTHER SERVICE INCOME**

This refers to fees collected such as application fee, tapping fee, inspection fee, reconnection fee, transfer fee and other service fees.

#### **18. MISCELLANEOUS INCOME**

This represents the mark-up on cost of service connection materials sold to concessioners.

## **PART II**

### **AUDIT OBSERVATIONS AND RECOMMENDATIONS**