



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

FINANCIAL AUDIT REPORT

on the

ANGAT WATER DISTRICT ANGAT, BULACAN

For the Years Ended December 31, 2015 and 2014



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. III
City of San Fernando, Pampanga

Tel No. (045) 455-4274 • Telefax No. (045) 455-4273 • Website: www.coa.gov.ph

4 July 2016

Ms. MAGNOLIA DL. DEL MUNDO

Chairman of the Board of Directors
Angat Water District
Angat, Bulacan

Dear **Chairman Del Mundo**:

We are pleased to transmit the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Years 2015 and 2014 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445). The audit was conducted in accordance with Philippine Standards on Auditing and we believe that it provided a reasonable basis for the results of our audit.

The audit was conducted to (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations.

We rendered a qualified opinion on the fairness of presentation of the financial statements because the effect of the deviations from the prescribed procedures affected the account balances.

The audit report consists of Part I - Audited Financial Statements, Part II - Observations and Recommendations, and Part III - Status of Implementation of Prior Years' Unimplemented Audit Recommendations.

The audit observations and recommendations were discussed with concerned officials of the District in an exit conference held on June 23, 2016. Management's comments were incorporated in the report, where appropriate.

We request that a status report, thru accomplishing the attached **Agency Action Plan and Status of Implementation (AAPSI)** form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 93 of the General Provisions of the General Appropriations Act for FY 2015.

We appreciate the invaluable support and cooperation extended by the officials and staff of that Agency during the audit engagement.

Very truly yours,


for **MA. CORAZON S. GOMEZ**
Regional Director

ANGAT WATER DISTRICT
 Angat, Bulacan

AGENCY ACTION PLAN
and
STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Years 2015 and 2014
 As of _____

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date				
					From	To			

Agency sign-off:

 Name and Position of Agency Officer

 Date

Note: Status of implementation may either be (a) Fully Implemented; (b) Ongoing; (c) Not implemented; (d) Partially Implemented; or (e) Delayed



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4 July 2016

MR. ARTURO S. TORRES

General Manager
Angat Water District
Angat, Bulacan

Dear **Manager Torres**:

We are pleased to transmit the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Years 2015 and 2014 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445). The audit was conducted in accordance with Philippine Standards on Auditing and we believe that it provided a reasonable basis for the results of our audit.

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We appreciate the invaluable support and cooperation extended by the officials and staff of that Agency during the audit engagement.

Very truly yours,


MA. CORAZON S. GOMEZ
Regional Director

ANGAT WATER DISTRICT
Angat, Bulacan

AGENCY ACTION PLAN
and
STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Years 2015 and 2014
As of _____

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be Taken
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4 July 2016

Ms. MA. CORAZON S. GOMEZ

Regional Director
COA Regional Office No. III
City of San Fernando, Pampanga

Madam:

We are pleased to submit herewith the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Years 2015 and 2014 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445).


The audit was conducted to (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations.

The audit report consists of Part I - Audited Financial Statements, Part II - Observations and Recommendations and Part III - Status of Implementation of Prior Years' Unimplemented Audit Recommendations.

We conducted our audit in accordance with Philippine Standards on Auditing and we believe that it provided a reasonable basis for the audit results. We rendered a qualified opinion on the fairness of presentation of the financial statements.

We acknowledge the invaluable support and cooperation extended by the officials and staff of the District.

Very truly yours,


CARMELITA R. ALVAREZ
Supervising Auditor



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1 July 2016

Ms. CARMELITA R. ALVAREZ

Supervising Auditor
Water Districts Audit Group
This Region

Madam:

We are pleased to submit herewith the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Years 2015 and 2014 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445).


The audit was conducted to (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' unimplemented audit recommendations.

The audit report consists of Part I - Audited Financial Statements, Part II - Observations and Recommendations and Part III - Status of Implementation of Prior Years' Unimplemented Audit Recommendations, which were discussed with the officials concerned in an exit conference held on June 23, 2016.

We conducted our audit in accordance with Philippine Standards on Auditing and we believe that it provided a reasonable basis for the audit results.

We acknowledge the invaluable support and cooperation extended by the officials and staff of the District.

Very truly yours,


MAURA D. CASTILLO
Audit Team Leader



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

FINANCIAL AUDIT REPORT

on the

ANGAT WATER DISTRICT ANGAT, BULACAN

For the Years Ended December 31, 2015 and 2014

EXECUTIVE SUMMARY

A. INTRODUCTION

In 1987, the Angat Water District was created and organized by virtue of the Local Sangguniang Bayan Resolution and pursuant to Presidential Decree (PD) No. 198, otherwise known as the "Local Water Utilities Act of 1973", as amended by PD Nos. 768 and 1479. It has obtained its Certificate of Conformance (CCC) No. 292 from LWUA. The District's primary goal is to provide the residents of Angat, Bulacan a safe and potable water 24/7 and to continuously carry out schemes for expansion.

The District is categorized as "Category C" pursuant to the Revised Local Water Districts Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO) in March 2012.

As of December 31, 2015, the District is serving 7,719 concessionaires and is currently composed of 24 employees under permanent status and four employees under job order contract. The District is headed by Engr. Arturo S. Torres, General Manager, and the current members of Board of Directors (BODs) are composed of the following:

Ms. Magnolia DL. Del Mundo	Chairman
Ms. Mauricia T. Santiago	Vice Chairman
Ms. Priscilla P. Rigoroso	Secretary
Mr. Erlinda V. Carpio	Member
Engr. Francisco G. Vicente	Member

We conducted our audit of the financial transactions and operations of the District for the years ended December 31, 2015 and 2014 in accordance with Philippine Standards on Auditing and we believe that it provided a reasonable basis for audit results. The audit was conducted to (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' unimplemented audit recommendations.

B. FINANCIAL HIGHLIGHTS

The financial profile of the District for the CYs 2015, 2014 and 2013 were as follows:

	2015	2014	2013
Financial Position			
Assets	₱74,650,464.11	₱67,824,931.13	₱65,683,981.26
Liabilities	19,753,920.31	21,913,608.95	25,001,515.13
Equity	54,896,543.80	45,911,322.18	40,682,466.13

	2015	2014	2013
Results of Operations			
Income	41,447,309.02	37,342,841.11	34,751,982.25
Expenses	32,796,203.40	31,820,997.06	27,996,765.98
Net Income	8,651,105.62	5,521,844.05	6,755,216.27

C. INDEPENDENT AUDITOR'S REPORT

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the District for the year ended December 31, 2015 and 2014 due to the accounting errors and deficiencies that significantly misstated the assets, liabilities and equity accounts, as follows: (a) the existence, accuracy and completeness of the recorded Property, Plant and Equipment (PPE) for CY 2015 with a total cost of ₱82,762,409.94 was unreliable due to (i) the absence of subsidiary ledgers for PPE accounts lumped/consolidated totaling ₱38,980,898.28 which comprised 46.80% of the total PPE account; (ii) misclassifications of accounts amounting to ₱185,378.36 and non-conformity of the computation of accumulated depreciation resulting in overall net understatement of Accumulated Depreciation by ₱3,047.64 and overstatement of PPE and Retained Earnings accounts by ₱268,121.73 and ₱271,169.37, respectively; and (iii) non-reconciliation of the Schedule of Land with the Trial Balance showing a difference of ₱126,535.00; (b) unrecognized prior years' audit fees amounting to ₱606,120.64 understated the Accounts Payable and overstated the Retained Earnings accounts; and (c) failure to totally adopt or fully implement the simplified New Government Accounting System (NGAS) due to continuous application of the accounting features and procedures of the old accounting system designed in the Commercial Practices System Manual of the LWUA for Local Water Districts.

For the deficiencies noted, we recommended that the Senior Corporate Account Analyst undertake the following actions and/or remedial measures:

a) For the PPE -

- (i) exert efforts to retrieve all pertinent documents and records regarding the properties acquired in prior years and provide the details for the respective subsidiary accounts;
- (ii) see to it that small tangible items are recorded as inventory upon acquisition and as expense upon issuance as provided under COA Circular No. 2005-002 dated April 14, 2005; and prepare the necessary adjusting entries to reclassify small tangible items as Inventories instead of PPE; and
- (iii) review all the transactions and documents pertaining to purchases of land and prepare necessary adjustment to reconcile the difference of ₱126,535.00 with the accounting and property records; and disclose the lack of titles in the Notes

to Financial Statements to inform users of the existing conditions of the property.

- b) For the Accounts Payable - cause the immediate recording of the amount due to the COA Region III and cause the eventual settlement thereof when finances becomes available; and
- c) seek the assistance of COA's Information Technology Office to determine the present system's compliance with the NGAS; fully implement the NGAS and prepare or use accounting reports, records, and forms in accordance with the prescribed format in the NGAS Manual; and review and use the account codes in the Chart of Accounts prescribed in COA Circular No. 2004-008 dated September 20, 2004.

D. OTHER SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

Below are the other significant audit observations noted during the year together with the corresponding recommendations which were discussed in detail in Part II of this report. Management views and comments including those given during the exit conference were incorporated in the report, where appropriate:

1. For the non adherence with the rules and regulations of PD No. 1597, RA No. 6758 and COA Resolution No. 2004-006, the officials and employees of the District were paid rice allowance, grocery allowance, health benefits and financial assistance totaling ₱2,253,384.79 for CYs 2014-2015 constituting irregular and unauthorized disbursement of funds. **(Observation No. 4)**

We reiterated our prior years' audit recommendation that Management (a) request post facto approval from the Office of President for the granting of rice and grocery allowances, health benefits and financial assistance, otherwise, cause the refund of the above unauthorized allowance received; and (b) refrain from paying fringe benefits without the approval from the Office of the President.

2. The officials and employees of the District were allowed to receive excessive Productivity Incentive Benefit (PIB) amounting to ₱385,344.00 which was over and above the authorized ceiling embodied in AO No. 161 dated December 6, 1994, constituting irregular and unauthorized disbursements of funds. **(Observation No. 5)**

We reiterated our prior years' audit recommendation that Management (a) request post facto approval from the Office of President for the granting of excessive PIB, otherwise, cause the refund of the amounts received by officials and employees; and (b) refrain from paying fringe benefits without the approval from the Office of the President.

3. The Chairman and Members of the Board of Directors (BODs) of the District were allowed to receive Financial Assistance, Cash Gift and Clothing Allowance for CYs 2014-2015 totaling ₱156,270.00 in violation of Section 3 of Executive Order No. 65

dated January 2, 2012, thus, constitute irregular disbursement of funds. (*Observation No. 6*)

We recommended that Management (a) request post facto approval from the Office of President for the granting of financial assistance, cash gift and clothing allowance, otherwise, cause the refund of the above unauthorized allowance received; and (b) refrain from paying fringe benefits without the approval from the Office of the President.

4. The District continuously availed the services of three private or commercial banks as depository for its collections/ savings deposits and disbursement of funds in violation of DOF-Department Circular No. 001-2015 dated June 1, 2015, thus, exposing funds to possible loss in case of insolvency/bankruptcy of these private/commercial banks, and also deprived the government banks of the income which it could have realized therefrom. (*Observation No. 9*)

We recommended that Management strictly implement the revised guidelines on authorized government depository banks particularly Item Nos. 5.2 to 5.5 of DOF-Department Circular No. 001-2015 dated June 1, 2015, otherwise, (a) instruct the Cashier to transfer the deposits maintained with private and rural banks to AGDB; and (b) make representation with the authorized depository banks such as: LBP - Baliuag or Sta. Maria Branch to arrange for a Memorandum of Agreement for the daily pick-up of deposits of the District's collections.

5. Properties of the District amounting to ₱75,726,190.00 as of December 31, 2015 were not insured with the GSIS contrary to COA Circular No. 79-112 dated August 30, 1979 implementing the Property Insurance Law (Republic Act No. 656), as amended by PD No. 245, hence, the District cannot be indemnified/compensated in case of loss thru fire or any unforeseen event. (*Observation No. 11*)

We recommended that Management instruct the Division Manager C – Administrative and General Services and Property Supply Officer C to coordinate with the GSIS for the appraisal and eventual determination of the amount of premiums to be paid for all its insurable properties to protect the interest of the District.

6. Procurement of goods and services aggregating to ₱3,345,770.50 and ₱1,851,599.75 in CYs 2014 and 2015, respectively, were not supported with Abstract of Canvass and Bids and Awards Committee (BAC) Resolutions duly signed by the BAC chairman and members recommending the award of the contract, contrary to Section 12.1 of the Revised Implementing Rules and Regulations (IRR) of RA No. 9184, thus, defeating the purpose of the creation of the BAC in promoting transparency, competitiveness and economy in procuring goods and services. (*Observation No. 13*)

We reiterated our prior year's audit recommendation that Management require the BAC to perform its role and serve the purpose for which it was created as prescribed in Section 12.1 of the IRR of RA No. 9184.

E. SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2014, prior years' audit disallowances amounting to ₱7,223,293.87 remained unsettled. In addition, Notices of Disallowance (ND) totaling ₱3,712,663.58 were issued during CYs 2015 and 2014 audit.

F. STATUS OF IMPLEMENTATION OF PRIOR YEARS' UNIMPLEMENTED AUDIT RECOMMENDATIONS

Of the 19 audit recommendations embodied in the CYs 2012-2013 Financial Audit Report (FAR), nine were fully implemented, three were partially implemented while the remaining seven were not implemented.

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PART I – AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. III
City of San Fernando, Pampanga

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

Angat Water District

Angat, Bulacan

We have audited the accompanying financial statements of Angat Water District, which comprise the Statement of Financial Position as at December 31, 2015 and 2014, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the years then ended, and the 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 controls 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 Philippine Standards on Auditing. These 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 risks of material misstatements 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 audit opinion.

Basis for Qualified Opinion

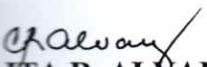
As stated in Part II of the report, accounting errors and deficiencies on the assets, liabilities and equity accounts significantly misstated the financial statements taken as a whole, as follows: (a) the existence, accuracy and completeness of the recorded Property, Plant and Equipment (PPE) for CY 2015 with a total cost of ₱82,762,409.94 was unreliable due to (i) the absence of subsidiary ledgers for PPE accounts lumped/consolidated totaling ₱38,980,898.28 which comprised 46.80% of the total PPE account; (ii) misclassifications of accounts amounting to ₱185,378.36 and non-conformity of the computation of accumulated depreciation resulting in overall net understatement of Accumulated Depreciation by ₱3,047.64 and overstatement of PPE and Retained Earnings accounts by ₱268,121.73 and ₱271,169.37, respectively; and (iii) non-reconciliation of the Schedule of Land with the Trial Balance showing a difference of ₱126,535.00; (b) unrecognized prior years' audit fees amounting to ₱606,120.64 understated the Accounts Payable and overstated the Retained Earnings accounts; and (c) failure to totally adopt or fully implement the simplified New Government Accounting System (NGAS) due to continuous application of the accounting features and procedures of the old accounting system designed in the Commercial Practices System Manual of the LWUA for Local Water Districts.

Qualified Opinion

In our opinion, except for the effects and the possible effects of the matters discussed in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Angat Water District as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with State accounting principles.

COMMISSION ON AUDIT

By:


CARMELITA R. ALVAREZ
Supervising Auditor

23 June 2016



ANGAT WATER DISTRICT

269 M.A. Fernando St. Sta. Cruz
Angat, Bulacan, Philippines
Tel. No. (044)671-1204 Fax No. (044)769-1529

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Angat Water District (AWD) is responsible for all information and representations contained in the Statement of Financial Position as of December 31, 2015 and 2014, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the years 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 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 dispositions and liabilities are recognized.

RUBIE/BIANCA S. IGNACIO, CPA
Sr. Corporate Accounts Analyst, Finance Section

ARTURO S. TORRES
General Manager

ANGAT WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
 As of December 31, 2015
 (With Comparative Figures for CYs 2014 and 2013)

	2015	2014	2013
ASSETS			
Current Assets			
Cash and Cash Equivalents (Note 3)	P 6,799,600.79	P 8,984,121.26	P 8,556,312.71
Receivables (Note 4)	2,787,680.19	2,406,766.93	2,591,007.72
Inventories (Note 5)	1,217,658.86	1,405,258.84	1,546,761.00
Prepayments (Note 6)	3,221,830.35	3,221,830.35	562,610.00
Total Current Assets	14,026,770.19	16,017,977.38	13,256,691.43
Non Current Assets			
Property, Plant and Equipment (Note 7)	59,752,292.99	50,935,552.82	48,889,260.66
Investments	840,233.43	840,233.43	3,491,836.10
Other Assets	31,167.50	31,167.50	46,193.07
Total Non Current Assets	60,623,693.92	51,806,953.75	52,427,289.83
TOTAL ASSETS	P74,650,464.11	P67,824,931.13	P65,683,981.26
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Accounts Payable	P 740,157.86	P 451,553.46	P 1,445,049.15
Inter-Agency Payables (Note 8)	173,217.03	185,435.25	156,173.82
Loans Payable - Domestic (Note 9)	2,353,345.00	1,944,143.95	1,872,292.49
Other Current Liabilities	3,110,321.44	3,377,725.26	3,629,104.69
Total Current Liabilities	6,377,041.33	5,958,857.92	7,102,620.15
Non-Current Liabilities			
Loans Payable - Domestic (Note 10)	13,376,878.98	15,954,751.03	17,898,894.98
TOTAL LIABILITIES	19,753,920.31	21,913,608.95	25,001,515.13
EQUITY			
Government Equity	217,052.24	217,052.24	217,052.24
Retained Earnings	54,679,491.56	45,694,269.94	40,465,413.89
TOTAL EQUITY	54,896,543.80	45,911,322.18	40,682,466.13
TOTAL LIABILITIES AND EQUITY	P74,650,464.11	P67,824,931.13	P65,683,981.26

See accompanying Notes to Financial Statements.

ANGAT WATER DISTRICT
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended December 31, 2015
 (With Comparative Figures for CYs 2014 and 2013)

	2015	2014	2013
INCOME			
Income from Water Bill	P37,295,963.70	P34,895,388.95	P32,533,318.11
Business Income	2,809,799.58	2,364,790.25	2,173,203.79
Other Income	1,341,545.74	82,661.91	45,460.35
Total Income	41,447,309.02	37,342,841.11	34,751,982.25
EXPENSES			
Personal Services (Note 11)	12,918,502.55	11,385,277.28	10,730,244.41
Maintenance and Other Expenses (Note 12)	18,475,515.45	18,188,047.70	14,831,591.43
Financial Expenses (Note 13)	1,402,185.40	2,247,672.08	2,434,930.14
Total Expenses	32,796,203.40	31,820,997.06	27,996,765.98
NET INCOME	P 8,651,105.62	P 5,521,844.05	P 6,755,216.27

See accompanying Notes to Financial Statements.

ANGAT WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
 For the Year Ended December 31, 2015
 (With Comparative Figures for CYs 2014 and 2013)

	2015	2014	2013
Government Equity, Ending	P 217,052.24	P 217,052.24	P 217,052.24
Retained Earnings			
Beginning balance	45,694,269.94	40,465,413.89	33,619,713.88
Prior Years' Adjustments	334,116.00	(292,988.00)	90,483.74
Net Income for the year	8,651,105.62	5,521,844.05	6,755,216.27
Ending Balance	54,679,491.56	45,694,269.94	40,465,413.89
TOTAL EQUITY	P54,896,543.80	P45,911,322.18	P40,682,466.13

See accompanying Notes to Financial Statements.

ANGAT WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015
(With Comparative Figures for CYs 2014 and 2013)

	2015	2014	2013
Cash Flows from Operating Activities			
Cash Inflows			
Cash receipts from concessionaires	P38,434,135.26	P35,954,087.97	P34,519,022.45
Other Receipts	2,034,851.66	3,326,938.48	6,720,145.55
Total Cash Inflows	40,468,986.92	39,281,026.45	41,239,168.00
Cash Outflows			
Payment of operating expenses	23,203,301.81	25,606,265.66	25,956,878.97
Payment of payables	3,529,989.53	3,631,308.44	2,619,047.83
Purchase of inventories	504,296.31	592,131.48	281,282.46
Remittance of GSIS/Pag-IBIG/Withholding Taxes	3,155,424.37	2,555,294.49	3,422,590.84
Total Cash Outflows	30,393,012.02	32,385,000.07	32,279,800.10
Cash Provided by (Used in) Operating Activities	10,075,974.90	6,896,026.38	8,959,367.90
Cash Flows from Investing Activities			
Cash Inflows			
Interest on Savings Deposits	-	10,971.16	-
Cash dividend from investment	-	-	25,896.68
Total Cash Inflows	-	10,971.16	25,896.68
Cash Outflows			
Purchase of Property, Plant and Equipment	9,850,513.99	2,544,928.49	1,040,668.22
Purchase of Stocks and Bonds	-	-	190,860.35
Total Cash Outflows	9,850,513.99	2,544,928.49	1,231,528.57
Cash Provided by (Used in) Investing Activities	(9,850,513.99)	(2,533,957.33)	(1,205,631.89)
Cash Flows from Financing Activities			
Cash Inflows			
Interest Income	8,881.62	-	19,563.67
Other Income	1,137,217.00	37,283.50	-
Total Cash Inflows	1,146,098.62	37,283.50	19,563.67
Cash Outflows			
Payment of loan amortizations	3,556,080.00	3,971,544.00	3,971,544.00
Payment of financial expenses	-	-	35,208.95
Total Cash Outflows	3,556,080.00	3,971,544.00	4,006,752.95
Cash Provided by (Used in) Financing Activities	(2,409,981.38)	(3,934,260.50)	(3,987,189.28)
Net Cash Provided by (Used in) Operating, Investing and Financing Activities	(2,184,520.47)	427,808.55	3,766,546.73
Net Cash and Cash Equivalents, Beginning	8,984,121.26	8,556,312.71	4,789,765.98
CASH AND CASH EQUIVALENTS, ENDING (Note 3)	P 6,799,600.79	P 8,984,121.26	P 8,556,312.71

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

I. AGENCY BACKGROUND

In 1987, the Angat Water District was created and organized by virtue of the Local Sangguniang Bayan Resolution and pursuant to Presidential Decree (PD) No. 198, otherwise known as the "Local Water Utilities Act of 1973", as amended by PD Nos. 768 and 1479. It has obtained its Certificate of Conformance (CCC) No. 292 from LWUA. The District's primary goal is to provide the residents of Angat, Bulacan a safe and potable water 24/7 and to continuously carry out schemes for expansion.

The District is categorized as "Category C" pursuant to the Revised Local Water Districts Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO) in March 2012.

As of December 31, 2015, the District is serving 7,719 concessionaires and is currently composed of 24 employees under permanent status and four employees under job order contract. The District is headed by Engr. Arturo S. Torres, General Manager, and the current members of Board of Directors (BODs) are composed of the following:

Ms. Magnolia DL. Del Mundo	Chairman
Ms. Mauricia T. Santiago	Vice Chairman
Ms. Priscilla P. Rigoroso	Secretary
Mr. Erlinda V. Carpio	Member
Engr. Francisco G. Vicente	Member

II. SUMMARY OF SIGNIFICANT ACCOUNTING SYSTEMS AND POLICIES

a. *Basis of Financial Statements Presentation and Accounting System*

The accounting and financial reporting systems of the District are in conformity with the generally accepted accounting principles and reflect practices and standards in accordance with the designed Commercial Practices System Manual of the Local Water Utilities Administration for Local Water Districts.

b. *Inventories*

This account includes office supplies inventory and materials for operation that are recorded at cost determined using the Weighted Average Method.

c. *Property, Plant and Equipment*

This account pertains to all properties of the District, recorded at cost, which are permanent in character, used in operations and with expected useful life of more than one year. Depreciation is computed using the straight-line method of accounting after

deducting the 10% salvage value, over the estimated useful life of the assets. Major repairs and maintenance costs incurred are capitalized, while minor ones are charged to operational expenses.

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 pertains to the operating fund which is available for general expenditures incurred in operations. The breakdown of this account is as follows:

	2015	2014	2013
Cash Collecting Officers	₱ 2,222.95	₱ 13,412.90	₱ 1,022.80
Petty Cash Fund	5,000.00	5,000.00	5,000.00
Cash in Bank-Local Currency, Current Account	6,782,377.84	8,955,708.36	8,540,289.91
Cash in Bank-Local Currency, Savings Account	10,000.00	10,000.00	10,000.00
Totals	₱6,799,600.79	₱8,984,121.26	₱8,556,312.71

The Cash in Bank-Local Currency, Current and Savings Accounts pertains to deposits with the District's depository banks and available for operational expenditures, break down as follows:

	2015	2014	2013
Land Bank of the Philippines:			
Account No. 188201035-24	₱1,181,139.65	₱4,703,005.64	₱4,296,785.40
Account No. 0102-1089-30	1,714,925.57	1,714,925.57	1,214,925.57
Philippine Veterans Bank:			
Account No. 05305-000622-1	1,523,565.75	1,522,192.17	1,019,715.25
Account No. 05305-000872-3	392,691.90	392,255.64	500,136.39
Account No. 05305-000928-4	1,000,635.13	-	-
Farmers Savings and Loan Bank, Inc.:			
Account No. 5753	21,804.28	374,408.36	611,429.82
Account No. 6254	361,669.15	58,023.14	158,026.85
Account No. 11-2-89	10,000.00	10,000.00	10,000.00
Country Rural Bank of Taguig:			
Account No. 21-00175-7	585,946.41	115,208.07	663,762.25
Account No. 51-06999-2	-	75,689.77	75,508.38
Totals	₱6,792,377.84	₱8,965,708.36	₱8,550,289.91

4. RECEIVABLES

This account consists of the following:

	2015	2014	2013
Accounts Receivable	₱3,303,023.00	₱3,275,898.28	₱3,201,452.25
Allowance for Bad Debts	(894,433.59)	(923,415.42)	(664,418.57)
Net	2,408,589.41	2,352,482.86	2,537,033.68
Accounts Receivables-Employees	325,116.74	310.03	-
Due from Officers and Employees	53,974.04	53,974.04	53,974.04
Totals	₱2,787,680.19	₱2,406,766.93	₱2,591,007.72

5. INVENTORIES

This account consists of materials and supplies in stock for future use of the District in its operations:

	2015	2014	2013
Chemicals and Filtering Supplies			
Inventory	₱ 62,831.00	₱ 159,399.99	₱ 112,854.18
Construction Materials Inventory	474,901.19	385,913.43	562,183.73
Other Inventories	679,926.67	859,945.42	871,723.09
Totals	₱1,217,658.86	₱1,405,258.84	₱1,546,761.00

6. PREPAYMENTS

This account consists of the following:

	2015	2014	2013
Guaranty Deposits	₱ 90,000.00	₱ 90,000.00	₱ 90,000.00
Other Prepayments and Deposits	3,131,865.00	3,131,830.35	472,610.00
Totals	₱3,221,865.00	₱3,221,830.35	₱562,610.00

Guaranty deposits refers to the deposits made by the District to DPWH while Other Prepayments and Deposits account pertains to meter and bill deposits paid to MERALCO.

7. PROPERTY, PLANT AND EQUIPMENT (PPE)

This account includes all properties of the District of relatively permanent character that are used in normal operations. The breakdown of this account is shown on the next page.

	2015	2014	2013
Land	₱ 2,008,390.00	₱ 1,790,390.00	₱ 1,790,390.00
Land Improvements	280,950.00	152,940.00	152,940.00
Plant	45,047,157.77	44,745,919.51	44,017,248.12
Buildings and Other Structures	8,755,980.28	8,755,980.28	8,560,515.89
Office Equipment	1,443,511.23	1,399,612.23	1,399,612.23
Furniture and Fixtures	384,792.50	384,792.50	384,792.50
IT Equipment and Software	535,022.00	490,723.00	455,223.00
Laboratory Equipment	21,578.00	21,578.00	21,578.00
Other Machinery and Equipment	19,538,148.22	18,107,957.22	14,969,865.22
Land Transportation Equipment	4,943,725.12	3,001,035.32	2,630,861.32
Total	82,959,255.12	78,850,928.06	74,383,026.28
Accumulated Depreciation	(31,272,824.84)	(28,151,118.60)	(25,556,449.27)
Net Book Value	51,686,430.28	50,699,809.46	48,826,577.01
Construction in Progress	8,065,862.70	235,743.36	62,683.65
Totals	₱59,752,292.98	₱50,935,552.82	₱48,889,260.66

8. INTER-AGENCY PAYABLES

This account consists of the following:

	2015	2014	2013
Due to BIR	₱ 92,041.67	₱ 98,011.97	₱ 76,204.39
Due to GSIS	67,397.13	71,806.91	73,069.43
Due to Pag-IBIG	8,765.73	10,278.87	2,200.00
Due to PHILHEALTH	5,012.50	5,337.50	4,700.00
Totals	₱173,217.03	₱185,435.25	₱156,173.82

9. LOANS PAYABLE – DOMESTIC (Current)

This account consists of the current portion of Loans Payable-Domestic which represents amortizations due for payment to the creditors in CY 2016, breakdown as follows:

	2015	2014	2013
LA # 3-498 RL	₱ 17,571.00	₱ 13,791.95	₱ 13,127.41
LA # 3-556 RL	63,436.00	53,651.75	52,129.77
LA # 3-556 SL	196,077.00	153,488.89	146,093.65
LA # 3-317 RL	711,928.00	632,543.87	615,328.43
LA # 3-317 SL	244,267.00	221,615.49	218,434.23
LWUA Open Account Bill	1,120,066.00	869,052.00	827,179.00
Totals	₱2,353,345.00	₱1,944,143.95	₱1,872,292.49

10. LOANS PAYABLE – DOMESTIC (Non-Current)

This account represents non current portion of Loans Payable-Domestic due for payment to creditors in CY 2017 and thereafter which consists of the following:

	2015	2014	2013
LA # 3-498 RL	₱ 134,339.97	₱ 154,308.02	₱ 168,099.97
LA # 3-556 RL	476,175.61	544,419.86	598,071.61
LA # 3-556 SL	1,471,675.83	1,694,953.94	1,848,442.83
LA # 3-317 RL	1,683,910.40	2,419,355.53	3,051,899.40
LA # 3-317 SL	577,763.17	825,512.68	1,047,128.17
LWUA Open Account Bill	9,033,014.00	10,316,201.00	11,185,253.00
Totals	₱13,376,878.98	₱15,954,751.03	₱17,898,894.98

11. PERSONAL SERVICES

This includes cost of labor and expenses incurred in the general supervision and direction on the District's operation. The details are as follows:

	2015	2014	2013
Salaries and Wages - Regular	₱5,721,991.69	₱5,342,217.66	₱5,225,981.85
Personnel Economic Relief Allowance	566,000.00	550,000.00	541,000.00
Representation Allowance	182,000.00	102,000.00	102,000.00
Transportation Allowance	182,000.00	102,000.00	102,000.00
Clothing/Uniform Allowance	164,607.03	145,685.50	158,288.00
Honoraria	429,204.00	355,320.00	291,970.00
Year End Bonus	150,000.00	761,590.00	569,025.00
Other Bonuses and Allowances	2,564,269.58	2,356,044.00	1,700,775.00
Life and Retirement Insurance			
Contributions	659,478.46	617,222.16	615,518.64
Pag - IBIG Contributions	28,700.00	27,200.00	27,100.00
PHILHEALTH Contributions	62,450.00	59,262.50	57,550.00
ECC Contributions	28,700.00	27,080.00	27,090.00
Vacation and Sick Leave Benefits	868,661.82	359,622.43	434,957.59
Other Personnel Benefits	1,310,439.97	580,033.03	876,988.33
Totals	₱12,918,502.55	₱11,385,277.28	₱10,730,244.41

12. MAINTENANCE AND OTHER OPERATING EXPENSES

This includes cost of expenses incurred in the maintenance of its pumping facilities and equipment and other operating expenses itemized as follows:

	2015	2014	2013
Traveling Expenses - Local	₱ 313,197.90	₱ 242,651.02	₱ 39,228.00
Training Expenses	682,624.60	454,208.00	199,346.00
Gender and Development	-	-	349,716.46

	2015	2014	2013
Office Supplies Expenses	409,155.21	327,067.85	234,013.75
Gasoline, Oil and Lubricants Expenses	384,293.47	909,666.14	879,749.59
Electricity Expenses	7,530,380.25	9,249,509.63	7,316,048.61
Other Supplies Expenses	85,349.00	78,569.95	38,020.00
Telephone Expenses - Landline	41,912.40	45,563.67	53,589.70
Telephone Expenses - Mobile	56,712.52	65,050.93	18,477.08
Internet Expenses	10,385.00	8,789.00	10,387.00
Advertising Expenses	125,500.00	57,500.0	5,700.00
Generation, Transmission and Distribution Expenses	2,814,067.54	1,742,586.19	1,294,526.16
Extraordinary and Miscellaneous Expenses	110,000.00	110,000.00	264,000.00
Membership, Dues and Contributions to Organizations	52,451.00	46,155.50	41,469.00
Representation Expenses	918,593.36	719,059.13	618,564.29
Rent/Lease Expense	-	3,500.00	-
Awards and Rewards	5,795.00	22,440.00	15,000.00
Survey Expenses	42,025.00	-	-
Professional Services	332,700.00	162,326.65	51,257.77
Repairs and Maintenance Expenses	390,856.63	602,143.75	337,842.62
Depreciation Expenses	3,282,206.24	2,594,669.33	2,289,069.01
Donations	30,950.00	50,670.00	19,976.00
Other Subsidies	29,088.25	22,801.00	22,077.00
Taxes, Duties and Licenses	531,916.71	477,266.81	563,786.78
Insurance Expenses	75,309.50	32,334.02	35,208.95
Bad Debts Expenses	(1,215.58)	8,945.28	-
Other Maintenance and Operating Expenses	221,261.45	154,573.85	134,537.66
Totals	₱18,475,515.45	₱18,188,047.70	₱14,831,591.43

13. FINANCIAL EXPENSES

This account consists of:

	2015	2014	2013
Interest Expenses - Vehicle loan	₱ -	₱ -	₱ 6,140.44
Interest Expenses - LWUA loan	1,387,409.00	2,235,281.99	2,420,595.43
Bank Charges	14,776.40	12,390.09	8,194.27
Totals	₱1,402,185.40	₱2,247,672.08	₱2,434,930.14