



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Baao Water District
Baao, Camarines Sur

BUREAU OF INTERNAL REVENUE
RDO No. 66, IRIGA CITY
RECEIVED
GINALIZA L. LORENA
Date: **AUG 02 2018**

We have audited the accompanying financial statements of Baao Water District, Baao, Camarines Sur, which comprise the Statement of Financial Position as at December 31, 2017 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a Summary of Significant Accounting Policies and Other Explanatory Information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As discussed in Part II of the Audit Report:


1. The accuracy of the recorded Accounts Receivable of ₱2.97 million is doubtful due to the variance of ₱307,390 with the Aging Schedule of Accounts Receivable/Subsidiary Ledger balance of ₱2.66 million.
2. A net discrepancy of ₱0.97 million in the Inventory accounts exists between the accounting records and the property records, thus the correctness of the balance of the inventory account as of year-end is doubtful.
3. A discrepancy of ₱5.74 million in the Property, Plant and Equipment (PPE) account exists between the General Ledger balances and the submitted Report on the Physical Count of Property, Plant and Equipment hence, the correctness of the PPE account balance is uncertain.
4. A net difference of ₱6.33 million exists between the Loans Payable recorded in the books of the Water District amounting to ₱16 million and the recorded Loans Receivable in the books of the Local Water Utilities Administration (LWUA) of ₱9.67 million hence, the correctness of the Loans Payable account is doubtful.

Qualified Opinion

In our opinion, except for the effects and the possible 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 the Baao Water District, as at December 31, 2017, and its comprehensive income and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards.

COMMISSION ON AUDIT

By:


MAREDITH A. BRAZAL
State Auditor IV
OIC-Supervising Auditor

February 5, 2018



Republic of the Philippines

BAAO WATER DISTRICT

Baao, Camarines Sur

CCC-313

Tel. No. (054) 266-3161

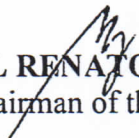
Telefax (054) 266-3642

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

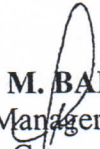
The Management of the Baao Water District is responsible for the preparation of the financial statements as at December 31, 2017, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing 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 Baao 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.


JOVENAL RENATO B. FAJARDO
Chairman of the Board

Date Signed


JEAN M. BARRAMEDA
Division Manager C- Finance and
Commercial

Date Signed


VICENTE VIC B. ROBOSA
General Manager C

Date Signed

BUREAU OF INTERNAL REVENUE
RDO No. 66, IRIGA CITY
RECEIVED
GINALIZAL LORENA
Date **AUG 02 2018**

BAAO WATER DISTRICT
Statement of Financial Position
As at December 31, 2017
(With Comparative Figures for CY 2016)

	Note	<u>2017</u>	<u>2016</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	P 4,378,381.46	P 959,784.77
Receivables, Net	4	2,978,604.28	2,803,162.59
Inventories	5	11,599,071.36	10,500,476.47
Other Current Assets	6	1,967,118.12	2,503,673.28
Total Current Assets		<u>P 20,923,175.22</u>	<u>P 16,767,097.11</u>
Non-Current Assets			
Other Investments	7	P 753,160.71	P 751,735.13
Property, Plant and Equipment, Net	8	87,027,389.61	70,778,050.57
Other Non-Current Assets	9	508,587.90	508,587.90
Total Non-Current Assets		<u>P 88,289,138.22</u>	<u>P 72,038,373.60</u>
Total Assets		<u><u>P 109,212,313.44</u></u>	<u><u>P 88,805,470.71</u></u>
LIABILITIES			
Current Liabilities			
Current Financial Liabilities	10	P 7,335,560.71	P 6,389,538.94
Inter-Agency Payables	11	929,488.29	735,401.17
Trust Liabilities	12	85,024.00	107,820.46
Other Payables	13	160,077.12	158,596.72
Total Current Liabilities		<u>P 8,510,150.12</u>	<u>P 7,391,357.29</u>
Non-Current Liabilities			
Non-Current Financial Liabilities	14	P 22,287,704.89	P 17,314,031.49
Deferred Credits/Unearned Income	15	3,166,813.38	3,166,813.38
Total Non-Current Liabilities		<u>P 25,454,518.27</u>	<u>P 20,480,844.87</u>
Total Liabilities		<u><u>P 33,964,668.39</u></u>	<u><u>P 27,872,202.16</u></u>
EQUITY			
Government Equity	16	P 2,649,985.14	P 2,649,985.14
Retained Earnings/(Deficit)	17	72,597,659.91	58,283,283.41
Total Equity		<u>P 75,247,645.05</u>	<u>P 60,933,268.55</u>
Total Liabilities and Equity		<u><u>P 109,212,313.44</u></u>	<u><u>P 88,805,470.71</u></u>

(See accompanying Notes to Financial Statements)

BUREAU OF INTERNAL REVENUE
RDO No. 66, IRIGA CITY
RECEIVED
GINA LIZAL LORENA
Date: AUG 02 2018

BAAO WATER DISTRICT

Statement of Comprehensive Income
 For the Year Ended December 31, 2017
 (With Comparative Figures for CY 2016)

	Note	<u>2017</u>	<u>2016</u>
Income			
Service and Business Income	18	P 44,131,999.86	P 41,845,688.03
Other Non-Operating Income		448,250.27	559,524.79
Total Income		<u>P 44,580,250.13</u>	<u>P 42,405,212.82</u>
Expenses			
Personnel Services	19	P 11,466,023.07	P 11,792,393.95
Maintenance and Other Operating Expenses	20	13,328,663.32	10,282,613.02
Financial Expenses	21	812,487.60	1,251,032.80
Non-Cash Expenses	22	4,788,505.88	5,177,325.52
Total Expenses		<u>P 30,395,679.87</u>	<u>P 28,503,365.29</u>
Net Income/(Loss)		<u>P 14,184,570.26</u>	<u>P 13,901,847.53</u>
Other Comprehensive Income/(Loss) for the Period		0.00	0.00
Comprehensive Income/(Loss)		<u><u>P 14,184,570.26</u></u>	<u><u>P 13,901,847.53</u></u>

(See accompanying Notes to Financial Statements)

BUREAU OF INTERNAL REVENUE
 RDO No. 66, IRIGA CITY
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 Date: AUG 02 2018

BAAO WATER DISTRICT

Statement of Changes in Equity
 For the Year Ended December 31, 2017
 (With Comparative Figures for CY 2016)

	<u>2017</u>		<u>2016</u>
Government Equity	₱ <u>2,649,985.14</u>	₱	<u>2,649,985.14</u>
Retained Earnings, Beginning	₱ 58,283,283.41	₱	44,381,435.88
Add (Deduct) Adjustments:			
Net Income (Loss)	14,184,570.26		13,901,847.53
Prior Years' Adjustments	0.00		0.00
Other Adjustments	129,806.24		0.00
Retained Earnings, Ending	₱ <u>72,597,659.91</u>	₱	<u>58,283,283.41</u>
Total Equity	₱ <u><u>75,247,645.05</u></u>	₱	<u><u>60,933,268.55</u></u>

BAAO WATER DISTRICT

Statement of Cash Flows For the Year Ended December 31, 2017 (With Comparative Figures for CY 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Proceeds from Sale of Goods and Services	P 42,627,186.72	P 40,083,725.86
Collection of Income/Revenue	2,432,737.56	2,535,600.90
Receipt of Assistance/Subsidy	75,679.08	20,634.80
Trust Receipts	20,000.00	16,034.00
Other Receipts	17,321.20	7,503.24
Total Cash Inflows	P 45,172,924.56	P 42,663,498.80
Adjustments	79,689.44	0.00
Adjusted Cash Inflows	P 45,252,614.00	P 42,663,498.80
Cash Outflows		
Payment of Expenses	P 13,567,541.86	P 15,028,865.08
Purchase of Inventories	1,007,605.51	774,915.84
Grant of Cash Advances	178,580.00	90,690.00
Prepayments	68,144.82	125,527.08
Payments of Accounts Payable	12,051,956.71	11,860,071.06
Remittance of Personnel Benefit Contributions and Mandatory Deductions	6,957,380.79	5,491,375.34
Other Disbursements	225,679.80	174,362.26
Total Cash Outflows	P 34,056,889.49	P 33,545,806.66
Adjustments	17,277.88	0.00
Adjusted Cash Outflows	P 34,074,167.37	P 33,545,806.66
Net Cash Provided by/(Used in) Operating Activities	P 11,178,446.63	P 9,117,692.14
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Receipt of Interest Earned	P 25.61	P 0.00
Total Cash Inflows	P 25.61	P 0.00
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	P 11,944,200.95	P 5,988,276.23
Total Cash Outflows	P 11,944,200.95	P 5,988,276.23
Net Cash Provided By/(Used In) Investing Activities	P (11,944,175.34)	P (5,988,276.23)

2017

2016

CASH FLOWS FROM FINANCING ACTIVITIES

Cash Inflows		
Proceeds from Domestic and Foreign Loans	P 6,527,569.00	P 0.00
Total Cash Inflows	P 6,527,569.00	P 0.00
Cash Outflows		
Payment of Long-Term Liabilities	P 1,530,736.00	P 1,286,015.00
Payment of Interest on Loans and Other Financial Charges	812,507.60	1,251,032.80
Total Cash Outflows	P 2,343,243.60	P 2,537,047.80
Net Cash Provided By/(Used In) Financing Activities	P 4,184,325.40	P (2,537,047.80)
Increase/(Decrease) in Cash and Cash Equivalents	P 3,418,596.69	P 592,368.11
Cash and Cash Equivalents, January 1	P 959,784.77	P 367,416.66
CASH AND CASH EQUIVALENTS, DECEMBER 31	P 4,378,381.46	P 959,784.77

RECEIVED
AUG 02 2018

Republic of the Philippines
BAAO WATER DISTRICT
Bao, Camarines Sur

Notes to Financial Statements
December 31, 2017

1. AGENCY BACKGROUND

Aimed at providing the barangays of Bao with potable drinking water, Barangay Waterworks Association was established in 1983 through the initial funding assistance of ₱3.2 million pesos from the European Economic Development Community through the Bicol River Basin Development Project (BRBDP). Registered in 1986 with Rural Waterworks Development Corporation (RWDC) under the name Bao Rural Waterworks and Sanitation Association (BRUWASA), it facilitated in providing water service with its sole Pumping Station located at Barangay Buluang, with facilities constructed and implemented under the Project Management Office (PMO) of the Ministry of Public Works and Highways.

In 1987, the RWDC was dissolved by virtue of a Presidential Directive. Its functions and mandate were transferred to the Local Water Utilities Administration (LWUA) in line with Presidential Decree No. 198, forming the Bao Water District with LWUA Certificate of Conditional Conformance No. 313. Under LWUA, it started with various rehabilitation and expansion projects of providing its services to additional barangays.

For almost 17 years, the Water District had maintained providing services with just the Buluang Pumping Station as its sole water source. Due to the increasing demand for potable water supply of its existing service area and other adjacent barangays, in 2002 and 2003, Bao Water District was able to commission two additional pumping stations located at Barangays San Juan and Agdangan, respectively, addressing the future water demands of the Municipality of Bao and of its other adjacent municipalities which are in need of reliable water supply.

With the current thrust of Water District to maximize operation with minimal manpower, full automation of all pumping stations was successfully implemented by cutting its operation costs without compromising services to its concessionaires.

In 2006, Bao Water District faced an abrupt financial transformation with its full operation of the Bao-Nabua Interconnection Project. The extended supply of Bao Water District of potable water supply to Nabua Water District (NAWAD) was beneficial to both water districts.

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The implementation of the Agdangan-Buluang Interconnection Project had successfully joined the three existing pumping stations in Barangay Buluang, Barangay San Juan and Barangay Agdangan operating complementarily with each other to maintain stable and uninterrupted water supply for its concessionaires.

2. SIGNIFICANT ACCOUNTING POLICIES

- a. Accounting system is based on the New Government Accounting System (NGAS) designed by COA, Professional Development Center, Government Accounting and Financial Management Information System.
- b. Inventories are valued at cost using the Moving Average Method.
- c. Accrual method of accounting is used in recording the Income and Expense accounts.
- d. Property, Plant and Equipment are stated at cost less accumulated depreciation. Computation of depreciation is based on the Straight Line method.

3. CASH AND CASH EQUIVALENTS

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Cash- Collecting Officer	₱ (1,943.63)	₱ 9,522.52
Cash in Bank-LCCA No. 1028-63	254,487.66	926,669.97
Cash in Bank-LCCA No. 2772-1082-62	4,102,219.54	0.00
Cash in Bank-LCSA No. 2772-1044-91	23,617.89	23,592.28
Total	₱ 4,378,381.46	₱ 959,784.77

Cash-Collecting Officer is comprised of the following:

Unadjusted deposit to a personal account	₱ (1,850.00)
Over Deposit	(92.95)
For Reconciliation	(0.68)
Total	₱ (1,943.63)

Petty Cash Fund for the year 2016 was adjusted due to incorrect distribution of amounts from Cash Receipts Journal to Trial Balance. The amount ₱3,600.75 was recorded to Special Disbursing Officer (Other Assets).

4. RECEIVABLES, NET

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Accounts Receivable	₱ 2,965,670.33	₱ 2,790,152.23
Less: Allowance for Impairment – Accounts Receivables	55,046.53	55,046.53
Accounts Receivable, Net	₱ 2,910,623.80	₱ 2,735,105.70
Receivables-Disallowances/Charges	(28,598.25)	45,001.75
Due from Officers and Employees	295.77	295.77
Other Receivables	96,282.96	22,759.37
Total	₱ 2,978,604.28	₱ 2,803,162.59

Accounts Receivables are the unpaid water bills of concessionaires.

Receivables-Disallowances/Charges include AOMs 10 and 11 s. 2012 in which some disallowances are inadvertently recorded to other accounts, thus, resulting to a negative balance.

Other Receivables are the unpaid accounts of concessionaires other than water bills such as new service connection fee, saddle clamp, brass adaptor and other plumbing materials. This also includes the disallowed claims (Birthday, Medical Allowance, Provident Fund and Travel expenses) of employees as per COA Annual Report for CY 2010-2011.

5. INVENTORIES

This account refers to the unused supplies, materials and chemicals, which is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Office Supplies Inventory	₱ 346,786.18	₱ 271,153.77
Accountable Forms, Plates and Stickers Inventory	41,496.17	107,080.08
Medical, Dental and Laboratory Supplies Inventory	110,789.05	139,689.85
Fuel, Oil and Lubricants Inventory	130,393.72	46,097.52
Textbooks and Instructional Inventory	4,618.00	4,618.00
Construction Materials Inventory	10,741,821.76	9,792,997.19
Other Supplies and Materials Inventory	223,166.48	138,840.06
Total	₱ 11,599,071.36	₱ 10,500,476.47

6. OTHER CURRENT ASSETS

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Advances to Special Disbursing Officer	₱ 64,261.49	₱ 624,800.96
Prepaid Insurance	43,634.59	42,187.79
Other Prepayments	42,118.29	19,580.78
Deferred Charges/Losses	1,787,103.75	1,787,103.75
Other Assets	30,000.00	30,000.00
Total	₱ 1,967,118.12	₱ 2,503,673.28

Advances to Special Disbursing Officer include the adjustments which were due to the incorrect distribution of amounts from the Cash Receipts Journal to the Trial Balance.

Prepayments refer to the unexpired portion of insurance of motor vehicles and bond premium of accountable officers.

Deferred Charges refer to the deposit of bond paid to Regional Trial Court - Iriga City in connection with the case of Baao Water District vs. Brgy Captain Berza of Brgy. San Juan, Baao, Camarines Sur. This includes the lot of the Water District office which will be reclassified to Land account upon transfer of title.

7. OTHER INVESTMENTS

Account Title	CY 2017	CY 2016
Sinking Fund	₱ 753,160.71	₱ 751,735.13

Sinking Fund refers to the joint savings account at the Land Bank of the Philippines Iriga Branch, Iriga City, of the Water District and LWUA as reserve fund.

8. PROPERTY, PLANT AND EQUIPMENT, NET

The breakdown of the Property, Plant and Equipment (PPE) accounts:

Account Title	CY 2017	CY 2016
a. Property, Plant and Equipment (net) (see next table below for the details)	₱ 58,685,417.54	₱ 54,506,394.39
b. Construction in Progress – Building	28,341,972.07	16,271,656.18
Total	₱ 87,027,389.61	₱ 70,778,050.57

Property, Plant and Equipment are the properties used in the normal operation of the Water District.

Construction in Progress refers to the ongoing projects of the Water District, such as the Reservoir at San Vicente, Baao, Camarines Sur, realignment of transmission lines due to road widening and the two-storey building.

An adjustment for the Land account amounting to ₱200,000.00 was not taken up/omitted in the CY 2016 trial balance but was included on the General Journal. The balance of the said account of ₱4,179,439.73 as reflected in the Annual Audit Report for CY 2016 was adjusted to ₱4,379,439.73 (₱4,179,439.73 + ₱200,000.00).

The details of the PPE at their book values are:

Account Title	CY 2017	CY 2016
Land	₱ 4,628,552.53	₱ 4,379,439.73
Water Supply Systems	20,719,026.65	20,196,902.84
Buildings	7,937,712.80	8,252,869.69
Other Structures	15,126,117.89	10,353,322.05
Office Equipment	108,794.30	141,083.43
Information and Communication Technology Equipment	353,888.89	439,737.74
Communication Equipment	8,772.46	11,494.03
Other Machinery and Equipment	8,873,746.25	9,600,919.64
Motor Vehicles	434,591.53	498,094.21
Other Transportation Equipment	3,078.77	3,356.73
Furniture and Fixtures	195,069.51	242,897.36
Other Property, Plant and Equipment	296,065.96	386,276.94
Total	₱ 58,685,417.54	₱ 54,506,394.39

Below are the PPEs at their acquisition cost and the corresponding accumulated depreciation, to wit:

CY 2017

Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land	₱ 4,628,552.53	₱ 0.00	₱ 4,628,552.53
Water Supply Systems	43,774,930.07	23,055,903.42	20,719,026.65
Buildings	10,063,153.59	2,125,440.79	7,937,712.80
Other Structures	20,645,776.02	5,519,658.13	15,126,117.89
Office Equipment	458,233.00	349,438.70	108,794.30
Information and Communication Technology Equipment	873,088.15	519,199.26	353,888.89
Communication Equipment	46,804.75	38,032.29	8,772.46
Other Machinery and Equipment	18,426,365.61	9,552,619.36	8,873,746.25

Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
Motor Vehicles	705,597.15	271,005.62	434,591.53
Other Transportation Equipment	8,100.00	5,021.23	3,078.77
Furniture and Fixtures	578,190.60	383,121.09	195,069.51
Other Property, Plant and Equipment	646,504.43	350,438.47	296,065.96
Total	₱ 100,855,295.90	₱ 42,169,878.36	₱ 58,685,417.54

CY 2016

Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land	₱ 4,379,439.73	₱ 0.00	₱ 4,379,439.73
Water Supply Systems	41,336,203.80	21,139,300.96	20,196,902.84
Buildings	10,063,153.59	1,810,283.90	8,252,869.69
Other Structures	15,305,845.52	4,952,523.47	10,353,322.05
Office Equipment	451,808.00	310,724.57	141,083.43
Information and Communication Technology Equipment	833,763.55	394,025.81	439,737.74
Communication Equipment	46,804.75	35,310.72	11,494.03
Other Machinery and Equipment	17,586,479.31	7,985,559.67	9,600,919.64
Motor Vehicles	705,597.15	207,502.94	498,094.21
Other Transportation Equipment	8,100.00	4,743.27	3,356.73
Furniture and Fixtures	568,556.29	325,658.93	242,897.36
Other Property, Plant and Equipment	642,099.43	255,822.49	386,276.94
Total	₱ 91,927,851.12	₱ 37,421,456.73	₱ 54,506,394.39

9. OTHER NON-CURRENT ASSETS

Account Title	CY 2017	CY 2016
Other Assets	₱ 508,587.90	₱ 508,587.90

Other Assets refers to the unserviceable properties of the Water District for reclassification to its respective PPE accounts.

10. CURRENT FINANCIAL LIABILITIES

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Accounts Payable	₱ 7,128,804.94	₱ 6,041,666.21
Due to Officers and Employees	206,755.77	347,872.73
Total	₱ 7,335,560.71	₱ 6,389,538.94

Accounts Payable refers to outstanding accounts of the WD with various suppliers. The balance was adjusted with an amount of ₱200,000.00 which is a payment for Land which was not taken up/omitted to the 2016 trial balance but was included in the General Journal.

Due to Officers and Employees includes accrued benefits of officers and employees.

11. INTER-AGENCY PAYABLES

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Due to BIR	₱ 600,528.46	₱ 458,810.48
Due to GSIS	241,965.56	227,511.16
Due to Pag-IBIG	41,250.12	30,832.90
Due to PhilHealth	12,081.82	11,300.00
Due to NGAs	37,379.40	37,379.40
Due to Government Corporations	(3,717.07)	(30,432.77)
Total	₱ 929,488.29	₱ 735,401.17

This account refers to personal and government contributions and loans payable deducted from salaries of employees for remittance to BIR, GSIS, Pag-IBIG, and PhilHealth.

Due to other NGAs includes payable to Commission on Audit for financial audit of the 2008 and 2009 accounts and operations and audit of prior years' transaction of Extraordinary and Miscellaneous Expense (EME), Cost of Living Allowance (COLA) and Provident Fund (PF).

Due to Government Corporations includes loans payable to Land Bank of the Philippines amounting to ₱8,788.01 and return of 2 pcs C.I. coupling from Iriga Water District for year 2016 amounting to ₱12,505.08.

12. TRUST LIABILITIES

Account Title	CY 2017	CY 2016
Bail Bonds Payable	₱ <u>85,024.00</u>	₱ <u>107,820.46</u>

Bail Bonds Payable refers to the cash bond paid by suppliers in connection with the bidding of materials for the expansion project of the Water District.

13. OTHER PAYABLES

Account Title	CY 2017	CY 2016
Other Payables	₱ <u>160,077.12</u>	₱ <u>158,596.72</u>

Other Payables account includes benefits due to employees who retired from the service.

14. NON-CURRENT FINANCIAL LIABILITIES

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
a. Loans Payable – Domestic (see next table below for the details)	₱ 20,045,209.54	₱ 15,071,536.14
b. Other Bills/Bonds/Loans Payable	<u>2,242,495.35</u>	<u>2,242,495.35</u>
Total	₱ <u>22,287,704.89</u>	₱ <u>17,314,031.49</u>

The details of the Loans Payable – Domestic:

Account Numbers	CY 2017	CY 2016
Loan Account No. 3-283	₱ (658.00)	₱ (658.00)
Loan Account No. 4-2386	3,008,172.00	3,375,867.00
Loan Account No. 4-2527	691,880.34	1,329,102.34
Loan Account No. 4-1051-29	4,232,779.59	4,335,739.59
LWUA (Loan Account No. 4-2969)	<u>1,538,958.00</u>	<u>1,855,725.00</u>
Sub-total	₱ <u>9,471,131.93</u>	₱ <u>10,895,775.93</u>
Nabua Water District	4,046,508.61	4,175,760.21
KFW Fund	<u>6,527,569.00</u>	<u>0.00</u>
Total	₱ <u>20,045,209.54</u>	₱ <u>15,071,536.14</u>

Loans Payable – Domestic refers to the balance of the Water District to LWUA. This also includes the cost of the Baao-Nabua Water District interconnection project, a portion of which was charged to Baao Water District.

Other Bills/Bonds/Loans Payable refers to the unpaid COLA of the employees from 1992 to 1999 as approved per Board Res. No. 128-03, dated December 7, 2003.

15. DEFERRED CREDITS/UNEARNED INCOME

Account Title	CY 2017	CY 2016
Other Deferred Credits	₱ <u>3,166,813.38</u>	₱ <u>3,166,813.38</u>

Other Deferred Credits includes all deferred credits not covered by other liability accounts and account for possible reclassification pending final decision of LWUA, and also the San Isidro-Buluang-Agdangan interconnection project financed by LWUA.

16. GOVERNMENT EQUITY

Account Title	CY 2017	CY 2016
Government Equity	₱ <u>2,649,985.14</u>	₱ <u>2,649,985.14</u>

The amount pertains to the value of properties turned-over by the Department of Public Works and Highways - Project Management Office to the Water District.

17. RETAINED EARNINGS/(DEFICIT)

Account Title	CY 2017	CY 2016
Retained Earnings	₱ <u>72,597,659.91</u>	₱ <u>58,283,283.41</u>

The balance is composed of the cumulative effect of net earnings of the Water District over the period including prior period adjustments.

18. SERVICE AND BUSINESS INCOME

Income realized during the year was derived from the following:

Account Title	CY 2017	CY 2016
Waterworks Systems fees	₱ 41,320,356.41	₱ 38,998,892.60
Other Business Income	1,243,518.14	1,536,055.50
Fines and Penalties-Business Income	1,566,383.89	1,308,318.15
Interest Income	1,741.42	2,421.78
Total	₱ <u>44,131,999.86</u>	₱ <u>41,845,688.03</u>

19. PERSONNEL SERVICES

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Salaries and Wages - Regular	₱ 5,853,608.73	₱ 5,403,165.45
Salaries and Wages - Casual/Contractual	790,356.00	1,082,472.00
Personal Economic Relief Allowance (PERA)	640,818.18	688,000.00
Representation Allowance (RA)	222,000.00	222,000.00
Transportation Allowance (TA)	222,000.00	222,000.00
Clothing/Uniform Allowance	125,000.00	140,000.00
Subsistence Allowance	481,500.00	516,000.00
Productivity Incentive Allowance	275,000.00	0.00
Year - End Bonus	1,124,516.00	1,092,071.60
Cash Gift	135,000.00	143,000.00
Other Bonuses and Allowances	314,722.35	623,450.00
Retirement and Life Insurance Premiums	797,275.77	778,562.44
Pag-IBIG Contributions	32,040.91	34,400.00
PhilHealth Contributions	68,990.91	70,050.00
Employees Compensation Insurance Premiums	32,000.00	34,400.00
Other Personnel Benefits	351,194.22	742,822.46
Total	₱ 11,466,023.07	₱ 11,792,393.95

20. MAINTENANCE AND OTHER OPERATING EXPENSES

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Traveling Expenses - Local	₱ 154,064.00	₱ 88,216.00
Training Expenses	101,640.00	46,600.00
Office Supplies Expenses	148,646.84	77,633.68
Accountable Forms Expenses	69,133.91	73,626.15
Medical, Dental and Laboratory Supplies Expense	699,264.80	502,435.60
Fuel, Oil and Lubricants Expenses	1,030,898.96	454,349.48
Other Supplies and Materials Expenses	45,208.07	44,044.35
Electricity Expenses	6,416,191.49	6,244,184.14
Other Utility Expenses	35,778.00	21,081.00
Postage and Courier Services	1,688.00	4,225.00
Telephone Expenses	57,620.50	72,923.62
Internet Subscription Expenses	4,379.39	37,314.15
Cable, Satellite, Telegraph and Radio Expenses	50,481.13	3,550.00
Awards/Rewards Expenses	35,660.00	29,000.00

Account Title	CY 2017	CY 2016
Auditing Services	0.00	105,987.30
Other General Services	174,603.59	0.00
Repairs and Maintenance - Infrastructure Assets	1,838,773.17	587,368.64
Repairs and Maintenance - Buildings and Other Structures	620,548.59	9,550.80
Repairs and Maintenance - Machinery and Equipment	90,815.00	251,805.51
Repairs and Maintenance - Transportation Equipment	73,049.81	46,306.21
Repairs and Maintenance - Furniture and Fixtures	500.00	0.00
Taxes, Duties and Licenses	856,354.64	794,117.30
Fidelity Bond Premiums	38,662.50	38,700.00
Insurance Expenses	72,037.00	32,967.49
Representation Expenses	140,864.83	137,263.40
Membership Dues and Contributions to Organizations	2,000.00	13,275.00
Subscription Expenses	7,930.00	4,830.00
Directors and Committee Members' Fees	508,605.00	529,053.75
Other Maintenance and Operating Expenses	53,264.10	32,204.45
Total	<u>₱ 13,328,663.32</u>	<u>₱ 10,282,613.02</u>

21. FINANCIAL EXPENSES

Account Title	CY 2017	CY 2016
Interest Expense	<u>₱ 812,487.60</u>	<u>₱ 1,251,032.80</u>

Interest Expense refers to interest paid to LWUA and NAWAD.

22. NON-CASH EXPENSES

This account is composed of the following, to wit:

Account Title	CY 2017	CY 2016
Depreciation - Infrastructure Assets	₱ 1,916,602.46	₱ 2,109,153.28
Depreciation - Building and Other Structures	882,291.55	839,418.74
Depreciation - Machinery and Equipment	1,733,668.83	1,987,327.44
Depreciation - Transportation Equipment	63,780.65	46,151.66
Depreciation - Furniture, Fixtures and Books	57,462.16	58,347.04
Depreciation - Other Property, Plant and Equipment	94,615.98	99,334.77
Other Discounts	40,084.25	37,592.59
Total	<u>₱ 4,788,505.88</u>	<u>₱ 5,177,325.52</u>