

2019



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

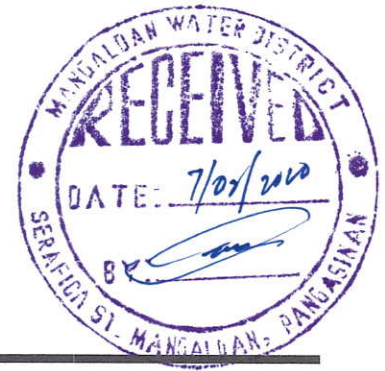
**ANNUAL AUDIT REPORT
ON THE**

**MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan**

For the Year Ended December 31, 2019



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
San Fernando City, La Union
Tel No. (072) 888-6780/888-6781



June 22, 2020

The Board of Directors
Mangaldan Water District
Mangaldan, Pangasinan

Dear Sirs/Mesdames:

We transmit herewith the report on the financial and compliance audit of the accounts and operations of Mangaldan Water District, Mangaldan, Pangasinan, for the year ended December 31, 2019, in compliance with Section 2, Article IX-D of the Philippine Constitution of the Philippines and pertinent sections of Presidential Decree 1445.

The audit was conducted to ascertain the propriety of financial transactions and compliance with prescribed rules and regulations as well as the efficiency and effectiveness of operations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements.

The report consists of four parts: Part I – Audited Financial Statements, Part II – Detailed Observations and Recommendations, Part III – Status of Implementation of Prior Year’s Audit Recommendations and Part IV - Annexes. The observations and recommendations were discussed with concerned management officials and staff in an exit conference held on June 16, 2020. Management’s comments are included in the report, where appropriate.

We rendered a qualified opinion on the presentation of financial statements because of the following:

1. Properties amounting to ₱2,925,164.56 were not properly classified to their corresponding Property, Plant and Equipment (PPE) accounts thereby understating the PPE account and overstating the Inventories account, contrary to Philippine Accounting Standards (PAS) 2 and 16 and COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts for Government Corporations, thereby affecting the faithful presentation of the accounts presented in the Financial Statements.

We recommended that Management reclassify properly the properties totaling ₱2,925,164.56 to the specific Property, Plant and Equipment, semi-expendable PPE and Intangible Assets accounts in compliance with PAS 2 and PAS 16 using the

account prescribed under COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts.

We further recommended that Management identify the assets that are fully depreciated and are no longer serviceable and reclassify them to the Other Assets account and thereafter be disposed of and derecognized from the books to reflect the most accurate balances of the accounts in the Financial Statements.

2. Accrued penalties from late payment of water bills amounting to ₱228,453.50 were recognized as Accounts Receivable and Income in the Financial Statements resulting to overstatement of asset and income accounts contrary to Philippine Accounting Standards, PAS 1 and Section 19 of the Manual on NGAS, Volume I, thus, affecting the fair presentation of the Accounts in the Financial Statements.

We recommended that Management adopt the cash basis of recording penalties by recognizing income from penalties only upon collection and not upon billing pursuant to Philippine Accounting Standard PAS 1 and Section 19 of the Manual on NGAS, Volume I. We also recommended that Management prepare a journal entry to reverse the Accounts Receivable representing the recognized asset and income for accrued penalties amounting to ₱228,453.50 to Retained Earnings Account.

Aside from the audit observations which were used as bases for qualified opinion, other significant observations and recommendations are the following:

1. The Other Asset account amounting to ₱401,434.35 is of doubtful reliability due to the inclusion of disposed, destroyed and other properties, the status of which were not updated contrary to the Asset Recognition Principle under Philippine Accounting Standards (PAS) No. 1. Further, unserviceable properties were not also disposed as of year-end contrary to Section 79 of Presidential Decree No.79, causing further deterioration thereby depriving the District of additional income from the sale thereof.

We recommended that Management:

- a. Update immediately the status of the properties included in the Other Asset Account and derecognize in the books of accounts the disposed, destroyed and unserviceable properties with a total of ₱60,149.50 (₱18,307.00, ₱4,050.00, and ₱37,792.50) to reflect the most accurate balance of the asset account in accordance with PAS No.1;
 - b. Identify the properties in the remaining amount of ₱341,284.85 which shall then be appraised and disposed adhering Section 79 of PD 1445.
2. The ratio of employees with the number of active concessionaires, the District being a Category B Local Water District, did not comply with the required ratio prescribed in Section VII.A of the Revised Local Water District Manual on Categorization, Re-

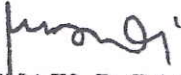
categorization and Other Related Matters (LWD-MaCRO), thereby affecting the over-all performance of the District.

We recommended that Management comply with the ratio requirement of employee against its active concessionaires as required under the Revised Local Water District MaCRO by increasing the number of support personnel based on the available and vacant positions indicated in the approved Plantilla. The increase of personnel would certainly match the services the District could offer to its concessionaires in order to attain a more productive and efficient performance as a quality water service provider.

We request that the comments and observations and recommendations contained in the said report be fully addressed and we would appreciate being informed of the action taken in this regard within sixty (60) days from receipt hereof, pursuant to Section 99 of the General Provisions of Republic Act No. 11260, otherwise known as the General Appropriations Act of 2019, by accomplishing the Agency Action Plan and Status of Implementation attached herewith.

We acknowledge the support and cooperation extended to the audit team by the officials and staff of the agency.

Very truly yours,


MICHAEL R. BACANI
Regional Director



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. I
San Fernando City, La Union
Tel No. (072) 888-6780/888-6781



June 22, 2020

ENGR. MARCELO M. PETONIO

General Manager
Mangaldan Water District
Mangaldan, Pangasinan:

Dear Engr. Petonio:

We transmit herewith the report on the financial and compliance audit of the accounts and operations of Mangaldan Water District, Mangaldan, Pangasinan, for the year ended December 31, 2019, in compliance with Section 2, Article IX-D of the Philippine Constitution of the Philippines and pertinent sections of Presidential Decree 1445.

The audit was conducted to ascertain the propriety of financial transactions and compliance with prescribed rules and regulations as well as the efficiency and effectiveness of operations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements.

The report consists of four parts: Part I – Audited Financial Statements, Part II – Detailed Observations and Recommendations, Part III – Status of Implementation of Prior Year’s Audit Recommendations and Part IV - Annexes. The observations and recommendations were discussed with concerned management officials and staff in an exit conference held on June 16, 2020. Management’s comments are included in the report, where appropriate.

We rendered a qualified opinion on the presentation of financial statements because of the following:

1. Properties amounting to ₱2,925,164.56 were not properly classified to their corresponding Property, Plant and Equipment (PPE) accounts thereby understating the PPE account and overstating the Inventories account, contrary to Philippine Accounting Standards (PAS) 2 and 16 and COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts for Government Corporations, thereby affecting the faithful presentation of the accounts presented in the Financial Statements.

We recommended that Management reclassify properly the properties totaling ₱2,925,164.56 to the specific Property, Plant and Equipment, semi-expendable PPE

and Intangible Assets accounts in compliance with PAS 2 and PAS 16 using the account prescribed under COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts.

We further recommended that Management identify the assets that are fully depreciated and are no longer serviceable and reclassify them to the Other Assets account and thereafter be disposed of and derecognized from the books to reflect the most accurate balances of the accounts in the Financial Statements.

2. Accrued penalties from late payment of water bills amounting to ₱228,453.50 were recognized as Accounts Receivable and Income in the Financial Statements resulting to overstatement of asset and income accounts contrary to Philippine Accounting Standards, PAS 1 and Section 19 of the Manual on NGAS, Volume I, thus, affecting the fair presentation of the Accounts in the Financial Statements.

We recommended that Management adopt the cash basis of recording penalties by recognizing income from penalties only upon collection and not upon billing pursuant to Philippine Accounting Standard PAS 1 and Section 19 of the Manual on NGAS, Volume I. We also recommended that Management prepare a journal entry to reverse the Accounts Receivable representing the recognized asset and income for accrued penalties amounting to ₱228,453.50 to Retained Earnings Account.

Aside from the audit observations which were used as bases for qualified opinion, other significant observations and recommendations are the following:

1. The Other Asset account amounting to ₱401,434.35 is of doubtful reliability due to the inclusion of disposed, destroyed and other properties, the status of which were not updated contrary to the Asset Recognition Principle under Philippine Accounting Standards (PAS) No. 1. Further, unserviceable properties were not also disposed as of year-end contrary to Section 79 of Presidential Decree No.79, causing further deterioration thereby depriving the District of additional income from the sale thereof.

We recommended that Management:

- a. Update immediately the status of the properties included in the Other Asset Account and derecognize in the books of accounts the disposed, destroyed and unserviceable properties with a total of ₱60,149.50 (₱18,307.00, ₱4,050.00, and ₱37,792.50) to reflect the most accurate balance of the asset account in accordance with PAS No.1;
 - b. Identify the properties in the remaining amount of ₱341,284.85 which shall then be appraised and disposed adhering Section 79 of PD 1445.
2. The ratio of employees with the number of active concessionaires, the District being a Category B Local Water District, did not comply with the required ratio prescribed in Section VII.A of the Revised Local Water District Manual on Categorization, Re-


categorization and Other Related Matters (LWD-MaCRO), thereby affecting the over-all performance of the District.

We recommended that Management comply with the ratio requirement of employee against its active concessionaires as required under the Revised Local Water District MaCRO by increasing the number of support personnel based on the available and vacant positions indicated in the approved Plantilla. The increase of personnel would certainly match the services the District could offer to its concessionaires in order to attain a more productive and efficient performance as a quality water service provider.

We request that the comments and observations and recommendations contained in the said report be fully addressed and we would appreciate being informed of the action taken in this regard within sixty (60) days from receipt hereof, pursuant to Section 99 of the General Provisions of Republic Act No. 11260, otherwise known as the General Appropriations Act of 2019, by accomplishing the Agency Action Plan and Status of Implementation attached herewith.

We acknowledge the support and cooperation extended to the audit team by the officials and staff of the agency.

Very truly yours,


MICHAEL R. BACANI
Regional Director



**Republic of the Philippines
COMMISSION ON AUDIT**

Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

ON THE

**MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan**

For The Year Ended December 31, 2019

EXECUTIVE SUMMARY

A. Agency Background

The Mangaldan Water District (MAWAD) was first operated under the administration of the Municipality of Mangaldan under the name Mangaldan Waterworks Authority. It was formed through Resolution No. 38, series of 1979, passed by the Sangguniang Bayan of Mangaldan, Pangasinan on May 12, 1979 pursuant to the provisions of Presidential Decree (PD) No. 198, as amended by PD No., 768 and R.A. 9286) also known and referred to as the “PROVINCIAL WATER UTILITIES ACT OF 1973”.

On October 6, 1980, the Conditional Certificate of Conformance (CCC No. 139) was issued by the Local Water Utilities Administration (LWUA) to the District entitling it to have access to LWUA’s technical, financial and institutional assistance to improve and develop the water supply system in the area. LWUA approved the re-categorization of MAWAD into Category “B” on February 23, 2015.

B. Highlights of Financial Operation

Below is the summary of comparative financial highlights.

	2019	2018
Assets	₱ 150,000,756.68	₱ 139,953,928.75
Liabilities	5,354,124.59	6,667,328.42
Government Equity	144,646,632.09	133,286,600.33
Total Income	59,160,336.58	56,409,453.16
Budget	60,931,104.00	57,789,480.00
Actual Expenditure	46,427,378.97	41,796,768.30

C. Operational Highlights

Presented below is the summary of operational highlights of the District for the period ending December 31, 2019.

	Budget	Actual	Variance
Delivery and Installation of one (1) unit Gen Set (56kva/45 kw,3phase)	1,000,000.00	730,000.00	270,000.00
Construction of Pump House with perimeter fence, gate and its appurtenances.	2,500,000.00	1,751,617.52	748,382.48
One (1) unit Combination Variable Frequency Drive motor control system	300,000.00	260,000.00	40,000.00

Parcel of lot 778 square meters at Barangay Tebag, Mangaldan, Pangasinan	1,400,000.00	700,200.00	699,800.00
1 Toyota Hi-Ace Commuter	1,800,000.00	1,545,200.00	254,800.00
Drilling of one (1) unit Exploratory Production Well at Brgy. Osiem, Mangaldan, Pangasinan	2,500,000.00	2,417,460.00	82,540.00
Installation of PVC parallel lines from Macayug Pumping Station to National Road at Barangay Embarcadero and from Guiguilonn to Nibaliw, Mangaldan, Pangasinan	2,500,000.00	1,994,639.20	505,360.80

D. Scope of Audit

A comprehensive audit was conducted on the accounts and operations of the Mangaldan Water District for the year ended December 31, 2019. The audit consisted of review of operating procedures, alignment of governing rules and regulations in the District's operations, analysis of non-revenue water, interview with concerned officials and employees, verification, reconciliation and analysis of accounts and such other procedures deemed necessary.

E. Auditor's Opinion on the Financial Statement

The Auditor rendered a qualified opinion on the presentation of the Financial Statements because of the following:

1. Properties amounting to ₱2,925,164.56 were not properly classified to their corresponding Property, Plant and Equipment (PPE) accounts thereby understating the PPE account and overstating the Inventories account, contrary to Philippine Accounting Standards (PAS) 2 and 16 and COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts for Government Corporations, thereby affecting the faithful presentation of the accounts presented in the Financial Statements.
2. Accrued penalties from late payment of water bills amounting to ₱228,453.50 were recognized as Accounts Receivable and Income in the Financial Statements resulting to overstatement of asset and income accounts contrary to Philippine Accounting Standards, PAS 1 and Section 19 of the Manual on NGAS, Volume I, thus, affecting the fair presentation of the Accounts in the Financial Statements.

F. Significant Audit Observations and Recommendations

The Management was able to maintain its Non-Revenue Water (NRW) to 20.87%, or just .87% higher than the performance criteria level of 20% rate prescribed by LWUA.

However, the following are the significant Audit Observations and Recommendations that affected the performance and operations of the District. These were discussed with the Agency officials concerned during the exit conference and their corresponding comments were incorporated in Part II of the report, where appropriate:

1. Properties amounting to ₱2,925,164.56 were not properly classified to their corresponding Property, Plant and Equipment (PPE) accounts thereby understating the PPE account and overstating the Inventories account, contrary to Philippine Accounting Standards (PAS) 2 and 16 and COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts for Government Corporations, thereby affecting the faithful presentation of the accounts presented in the Financial Statements.

We recommended that Management reclassify properly the properties totaling ₱2,925,164.56 to the specific Property, Plant and Equipment, semi-expendable PPE and Intangible Assets accounts in compliance with PAS 2 and PAS 16 using the account prescribed under COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts.

We further recommended that Management identify the assets that are fully depreciated and are no longer serviceable and reclassify them to the Other Assets account and thereafter be disposed of and derecognized from the books to reflect the most accurate balances of the accounts in the Financial Statements.

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We recommended that Management adopt the cash basis of recording penalties by recognizing income from penalties only upon collection and not upon billing pursuant to Philippine Accounting Standard PAS 1 and Section 19 of the Manual on NGAS, Volume I. We also recommended that Management prepare a journal entry to reverse the Accounts Receivable representing the recognized asset and income for accrued penalties amounting to ₱228,453.50 to Retained Earnings Account.

3. The Other Asset account amounting to ₱401,434.35 is of doubtful reliability due to the inclusion of disposed, destroyed and other properties, the status of which were not updated contrary to the Asset Recognition Principle under Philippine Accounting

Standards (PAS) No. 1. Further, unserviceable properties were not also disposed as of year-end contrary to Section 79 of Presidential Decree No.79, causing further deterioration thereby depriving the District of additional income from the sale thereof.

We recommended that Management:

- a. Update immediately the status of the properties included in the Other Asset Account and derecognize in the books of accounts the disposed, destroyed and unserviceable properties with a total of ₱60,149.50 (₱18,307.00, ₱4,050.00, and ₱37,792.50) to reflect the most accurate balance of the asset account in accordance with PAS No.1;
 - b. Identify the properties in the remaining amount of ₱341,284.85 which shall then be appraised and disposed adhering Section 79 of PD 1445.
4. The ratio of employees with the number of active concessionaires, the District being a Category B Local Water District, did not comply with the required ratio prescribed in Section VII.A of the Revised Local Water District Manual on Categorization, Re-categorization and Other Related Matters (LWD-MaCRO), thereby affecting the over-all performance of the District.

We recommended that Management comply with the ratio requirement of employee against its active concessionaires as required under the Revised Local Water District MaCRO by increasing the number of support personnel based on the available and vacant positions indicated in the approved Plantilla. The increase of personnel would certainly match the services the District could offer to its concessionaires in order to attain a more productive and efficient performance as a quality water service provider.

G. Status of Audit Suspensions, Disallowances and Charges

As of CY 2019, the District has unsettled disallowances amounting to ₱7,310,804.82, ₱7,273,775.00 of which is under petition for review in the Commission Proper. No outstanding suspensions and charges.

H. Status of Implementation of Prior Year's Audit Recommendations

Out of the nine prior year's audit recommendations, eight were fully implemented, one was partially implemented.

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PART I

AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue
Quezon City

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Mangaldan Water District
Mangaldan, Pangasinan**

Qualified Opinion

We have audited the financial statements of Mangaldan Water District, which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in net assets/equity and statement of cash flows for 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 matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Mangaldan Water District as at December 31, 2019, and its comprehensive income and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Qualified Opinion

We rendered a qualified opinion on the presentation of financial statements because of the following:

1. Properties amounting to ₱2,925,164.56 were not properly classified to their corresponding Property, Plant and Equipment (PPE) accounts thereby understating the PPE account and overstating the Inventories account, contrary to Philippine Accounting Standards (PAS) 2 and 16 and COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts for Government Corporations, thereby affecting the faithful presentation of the accounts presented in the Financial Statements.
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We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in

the *Auditor's Responsibilities of the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 these 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.

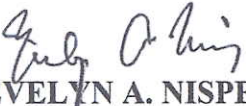
Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 ISSAIs will always detect 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
State Auditor V
Supervising Auditor

June 20, 2020



Republic of the Philippines
MANGALDAN WATER DISTRICT

Serafica St., Mangaldan, 2432 Pangasinan
Tel. Nos. (075) 523-5884; (075)653-0574



Management
System
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**STATEMENT OF MANagements RESPONSIBILITY FOR FINANCIAL
STATEMENTS**

The Management of the **MANGALDAN WATER DISTRICT** is responsible for the preparation of the Financial Statements as of **December 31, 2019**, 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 **MANGALDAN WATER DISTRICT** in accordance with the International Standards of Supreme Audit Institutions and has expressed the opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


FORMER MAYOR TITO B. SARZABA, JR.

Chairman of the Board

January 24, 2020

Date Signed


MS. VIOLETA B. GAYAGA

Div. Manager B- Finance

January 24, 2020

Date Signed


ENGR. MARCELO M. PETONIO

General Manager

January 24, 2020

Date Signed

“Water is life..... Use it Wisely”



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF FINANCIAL POSITION
as of December 31, 2019
(with comparative figures for 2018)

	Note	2019		2018
ASSETS				
Cash and Cash Equivalents				
<i>Cash on Hand</i>				
Cash-Collecting Officers		₱ 140,228.62	₱	127,413.75
Petty Cash Fund		5,000.00		5,000.00
<i>Cash in Bank - Local Currency</i>				
Cash in Bank - Local Currency, CA DBP		65,907,521.14		60,309,239.92
Cash in Bank - Local Currency, CA Landbank-EBCS		1,339,741.34		678,261.26
<i>Cash Equivalents</i>				
Time Deposit - Local Currency CD- DBP		3,739,751.50		3,703,166.44
Time Deposit - Local Currency LB -MSF		4,560,963.59		4,523,829.76
Total Cash and Cash Equivalents	4	75,693,206.19		69,346,911.13
Investments				
<i>Sinking Fund</i>				
Sinking Fund		10,867,992.98		9,587,253.38
Total Investments		10,867,992.98		9,587,253.38
Receivables				
<i>Loans and Receivables Accounts</i>				
Accounts Receivable		2,691,332.11		2,791,475.81
Allowance for Impairment-Accounts Receivable		(136,336.31)		(181,726.43)
Accounts Receivable - Net	5	2,554,995.80		2,609,749.38
<i>Other Receivables</i>				
Other Receivables	6	161,500.00		134,000.00
Total Receivables		2,716,495.80		2,743,749.38
Inventories				
<i>Inventory Held for Consumption</i>				
Office Supplies Inventory		75,360.51		47,148.64
Accountable Forms Inventory		380,021.08		332,665.47
Fuel, Oil and Lubricants Inventory		40,761.30		40,761.30
Chemical and Filtering Supplies Inventory		12,700.00		12,420.00
Construction Materials Inventory		929,785.55		999,686.36
Other Supplies and Materials Inventory		1,774,959.00		1,697,409.70
Total Inventories	7	3,213,587.44		3,130,091.47
Property Plant & Equipment				
<i>Land</i>				
Land, net		3,268,735.00		2,535,535.00
Land		3,268,735.00		2,535,535.00
Accumulated Impairment Losses - Land		-		-



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF FINANCIAL POSITION
as of December 31, 2019
(with comparative figures for 2018)

	Note	2019	2018
<i>Land Improvements</i>			
Land Improvements, net		108,896.94	124,506.09
Land Improvements		178,435.00	178,435.00
Accumulated Depreciation - Land Improvements		69,538.06	53,928.91
Accumulated Impairment Losses - Land Improvements		-	-
<i>Infrastructure Assets</i>			
Water Supply Systems, net		38,558,490.50	36,686,107.69
Water Supply Systems		63,266,522.84	59,461,303.62
Accumulated Depreciation - Water Supply Systems		24,708,032.34	22,775,195.93
Accumulated Impairment Losses - Water Supply Systems		-	-
Power Supply Systems, net		1,489,312.91	1,322,484.62
Power Supply Systems		3,082,506.84	2,695,540.84
Accumulated Depreciation - Power Supply Systems		1,593,193.93	1,373,056.22
Accumulated Impairment Losses - Power Supply Systems		-	-
<i>Buildings & Other Structures</i>			
Buildings, net		5,478,110.86	5,744,886.30
Buildings		9,015,041.12	9,015,041.12
Accumulated Depreciation - Buildings		3,536,930.26	3,270,154.82
Accumulated Impairment Losses - Buildings		-	-
Other Structures, net		51,036.03	63,093.13
Other Structures		292,213.60	292,213.60
Accumulated Depreciation - Other Structures		241,177.57	229,120.47
Accumulated Impairment Losses -Other Structures		-	-
<i>Machinery & Equipment</i>			
Office Equipment, net		436,724.03	381,191.88
Office Equipment		1,999,365.54	1,829,660.54
Accumulated Depreciation - Office Equipment		1,562,641.51	1,448,468.66
Accumulated Impairment Losses - Office Equipment		-	-
Information & Communications Tech. Equipment, net		590,309.51	230,053.29
Information & Communications Tech. Equipment		1,278,449.94	794,949.94
Accumulated Depreciation - ICT Equipment		688,140.43	564,896.65
Accumulated Impairment Losses - ICT Equipment		-	-
Communications Equipment, net		16,938.85	16,938.85
Communications Equipment		189,045.75	189,045.75
Accumulated Depreciation - Communications Equip.		172,106.90	172,106.90
Accumulated Impairment Losses - Communications Equip.		-	-



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF FINANCIAL POSITION
as of December 31, 2019
(with comparative figures for 2018)

	Note	2019	2018
Other Machinery and Equipment, net		<u>2,119,377.73</u>	<u>1,642,057.95</u>
Other Machinery and Equipment		6,398,294.00	5,668,294.00
Accumulated Depreciation - Other Machinery & Equip.		4,278,916.27	4,026,236.05
Accumulated Impairment Losses - Other Mach. & Equip.		-	-
<i>Transportation Equipment</i>			
Transportation Equipment, net		<u>2,434,106.43</u>	<u>1,089,980.89</u>
Transportation Equipment		4,863,308.67	3,318,108.67
Accumulated Depreciation - Transpo. Equipment		2,429,202.24	2,228,127.78
Accumulated Impairment Losses - Transpo. Equip.		-	-
<i>Furniture, Fixtures and Books</i>			
Furniture & Fixtures, net		<u>145,885.62</u>	<u>194,740.71</u>
Furniture & Fixtures		710,359.11	702,461.11
Accumulated Depreciation - Furniture & Fixtures		564,473.49	507,720.40
Accumulated Impairment Losses - Furniture & Fixtures		-	-
Books, net		<u>70.00</u>	<u>70.00</u>
Books		3,400.00	3,400.00
Accumulated Depreciation - Books		3,330.00	3,330.00
Accumulated Impairment Losses - Books		-	-
<i>Other Property, Plant and Equipment</i>			
Other Property Plant & Equipment, net		<u>2,054,921.13</u>	<u>2,379,563.16</u>
Other Property, Plant & Equipment		9,159,471.17	9,004,020.47
Accumulated Depreciation - Other PPE		7,104,550.04	6,624,457.31
Accumulated Impairment Losses - Other PPE		-	-
<i>Construction in Progress</i>			
Construction in Progress-Infrastructure Assets		<u>0.00</u>	<u>2,220,158.16</u>
Total Property Plant & Equipment	8	<u>56,752,915.54</u>	<u>54,631,367.72</u>
Other Assets			
<i>Prepayments</i>			
Prepaid Insurance		143,693.67	113,121.32
<i>Other Assets</i>			
Deferred Charges		211,430.71	0.00
Other Assets		401,434.35	401,434.35
Total Other Assets		<u>756,558.73</u>	<u>514,555.67</u>
TOTAL ASSETS		<u>₱ 150,000,756.68</u>	<u>₱ 139,953,928.75</u>



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF FINANCIAL POSITION
as of December 31, 2019
(with comparative figures for 2018)

	Note	2019	2018
LIABILITIES AND EQUITY			
LIABILITIES			
<i>Financial Liabilities</i>			
Accounts Payable	9	₱ 394,768.00	₱ 1,395,525.52
Total Financial Liabilities		<u>394,768.00</u>	<u>1,395,525.52</u>
<i>Inter-Agency Payables</i>			
Due to BIR		487,174.36	309,964.82
Due to GSIS		333,625.37	332,046.43
Due to Pag-Ibig		38,232.51	-
Due to Philhealth		23,865.75	22,866.92
Due to NGAS		22,000.00	183,643.60
Total Inter-Agency Payables	10	<u>904,897.99</u>	<u>848,521.77</u>
<i>Trust Liabilities</i>			
Customers' Deposits Payable	11	3,414,384.65	3,388,342.80
Guaranty/Security Deposits Payable	12	640,073.95	739,554.77
Total Trust Liabilities		<u>4,054,458.60</u>	<u>4,127,897.57</u>
<i>Other Payables</i>			
Other Payables		0.00	295,383.56
Total Other Payables	13	<u>0.00</u>	<u>295,383.56</u>
Total Liabilities		₱ <u>5,354,124.59</u>	₱ <u>6,667,328.42</u>
EQUITY			
<i>Government Equity</i>			
Contributed Capital		615,720.00	615,720.00
<i>Retained Earnings</i>			
Retained Earnings	14	<u>144,030,912.09</u>	<u>132,670,880.33</u>
Total Equity		₱ <u>144,646,632.09</u>	₱ <u>133,286,600.33</u>
TOTAL LIABILITIES & EQUITY		₱ <u>150,000,756.68</u>	₱ <u>139,953,928.75</u>

(See accompanying Notes to Financial Statements)



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2018
(with comparative figures for 2018)

	Note	2019		2018
REVENUE/INCOME				
<i>Business Income</i>				
Waterworks System Fees		₱ 56,235,689.23	₱	53,485,267.95
Fines and Penalties		2,032,887.70		1,909,051.50
Other Business Income		891,759.65		1,015,133.71
GROSS INCOME	15	<u>₱ 59,160,336.58</u>	₱	<u>56,409,453.16</u>
Less: EXPENSES				
PERSONNEL SERVICES				
<i>Salaries and Wages</i>				
Salaries and Wages-Regular		₱ 12,035,939.11	₱	11,467,253.43
Salaries and Wages-Casual/ Contractual		1,195,030.53		526,587.00
<i>Other Compensation</i>				
Personnel Economic Relief Allowance (PERA)		947,772.74		946,005.42
Representation Allowance (RA)		305,328.00		305,328.00
Transportation Allowance (TA)		282,000.00		282,000.00
Clothing/ Uniform Allowance		234,000.00		228,000.00
Productivity Incentive Allowances		-		-
Honoraria		583,200.00		578,340.00
Overtime Pay		51,348.01		56,270.14
Year End Bonus		2,099,539.80		977,834.00
Cash Gift		200,500.00		200,000.00
Other Bonuses & Allowances		1,533,750.00		1,755,854.00
<i>Personnel Benefit Contributions</i>				
Retirement & Life Insurance Contribution		1,496,893.68		1,396,518.52
Pag-Ibig Contribution		47,500.00		47,400.00
Philhealth Contribution		140,212.37		136,193.47
Employees Compensation Insurance Premium (ECC)		47,500.00		47,400.00
<i>Other Personnel Benefits</i>				
Terminal Leave Benefits		397,288.14		370,196.30
TOTAL PERSONNEL SERVICES		<u>₱ 21,597,802.38</u>	₱	<u>19,321,180.28</u>
MAINTENANCE AND OTHER OPERATING EXPENSES				
<i>Traveling Expenses</i>				
Traveling Expense - Local		₱ 360,221.68	₱	169,096.15
<i>Training and Scholarship Expenses</i>				
Training Expense		150,990.00		110,600.00



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2018
(with comparative figures for 2018)

	Note	2019	2018
<i>Supplies and Materials Expenses</i>			
Office Supplies Expense		225,723.53	196,097.05
Accountable Forms Expense		411,744.34	377,070.68
Medical, Dental, Laboratory Supplies Expenses		157,660.00	129,667.50
Fuel, Oil & Lubricants Expenses		557,526.29	655,374.50
Chemical and Filtering Supplies Expense		819,437.50	749,715.00
<i>Utility Expenses</i>			
Electricity Expense		13,687,665.92	13,312,660.85
Other Utility Expenses (Cooking Gas)		5,812.00	7,332.00
<i>Communication Expenses</i>			
Postage and Courier Services		4,371.00	3,973.00
Telephone Expense - Landline/Mobile		370,188.46	373,156.45
Internet Subscription Expense		21,688.00	25,188.00
Cable, Satellite, Telegraph and Radio Expenses		5,409.00	5,409.00
<i>Awards/Rewards, Prizes and Indemnities</i>			
Awards/Rewards Expense		48,673.23	45,835.40
<i>Confidential, Intelligence and Extraordinary Expenses</i>			
Extraordinary & Miscellaneous Expenses (EME)		330,781.30	123,180.00
<i>Professional Services</i>			
Legal Services		24,600.00	28,300.00
Auditing Services		204,488.21	183,643.60
Consultancy Services		-	-
<i>General Services</i>			
Security Services		480,000.00	687,775.00
Other General Services		30,682.35	35,733.85
<i>Repairs & Maintenance</i>			
Repairs & Maintenance - Land Improvements		1,800.00	0.00
Repairs & Maintenance - Infrastructure Assets		454,951.62	142,609.94
Repairs & Maintenance - Building and Other Structures		5,650.75	5,660.70
Repairs & Maintenance - Machinery & Equipment		75,464.60	59,041.75
Repairs & Maintenance - Furniture & Fixtures		10,350.00	320.00
Repairs & Maintenance - Transportation Equipment		135,113.75	45,185.17
Repairs & Maintenance - Other P.P.E.		30,022.82	16,000.00
<i>Taxes, Insurance Premiums and Other Fees</i>			
Taxes, Duties & Licenses		1,559,578.09	892,625.82
Fidelity Bonds Premium		11,212.50	13,481.25
Insurance Expense		141,391.87	157,351.87



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2018
(with comparative figures for 2018)

	Note	2019	2018
<i>Other Maintenance and Operating Expenses</i>			
Advertising Expense		0.00	3,000.00
Printing & Publication Expense		251,602.00	219,570.00
Representation Expense		335,491.64	315,439.77
Transportation and Delivery expense		0.00	150.00
Rent/Lease Expense		10,020.00	9,600.00
Membership Dues & Contributions to Organization		13,020.00	12,403.00
Subscription Expense		6,344.00	13,420.00
Donations		47,100.00	52,250.00
TOTAL MAINTENANCE & OTHER OPERATING E		₱ 20,986,776.45	₱ 19,177,917.30
FINANCIAL EXPENSES			
Bank Charges		200.00	-
TOTAL FINANCIAL EXPENSES		200.00	-
NON-CASH EXPENSES			
<i>Depreciation</i>			
Depreciation - Land Improvements		15,609.15	15,609.15
Depreciation - Infrastructure Assets		2,152,974.12	1,870,946.57
Depreciation - Building and Other Structures		278,832.54	276,578.20
Depreciation - Machinery and Equipment		490,096.85	347,496.94
Depreciation - Transportation Equipment		201,074.46	157,800.96
Depreciation - Furniture and Fixtures		56,753.09	54,759.65
Depreciation - Other Property, Plant and Equipment		480,092.73	574,479.25
<i>Impairment Loss</i>			
Impairment Loss - Loans and Receivables		167,167.20	-
TOTAL NON-CASH EXPENSES		3,842,600.14	3,297,670.72
TOTAL EXPENSES	16	₱ 46,427,378.97	₱ 41,796,768.30
Income(Loss) from Operations		12,732,957.61	14,612,684.86
ADD: Other Income			
Interest from Savings Account		207,950.49	187,539.90
NET INCOME (LOSS) BEFORE INCOME TAX		₱ 12,940,908.10	₱ 14,800,224.76

(See accompanying Notes to Financial Statements)



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

Statement of Changes in Equity
As of December 31, 2019
(With Comparative Figures for 2018)

	Note	2019	2018
Government Equity			
Balance at beginning of period	₱	615,720.00 ₱	615,720.00
Reclassification of Capital Accounts		0.00	0.00
Additions/Deductions		0.00	0.00
Balance at end of period	₱	615,720.00 ₱	615,720.00
Retained Earnings			
Balance at beginning of period	₱	132,670,880.33 ₱	118,865,719.27
Prior period adjustment		(1,580,876.34)	(995,063.70)
Net Income/loss for the period		12,940,908.10	14,800,224.76
Balance at end period	₱	144,030,912.09 ₱	132,670,880.33
TOTAL EQUITY		₱ 144,646,632.09 ₱	133,286,600.33



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

STATEMENT OF CASHFLOWS
as of December 31, 2019
(with comparative figures for 2018)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Inflows:		
Collection of Water Bills	₱ 58,200,880.81	₱ 55,331,970.80
Collection of Other Business Income	699,887.67	739,615.28
Interest Income (Net)	127,210.89	118,436.06
Guaranty Deposit	26,041.85	17,673.40
Sale of Materials, Other Fittings	2,255,207.11	2,387,836.55
Refund of Advances & Others	112,825.04	62,564.85
Other Miscellaneous (GSIS reimbursement & others)	868,553.81	364,324.39
Total Cash Inflows	<u>62,290,607.18</u>	<u>59,022,421.33</u>
Cash Outflows:		
Payment of Personal Services	14,618,230.49	14,154,843.39
Payment of Operating & Maintenance Expenses	17,952,037.80	17,126,847.19
Payment of Advances	714,850.00	370,000.00
Payment of Customers Deposit	27,500.00	23,088.50
Purchases of Office Supplies/ Materials	1,139,675.42	1,069,760.91
Prepayments	150,559.04	121,760.53
Payment of Payables	10,156,974.53	6,682,992.22
Remittances of GSIS/Pag-Ibig/BIR	6,218,901.26	6,099,659.79
Total Cash Outflows	<u>50,978,728.54</u>	<u>45,648,952.53</u>
Total Cash Provided (Used) by Operating Activities	<u>11,311,878.64</u>	<u>13,373,468.80</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Inflow:		
Collection of Bid Document/Registration	19,500.00	44,000.00
Total Cash Inflow	<u>19,500.00</u>	<u>44,000.00</u>
Cash Outflows:		
Payment for Construction Work in Progress	1,336,100.86	4,050,731.73
Purchase of Property, Plant and Equipment	2,448,982.72	2,529,875.48
Transfer for Reserve (Sinking Fund)	1,200,000.00	1,100,000.00
Total Cash Outflows	<u>4,985,083.58</u>	<u>7,680,607.21</u>
Total Cash Provided (Used) by Investing Activities	<u>(4,965,583.58)</u>	<u>(7,636,607.21)</u>

CASH FLOW FROM FINANCING ACTIVITIES

Transfer from EBCS	0.00	500,000.00
Total Cash Provided (Used) by Financing Activities	0.00	500,000.00
	0.00	500,000.00
	-	500,000.00

**Net Cash Inflow (Outflow) used by operating,
investing & financing activities**

	6,346,295.06	6,236,861.59
ADD: CASH AND CASH EQUIVALENTS - BEGINNING	69,346,911.13	63,110,049.54
CASH AND CASH EQUIVALENTS - ENDING	₱ 75,693,206.19	₱ 69,346,911.13

Cash Balance Breakdown:

Cash on Hand	140,228.62	127,413.75
Working Fund	5,000.00	5,000.00
Cash in Bank		
CA (DBP)	65,907,521.14	60,309,239.92
CA (LB-EBCS)	1,339,741.34	678,261.26
CD (DBP)	3,739,751.50	3,703,166.44
MSF (LB)	4,560,963.59	4,523,829.76
	₱ 75,693,206.19	₱ 69,346,911.13



MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

1. Agency Profile

The Mangaldan Water District (MAWAD) was first operated under the administration of the Municipality of Mangaldan under the name “Mangaldan Waterworks Authority”. It was formed through Resolution No. 38, series f 1979, passed by the Sangguniang Bayan of Mangaldan, Pangasinan on May 12, 1979 pursuant to the Provisions of Presidential Decree (PD) No. 198, as amended by PD No., 768 and RA 9286 also known as the “PROVINCIAL WATER UTILITIES ACT OF 1973”.

On October 6, 1980, the Conditional Certificate of Conformance (CC No. 139) was issued by the Local Water Utilities Administration (LWUA) to the District entitling it to have access to LWUA’s technical, financial and institutional assistance to improve and develop the water supply system in the area. MAWAD, a Government Owned and/or Controlled Corporation, was re-categorized as Category B on February 23, 2015.

Presently, the policy-making body of MAWAD is composed of the following representing the sector opposite their names:

Name/Position	Sector	Term of Office
Mr. Tito B. Sarzaba – <i>Chairman</i>	Business	Jan. 1, 2019- Dec. 31, 2024
Dr. Teresita G. Cera. – <i>Vice-Chairman</i>	Education	Jan. 1, 2017- Dec. 31, 2022
Engr. Francisco M. Evangelista, Jr.– <i>Board Secretary/Member</i>	Civic	Jan. 1, 2017-Dec. 31, 2022
Engr. Cesar C. Dizon – <i>Treasurer/Member</i>	Professional	Jan. 1, 2019- Dec. 31, 2024
Mrs. Linda S. Ang – <i>Board Member</i>	Women	Apr. 3, 2017- Dec. 31, 2020

MAWAD is headed by its General Manager, Engr. Marcelo M. Petonio. He is assisted by three Division Managers, Ms. Violeta B. Gayaga of Finance Division, Ms. Violeta O. Garcia of Commercial Division and Ms. Marlyn C. de Guzman of Administrative Division. It has 33 regular employees, two co-terminus, four casuals, and seven job-order personnel as of December 31, 2019. MAWAD serves 30 barangays with total active concessionaires of 13,740.

2. Statement of compliance and basis of preparation of financial statements

The financial statements of the District have been prepared in accordance with and comply with the Philippine Financial Reporting Standards (PFRS). The financial

statements are presented in pesos, which is the functional and reporting currency of the District. The accounting policies have been applied starting the year 2017.

3. Summary of significant accounting policies

3.1. Basis of Accounting

The financial statements are prepared on an accrual basis in accordance with the Philippine Financial Reporting Standards (PFRS) prescribed by Commission on Audit. Accounts were classified to conform to the Revised Chart of Accounts prescribed by COA Circular No. 2015-010 dated December 1, 2015.

3.2. Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The District determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the District commits to purchase or sell the asset.

The District's financial assets include: cash and long-term deposits and investment and other receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of PAS 32 and 39, and PFRS 37 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The District determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings.

The District's financial liabilities include Accounts Payable, Customer's Deposit and Other Payables.

3.3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or more, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.4. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the District.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the District.

3.5. Property, plant and equipment

Recognition

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably.

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Measurement after Recognition

After recognition, all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Mangaldan Water District recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

Depreciation

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation Method

The straight line method of depreciation is adopted unless another method is more appropriate for agency operation.

Estimated Useful Life

The District uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

The District uses a residual value equivalent to at ten percent (10%) of the cost of the PPE.

Derecognition

The District derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6. Employee benefits

The employees of District are member of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The District recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

The District recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.

3.7. Budget information

The annual budget is prepared on the modified cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the MAWAD. As a result of the adoption of the modified cash basis for budgeting purposes, there are bases, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as disclosures of the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements for reasons of overall growth or decline in the budget and the details of overspending or under spending on line items.

4. Cash and Cash Equivalents

4.1 Petty Cash Fund is operated on an Imprest System.

4.2 Cash in Banks earns interest based on the prevailing bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirement of MAWAD and earn interest at the respective short term deposit rate. The MAWAD Cash balance of ₱75,547,977.57 is broken down as follows:

Particulars	2019	2018
Cash-Collecting Officer	140,228.62	127,413.75
Petty Cash	5,000.00	5,000.00
Cash in Bank- CA DBP	65,907,521.14	60,309,239.92
Cash in Bank- CA LBP-EBCS	1,339,741.34	678,261.26
Cash in Bank- TD Customer's Deposit (DBP)	3,739,751.50	3,703,166.44
Cash in Bank- TD LBP-MSF	4,560,963.59	4,523,829.76
	75,693,206.19	69,346,911.13

5. Receivables Account

This account is broken down as follows:

Particulars	2019	2018
Accounts Receivable	2,691,332.11	2,791,475.81
Allowance for Impairment	136,336.31	181,726.43
Accounts Receivable, net	2,554,995.80	2,609,749.38

5.1 **Account Receivables** - This account represents the amount due from concessionaires arising from the water sales and other related receivables.

5.2 **Allowance for Impairment – Accounts Receivables**– This account is credited upon recognition of impairment which may arise from non-collection. Basis on the computation of said account is a policy approved by the MAWAD Board under Resolution No. 02.S.2018. Percentage allowance for Impairment–Accounts is as follows:

Age / Years	Percentage
1-60 days	3%
61-180 days	5%
181-365 days	10%
1-2 years	12%
3-4 years	14%

5-6 years	16%
7-8 years	18%
9-10 years	20%
11-14 years	30%
15-20 years	50%

6. Other Receivables

Particulars	2019	2018
Other Receivables	161,500.00	134,000.00
Total Other Receivables	161,500.00	134,000.00

This account refers to Receivables from CENPELCO which represents energy deposit.

7. Inventories

This account is comprised of the following:

Particulars	2019	2018
Office Supplies Inventory	75,360.51	47,148.64
Accountable Forms Inventory	380,021.08	332,665.47
Fuel, Oil and Lubricants Inventory	40,761.30	40,761.30
Chemical & Filtering Supplies Inventory	12,700.00	12,420.00
Construction Materials Inventory	929,785.55	999,686.36
Other Supplies and Materials Inventory	1,774,959.00	1,697,409.70
TOTAL	3,213,587.44	3,130,091.47

This account represents the balance of inventories held for consumption which includes Office Supplies Inventory, Accountable Forms Inventory, Fuel, Oil and Lubricants Inventory, Chemical & Filtering Supplies Inventory, Construction Materials Inventory and Other Supplies and Materials Inventory that remains with the MAWAD as of the balance sheet date.

8. Property, Plant and Equipment (net)

This account is comprised of the following:

Particulars	2019	2018
Land	3,268,735.00	2,535,535.00
Land Improvements	178,435.00	178,435.00
Infrastructure Assets	66,349,029.68	62,156,844.46
Building and Other Structures	9,307,254.72	9,307,254.72

Machinery and Equipment	9,865,155.23	8,481,950.23
Transportation Equipment	4,863,308.67	3,318,108.67
Furniture and Fixtures	710,359.11	702,461.11
Books	3,400.00	3,400.00
Other Property, Plant and Equipment	9,159,471.17	9,004,020.47
Construction on Progress	0.00	2,220,158.16
Total PPE	103,705,148.58	97,908,167.82
Less: accumulated Depreciation	46,952,233.04	43,276,800.10
<i>Property, Plant and Equipment, net</i>	<i>56,752,915.54</i>	<i>54,631,367.72</i>

This pertains to the assets of the Water District which are used or expected to be used in its normal business operations and have expected useful lives of more than one year.

9. Accounts Payable

This account comprises of accounts payable to suppliers, BAC members and other agencies, broken down as follows:

Particulars	2019	2018
Accounts Payable- Supplier	388,268.00	1,390,525.52
Accounts Payable- BAC	6,500.00	5,000.00
<i>Total Accounts Payable</i>	<i>394,768.00</i>	<i>1,395,525.52</i>

10. Inter-Agency Payables

This account is comprised of the following:

Particulars	2019	2018
Due to BIR	487,174.36	309,964.82
Due to GSIS	333,625.37	332,046.43
Due to Pag-ibig	38,232.51	0.00
Due to Philhealth	23,865.75	22,866.92
Due to NGAS	22,000.00	183,643.60
<i>Total Inter Agency Payables</i>	<i>904,897.99</i>	<i>848,521.77</i>

10.1 Due to BIR – Amount of taxes for the period including Documentary Stamp Tax, withheld tax on compensation and others.

10.2 Due to GSIS - This amount represents employee-employer share contributions and other amount withheld for remittance to the GSIS.

10.3 Due to Pag-Ibig -This amount represents employee-employer share contributions and other amount withheld for remittance to Pag-ibig.

10.4 **Due to PhilHealth** - This account is used to recognize the withholding of employees premium payments for remittance to the Philippine Health Insurance Corporation (PHIC).

11. **Customer's Deposit Payable** – This comprises the deposit made by the customer's before the extension of any service connections as security for the payment of subsequent bill

Particulars	2019	2018
Customer's Deposit Payable	3,414,384.65	3,388,342.80
Total Customer's Deposit Payable	3,414,384.65	3,388,342.80

12. **Guaranty/Security Deposits Payable** – This account represents receipts of cash bond which guarantee the performance of the contract.

Particulars	2019	2018
Bail Bonds Payable	640,073.95	739,554.77
Total Bail Bonds Payable	640,073.95	739,554.77

13. **Other Payables** – This represents the Employees Contribution to the SSS refunded to Mangaldan Water District due to transfer of status from SSS to GSIS.

Particulars	2019	2018
Other Payables	0.00	295,383.56
Total Other Payables	0.00	295,383.56

14. **Retained Earnings**

This account comprises of:

Particulars	2019	2018
Retained Earnings, beginning balance	132,670,880.33	118,865,719.27
Prior Period Adjustments:		
Changes in Accounting Policy	45,390.12	315,088.06
Prior Period Errors	0.00	(11,664.04)
Other Adjustments	(1,626,266.46)	(1,298,487.72)
Net Income	12,940,908.10	14,800,224.76
Retained Earnings, Ending Balance	144,030,912.09	132,670,880.33

15. **Gross Income** – This account includes Water Sales billed from the concessionaires of the Water District, fines and penalties and other business income.

Particulars	2019	2018
Waterworks System Fees – Water Sales	56,235,689.23	53,485,267.95
Other Business Income	891,759.65	1,015,133.71
Fines & Penalties	2,032,887.70	1,909,051.50
<i>Total Income</i>	<i>59,160,336.58</i>	<i>56,409,453.16</i>

16. **Expenses** – Expenses of the Water District that includes Personnel Services, Maintenance and Other Operating Expenses, Financial and Non-cash Expenses.

Particulars	2019	2018
Personnel Services	21,597,802.38	19,321,180.28
Maintenance and Other Operating Expenses	20,986,776.45	19,177,917.30
Financial Expenses	200.00	0.00
Non-cash Expenses	3,842,600.14	3,297,670.72
<i>Total Expenses</i>	<i>46,427,378.97</i>	<i>41,796,768.30</i>

PART II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

I. FINANCIAL AND COMPLIANCE AUDIT

Misclassification of Accounts in the Property, Plant and Equipment

1. Properties amounting to ₱2,925,164.56 were not properly classified as to their corresponding Property, Plant and Equipment (PPE) accounts, thereby understating the PPE account and overstating the Inventories account, contrary to Philippine Accounting Standards (PAS) 2 and 16 and COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts for Government Corporations, hence, the faithful presentation of the accounts in the Financial Statements was affected.

Philippine Accounting Standards (PAS) 2 identified “*Inventories*” as assets that are:

- a. *Held for sale in the ordinary course of business (Finished Goods);*
- b. *In the production process for sale in the ordinary course of business (Work in Process); and*
- c. *Materials and Supplies that are consumed in production (Raw Materials).*

Further, Philippine Accounting Standards (PAS) 16 recognizes “*Property, Plant and Equipment*” as tangible items that are:

- a. *Held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and*
- b. *Expected to be used during more than one period.*

Also, COA Circular 2020-002, dated January 28, 2020, on the adoption of the Revised Chart of Accounts, prescribed the use of semi-expendable, property plant and equipment, and intangible asset accounts, to wit:

Semi-Expendable Machinery and Equipment - *This account is debited to recognize the cost of the purchased/ acquired office equipment costing less than the prescribed threshold for use in government operations. This account is credited for issues to end-users, transfers, losses and other disposal, and/or adjustments”.*

Property, Plant and Equipment - *This account is debited to recognize the cost incurred in the purchase, assembly, or fair value, if acquired through donation or transfers, losses, destruction, derecognition of the carrying amount of the replaced portion, other disposals, and/or adjustments”.*

Intangible Assets - This account is debited to recognize the purchase cost of capitalized development cost of computer software programs for use in government operation, when the software is not an integral part of the related hardware. Development costs include cost of coding, testing and cost to produce product masters. This account is credited upon derecognition of the asset, and or/ adjustment.

In the audit of the Inventories; Property, Plant and Equipment; and Intangible Assets accounts, it was noted that properties totaling ₱2,925,164.56 were not properly classified to their corresponding asset accounts, to wit:

1. Equipment totaling ₱1,759,959.00 were recorded under the Other Supplies and Materials Inventory (OSMI) account which comprised the Variable Frequency Drive (VFD), Metering Pump and Submersible Pumps and Motors, thereby understating the PPE and overstating the OSMI accounts, respectively. The composition of the equipment recognized as OSMI totaling ₱1,759,959.00 is detailed in Annex A.

Inquiry made with Management revealed that the aforementioned properties/items were stocks and reserve equipment which were readily available as replacement in case of repairs of the pumping stations. Considering the high-value and the future use of the aforementioned items, such did not meet the recognition criteria of Inventories; rather, these should be considered as Property, Plant and Equipment as these are for use in the production/ supply of services that are expected to be used for more than one period as provided under PAS 16.

2. Various semi-expendable PPE items which included Machinery and Equipment and Furniture, Fixtures and Books amounting to ₱467,207.40 and ₱234,998.16 or a total of ₱702,205.56 and the Intangible assets amounting to ₱463,000.00, were recorded under the PPE account, thereby overstating the PPE account by ₱1,165,205.56 and the related Accumulated Depreciation and understating the Inventory and Intangible Asset accounts by ₱702,205.56 and 463,000.00, respectively. See Annex B.

Further, it was noted that most of the aforementioned properties totaling ₱417,341.45 were already fully depreciated, thus should be derecognized or reclassified in the books of accounts, if found unserviceable.

We recommended that Management reclassify properly the properties totaling ₱2,925,164.56 to the specific Property, Plant and Equipment, semi-expendable PPE and Intangible Assets accounts in compliance with PAS 2 and PAS 16 using the account prescribed under COA Circular 2020-002, dated January 28, 2020 on the adoption of the Revised Chart of Accounts.

We further recommended that Management identify the assets that are fully depreciated and are no longer serviceable and reclassify them to the Other Assets

account and thereafter be disposed of and derecognized from the books to reflect the most accurate balances of the accounts in the Financial Statements.

Management assured the audit team that they will reclassify the Semi-expendable PPE and Intangible Assets account from the PPE account. They also commented that they will identify the assets that are no longer serviceable so these could be reclassified to the Other Assets account and thereafter be disposed of and derecognized from the books.

Recognition of Penalties as Accounts Receivable and Income

- 2. Accrued penalties from late payment of water bills amounting to ₱228,453.50 were recognized as Accounts Receivable and Income in the Financial Statements resulting to overstatement of asset and income accounts, contrary to Philippine Accounting Standards, PAS 1 and Section 19 of the Manual on NGAS, Volume I, thus, affecting the fair presentation of the Accounts in the Financial Statements.**

Philippine Accounting Standards 1 is quoted as:

Asset is recognized in the Statement of Financial Position when it is probable that future economic benefits will flow to entity and the asset has a cost or value that can be measured reliably.

Income is recognized in the income statement when it is probable that increase in future economic benefits related to an increase in an asset and a decrease in a liability has arisen and that the increases can be measured reliably.

PAS 1 on Presentation of Financial Statements defines faithful presentation as:

“Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in PAS. The application of PAS, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.”

Also, Section 19 of the Manual on NGAS, Volume I states that:

"Fines and penalties, either on tax revenues or other specific income accounts, shall be recognized as income of the year these were collected."

Review of the Ageing of Accounts Receivable showed that penalties amounting to ₱228,453.50 were recognized as Accounts Receivable. Details of the amount are shown below as follows:

Age of AR	Active		Inactive		TOTAL
	Water Bills	Penalties	Water Bills	Penalties	
1 - 30 days	1,423,001.25	138,512.35	10,428.00	1,042.80	1,572,984.40
31- 60 days	518,886.80	47,837.85	22,807.50	2,280.75	591,812.90
61 - 90 days	11,219.85	630.75	17,218.00	2,348.10	31,416.70
91 - 120 days	840.00	27.50	19,668.50	1,714.10	22,250.10
121- 150 days	6,314.50	-	11,771.00	1,177.10	19,262.60
151 – 180 days	-	-	7,500.50	750.05	8,250.55
181- up	-	-	413,222.71	32,132.15	445,354.86
TOTAL	1,960,262.40	187,008.45	502,616.21	41,445.05	2,691,332.11
Percentage	72.84%	6.95%	18.67%	1.54%	100%

Further review of the journal entry made by the Management disclosed that the accrued penalties, contingent in nature, are recorded in the books as Income-Fines and Penalties. The entries made upon billing and collections were as follows:

Upon billing

Accounts Receivable	xxx	
Fines & Penalties- Income		xxx

Upon collection

Cash-Collecting Officer	xxx	
Accounts Receivable		xxx

Recognition of penalties as receivable and income upon billing violated the recognition principle as there was no actual asset received or income earned. Since penalties arise from late payment of water bills and the probability of collection is uncertain, therefore, this should only be recognized as asset and income upon collection. Its recognition prior to collection contributed in the increase of receivables and income, thereby violating the principle of conservatism.

We recommended that Management adopt the cash basis of recording penalties by recognizing income from penalties only upon collection and not upon billing pursuant to Philippine Accounting Standard PAS 1 and Section 19 of the Manual on NGAS, Volume I. We also recommended that Management prepare a journal entry to reverse the Accounts Receivable representing the recognized asset and income for accrued penalties amounting to ₱228,453.50 to Retained Earnings Account under the Proposed Entry:

Retained Earnings	₱228,453.50
Accounts Receivables	₱228,453.50

Management assured the audit team that they will adopt the cash basis in recording penalties by recognizing income from penalties upon collection and not upon billing. Furthermore, Management commented that they will make the necessary journal entry reversing the Accounts Receivable representing the recognized asset and income

from accrued penalties amounting to ₱228,453.50 to Retained Earnings Account on their April 2020 report.

Doubtful Other Asset Account

- 3. The Other Asset account amounting to ₱401,434.35 is of doubtful reliability due to the inclusion of disposed, destroyed and other properties, the status of which were not updated, contrary to the Asset Recognition Principle under Philippine Accounting Standards (PAS) No. 1. Further, unserviceable properties were not also disposed as of year-end, contrary to Section 79 of Presidential Decree No.79, causing further deterioration thereby depriving the District of additional income from the sale thereof.**

Philippine Accounting Standards 1 on the Asset Recognition states that:

Asset is recognized in the Statement of Financial Position when it is probable that future economic benefits will flow to entity and the asset has a cost or value that can be measured reliably.

Further, PAS 1 on Presentation of Financial Statements defines faithful presentation as:

“Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in PAS. The application of PAS, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.”

Section 79 of PD 1445 states that:

“When government property has become unserviceable for any cause, or is no longer needed, it shall upon application of the officer accountable therefore, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valueless or unsalable, it may be destroyed in their presence.[]

In the examination of the District’s Financial Statements for the year 2019, it was noted that the Other Assets account amounting to ₱401,434.35 is of doubtful reliability due to various properties which were already disposed of, destroyed and defective. Composition of the Other Asset account is detailed in Annex C.

As shown in the Annex, the following observations were noted:

1. Properties with a salvage value of ₱18,307.00 were not yet derecognized in the books despite that these were already disposed;
2. Six units cellphone with a salvage value of ₱4,050.00 and the Submersible Pump costing ₱37,792.50 were not yet derecognized in the books despite being identified as destroyed and unserviceable.
3. Status of the remaining properties of ₱341,284.85 was not identified whether these are still repairable, serviceable or unserviceable subject to appraisal and disposal.

The properties that were already disposed should have been derecognized from the books while the properties that were already destroyed and unserviceable and no longer in use should be disposed of and derecognized thereafter.

We recommended that Management:

- a. **Update immediately the status of the properties included in the Other Asset Account and derecognize in the books of accounts the disposed, destroyed and unserviceable properties with a total of ₱60,149.50 (₱18,307.00, ₱4,050.00, and ₱37,792.50) to reflect the most accurate balance of the asset account in accordance with PAS No.1;**
- b. **Identify the properties in the remaining amount of ₱341,284.85 which shall then be appraised and disposed adhering Section 79 of PD 1445;**
- c. **Prepare an Inventory and Inspection Report of Unserviceable Properties (IIRUP) and submit the same to the audit team for its proper action.**

Management assured the audit team that they will update the status of properties included in the Other Asset account, will identify the unserviceable properties for proper disposal and will prepare an Inventory and Inspection Report of Unserviceable Properties for submission to the audit team.

Non-compliance with the Required Ratio of Employees for a Category B Water District

4. **The ratio of employees with the number of active concessionaires, the District being a Category B Local Water District, did not comply with the required ratio prescribed in Section VII.A of the Revised Local Water District Manual on Categorization, Re-categorization and Other Related Matters (LWD-MaCRO), thereby affecting the over-all performance of the District.**

The Revised Local Water District Manual defines and identifies the significance of *Staff Productivity Index* as:

Definition. *This is the ratio of the total number of active service connections to the total number of permanent and casual employees as of December 31 of a given year.*

Significance. *This ratio indicates the manpower efficiency of the Water District.*

Further, Section VII.A of the same Manual states that:

“The Staff Productivity Index of one (1) position for every one hundred (100) service connections for Category D, and one hundred twenty (120) service connections for Categories A to C, shall be strictly observed in the determination of the total number of positions in a LWD.”

In the review of the District’s approved Plantilla of Personnel as required under Item 5 of DBM Budget Circular No. 23 dated January 15, 2019, it was noted that the District has a total of 80 positions for permanent personnel and six for non-itemized positions or a total of 86 positions for a total personnel services budget of ₱23,546,278.56. Of the total approved positions, only 38 have been filled-up or 47.5% of the permanent positions and the non-itemized positions were not totally filled-up.

Further review disclosed that the District has a total of 13,740 active concessionaires recorded in their Monthly Data Sheets for the year 2019. Based on the aforementioned ratio requirement of employee, the District, being classified as **Category B**, should have at least 114 employees ($13,740 / 120$) to comply with the LWUA-MaCRO. The ratio requirement indicates the manpower efficiency of the water district.

At present, the District has only 38 personnel complement to serve its active concessionaires of 13,740, thus, each employee is serving 361 concessionaires or 1:361 over and above the 1:120 personnel-concessionaire ratio requirement. The District’s lack of manpower complement could affect the productivity, efficiency and health of its employees thereby affecting the over-all performance of the District.

Some of the observations noted are the following:

1. Only one employee was assigned as Property/ Supply Officer who has the sole responsibility for the custodianship, receipt, issuance of the Inventory and PPE items as well as the preparation, and maintenance of the corresponding property records which caused him the difficulty in determining the balance of the inventories as well as the updating of the said inventory reports as of December 31, 2019. In effect, various unserviceable and damaged properties are piled in the District’s stock room and were not yet disposed of. No report on unserviceable properties had been prepared and submitted to the audit team for proper evaluation.
2. Only four employees were assigned as Water Resource Facility Operators (WRFO) whose functions are Pump Operators on all 12 Pumping Stations of the District which resulted to frequent rendering of overtime services for the year.

3. Several complaints from concessionaires were received such as delay of actions from the District for new water supply connections, less water supplies and more.
4. The engineering division has only 15 staff out of 28 approved positions therefore each engineering personnel has to attend to 916 concessionaires ($13,740 / 15 = 916$).

We recommended that Management comply with the ratio requirement of employee against its active concessionaires as required under the Revised Local Water District MaCRO by increasing the number of support personnel based on the available and vacant positions indicated in the approved Plantilla. The increase of personnel would certainly match the services the District could offer to its concessionaires in order to attain a more productive and efficient performance as a quality water service provider.

Management admitted that their agency has a Staff Productivity Index (SPI) ratio of 1:316 against 1:120 as provided in the LWD-MaCRO. They averred that they opted to have a leaner organization to maximize the competencies of personnel and to sustain the viability of the district without sacrificing the quality of services being rendered to their consumers and the health of their employees.

Management also commented that the Property Officer and personnel in the administrative division are submitting their Inventory reports regularly. It admitted, however, that there were times that said reports were forwarded to the Finance Division beyond the 10th day of every month due to the occurrences of deliveries and issuances of various materials and other job order requests.

Further, Management stated that the unserviceable properties were properly accounted and had prepared the report as of December 31, 2019.

Auditor's Rejoinder:

The audit team recognized the proficiency and work attitude of personnel. However, it was emphasized that compliance to LWUA-DBM guidelines on the ratio of personnel in a Category B Water District must be complied with by Management. The audit team suggested that additional employee/s be assigned particularly on the positions with critical functions, like the Property Officer in order to prevent delays in the preparation and submission of various inventory and property reports and other related functions.

Procurement of Accountable Forms from Private Printers

5. **Accountable forms and other high volume printing requirements of the District amounting to ₱534,950.00 were procured and printed from private printers contrary to Section 23 of the General Appropriation Act (GAA), Appendix 20 of the Implementing Rules and Regulations (IRR) of Republic Act 9184 and the**

Local Water Utilities Administration (LWUA) Memorandum Circular No. 010-17 dated June 19, 2017.

Section 23 of the General Provisions of the General Appropriations Act of 2019, on Printing Expenditures states that:

*“All agencies of the government shall engage the services of the **National Printing Office, Bangko Sentral ng Pilipinas and APO Production Unit** as recognized government printers (RGP) for the printing of accountable forms and sensitive, high quality or high volume requirements, subject to the following:*

- a. The recognized government printers shall undertake the printing requirements themselves and shall not sub-contract any portion thereof to other printers; and*
- b. An Agency may be allowed to engage private printer for the printing of accountable forms and sensitive, high quality or high volume requirements upon certification by the RGP that they are unable to service the requirements. Said engagement of private printers shall be in accordance with R.A. 9184 and such other applicable rules and regulations.*

In the conduct of audit, it was noted that all the printing requirements of the District were procured and printed from private printers. Details of the procurement are as follows:

Date	DV No.	Check No.	Payee	Particulars	Amount
<i>a. Official Receipts</i>					
01/23/2019	2019-01-043	0064732245	Mirex Enterprises	60,000 pcs. Loose-Leaf Official Receipts	₱115,000.00
<i>b. Accountable Forms and other high volume printing requirements</i>					
01/16/2019	2019-01-033	0064732235	Nationwide Printers	1 ream bundy card; 5 reams General Journal; 1,000 pcs Leave Ledger Cards; 3 Reams Requisition and Issue Slip; 5 reams Working Fund Voucher; 1,200 booklets Collector's Receipt	65,150.00

07/05/2019	2019-07-436	0064732652	Northern Plex Office Supplies Trading	32,000 pcs. Notice of Disconnection	49,920.00
08/29/2019	2019-08-554	0064732774	Nationwi de Printers	150 pcs. Property Cards and Property Ledger Cards; 500 pcs. Bundy Card; 1,200 booklets Collector's Receipt; 2 reams Purchase Order; 2 reams Inspection and Acceptance; 2 reams Purchase Request	56,000.00
09/13/2019	2019-09-600	0064732821	Northern Plex Office Supplies Trading	204,000 pcs. Statement of Account	248,880.00
TOTAL					₱534,950.00

As can be gleaned from the above data, the printing expenses of accountable forms such as Official Receipts, Procurement Forms, General Forms and other forms identified under Annex A, Appendix 20, of the IRR of RA 9184 were included in the printing services offered by the government printers which states that:

1.2 Policy Statement

*“However, printing of Accountable Forms and Sensitive High Quality/ Volume Requirements shall only be undertaken by the recognized government printers namely: **Bangko Sentral ng Pilipinas, National Printing Office and APO Production Unit, Inc.**”.*

The aforementioned printing expenditures of the District were procured through Shopping and Negotiated Procurement under Small Value Procurement, contrary to the above-stated provision of RA 9184.

Likewise, relative to the Guidelines on the Procurement of Printing Services, the Local Water Utilities Administration (LWUA) issued Memorandum Circular No. 010-17 on June 19, 2017 which provides that:

4.3.1 The procuring entity may seek the assistance of the Presidential Communications Operations Office (PCOO) in determining whether no RGP is capable of undertaking the printing service.

4.3.2 Upon determination by the PCOO that no RGP can undertake the printing service due to time constraints and equipment limitations, the procuring entity may engage the services of private printers.”

Verification and examination of relevant documents revealed that there was no certification or similar document from PCOO or RGPs that the same could not undertake the printing services, thereby, allowing the District to engage the services of private printers. Accordingly, the subject procurement was made, contrary to Section 23 of the General Provisions of the GAA of 2019, RA 9184, and, LWUA guidelines.

We recommended that Management procure its accountable forms including Official Receipts with the Recognized Government printers in accordance with Section 23 of GAA 2019, RA 9184 and its IRR and LWUA Memorandum Circular No.010-17 dated June 19, 2017.

Management commented that they already started to procure their Accountable Forms like Official Receipts, Statement of Account and others from the National Printing Office (NPO), in October, 2019, while other forms like General Journal, Requisition and Issue Slip, Leave Ledger Cards and others which are considered as small items and consumable within one year will be purchased thru shopping in accordance with RA 9184.

Non-compliance of Recording of Financial Transactions

- 6. Recording of financial transactions using the Journal Entry Voucher (JEV) and the General Journal (GJ) were not faithfully adhered to as prescribed under Sections 111 and 112 of Presidential Decree No. 1445 and Government Accounting Manual (GAM), Volume II, thus trail of transactions could not be relied upon casting doubts on the reliability and accuracy of the accounts presented in the Financial Statements, contrary to Chapter 3 of the Philippine Financial Reporting Standards.**

Presidential Decree No. 1445 of the Government Auditing Code of the Philippines prescribes all government agencies to maintain adequate records of all financial transactions to wit:

Section 111. Keeping of accounts. (1) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government. (2) The highest standards of honesty,

objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Section 112. Recording of financial transactions. *Each government agency shall record its financial transactions and operations conformably with generally accepted accounting principles and in accordance with pertinent laws and regulations.*

Also, GAM, Volume II, identifies the use of JEV and GJ as:

Journal Entry Voucher

This form shall be used to record all transactions, whether cash receipts, cash disbursements or non-cash transactions. Accounting journal entries shall be reflected therein and it shall serve as the basis for recording in the books of accounts.

General Journal

This journal shall be maintained in the Accounting Division/Unit by fund cluster. Only transactions not recorded in the Special Journals shall be recorded in this journal.

Entries to the GJ shall be made only on the bases of duly approved JEVs. Said entries shall be posted individually to the GL.

Review of transactions disclosed that JEVs were not prepared for cash receipts and non-cash transactions as required under GAM, Volume II, but prepared only along with the preparation of Disbursement Vouchers.

Further review of records showed that the non-cash transactions, such as recording of payables, depreciation expense and recognition of expenses on issued inventories and others were directly recorded to the GJ, contrary to the guidelines prescribed in the GAM.

The trail of recording with the required reports prescribed in the GAM, Volume II, should be as follows:

Transaction	Summarizing Report	Basis of Recording <i>(entry per transaction)</i>	Books of Original Entry <i>(summary of entries per month)</i>	Book of Final Entry
1. Cash Receipts	Report of Collections and Deposits (RCD)	JEV (per daily collection)	Cash Receipts Journal (CRJ)	General Ledger
2. Cash Disbursements	Report of Checks Issued	JEV (per DV)	Cash/ Check Disbursements	General Ledger

	(RCI)		Journal (CDJ)	
3. Non-cash Transactions		Journal Entry (per transaction)	General Journal	General Ledger

Management’s non-preparation of JEV for every transaction would mean incomplete documentation, thus, verification of the recording of transactions cannot be accurately attained. Consequently, there will be a probability of errors leading to misstatement of accounts reflected in the Financial Statements.

We recommended that Management strictly comply with Sections 111 and 112 of PD 1445 in recording financial transactions by using the forms prescribed under the General Accounting Manual (GAM), Vol. II, to provide a reasonable assurance in the fair presentation of accounts reflected in the Financial Statements pursuant to the Philippine Financial Reporting Standards.

Management assured the audit team that they will strictly comply with the audit recommendation by preparing the complete set of reports in conformity with the forms prescribed in the General Accounting Manual (GAM), Volume II starting February 2020.

II. VALUE FOR MONEY AUDIT

Non-Revenue Water within the prescribed level rate

- 7. Management was able to maintain its Non-Revenue Water (NRW) to 20.87%, or just .87% higher than the performance criteria level of 20% rate prescribed by LWUA under Resolution No. 444, series of 2009.**

The low percentage of NRW, see annex D, was attributed to Management’s conscientious in monitoring their pipe lines and the immediate fixing of defects and leakages. Other personnel and operators of the District were always on guard for any illegal tapping and connections by conducting a round the clock inspection of any causes of water loss.

We commended Management on their effort of maintaining low NRW which is just close to the performance level of 20% set by LWUA. However, we recommended Management to exert more efforts in minimizing the NRW below the aforementioned rate.

III. COMPLIANCE WITH TAX LAWS

Remittance of taxes withheld on time

- 8. The District dutifully complied with the prevailing tax laws and regulations, remitting on time all of its taxes due amounting to ₱3,999,876.92 for CY 2019.**

For the CY 2019, the District yielded a total tax collection of ₱3,999,876.92 composed of various taxes such as Tax Withheld from Suppliers, Tax Withheld from the salaries and wages of Employees and Franchise Tax, of which, ₱3,512,702.56 was remitted to BIR as of December 31, 2019 and the balance of ₱487,174.36 was remitted on January 7, 2020.

We commended Management for dutifully complying with the prevailing tax laws, rules and regulations, remitting/paying on time all of its taxes due and to keep the good work.

IV. GENDER AND DEVELOPMENT (GAD)

Non-compliance with the guidelines on GAD

9. **The District allocated a total of ₱1,155,000.00 for its GAD programs and projects which is only 1.62% of its annual budget of ₱71,363,644.00, contrary to Section 6.1 of PCW-NEDA-DBM Joint Circular 2012-01 and PCW MC No. 2015-03 dated May 19, 2015. Of the total GAD allocation, only ₱329,701.30 or 28.5% has been spent to implement its GAD's programs and activities. Furthermore, an activity with allotted budget of ₱220,000.00 included in the GAD Plan did not address gender related issue contrary to the examples enumerated under Annex A of the same joint circular.**

Section 6.1 of PCW-NEDA-DBM Joint Circular No. 2012-01 states that:

6.0 Costing and Allocation of the GAD Budget

6.1. "At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations."

Paragraph 1 of PCW MC No. 2015-03 also provides that:

"In the formulation of their GPBs, water districts shall prioritize the institutionalization of the essential elements for GAD planning and budgeting. These shall include (1) the creation and/or strengthening of the GFPS in accordance with PCW MC No. 2011-01, (2) the establishment of GAD database containing sex-disaggregated data and/or gender statistics, (3) capacity building on GAD and (4) conduct of gender audit. []."

The GAD Focal Point Person prepared the annual Gender and Development Plan and Budget for 2019 with an allocation of ₱1,155,000.00 or 1.62% of the agency budget of ₱71,363,644.00. The activities were focused on its client and organization gender issues by adopting mainstreaming as a strategy to promote women's rights and eliminate gender discrimination in their structure, except for one activity, although this was not implemented, amounting to ₱220,000.00 which involved the provision of medical assistance to male and female employees with specific illness, as such activity does not address gender-related issue as enumerated in the above provision. Details of the District's GAD Plan are presented as follows:

GAD Activity	GAD Objective	GAD Budget	Remarks/ Actual Accomplishment
Client-Focused			
1. Development of GAD Corner in the District where a copy of RA 9710 is posted	To provide consumers some knowledge on GAD for them to be aware of it and eventually appreciate them, Fliers of RA 9710 will be made available for distribution to consumers, and uploading a copy of RA 9710 to the website of the District and updating the same with GAD related activities.	₱100,000.00	Not implemented based on the District's GAD Accomplishment Report.
2. Expansion projects to the areas of the municipality that are not yet covered by the District's service lines	To be able to provide potable and safe water supply to farther and remote areas of the municipality in order to alleviate the difficulties of wives/housekeepers of the need to fetch water from distant source.	500,000.00	Implemented Spent ₱88,400.00
Organization-Focused			
3. Identification of venue, topic to be discussed, service learning provider to be invited, workshop and related activities to be considered enhancing	To establish the District's GAD Focal Point System by conducting a seminar for all the personnel including Casual and Job Order	110,000.00	Implemented Spent ₱223,301.30

GAD programs, activities and projects by continually providing related updates to the personnel			
4. Provide a dedicated storage device storing the SDD and Gender Statistics complete with an appointed personnel who will maintain and update	To train employees who will perform the collection of Sex Disaggregated Data and Gender Statistics and maintain/update the same	225,000.00	Implemented Spent ₱18,000.00
5. Conduct of check-up for employees of any medical in nature and providing financial assistance	To provide medical assistance to male and female employees with specific illness	220,000.00	Not Implemented
TOTAL		₱1,155,000.00	₱329,701.30
Percentage of the total amount used against GAD Budget			28.5%

From the above listed plans, the District implemented items two to four only and spent a total of ₱329,701.30 or 28.5% of the ₱1,155,000.00 total GAD Budget for the year 2019.

We recommended that Management direct the GAD focal person to develop and formulate a realistic GAD Plans and Programs in compliance with PCW-NEDA-DBM Joint Circular No. 2012-01 and PCW MC No. 2015-03 dated May 19, 2015 since most of the activities were not implemented showing a minimal 28.5% accomplishment.

We further recommended that Management, thru the GFPS, conduct a gender analysis by using tools such as gender further mainstreaming evaluation framework, harmonized gender and development guidelines and the analysis of sex-disaggregated data and other relevant information to arrive at a gender related issues aligned with the agency's mandate that will focus on client and organization gender related issues.

Management commented that they will comply with the guidelines by including activities that are gender sensitive on their succeeding GAD Plan report. It emphasized, however, that they have not received a returned copy of their GAD Plan forwarded to the Local Water Utilities Administration (LWUA) for review.

V. DISASTER RISK REDUCTION MANAGEMENT (DRRM)

Non-preparation of Disaster Risk Reduction Management Plan

- 10. The District has not prepared and developed its Disaster Risk Reduction Management (DRRM) Plans and Programs for the current year contrary to Section 37 of the General Provisions of the General Appropriations Act (GAA) of FY 2019, thus exposing the agency's resources to possible loss in case of disaster/ calamity.**

Section 37 of the General Provisions of the GAA for FY 2019 provides that:

“All agencies of the government shall plan and implement programs and projects, taking into consideration measures for climate change adaptation and mitigation, and disaster risk reduction, based on climate and disaster risk assessments.

To ensure that the disaster risk reduction and climate change adaptation measures are appropriate in the light of intensifying hazards, all government projects should be subjected to multi-scenario, probabilistic analysis. For this purpose, the CCC shall extend the necessary technical and capacity building assistance to all agencies of the government in the conduct of risk assessment as well as adaptation and mitigation planning.[].

Inquiries with the District personnel revealed that no Disaster Risk Reduction Management Plan (DRRMP) has been prepared for the current year despite designating some employees as members of the Risk Reduction Monitoring Committee who will be responsible for the preparation and implementation of Disaster Risk Reduction Plans and Program. The absence of DRRMP resulted to the District's non-identification of precautionary measures which could lead to possible loss of the District's resources in the event of a calamity/disaster.

We recommended that Management prepare its DRRM Plan and Program in conformity with Section 37 of the General Provisions of the General Appropriations Act (GAA) of FY 2019 properly identifying the precautionary measures/ activities that should be implemented in case of calamities/disasters and taking into consideration the necessary actions to adapt and mitigate climate change.

Management commented that they will comply with the recommendation of the audit team in the preparation of Disaster Risk and Management (DRRM) Plan.

VI. STATUS OF SUSPENSIONS, DISALLOWANCES AND CHARGES

As of CY 2019, the District has unsettled disallowances amounting to ₱7,310,804.82, ₱7,273,775.00 of which is under petition for review in the Commission Proper. There were no outstanding suspensions and charges.

PART III

**STATUS OF IMPLEMENTATION OF
PRIOR YEAR'S RECOMMENDATIONS**

MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

**STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT
RECOMMENDATIONS
As of December 31, 2019**

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
2018 AAR					
<p>1. The Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a net discrepancy of ₱6,975,073.92 thus, propriety and existence of the District's PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I.</p> <p>We recommended that Management immediately reconcile and investigate the causes of the discrepancy between the amounts reflected in the Report on Physical Count of PPE and Financial Statements in compliance with Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I. We also recommend that Management update its depreciation schedule and provide complete records for the Report on Physical Count of PPE for each PPE Items.</p>	Management updated partially its Report on Physical Count of Property, Plant and Equipment.		X		Some obsolete and old properties that cannot be located were still recorded under the PPE account.

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
<p>2. Accounts Receivable (A/R) from concessionaires amounting to ₱2,791,475.81 includes receivables from inactive water consumers of ₱654,683.31, of which, ₱199,612.76 are dormant accounts that remained not written-off contrary to COA Circular No. 2016-005 dated December 19, 2016, affecting the fair presentation of the account in the Financial Position of the District as provided under Chapter 3 of the Philippine Financial Reporting Standards (PFRS). Also, the AR balance is not reconciled with the Ageing of AR which also serves as the Subsidiary Ledger, or having a discrepancy of ₱20,525.65 for the active and ₱20,414.70 for the inactive concessionaires.</p> <p>We recommended that those in charge in the billing section make the necessary reconciliation of records by determining the correct and exact amounts of the active and inactive concessionaires based on the individual records of concessionaires in order that necessary adjustments/corrections be made.</p> <p>We further recommended that Management file a request for Write-Off, to the Office of the Auditor, of the inactive or non-moving amount in the books of accounts following the guidelines and procedures under COA Circular No. 2016-005, dated December 19, 2016 which shall be supported by valid and verified documents.</p>	Dormant accounts were already written-off for the year.	X			

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
<p>Moreover, we also recommended that Management prepare the Ageing of Dormant Receivables to support the request for write-off and indicate in the remarks column the existence of the applicable conditions such as absence of records, unknown whereabouts of the accountable officers and other applicable conditions.</p>					
<p>3. The Report of Physical Count of Property, Plant and Equipment (RPCPPE) and other Property Records were maintained by the Accounting Division instead of the Property Supply Officer contrary to Section 42, Chapter 10, Government Accounting Manual (GAM), Vol. 1, thus, check and balance for the inventories cannot be established.</p> <p>Further, Property Acknowledgement Receipts (PAR) were not issued to officers or employees who received or who are in actual possession of the District's properties amounting to ₱20,276,883.04 contrary to Section 21, Chapter 10, of GAM, Vol. 1, therefore, proper accountability for the asset cannot be determined especially in case of loss.</p> <p>We recommended that Management:</p> <p>Require the Property/Supply Officer to prepare and maintain Property Cards in all existing properties found during the inventory</p>	<p>The Property Supply Officer already prepared Property Cards (PCs) for the year.</p>	X			

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
<p>in compliance with Section 42, Chapter 10 of the GAM, Vol. 1.</p> <p>Require the Property/Supply Officer to maintain, update and issue Property Acknowledgement Receipts (PAR) to end users to establish proper accountability of the property and renew the same every three years unless cancelled or transferred to other end-user.</p>					
<p>4. Purchase Requests of materials for water service connection were split into smaller amounts to qualify within the benchmark of procurement under the alternative mode of procurement to evade or circumvent the posting requirement with the Philgeps under Section 21.2.1 in relation to Section 54.3 and other provisions of the 2016 IRR of R.A. 9184 and in violation of COA Circular No. 76-41, dated July 30, 1976 on Splitting of Requisitions and contracts.</p> <p>We recommended that Management refrain from splitting the items requisitions and purchase orders required under COA Circular No. 76-41, dated July 30, 1976 and to faithfully enforce and adhere to laws, rules and regulations prescribed under RA 9184, the Government Procurement Law, to ensure economy and efficiency in the use of the District's resources.</p> <p>We further recommended that Management explain, in valid and justifiable reasons, why it resorted to splitting of requisitions when the</p>		X			

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
required items or supplies and materials were under the same usage for water connection and inventory of the district.					
<p>5. Mobile allowances being received by the General Manager, Division Heads and the GM's Secretary were in excessive amounts at ₱3,500.00, ₱2,500.00 and ₱2,000.00, respectively, per month, in violation of COA Circular No. 2012-003 dated October 29, 2012.</p> <p>We recommended that Management reduce the amount of mobile expenses that may be reimbursed by the General Manager, Division Heads and the GM's Secretary to a reasonable and justifiable amount every month in order to avoid excessive and unreasonable amounts of expenditures for the interest of the District. Monthly reimbursement of the cellphone load shall be supported by the corresponding official receipt.</p>	Mobile allowances were already reduced at a reasonable and justifiable amount for the year and were already supported by the corresponding official receipts.	X			
6. The District granted and paid overtime benefit to its employees in violation of the policies and guidelines issued under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 and the directive to continuously adopt austerity measures in the government. For the period January-June 2018, the District incurred the total amount of ₱23,804.36 for the overtime services rendered which could be the subject of disallowance as provided under		X			Included in Audit Observation No.9, page 41

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
<p>COA Circular No. 2012-003 dated October 29, 2012.</p> <p>We recommended that the General Manager strictly enforce and implement the provisions under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 thru a careful assessment of the works to be undertaken by the employees whether the rendition of overtime services is extremely necessary and to enforce and implement the non-monetary benefit under CSC-DBM Joint Circular No. 2, s. 2004 and No. 2-A, s. 2005 thru the compensatory time-off wherein an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.</p> <p>Also, we recommended that the General Manager stop allowing employees to render overtime with pay unless within the purview of the above-cited Joint Circulars of the CSC-DBM on the rendition of overtime services; otherwise, payments will be the subject of disallowance as provided under the above-cited COA Circular No. 2012-003 dated October 29, 2012.</p>					
<p>7. Reimbursable expenses incurred by the Members of the Board of Directors in the discharge of their official duties of the District exceeded the twenty-five percent (25%) of the actual per diems received in violation of Section 10 of Executive Order No. 65 dated January 2, 2012 in relation to Section 12 of EO 24, s.</p>		X			

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
<p>2011, prescribing rules to govern the compensation of members of the BODs of Local Water Districts.</p> <p>We recommended that Management monitor and limit the reimbursement of expenses of the members of the Board of Directors on communication, meals and others within 25% of the actual per diem received by the board as prescribed under EO No. 65 in relation to Section 5 of EO 24 s. 2011.</p>					
<p>8. The District allowed a job order employee to collect water bills payments and other forms of collections, thus, funds of the District are exposed to risk of loss or misappropriation.</p> <p>We recommended that Management assign a permanent employee to handle funds of the District and thereafter file an application for fidelity bond in accordance with the guidelines and procedures provided under Bureau of Treasury circular No. 02-2009 dated August 6, 2009.</p>	Management already assigned a permanent employee to handle funds of the District.	X			
<p>9. The District allocated a total of ₱2,000,000.00 for its GAD programs and projects which is only 2.96% of its annual budget of ₱67,487,016.00 contrary to Section 2.3 of PCW-NEDA-DBM Joint Circular 2012-01. Furthermore, the GAD Accomplishment Report was not prepared in accordance with Section 10 of the said circular, thus</p>	GAD Accomplishment Report was prepared for the year.	X			


Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
<p>evaluation of the program and project implementation could not be performed. It was also noted that the GAD Plans and Budget was not submitted to LWUA for review.</p> <p>We recommended that Management direct the GAD focal person to prepare its GAD Plans and Budget in accordance with PCW-NEDA-DBM Joint Circular No. 2012-01 and to allocate funds thereto. Furthermore, we recommend that the GAD focal person prepare its accomplishment report in accordance with Section 10 and Annex B of the said joint circular which provides the guidelines in completing the AR template.</p>					

PART IV
ANNEXES


MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan
List of Property, Plant and Equipment recorded under "Other Inventory"
as of December 31, 2019

No.	Property, Plant and Equipment	Amount per Item	Quantity	Total Amount
1	Combination Variable Frequency Drive	190,000.00	1	190,000.00
2	Metering Pump IWAKI BS-B11	28,000.00	1	28,000.00
3	"Franklin" Submersible Motor (5HP)	50,395.15	1	50,395.15
4	"Franklin" Submersible Motor (20 HP)	127,450.70	2	254,901.40
5	"Franklin" Submersible Motor (5HP)	140,535.35	2	281,070.70
6	"Grundfos" Submersible Pump (SP 14-8)	73,695.45	1	73,695.45
7	"Grundfos" Submersible Pump (SP 60-5)	168,030.65	1	168,030.65
8	"Grundfos" Submersible Pump (SP 77-3)	248,138.50	2	496,277.00
9	"Grundfos" Submersible Pump (SP 95-2)	217,588.65	1	217,588.65
	TOTAL AMOUNT			1,759,959.00

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Audit Team Leader

MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan
Semi-Expendable and Intangible Assets recorded as Property, Plant and Equipment
as of December 31, 2019


WP Ref.	Property, Plant and Equipment	Acquisition Date	Amount	Remarks
SEMI-EXPENDABLE PPE RECORDED UNDER PPE ACCOUNT				
1 MACHINERY & EQUIPMENT				
1.1	Office Equipment			
	G.E. single door ref.	May-98	8,100.00	fully dep. May 08
	2 pcs. filling cabinet	Oct-02	9,200.00	fully dep. Oct. 07
	1 unit cannon camera	Feb-03	5,185.00	fully dep. Feb.08
	1 electric air pot	Mar-03	1,647.00	fully dep. Mar.08
	1 moon trolley AS-108	Mar-03	2,000.00	fully dep. Mar.08
	1 water dispenser	Aug-03	4,895.00	fully dep. Aug.'09
	fabrication of steel cabinet	Jul-04	8,310.00	fully dep. July'14
	1 std. # 18 electric fan used in storage room	Apr-06	1,300.00	fully dep. Apr.09
	x'mas décor	Nov-06	7,824.53	fully dep. Nov.09
	gas stove w/ tank	Nov-06	1,940.00	fully dep. Nov.09
	1 filing cabinet 4 drawers	Feb-07	5,668.00	fully dep. Feb.12
	1 sony tinitron colored TV 21"	Mar-07	11,800.00	fully dep. Mar.12
	1 kodak digital camera	Oct-08	6,995.00	fully dep. Oct.'13
	1 unit JVC colored TV 14"	Jul-09	6,840.00	fully dep. July'14
	1 digital camera samsung ES60	Dec. 09	8,540.50	fully dep. Dec.11
	5 unit wall fan standard color blue 12"	Dec. 09	3,870.00	fully dep. Dec.'14
	1 floor polisher	Jan.10	13,147.76	fully dep. Jan.'15
	1 unit AC/DC rechargeable multi fun	Mar-11	3,600.00	fully dep. Mar.16
	1 casio calculator	Sep-11	2,950.00	fully dep. July'16
	1 water dispenser	Jan-12	4,185.00	fully dep. Jan'17
	1 pc aluminum ladder	Feb-12	2,250.00	fully dep. Feb.17
	1 bill counter - admiral BN 5000	Jan-14	9,500.00	-
	1 unit cannon (2 color printing calculator)	Jan-14	4,400.00	-
	1 unit facsimile (brother)	May-14	5,777.00	-
	1 pc. Microphone & 1 pc. Microphone stand	Jun-15	4,600.00	-

	1 rigid vacuum cleaner 12 gals. For office and pumping station use	Jul-15	11,999.75	-
	1 unit epson printer (dot matrix) LX 310 for K. Tandingan	Dec-15	9,600.00	-
	1 unit water dispenser (Admin.Dept.) 1 refrigerator (GM's office)	Jan.-16	15,038.00	-
	1 unit cash vault for cashier's used	Jun-16	15,000.00	-
	2 units CCTV camera (camp vision) 1mp-MAWAD Bldg.	Jul-17	15,000.00	-
	one (1) unit smart television 32" for office of the General Manager	Dec.-19	14,446.00	-
	subtotal		225,608.54	
1.2	Information and Communications Technology (ICT) Equipment			
	15 LG Colored Monitor	Jan-03	4,300.00	fully dep. Jan.08
	EPSON LX 300+ printer	Feb-04	6,615.00	fully dep. Feb.09
	UPS V. A for Computer	Sept-04	2,467.50	fully dep. Sept.07
	hard disk UPS & floppy disk	May-06	4,850.00	fully dep. May 09
	windows home edition computer licensed	Jun-06	5,724.00	fully dep. June 08
	telephone line & extension line for new office building	Aug-06	5,227.61	fully dep. Aug.'11
	LX 300+ printer	Feb.09	7,850.00	fully dep.Feb.14
	1 unit AVR for xerox machine & computer (GM's secretary)	Feb.'11	3,600.00	fully dep. Feb'14
	1 printer with ink issued to admin.	Feb.'11	3,550.00	fully dep. Feb.16
	2 pcs UPS small battery, 2pcs UPS big battery (commercial division)	Jul-11	2,660.00	fully dep. July'16
	1 computer monitor with 1 speaker	Oct-11	4,155.00	fully dep.Oct.'15
	1 LX310 dot matrix printer	Mar-13	9,530.00	fully dep.Mar.18
	1 samsung 15.6" LED monitor for commercial division	Nov-13	3,392.00	fully dep.Dec.18
	1 pc AVR heavy duty for computer issued to Finance Division	Mar-14	4,150.00	fully dep.Mar.18
	1 unit Epsom LX310 printer for paying section (A. Aquino)	Mar-15	9,010.00	-
	1 pc computer monitor 19" and one (1) keyboard for GM's use	Mar-15	4,332.00	-
	2 units UPS for Finance Division use @ P 2,800.00	May-16	5,600.00	-
	1 unit UPS 650 VA & 1 unit Epson LX310 printer for commercial use	Jul-16	10,850.00	-
	one (1) unit AOC 19" LED computer monitor for PJ Ganaden	Sep-16	3,700.00	-
	one (1) epson L120 printer (issued Admin)	Oct-16	7,080.00	-
	one (1) unit UPS for CCTV monitor - GM's office	Dec-16	3,300.00	-
	2 units of Epson L120 printer for t. Marticio & A. Aquino	Nov-17	10,390.00	-
	one (1) unit epson L120 printer for M. Pascua	Oct-18	6,120.00	-
	one (1) unit HP LED Monitor	Nov-18	4,100.00	-
	subtotal		132,553.11	
1.3	Communication Equipment			
	1 unit 3510i cellphone	Sept-03	6,880.00	fully dep. Mar.08
	1 unit nokia 6680	Jun-06	14,950.00	fully dep. Sept.08
	5 units nokia 1600 cell phone	Nov-06	3,200.00	fully dep. Nov.11
	1 unit nokia N 70 issued to GM	Oct-08	9,850.00	fully dep.Oct. 2013

	4 units cell phones 1680	Jan.09	11,450.00	fully dep. Jan'11
	megaphone	Mar.09	5,899.75	fully dep. Mar. 14
	4 units Nokia Asha 301 for B.O.D's & iphone 5s for GM	Feb-14	56,816.00	fully dep. Feb'17
	<i>subtotal</i>		109,045.75	
2	FURNITURES, FIXTURES AND BOOKS			
2.1	<i>Furnitures & Fixtures</i>			
	1 computer table CT109	Feb-02	2,000.00	fully dep. Feb.07
	1 perfect Office Table	Mar-03	2,737.00	fully dep. Mar.08
	8 pcs. Narra chair for conference table	June-03	10,160.00	fully dep. June'13
	computer table	Feb-04	1,837.00	fully dep. Feb.09
	2 pcs. Office curtains for GM's room	Aug-04	7,500.00	fully dep. Aug.07
	2 Junior Office Tables	Dec-05	4,450.00	fully dep. Dec. 15
	hermaco filling cabinet	Jun-06	6,500.00	fully dep. July'11
	2 office tables (junior)	Jul-06	5,580.00	fully dep. July'11
	2 sets office curtains	Mar-07	4,500.00	fully dep. Mar. 10
	1 roll up blinds installed in the office	Aug-08	8,000.00	fully dep. Aug. 13
	2 pcs. Computer chairs with arms	May-09	2,800.00	fully dep. May'12
	1 junior office table	Oct-09	4,700.00	fully dep. Oct. 14
	1 filing cabinet	Oct-09	9,350.00	fully dep. Oct'14
	1 office table-junior (paying section)	Jan.10	1,899.05	fully dep. Jan.'15
	1 oval table	Jan.10	6,250.00	fully dep. Jan.'15
	1 filing cabinet, & 1 olympia typewriter - recon	Feb.10	12,000.00	fully dep. Jan.'15
	fabrication of hanging cabinet & 3pcs stand cabinet	Mar-10	10,912.00	-

	L type sala set (3pcs)	Mar-10	9,800.00	-
	1 oval top glass 36 x 72 for conference table	Aug-11	3,500.00	fully dep. Aug.'16
	fabrication of 1 office table	Nov-11	2,985.75	fully dep. Nov.'16
	fabrication of 1 hanging cabinet, fabrication of portable cabinet, fabrication of 1 podium.	Mar-12	12,959.70	-
	fabrication of 2 steel beds - motorpool	July'12	5,092.00	fully dep. Jan, 17
	1 uratex bed w/ accessories (pillows, bed sheet)	Aug-12	11,685.00	-
	6 pcs. Monoblock round table	Dec-12	12,900.00	fully dep. Dec, 17
	1 office table for administrative division	Nov-13	1,836.00	fully dep. Nov.'18
	2 junior office chairs (K. Tandingan & B. Dizon)	Feb-15	5,112.00	-
	fabrication of 2 office tables	May-15	4,158.71	-
	2 pcs. Executive chair for M. de Guzman & V. Garcia	Sep-15	10,000.00	-
	2 tables issued to COA & Pumping Station No. 11 (Brgy. Macayug)	Sep-15	5,612.00	-
	two (2) units aluminum glass cabinet for the display of trophies and other awards of MAWAD	Nov-17	8,000.00	-
	labor & materials for the fabrication of office table (D. Carbonel's use)	Dec-17	8,031.75	-
	office chair (IQ Exec. Chair) for A.. Aquino	Dec-17	2,959.20	-
	Fabrication of wall shelf for office of the General Manager	Mar-18	5,359.00	-
	Fabrication of table for the conference room	Apr-18	12,534.00	-
	one (1) unit filling steel cabinet, four (4) drawers for D. Carbonel	Jan-19	7,898.00	-
	subtotal		231,598.16	
2.2	Books			
	1 vol. English - Filipino Dictionary	Mar-04	2,700.00	fully dep. Mar. 09
	grammar book 1 pc.	Jul-08	700.00	fully dep. July'13
	subtotal		3,400.00	
	Total Semi-Expendable Properties		702,205.56	
INTAGIBLE ASSET RECORDED UNDER PPE ACCOUNT				
1	IT EQUIPMENT			
	MAWAD upgrading of Billing & Collection System	Mar-19	463,000.00	
	Total Intagible Assets		463,000.00	
	Total of fully depreciated materials		417,341.45	

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OFELIA T. CELI

State Auditor IV

Audit Team Leader


MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan
List of "Other Assets" presented in the Financial Statements
as of December 31, 2019

WP Ref.	Particulars	Acquisition Date	Salvage Value
1	DISPOSED PROPERTIES		
	1 unit Turbine Pump 6"3 stages	Aug-91	12,938.00
	Submersible Motor 20 hp	Jun-94	5,369.00
	subtotal		18,307.00
2	DESTROYED PROPERTIES (due to flood)		
	6 units cellphone (Nokia 3210)	Sep-02	4,050.00
	subtotal		4,050.00
3	DEFECTIVE PROPERTIES		
	Submersible Pump-Salay	Apr-95	37,792.50
	subtotal		37,792.50
4	OTHER PROPERTIES		
	Automobile Diesel Engine-ISUZU Model 4 BA 1	Nov-92	9,880.00
	Labor & Materials for the improvements of PH #1	Dec-92	1,222.17
	Trailer for Genset	Dec-96	1,620.00
	Allen Bradley Magnetic Contractor & AB Auxilliary Contract	May-01	597.50
	1 Spotlight Socket Wrench	Aug-04	250.00
	Other Pumping Equipment	Jun-05	3,600.00
	Transmission & Distribution Main	Dec-93	266,591.94
	Grundfos Submersible Pump	Mar-01	38,253.24
	Submersible Pump (repaired)	Jul-04	19,200.00
	Provision of 1 JV. 10.2008	2008	45.00
	Provision of 1 JV.12.33	2009	25.00
	subtotal		341,284.85
	TOTAL OTHER ASSETS		401,434.35

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State Auditor IV
Audit Team Leader


Mangaldan Water District
Mangaldan, Pangasinan
SCHEDULE OF NON-REVENUE WATER AND COST OF WATER LOST
For the Year 2019

Population Served -68,700
Total Service - 14,839
Total Active - 13,740
Total Billed - 13,740


No. of Wells - 12

MONTH	WATER PRODUCED	METERED BILLED ACCOUNTED	WATER UNACCOUNTED	NRW	Excess of 20%
January	374,392.00	290,829.00	83,563.00	0.22320	0.0232
February	352,986.00	278,209.00	74,777.00	0.21184	0.0118
March	326,820.00	259,113.00	67,707.00	0.20717	0.0072
April	364,061.00	284,906.00	79,155.00	0.21742	0.0174
May	398,100.00	317,764.00	80,336.00	0.20180	0.0018
June	381,257.00	304,779.00	76,478.00	0.20059	0.0006
July	347,816.00	274,827.00	72,989.00	0.20985	0.0098
August	388,738.00	309,974.00	78,764.00	0.20261	0.0026
September	371,723.00	295,738.00	75,985.00	0.20441	0.0044
October	346,263.00	273,477.00	72,786.00	0.21020	0.0102
November	404,146.00	324,212.00	79,934.00	0.19778	-0.0022
December	339,307.00	264,276.00	75,031.00	0.22113	0.0211
Total	4,395,609.00	3,478,104.00	917,505.00	0.20873	0.0087

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