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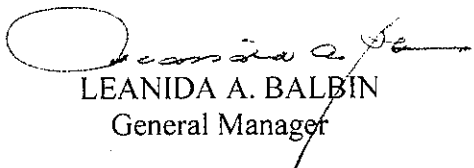
Republic of the Philippines
METRO BANGUED WATER DISTRICT
Bangued, Abra

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Metro Bangued Water District is responsible for all information and representation contained in the accompanying Statement of Financial Position as of December 31, 2017 and the related Statement of Comprehensive Income and Cash Flow for the period ended. The Financial Statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on best estimate and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for necessary internal records to ensure that transactions are properly authorized and recorded, asset are safeguarded against unauthorized use or disposition and liabilities are recognized.


CHARO DENNIS A. FRANCISCO
Division Manager – Finance


LEANIDA A. BALBIN
General Manager

Received of 8/29/2018

METRO BANGUED WATER DISTRICT
CONDENSED STATEMENT OF FINANCIAL POSITION
GENERAL FUND

As of December 31, 2017

	Notes	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	74,540,485.18	84,296,075.83
Receivables	5	6,866,762.66	6,882,697.84
Inventories	6	9,656,196.02	10,525,155.20
Other Assets	7	9,716.62	3,459.53
Total Current Assets		<u>91,073,160.48</u>	<u>101,707,388.40</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	82,431,741.03	65,154,673.35
Intangible Assets	9	0.00	0.00
Other Assets	10	522,771.15	651,947.15
Total Non-current Assets		<u>82,954,512.18</u>	<u>65,806,620.50</u>
TOTAL ASSETS		<u>174,027,672.66</u>	<u>167,514,008.90</u>
LIABILITIES AND GOVERNMENT EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Financial Liabilities	11	162,739.69	2,750,918.59
Inter-Agency Payables	12	333,250.51	281,141.97
Trust Liabilities	13	1,179,393.50	1,372,712.50
Other Payables	14	172,320.53	178,556.73
Other Deferred Credits	15	769,084.48	773,650.28
Total Current Liabilities		<u>2,616,788.71</u>	<u>5,356,980.07</u>
NON-CURRENT LIABILITIES			
Bills/Bonds/Loans Payable	16	6,046,035.01	7,753,693.01
TOTAL LIABILITIES		<u>8,662,823.72</u>	<u>13,110,673.08</u>
EQUITY			
Government Equity		2,699,671.53	2,699,671.53
Retained Earnings/(Deficit)		162,665,177.41	151,703,664.29
TOTAL EQUITY		<u>165,364,848.94</u>	<u>154,403,335.82</u>
TOTAL LIABILITIES AND EQUITY		<u>174,027,672.66</u>	<u>167,514,008.90</u>

(See accompanying Notes to Financial Statements)

Received :
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METRO BANGUED WATER DISTRICT
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
GENERAL FUND

For the Year Ended December 31, 2017

	Notes	2017	2016
INCOME			
Service and Business Income	17	64,673,694.75	61,487,081.35
Gains		0.00	780,000.00
Other Non-Operating Income	18	50,467.31	28,522.91
TOTAL INCOME		<u>64,724,162.06</u>	<u>62,295,604.26</u>
EXPENSES			
Personnel Services	19	27,099,137.12	23,464,952.68
Maintenance and Other Operating Expenses	20	20,335,561.58	18,509,092.49
Financial Expenses	21	572,909.00	706,572.00
Non Cash Expenses	22	4,996,642.57	5,071,333.66
TOTAL EXPENSES		<u>53,004,250.27</u>	<u>47,751,950.83</u>
INCOME/(LOSS) FROM OPERATIONS		11,719,911.79	14,543,653.43
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		0.00	0.00
TOTAL COMPREHENSIVE INCOME		<u>11,719,911.79</u>	<u>14,543,653.43</u>

(See accompanying Notes to Financial Statements)

Received:
 [Signature] 8/29/2018

METRO BANGUED WATER DISTRICT
CONDENSED STATEMENT OF CASH FLOWS
GENERAL FUND

For the Year Ended December 31, 2017

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Collection of Business Income	23	62,721,503.39	60,592,063.12
Other Receipts	24	3,499,306.18	1,705,060.28
<i>Total Cash Inflows</i>		<u>66,220,809.57</u>	<u>62,297,123.40</u>
Cash Outflows			
Payment of Expenses	25	29,957,968.83	27,642,087.13
Purchase of Inventories	26	15,471,543.50	3,744,368.93
Remittance of Personnel Benefit Contributions and Mandatory Deductions	27	10,108,303.45	8,100,374.69
Remittance/Payment of Other Payables	28	3,143,173.63	3,381,672.56
Payment of Trust Liabilities	29	372,634.06	0.00
Adjustments	30	18,400.00	0.00
<i>Total Cash Outflows</i>		<u>59,072,023.47</u>	<u>39,486,830.75</u>
Net Cash Provided by (Used in) Operating Activities		<u>7,148,786.10</u>	<u>22,810,292.65</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Cash Inflows		0.00	2,060,314.87
Cash Outflows			
Purchase/Construction of Property, Plant and Equipment	31	14,624,148.75	1,320,303.33
Net Cash Provided by (Used in) Investing Activities		<u>(14,624,148.75)</u>	<u>740,011.54</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Cash Inflows			
Cash Outflows			
Payment of Long-Term Liabilities	32	2,280,228.00	2,280,228.00
Net Cash Provided by (Used in) Financing Activities		<u>(2,280,228.00)</u>	<u>(2,280,228.00)</u>
Increase (Decrease) in Cash and Cash Equivalents		<u>(9,755,590.65)</u>	<u>21,270,076.19</u>
Cash and Cash Equivalents, January 1		<u>84,296,075.83</u>	<u>66,407,672.20</u>
Cash and Cash Equivalents, December 31		<u><u>74,540,485.18</u></u>	<u><u>87,677,748.39</u></u>

(See accompanying Notes to Financial Statements)

Received & 8/29/2018

**METRO BANGUED WATER DISTRICT
STATEMENT OF CHANGE IN EQUITY
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Revaluation Notes Surplus	Retained Earnings/ (Deficit)	TOTAL
BALANCE AT JANUARY 1, 2016		140,208,929.80	140,208,929.80
ADJUSTMENTS			
Add/(Deduct):			
Change in Accounting Policy			-
Prior Period Errors			-
Other Adjustments			-
RESTATED BALANCE AT JANUARY 1, 2016	-	140,208,929.80	140,208,929.80
CHANGES IN EQUITY FOR 2016			
Add/(Deduct):			
Comprehensive Income for the Year		14,543,653.43	14,543,653.43
Other Adjustments		(349,247.41)	(349,247.41)
BALANCE AT DECEMBER 31, 2016	-	154,403,335.82	154,403,335.82
CHANGES IN EQUITY FOR 2017			
Add/(Deduct)			
Comprehensive Income for the Year		11,719,911.79	11,719,911.79
Adjustments	33	(758,398.67)	(758,398.67)
BALANCE AT DECEMBER 31, 2017	-	165,364,848.94	165,364,848.94

Received:
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METRO BANGUED WATER DISTRICT
DETAILED STATEMENT OF FINANCIAL POSITION
GENERAL FUND

As at December 31, 2017

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	74,540,485.18	84,296,075.83
Cash on Hand	13,000.21	13,000.00
Cash-Collecting Officer	3,000.21	3,000.00
Petty Cash	10,000.00	10,000.00
Cash in Bank-Local Currency	74,527,484.97	84,283,075.83
Cash in Bank - Local Currency, Current Account	3,576,151.11	1,200,648.54
Cash in Bank - Local Currency, Savings Account	70,951,333.86	83,082,427.29
Receivables	6,866,762.66	6,882,697.84
Loans and Receivable Accounts	5,922,762.83	6,119,437.57
Accounts Receivable	9,044,208.13	8,994,021.79
Allowance for Impairment - Accounts Receivable	(3,121,445.30)	(2,874,584.22)
Net Realizable Value	5,922,762.83	6,119,437.57
Inter-Agency Receivables	12,624.24	12,624.24
Due from NGAs	1,424.24	1,424.24
Due from LGUs	11,200.00	11,200.00
Other Receivables	931,375.59	750,636.03
Due from Officers and Employees	87,905.64	98,449.56
Other Receivables	843,469.95	652,186.47
Inventories	9,656,196.02	10,525,155.20
Inventories Held for Consumption	9,652,632.02	10,525,155.20
Office Supplies Inventory	256,801.70	256,792.75
Accountable Forms, Plates and Stickers Inventory	113,049.34	79,063.60
Other Supplies and Materials Inventory	270,237.47	310,802.04
Chemicals and Filtering Supplies Inventory	571,444.03	435,845.56
Construction Materials Inventory	8,441,099.48	9,442,651.25
Semi Expendable Machinery and Equipment	3,564.00	0.00
Semi-Expendable Other Machinery and Equipment	3,564.00	0.00
Other Assets	9,716.62	3,459.53
Advances	6,690.21	0.00
Advances For Payroll	6,690.21	0.00
Prepayments	3,026.41	2,459.53

Received of 8/21/2018

Withholding Tax at Source	3,026.41	2,459.53
Deposits	<u>0.00</u>	<u>1,000.00</u>
Guaranty Deposits	0.00	1,000.00
Total Current Assets	<u>91,073,160.48</u>	<u>101,707,388.40</u>
	2017	2016
NON-CURRENT ASSETS		
Property, Plant and Equipment	<u>82,431,741.03</u>	<u>65,154,673.35</u>
Land		
Land	<u>14,139,979.45</u>	<u>5,049,749.00</u>
Net Value	<u>14,139,979.45</u>	<u>5,049,749.00</u>
Buildings and Other Structures		
Buildings	2,737,469.86	2,737,469.86
Accumulated Depreciation Other Structures	<u>(1,177,871.94)</u>	<u>(1,101,042.13)</u>
Net Value	<u>1,559,597.92</u>	<u>1,636,427.73</u>
Leased Assets		
Leased Assets Improvements, Buildings	317,591.96	317,591.96
Accumulated Depreciation Leased Assets Improvements, Buildings	<u>(143,496.20)</u>	<u>(112,649.12)</u>
Net Value	<u>174,095.76</u>	<u>204,942.84</u>
Machinery and Equipment	<u>4,109,531.34</u>	<u>3,989,605.30</u>
Office Equipment	1,411,177.88	1,341,751.07
Accumulated Depreciation - Office Equipment	<u>(929,842.49)</u>	<u>(805,585.55)</u>
Net Value	<u>481,335.39</u>	<u>536,165.52</u>
Information and Communication Technology Equipment	2,684,037.26	2,282,274.76
Accumulated Depreciation - Information and Communication Technology Equipment	<u>(1,576,472.85)</u>	<u>(1,382,822.33)</u>
Net Value	<u>1,107,564.41</u>	<u>899,452.43</u>
Communication Equipment	604,502.00	568,512.00
Accumulated Depreciation - Communication Equipment	<u>(192,749.80)</u>	<u>(138,614.49)</u>
Net Value	<u>411,752.20</u>	<u>429,897.51</u>
Other Equipment	5,052,031.37	4,778,120.37
Accumulated Depreciation - Other Equipment	<u>(2,943,152.03)</u>	<u>(2,654,030.53)</u>
Net Value	<u>2,108,879.34</u>	<u>2,124,089.84</u>
Transportation Equipment		
Motor Vehicles	9,142,237.98	7,786,105.90

Accumulated Depreciation - Motor Vehicles	(5,792,451.30)	(5,309,744.25)
Net Value	<u>3,349,786.68</u>	<u>2,476,361.65</u>
Furniture, Fixtures and Books		
Furniture and Fixtures	1,043,535.89	947,032.09
Accumulated Depreciation - Furniture and Fixtures	(602,333.94)	(532,144.11)
Net Value	<u>441,201.95</u>	<u>414,887.98</u>
Plant -Utility Plant in Service		
Plant -Utility Plant in Service	93,972,845.90	88,226,128.89
Accumulated Depreciation - UPIS	(47,165,488.87)	(43,737,445.42)
Net Value	<u>46,807,357.03</u>	<u>44,488,683.47</u>
	2017	2016
Construction in Progress	11,850,190.90	6,894,015.38
Construction in Progress - Infrastructure Assets	11,782,949.04	6,831,370.22
Construction in Progress - Leased Asset Improvements, Buildings	67,241.86	62,645.16
Intangible Assets		
Computer Software	310,280.96	310,280.96
Accumulated Amortization - Computer Software	(310,280.96)	(310,280.96)
Net Value	<u>0.00</u>	<u>0.00</u>
Other Assets		
Other Assets	522,771.15	651,947.15
Deferred Charges	0.00	129,176.00
Total Non-current Assets	<u>82,954,512.18</u>	<u>65,806,620.50</u>
TOTAL ASSETS	<u>174,027,672.66</u>	<u>167,514,008.90</u>

LIABILITIES AND GOVERNMENT EQUITY
LIABILITIES

CURRENT LIABILITIES

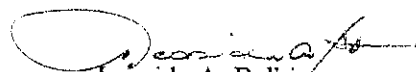
Financial Liabilities	162,739.69	2,750,918.59
Payables		
Accounts Payable	86,048.87	2,671,410.63
Due to Officers and Employees	76,690.82	79,507.96
Inter-Agency Payables	333,250.51	281,141.97
Inter-Agency Payables		
Due to BIR	304,429.80	244,724.32
Due to GSIS	49.10	7,608.54
Due to PAGIBIG	0.00	200.00
Due to Philhealth	437.50	275.00

Due to NGAs	27,000.00	27,000.00
Due to Government Corporations	0.81	0.81
Due to SSS	1,333.30	1,333.30
Trust Liabilities	1,179,393.50	1,372,712.50
Trust Liabilities		
Bail Bonds Payable	126,513.70	176,677.70
Customers' Deposits Payable	1,052,879.80	1,196,034.80
Deferred Credits/Unearned Income	769,084.48	773,650.28
Deferred Credits		
Other Deferred Credits	769,084.48	773,650.28
Other Payables	172,320.53	178,556.73
Other Payables		
Other payables	172,320.53	178,556.73
Total Current Liabilities	2,616,788.71	5,356,980.07
NON-CURRENT LIABILITIES		
Bills/Bonds/Loans Payable	6,046,035.01	7,753,693.01
Loans Payable		
Loans Payable - Domestic	6,046,035.01	7,753,693.01
TOTAL LIABILITIES	8,662,823.72	13,110,673.08
	2017	2016
EQUITY		
Equity		
Government Equity		
Government Equity	2,699,671.53	2,699,671.53
Retained Earnings		
Retained Earnings/(Deficit)		
Retained Earnings/(Deficit)	162,665,177.41	151,703,664.29
TOTAL EQUITY	165,364,848.94	154,403,335.82
TOTAL LIABILITIES AND EQUITY	174,027,672.66	167,514,008.90

Certified Correct:


Charo Dennis A. Francisco
Division Manager - Finance

Noted By:


Leanida A. Balbin
General Manager

METRO BANGUED WATER DISTRICT
DETAILED STATEMENT OF COMPREHENSIVE INCOME
GENERAL FUND

For the Year Ended December 31, 2017

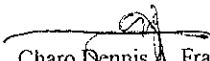
	2017	2016
INCOME		
Service and Business Income		
Business Income		
Waterworks System Fees	61,562,079.09	59,279,393.00
Fines and Penalties - Business Income	953,849.25	1,262,909.37
Interest Income	106,727.03	137,792.21
Other Business Income	1,512,599.38	806,986.77
Other Service Income	538,440.00	0.00
Total Service and Business Income	64,673,694.75	61,487,081.35
Other Non-Operating Income		
Miscellaneous Income		
Miscellaneous Income	50,467.31	28,522.91
Gains		
Gains		
Gain on Sale of Property, Plant, and Equipment	0.00	780,000.00
GROSS INCOME	64,724,162.06	62,295,604.26
EXPENSES		
Personnel Services		
Salaries and Wages		
Salaries and Wages - Regular	13,048,922.66	11,226,066.30
Total Salaries and Wages	13,048,922.66	11,226,066.30
Other Compensation		
Personal Economic Relief Allowance (PERA)	1,207,272.73	1,093,909.09
Representation Allowance	342,000.00	342,000.00
Transportation Allowance	342,000.00	342,000.00
Overtime and Night Pay	9,387.61	18,486.56
Clothing/Uniform Allowance	255,000.00	230,000.00
Directors and Committee Members' Fees	726,070.00	744,470.00
Cash Gift	255,000.00	232,500.00
Year-End Bonus	1,102,228.00	1,860,426.00
Other Personnel Benefits	1,414,625.81	994,824.11
Other Bonuses and Allowances	6,395,897.22	4,276,667.67
Total Other Compensation	12,049,481.37	10,135,283.43
Personnel Benefit Contributions		
Retirement and Life Insurance Premiums	1,641,006.84	1,375,959.00
Pag-ibig Contributions	60,600.00	54,600.00
Philhealth Contributions	139,000.00	121,737.50
Provident Fund Benefits	160,126.25	551,306.45
Total Personnel Benefit Contributions	2,000,733.09	2,103,602.95
Total Personnel Services	27,099,137.12	23,464,952.68
	2017	2016
Maintenance and Other Operating Expenses		
Travelling Expenses		
Travelling Expenses - Local	1,574,373.54	619,378.37

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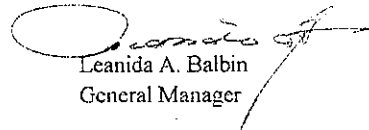
Travelling Expenses - Foreign	260,680.00	0.00
Total Travelling Expenses	1,835,053.54	619,378.37
Training and Scholarship Expenses		
Training Expenses	352,000.00	93,300.00
Supplies and Materials Expenses		
Office Supplies Expenses	364,311.57	378,378.20
Accountable Forms Expenses	126,389.26	115,602.70
Fuel, Oil and Lubricants Expenses	447,543.44	365,644.74
Semi-Expendable Machinery and Equipment Expenses	46,866.51	0.00
Other Supplies and Materials Expenses	45,795.02	413,531.95
Chemical and Filtering Supplies Expenses	492,501.53	0.00
Total Supplies and Materials Expenses	1,523,407.33	1,273,157.59
Utility Expenses		
Water Expenses	6,643.70	6,752.20
Electricity Expense	451,126.27	454,324.65
Total Utility Expenses	457,769.97	461,076.85
Communication Expenses		
Postage and Courier Expenses	3,511.00	6,141.00
Telephone Expenses	180,784.79	170,250.39
Internet Subscription Expenses	7,000.00	0.00
Total Communication Expenses	191,295.79	176,391.39
Generation, Transmission, and Distribution Expenses		
Generation, Transmission, and Distribution Expenses	59,720.00	0.00
Confidential, Intelligence, and Extraordinary Expenses		
Extraordinary and Miscellaneous Expenses	115,020.00	115,020.00
Professional Services		
Legal Services	60,000.00	60,000.00
General Services		
Security Services	1,181,005.61	127,691.25
Other General Services	677,480.45	531,203.66
Total General Services Expenses	1,858,486.06	658,894.91
Repairs and Maintenance		
Repairs and Maintenance - Transportation Equipment	271,258.57	283,497.20
Repairs and Maintenance - Infrastructure Assets	7,241,416.86	0.00
Repairs & Maintenance - Buildings and Other Structure:	95,294.57	4,728,705.84
Repairs and Maintenance - Machinery and Equipment	2,630.00	174,828.71
Total Repairs and Maintenance	7,610,600.00	5,187,031.75
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	1,238,988.07	1,118,725.89
Fidelity Bond Premiums	50,250.00	51,750.00
Insurance Expenses	179,883.59	152,225.17
Total Taxes, Insurance Premiums and Other Fees	1,469,121.66	1,322,701.06
	2017	2016
Other Maintenance and Operating Expenses		
Membership Dues and Contribution	-	26,837.60
Advertising Expenses	693,425.00	108,225.00
Representation Expenses	470,194.38	347,473.00
Rent Expenses	324,000.00	324,000.00
Transportation and Delivery Expenses	90.00	1,382.00
Donations	606,332.20	3,989,624.25
Other Maintenance and Operating Expenses	2,600,981.65	3,645,820.55
Total Other Maintenance and Operating Expenses	4,695,023.23	8,443,362.40

Discounts and Rebates		
Other Discounts	108,064.00	98,778.17
Total Discounts and Rebates	<u>108,064.00</u>	<u>98,778.17</u>
Total Maintenance and Other Operating Expenses	20,335,561.58	18,509,092.49
Financial Expenses		
Interest Expenses	572,570.00	706,572.00
Bank Charge	339.00	0.00
Total Financial Expenses	572,909.00	706,572.00
Non Cash Expenses		
Depreciation		
Depreciation - Leasehold Improvements, Buildings	30,847.08	26,857.79
Depreciation - Furniture, Fixtures and Books	70,189.83	61,812.09
Depreciation - Machinery and Equipment	661,164.27	540,727.36
Depreciation - Other Structures	76,829.81	165,852.52
Depreciation - Plant (UPIS)	3,428,043.45	3,420,433.05
Depreciation - Motor Vehicles	482,707.05	539,232.78
Total Depreciation Expenses	4,749,781.49	4,754,915.59
Impairment Loss		
Impairment Loss -Loans and Receivables	246,861.08	316,418.07
Total Non-Cash Expenses	4,996,642.57	5,071,333.66
TOTAL EXPENSES	53,004,250.27	47,751,950.83
INCOME/(LOSS) FROM OPERATIONS	11,719,911.79	14,543,653.43
Add/Deduct		
Other Comprehensive Income	0.00	0.00
TOTAL COMPREHENSIVE INCOME	11,719,911.79	14,543,653.43

Certified Correct:


Charo Dennis A. Francisco
Division Manager - Finance

Noted By:


Leanida A. Balbin
General Manager

**METRO BANGUED WATER DISTRICT
DETAILED STATEMENT OF CASH FLOWS
GENERAL FUND**

For the Year Ended December 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
<i>Collection of Business Income</i>	62,721,503.39	60,592,063.12
Waterworks System Fees	61,996,365.64	59,883,876.56
Fines and Penalties - Business Income	31,703.41	50,325.03
Interest Income	106,727.03	129,238.62
Other Service Income	536,240.00	500,100.00
Miscellaneous Income	50,467.31	28,522.91
<i>Other Receipts</i>	3,499,306.18	1,705,060.28
Collection of Other Receivables	133,558.52	38,749.53
Collection of Attorney's Fee	2,250.00	2,350.00
Cost of Materials Sold	24,756.33	27,860.59
Receipt of Customers' Deposits	2,453,730.00	744,800.00
Receipt of Bid Security/Bail Bonds	118,910.00	40,090.00
Receipt of Refund of Cash Advance	358,148.39	651,210.16
Other Receipts	407,952.94	200,000.00
Total Cash Inflows	66,220,809.57	62,297,123.40
Cash Outflows		
<i>Payment of Expenses</i>	29,957,968.83	27,642,087.13
Payment of Operating Expenses	29,957,629.83	27,642,087.13
Payment of Financial Expenses	339.00	0.00
<i>Purchase of Inventories</i>	15,471,543.50	3,744,368.93
Purchase of Materials and Office Supplies	15,423,468.80	3,744,368.93
Purchase of Semi-Expendable Communication Equipment	1,500.00	0.00
Purchase of Semi-Expendable Other Machinery and Equipment	46,574.70	0.00
<i>Remittance of Personnel Benefit Contributions and Mandatory Deductions</i>	10,108,303.45	8,100,374.69
Remittance to GSIS/Pag-ibig/Philhealth	5,642,159.65	5,210,869.14
Remittance to BIR	4,466,143.80	2,889,505.55
<i>Remittance of Other Payables</i>	3,143,173.63	3,381,672.56
Remittance to Ilocos Sur Cooperative Bank/Rang-ay Bank/MWBD Provident Fund/Notarial Fees	3,143,173.63	3,381,672.56
<i>Payment of Trust Liability</i>	372,634.06	0.00
Payment of Bail Bonds	372,634.06	0.00
<i>Adjustments</i>	18,400.00	0.00
Other Adjustment - Refund of New Connection Fees	18,400.00	0.00

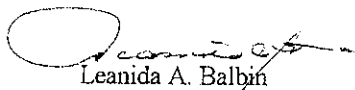
Received: *g 8/29/2018*

Total Cash Outflows	59,072,023.47	42,868,503.31
Net Cash Provided by (Used in) Operating Activities	7,148,786.10	19,428,620.09
	2017	2016
CASH FLOW FROM INVESTING ACTIVITIES		
Cash Inflows	0.00	2,060,314.87
Cash Outflows	14,624,148.75	1,320,303.33
<i>Purchase/Construction of Property, Plant and Equipment</i>		
Purchase of Land	9,011,792.88	0.00
Purchase of Machinery and Equipment	2,050,047.99	1,309,765.45
Construction of Property, Plant and Equipment	3,562,307.88	10,537.88
Total Cash Outflows	14,624,148.75	1,320,303.33
Net Cash Provided by (Used in) Investing Activities	(14,624,148.75)	740,011.54
CASH FLOW FROM FINANCING ACTIVITIES		
Cash Inflows	-	-
Cash Outflows		
<i>Payment of Long-Term Liabilities</i>	2,280,228.00	2,280,228.00
Payment of Domestic Loans	1,706,702.00	1,573,656.00
Payment of Interest Expenses	573,526.00	706,572.00
Total Cash Outflows	2,280,228.00	2,280,228.00
Net Cash Provided by (Used in) Financing Activities	(2,280,228.00)	(2,280,228.00)
Increase (Decrease) in Cash and Cash Equivalents	(9,755,590.65)	17,888,403.63
Cash and Cash Equivalents, January 1	84,296,075.83	66,407,672.20
Adjusted Cash and Cash Equivalents, January 1	84,296,075.83	66,407,672.20
Cash and Cash Equivalents, December 31	74,540,485.18	84,296,075.83

Certified Correct:

Charo Dennis A. Francisco
Division Manager - Finance

Noted By:


Leanida A. Balbin
General Manager

METRO BANGUED WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. DISTRICT PROFILE

The financial statements of the Bangued Water District(BWD) were authorized for issue on August 10, 2018 as shown in the Statement of Management Responsibility for Financial Statements signed by Leanida A. Balbin, the General Manager.

The Bangued Water District was formally created on December 29, 1975, by virtue of Resolution No. 293 passed by the municipal council of Bangued. Subsequently, the Local Water Utilities Administration (LWUA), which is the regulatory body of local water districts, issued its Conditional Certificate of Conformance (CCC) No. 028on August 24, 1976.

The District envisions a highly dependable water utility that provides water and sanitation service employing technical systems for the benefit of all the populace in 2023.

The Metro Bangued Water District was categorized as Category “C” Water District effective March 2012 in consonance with the DBM approved Revised Water District (LWD) Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO).

The Board of Directors (BOD) of Metro Bangued Water District is composed of five members appointed by the Municipal Mayor for a fixed term of Six (6) years. The BOD shall establish policies of the District. The General Manager (GM) exercises full supervision and control of the maintenance and operation of the District’s facilities. She has also the authority to appoint personnel of the District, provided that the appointment in the supervisory level shall be subject to approval by the Board.

The District is manned by Eighty-Nine (89) employees. The Fifty-One (51) personnel hold the permanent position while the other (Thirty-Eight) 38 were all hired through job orders.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with and comply with the Philippine Financial Reporting Standards (PFRS) as prescribed under COA Circular No. 2015-003 dated April 16, 2015 which classified all Water Districts as Government Business Enterprises (GBEs). Section 3.1 of the said circular states that:

“All Government Corporations which fall under definition of GBEs in paragraph 2.5 hereof, and classified as GBEs (Annex A) shall apply the PFRS pursuant to: (a) paragraph 10 of Preface to IPSAS and the pertinent provisions of applicable IPSAS as adopted in PPSAS 1; (b) BSP Circular 494 series of 2005; and (c) SRC

IPSAS as adopted in PPSAS 1; (b) BSP Circular 494 series of 2005; and (c) SRC Rules 68 and 68.1, its amendments, and other issuances of the SEC. GOCCs categorized as SMEs in paragraph 2.9 may adopt the PFRS for SMEs pursuant to SEC Notice dated December 11, 2009.”

The accounting policies adopted are consistent with those of the previous financial year. The MBWD has adopted the following reporting requirements based on the PFRS, the International Accounting Standards (IAS), the Philippine Accounting Standards (PAS), and the applicable Philippine Public Sector Accounting Standards (PPSAS):

- PAS 1, Presentation of Financial Statements;
- PAS 7, Statement of Cash Flows;
- PAS 16, Property, Plant and Equipment; and
- PPSAS 23, Revenue from Non-Exchange Transactions.

Adoptions of these standards and interpretations have material effects on the financial performance and/or position of MBWD.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

3. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of accounting

The financial statements are prepared on an accrual basis in accordance with the PAS.

3.2. Financial Instruments

Initial recognition and measurement

Financial assets are within the scope of PAS 39 – Financial Instruments. All financial instruments are measured initially at fair value. Directly attributable transaction costs are added to or deducted from the carrying value of those financial instruments that are not subsequently measured at fair value through profit and loss.

The MBWD’s financial assets include cash and cash equivalents and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Derecognition

MBWD shall derecognize a financial asset when, and only when: (a)The contractual rights to the cash flows from the financial asset expire or are waived; or (b)The rights are transferred and certain derecognition criteria are met.

MBWD shall remove a financial liability from its statement of financial position when, and only, it is extinguished, i.e., when the obligation specified in the contract is discharged, waived, cancelled or expires.

Impairment of financial assets

DWD assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

3.3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank.

3.4. Inventories

Inventory is measured at cost upon initial recognition. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

After initial recognition, inventory is measured at lower of cost and net realizable value.

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

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 PPE. The characteristics of PPE are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; or for administrative purposes; and are expected to be used during more than one period. An item of PPE is recognized as asset if it is probable that future economic benefits will flow to the entity and cost can be measured reliably.

Measurement at Recognition

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

The elements of cost are:

- Purchase Price
- Directly attributable cost
 - Employee benefits
 - Site preparation
 - Delivery and handling cost
 - Installation and assembly cost
 - Testing cost
 - Professional fees
- Initial estimate of dismantling and removing the item and restoring the site

Measurement after Recognition

All PPE are carried after acquisition at cost, less accumulated depreciation and accumulated impairment losses

When significant parts of property, plant and equipment are required to be replaced at intervals, the MBWD 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 the profit and loss 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.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

Depreciation Method

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

Estimated Useful Life

Management, based on a collective assessment of industry practice and experience with similar assets, adopted the following estimated useful lives of the District's fixed assets:

Account Name	Estimated Life
Leased Asset Improvements, Buildings	10
Buildings	20
Office Equipment	5
Information and Communication Technology Equipment	5
Communication Equipment	10
Other Machinery and Equipment	10
Furniture and Fixtures	10
Motor Vehicles	7

In compliance with COA Circular 2003-007 dated December 11, 2003, the District's Property, Plant and Equipment were provided with residual values equivalent to ten percent (10%) of the acquisition cost/appraised value before dividing the same by the estimated useful life.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

The MBWD 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 profit and loss when the asset is derecognized.

3.6. Changes in accounting policies and estimates

The MBWD recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

The MBWD recognizes the effects of changes in accounting estimates prospectively by including in profit or loss.

The MBWD corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.7. Revenues

Measurement of Revenue

Revenue was measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods shall be recognized when: the District has transferred to the buyer the significant risks and rewards of ownership of the goods; the District retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of