



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. V  
Rawis, Legazpi City

# **ANNUAL AUDIT REPORT**

## **ON THE**

# **BATO WATER DISTRICT**

## **Bato, Camarines Sur**

**For the Year Ended December 31, 2009**



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. V  
Ranica, Legazpi City

**ENGR. PAUL RAYMOND L. BONNEVIE**  
General Manager  
Bato Water District  
Bato, Camarines Sur

January 25, 2012

Sir:

In compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent Sections of Presidential Decree No. 1445, the Team conducted financial and compliance audit on the accounts and operations of Bato Water District, Bato, Camarines Sur for the year ended December 31, 2009.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency to prescribed rules and regulations. 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 attached report consists of three (3) parts. Part I is the Audited Financial Statements, Part II discusses in detail the significant Comments and Observations and Part III is the Status of Implementation of Prior Year's Audit Recommendations.

There is a reasonable assurance that the financial statements are free of material misstatement and were prepared in accordance with applicable laws, rules and regulations and in conformity with generally accepted state accounting principles. Except that the Water District did not submit the inventory report on the physical count of its plant, property and equipment valued in the books at P10,895,046.59. The inadequacy of its records did not permit us to apply adequate alternative procedures to determine the validity and existence of these accounts.

The audit was conducted in accordance with generally accepted state auditing standards and we believe that it provides reasonable bases for the results of audit.

Very truly yours,

  
**NILDA B. PLARAS**  
Director IV  
Regional Director



Republic of the Philippines  
COMMISSION ON AUDIT  
Audit Group F-Province of Camarines Sur

Cadlan, Pili

**AUDIT CERTIFICATE**

**THE BOARD OF DIRECTORS**

Bato Water District  
Bato, Camarines Sur

We have audited the accompanying Balance Sheet of Bato Water District, Bato, Camarines Sur as of December 31, 2009 and the related statement of Income and Expenses and Cash Flows for the year then ended. These financial statements are the responsibility of the Bato Water District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with laws and generally accepted auditing standards in the Philippines. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As presented in our Comments and Observations, the Water District did not submit the inventory report on the physical count of its property, plant and equipments valued in the books at P 10,895,046.59. The inadequacy of the records did not permit us to apply adequate alternative procedure to determine the validity and existence of these accounts. Likewise, the Accounts Receivable balance of P1,416,496.66 is unreliable due to unreconciled balance between the general and subsidiary ledger amounting to P368,146.06.

In our opinion, except for the effects of any adjustment which might have been made had the water district conducted a physical count of its property, plant and equipment as of December 31, 2009 or the records allowed us to apply alternative procedures, the financial statements referred to above present fairly, in conformity with generally accepted accounting principles, the financial position of Bato Water District as of December 31, 2009 and results of its operation and its cash flows for the year then ended.

COMMISSION ON AUDIT

By:

  
**MAURA S. RUY**  
State Auditor V

Supervising Auditor-in-Charge

April 20, 2011

**BATO WATER DISTRICT**  
**Bato, Camarines Sur**  
**CASH FLOW STATEMENT**  
**For the Period Ended December 31, 2009**  
**(With Comparative Data from 2008)**

<b>Cash Provided from Operating Activities</b>		
<b>Cash Inflows:</b>	<b>2009</b>	<b>2008</b>
Collection of Water Bills		
Collection of Other Business income	7,815,066.55	7,014,384.65
Interest from Bank Deposits	457,387.75	459,298.75
Refund of Cash Advances	11,520.92	12,081.78
Other Receipts-Loans	6,000.00	1,000.00
Other Receipts	2,973,190.00	
<b>Total Cash Inflows</b>	<b>182.00</b>	<b>1,100.00</b>
<b>Cash Outflows:</b>	<b>11,263,347.22</b>	<b>7,487,865.18</b>
Payment of Personal Services		
Payment of Maintenance & Other Operating Expense	2,413,613.63	2,103,867.76
Establishment of Petty Cash Fund	1,900,974.29	1,806,199.43
Remittance of Inter-Agency Payables		
Payment of Supplies & Materials for Stock	102,106.16	799,281.76
Payment of Prepayments	393,361.92	103,519.91
Payment of Payables	2,716.25	1,303.04
Advances to Officers & Employees	966,355.09	529,689.24
Other Disbursements	-	15,275.08
<b>Total Cash Outflow</b>	<b>173,356.92</b>	
<b>Total Cash provided(Used)by Operating Activities</b>	<b>5,952,484.26</b>	<b>5,359,136.22</b>
	<b>5,310,862.96</b>	<b>2,128,728.96</b>
<b>Cash Provided from Investing Activities</b>		
<b>Cash Inflows</b>		
<b>Cash Outflow</b>		
Fund Transfer to Sinking Fund	18,278.00	384,879.76
Purchase and Construction of PPE	142,063.84	187,585.58
<b>Total Cash Outflow</b>	<b>160,341.84</b>	<b>572,465.34</b>
<b>Total Cash Provided(Used) By Investing Activities</b>	<b>(160,341.84)</b>	<b>(572,465.34)</b>

**Cash Flow from Financing Activities****Cash Inflows****Cash Outflows**

Payment of Loan Principal-Domestic

Payment of Interest on Loans

Payment of Other Financial Charges

**Total Cash Outflow****Total Cash Provided (Used) By Financing Activities****Cash Provided by Operating, Investing and Financing Activities**

Add: Cash and Cash Equivalent, Beginning

**Cash & Cash Equivalent, Ending**

	<u>1,011,596.56</u>	<u>897,198.44</u>
	<u>1,105,167.36</u>	<u>1,224,012.52</u>
	<u>850.00</u>	<u>500.00</u>
	<u>2,117,613.92</u>	<u>2,121,710.96</u>
	<u>(2,117,613.92)</u>	<u>(2,121,710.96)</u>
	<u>3,032,907.20</u>	<u>(565,447.34)</u>
	<u>1,131,949.19</u>	<u>1,697,396.53</u>
	<u>4,164,856.39</u>	<u>1,131,949.19</u>
Breakdown:		
Cash on Hand	12,979.91	2,725.75
Petty Cash Fund	2,747.10	10,000.00
Cash In Bank-LCCA	1,175,939.38	
Cash In Bank-LCSA	2,973,190.00	1,119,223.44
Totals	<u>4,164,856.39</u>	<u>1,131,949.19</u>

(See Accompanying Notes to Financial Statement)

**BATO WATER DISTRICT**  
**Bato, Camarines Sur**

**CONDENSED BALANCE SHEET**  
**December 31, 2009**  
**(With Comparative Data from 2008)**

**ASSETS**

		2009	2008
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalent	Note 2	4,164,856.39	1,131,949.19
Receivables-Net	Note 3	1,391,069.11	1,262,682.85
Inventories	Note 4	374,611.60	418,484.07
Prepayments	Note 5	2,716.25	1,607.93
<b>Total Current Assets</b>		<u><b>5,933,253.35</b></u>	<u><b>2,814,724.04</b></u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment-Net	Note 6	10,895,046.59	11,813,884.43
Investments	Note 7	408,718.78	387,134.83
<b>Total Non-Current Asset</b>		<u><b>11,303,765.37</b></u>	<u><b>12,201,019.26</b></u>
<b>ASSETS</b>		<u><b>17,237,018.72</b></u>	<u><b>15,015,743.30</b></u>

**LIABILITIES AND EQUITY**

<b>LIABILITIES</b>			
Current Liabilities	Note 8	313,466.18	1,044,391.49
Non-Current Liabilities	Note 9	12,338,159.03	10,376,650.59
<b>Total Liabilities</b>		<u><b>12,651,625.21</b></u>	<u><b>11,421,042.08</b></u>
<b>EQUITY</b>			
Government Equity	Note 10	3,610,984.23	3,610,984.23
Retained Earnings	Note 11	974,409.28	(16,283.01)
<b>Total Equity</b>		<u><b>4,585,393.51</b></u>	<u><b>3,594,701.22</b></u>
<b>LIABILITIES &amp; EQUITY</b>		<u><b>17,237,018.72</b></u>	<u><b>15,015,743.30</b></u>

(See accompanying Notes to Financial Statements)

# BATO WATER DISTRICT

Bato, Camarines Sur

## CONDENSED STATEMENT OF INCOME AND EXPENSES

For the Year Ended December 31, 2009

(With Comparative Data from 2008)

### OME

2009

2008

Business Income	Note 12	8,378,503.27	7,749,942.46
Less: Sales Discount		<u>94,385.25</u>	<u>85,956.40</u>
Gross Income		<u>8,284,118.02</u>	<u>7,663,986.06</u>

### Expenses

Personal Services	Note 13	3,255,183.35	2,794,334.76
Maintenance and Other Operating Exper	Note 14	3,575,543.52	3,551,189.06
Financial Expenses	Note 15	<u>1,105,932.36</u>	<u>1,224,562.52</u>
AL EXPENSES		<u>7,936,659.23</u>	<u>7,570,086.34</u>

### te(Loss) from Operation

	<u>347,458.79</u>	<u>93,899.72</u>
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### Other Income

Note 16

Interest Income		13,974.70	13,459.13
Miscellaneous Income		2,650.00	600.00
Other fines and Penalties		<u>2,950.00</u>	<u>500.00</u>
Total-Other Income		<u>19,574.70</u>	<u>14,559.13</u>

### come (Loss)

	<u>367,033.49</u>	<u>108,458.85</u>
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(See Accompanying Notes to Financial Statements)

**BATO WATER DISTRICT**  
Bato, Camarines Sur

**STATEMENT OF CHANGES IN EQUITY**  
For the Year Ended December 31, 2009  
(With Comparative Data from 2008)

	2009	2008
ernment Equity	<u>3,610,984.23</u>	<u>3,610,984.23</u>
ained Earnings		
(Less)	<u>(16,283.01)</u>	<u>(411,634.97)</u>
Fundamental Errors		
Net Income(Loss)	623,658.80	286,893.11
ined Earnings, End	<u>367,033.49</u>	<u>108,458.85</u>
	<u>974,409.28</u>	<u>(16,283.01)</u>
nce per Books, End	<u><u>4,585,393.51</u></u>	<u><u>3,594,701.22</u></u>

(See Accompanying Notes to Financial Statements)