



Republic of the Philippines
COMMISSION ON AUDIT
Corporate Government Sector
Audit Group C
Region V, Rawis, Legazpi City

ANNUAL AUDIT REPORT

on the

BATO WATER DISTRICT

Bato, Camarines Sur

For the Year Ended December 31, 2008



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

July 23, 2010

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

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, 2008.

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 two (2) parts, Part I is the Audited Financial Statements and Part II discusses in detail the significant comments and observations.

As presented in our Comments and Observations, the balance of Inventories and Property, Plant and Equipment of P418,484.07 and P22,749,872.54, respectively were unreliable due to the non-conduct of physical inventory taking thereof and the absence of inventory report for supplies and materials and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). The inadequacy of its records did not permit us to apply adequate alternative procedures to determine the validity of these accounts. The year-end balance of Accounts Receivable of P1,287,212.64 is likewise not reliable due to the unreconciled balance between the subsidiary and general ledger amounting to P248,776.37. Such difference constitutes 19.33% of the total accounts receivable balance at year end.

Except for the effects of any adjustment which might have been made had the water district conducted a physical count of its inventories and property, plant and equipment as of December 31, 2008 or the records allowed us to apply alternative procedures, the financial statements referred hereto present fairly, in conformity with generally accepted accounting principles, the financial position of Bato Water District as of December 31, 2008 and the results of its operation and its cash flows for the year then ended.

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,

NESTOR A. MONTAÑO
 Director IV

Cc President
 Vice-President
 President of the Senate
 ASCOM CGS

Speaker of the House of Representatives
 Chairman-Appropriation Committee
 Secretary of the Budget and Management
 Chairman-Senate Finance Committee



Republic of the Philippines
COMMISSION ON AUDIT
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Raraw, Legazpi City

July 23, 2010

THE BOARD OF DIRECTORS

Bato Water District
Bato, Camarines Sur

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As presented in our Comments and Observations, balances of Inventories and Property, Plant and Equipment of P418,484.07 and P22,749,872.54, respectively were unreliable due to the non-conduct of physical inventory taking thereof and the absence of inventory report for supplies and materials and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). The inadequacy of its records did not permit us to apply adequate alternative procedures to determine the validity of these accounts. The year-end balance of Accounts Receivable of P1,287,212.64 is likewise not reliable due to the unreconciled balance between the subsidiary and general ledger amounting to P248,776.37. Such difference constitutes 19.33% of the total accounts receivable balance at year end.

Except for the effects of any adjustment which might have been made had the water district conducted a physical count of its inventories and property, plant and equipment as of December 31, 2008 or the records allowed us to apply alternative procedures, the financial statements referred hereto present fairly, in conformity with generally accepted accounting principles, the financial position of Bato Water District as of December 31, 2008 and the results of its operation and its cash flows for the year then ended.

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Very truly yours,


NESTOR A. MONTALBO
Director IV

Cc: President
Vice-President
President of the Senate
ASCOM CGAS

Speaker of the House of Representatives
Chairman-Appropriation Committee
Secretary of the Budget and Management
Chairman-Senate Finance Committee



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AUDIT CERTIFICATE

THE BOARD OF DIRECTORS
Bato Water District
Bato, Camarines Sur

PART I

We have audited the accompanying Balance Sheet of Bato Water District, Bato, Camarines Sur as of December 31, 2008 and the related Statements 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, balances of Inventories and Property, Plant and Equipment of P418,484.07 and P22,749,872.54, respectively were unreliable due to the non-conduct of physical inventory taking thereof and the absence of inventory report for supplies and materials and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). The inadequacy of its records did not permit us to apply adequate alternative procedures to determine the validity of these accounts. The year-end balance of Accounts Receivable of P1,287,212.64 is likewise not reliable due to the unreconciled balance between the subsidiary and general ledger amounting to P248,776.37. Such difference constitutes 19.33% of the total accounts receivable balance at year end.

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 inventories and property, plant and equipment as of December 31, 2008 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, 2008 and the results of its operation and its cash flows for the year then ended.

by:

COMMISSION ON AUDIT


ANTOINETTE P. CONARES
State Auditor V
Supervising Auditor

August 18, 2009

BATO WATER DISTRICT

Bato, Camarines Sur

CASH FLOW STATEMENT

For the Period Ended December 31, 2008

(With Comparative Data from 2007)

Cash Flow from Financing Activities		
Cash Inflows		
Cash Outflows:		
Total Cash Provided from Operating Activities		
Cash Inflows:		
Cash Outflows:		
Total Cash provided / (Used) by Operating Activities		
Cash Provided from Investing Activities		
Cash Inflows		
Cash Outflows:		
Total Cash Provided / (Used) By Investing Activities		
Payment of Loan Principal	774,316.36	
Payment of Interest on Loans	1,354,027.03	
Payment of Other Financial Charges	300.00	
	2008	2007
Collection of Water Bills	7,014,384.65	6,625,591.33
Collection of Other Business income	459,298.75	414,501.00
Interest from Bank Deposits	12,081.78	16,011.45
Refund of Cash Advances	1,000.00	1,232.35
Other Receipts	1,100.00	6,617.20
Total Cash Inflows	7,487,865.18	7,063,953.33
Payment of Personal Services	2,103,867.76	1,875,639.04
Payment of Maintenance & Other Operating Expenses	1,806,199.43	1,824,131.56
Establishment of Petty Cash Fund	-	10,000.00
Remittance of Inter-Agency Payables	799,281.76	780,574.46
Payment of Supplies & Materials for Stock	103,519.91	191,356.73
Payment of Prepayments	1,303.04	311.87
Payment of Payables	529,689.24	230,411.90
Advances to Officers & Employees	15,275.08	-
Due from Officers & Employees	-	10,000.00
Total Cash Outflow	5,359,136.22	4,922,425.56
Total Cash provided / (Used) by Operating Activities	2,128,728.96	2,141,527.77
Fund Transfer to Sinking Fund	384,879.76	
Purchase and Construction of PPE	187,585.58	200,309.19
Total Cash Outflow	572,465.34	200,309.19
Total Cash Provided / (Used) By Investing Activities	(572,465.34)	(200,309.19)

BATO WATERDISTRICT
Bato, Camarines Sur

CONDENSED BALANCE SHEET
December 31, 2008

(With Comparative Data from 2007)

ASSETS

		2008	2007
CURRENT ASSETS			
Cash & Cash Equivalent	Note 2	1,131,949.19	1,697,396.53
Receivables-Net	Note 3	1,262,682.85	666,241.21
Inventories	Note 4	418,484.07	409,193.95
Prepayments	Note 5	1,607.93	2,311.87
Total Current Assets		<u>2,814,724.04</u>	<u>2,775,143.56</u>
Non Current Assets			
Property, Plant and Equipment-net	Note 6	11,813,884.43	12,625,515.55
Investments	Note 7	387,134.83	0.00
Total Non-Current Asset		<u>12,201,019.26</u>	<u>12,625,515.55</u>
TOTAL ASSETS		<u>15,015,743.30</u>	<u>15,400,659.11</u>

LIABILITIES AND EQUITY

Liabilities			
Current Liabilities	Note 8	1,044,391.49	974,109.62
Non-Current Liabilities	Note 9	10,376,650.59	11,273,849.03
Total Liabilities		<u>11,421,042.08</u>	<u>12,247,958.65</u>
EQUITY			
Government Equity	Note 10	3,610,984.23	3,564,335.43
Retained Earnings	Note 11	(16,283.01)	(411,634.97)
Total Equity		<u>3,594,701.22</u>	<u>3,152,700.46</u>
TOTAL LIABILITIES & EQUITY		<u>15,015,743.30</u>	<u>15,400,659.11</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, 2008

(With Comparative Data from 2007)

		2008	2007
INCOME			
Business Income	Note 12	7,749,942.46	7,010,931.20
Less: Sales Discount		<u>85,956.40</u>	<u>104,483.10</u>
Gross Income		<u>7,663,986.06</u>	<u>6,906,448.10</u>
Less: Expenses			
Personal Services	Note 13	2,794,334.76	2,490,235.56
Maintenance and Other Operating Expens	Note 14	3,551,189.06	3,467,185.55
Financial Expenses	Note 15	<u>1,224,562.52</u>	<u>1,333,005.63</u>
TOTAL EXPENSES		<u>7,570,086.34</u>	<u>7,290,426.74</u>
Income(Loss) from Operation		<u>93,899.72</u>	<u>(383,978.64)</u>
Add : Other Income	Note 16		
Interest Income		13,459.13	20,014.32
Miscellaneous Income		600.00	0.00
Other fines and Penalties		<u>500.00</u>	<u>0.00</u>
Total-Other Income		<u>14,559.13</u>	<u>20,014.32</u>
Net Income (Loss)		<u>108,458.85</u>	<u>(363,964.32)</u>

(See Accompanying Notes to Financial Statements)

BATO WATER DISTRICT
 Bato, Camarines Sur

STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2008
 (With Comparative Data from 2007)

	2008	2007
Government Equity	<u>3,610,984.23</u>	<u>3,564,335.43</u>
Retained Earnings		
Add/(Less)	(411,634.97)	(1,118,758.56)
Fundamental Errors	286,893.11	1,071,087.91
Net Income(Loss)	<u>108,458.85</u>	<u>(363,964.32)</u>
Retained Earnings, End	<u>(16,283.01)</u>	<u>(411,634.97)</u>
Balance per Books, End	<u>3,594,701.22</u>	<u>3,152,700.46</u>
(See Accompanying Notes to Financial Statements)		
	<u>334,576.76</u>	<u>295,389.18</u>
	<u>171,281.38</u>	<u>206,305.15</u>
	<u>(522,465.24)</u>	<u>(286,305.17)</u>