



Republic of the Philippines  
**COMMISSION ON AUDIT**

Regional Office No. III  
City of San Fernando, Pampanga

Tel. Nos. (045) 455-42-69 to 73 • Fax No. (045) 455-4273 • Website: [www.coa.gov.ph](http://www.coa.gov.ph)

September 4, 2020

**Engr. ROGELIO B. MINA, Jr.**  
General Manager  
Moncada Water District  
Moncada, Tarlac

Dear **Manager Mina:**

We are pleased to transmit the Financial Audit Report on the audit of the Moncada Water District, Moncada, Tarlac for the Calendar Years 2019 and 2018 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445). The audit was conducted in accordance with International Standards of Supreme Audit Institutions and we believe that it provided a reasonable basis for the results of our audit.

The financial audit was conducted to (a) ascertain the degree of reliance that may be placed on Management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

We rendered an unmodified opinion on the fairness of presentation of the financial statements.

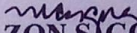

The audit report consists of Part I - Audited Financial Statements, Part II - Audit Observations and Recommendations and Part III - Status of Implementation of Prior Year's Unimplemented Audit Recommendations.

The audit observations and recommendations were discussed with concerned officials of the District in the exit conference that was held on August 27, 2020. Management's comments were incorporated in the report, where appropriate.

We request that a status report, thru accomplishing the attached **Agency Action Plan and Status of Implementation (AAPSI)** form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Sections 99 and 93 of the General Provisions of the General Appropriations Act for FYs 2019 and 2018, respectively.

We appreciate the invaluable support and cooperation extended by the officials and staff of the District during the audit engagement.

Very truly yours,

  
**MA. CORAZON S. GOMEZ**  
Regional Director 



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

## **INDEPENDENT AUDITOR'S REPORT**

**The Board of Directors**  
Moncada Water District  
Moncada, Tarlac

### **Report on the Audit of the Financial Statements**

#### *Unmodified Opinion*

We have audited the financial statements of the Moncada Water District, which comprise the Statement of Financial Position as at December 31, 2019 and 2018 and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ramos Water District as at December 31, 2019 and 2018, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Unmodified Opinion*

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 for the Audit of the Financial Statements* section of our report. We are independent of the District in accordance with the Code of Ethics for Government Auditors together with the ethical requirements that are relevant to our audit of financial statements, and we have fulfilled our other 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.

#### *Responsibilities of Management and those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

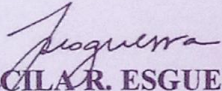
Those charged with governance are responsible for overseeing the District's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

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 a 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:**

  
**PRISCILA R. ESGUERRA**  
OIC/Supervising Auditor

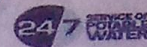
August 27, 2020



**STATEMENT OF FINANCIAL POSITION**  
 As at December 31, 2019 and 2018  
*(With Comparative Figures for CY 2017)*

	Note	2019	2018	2017
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	4	₱16,217,029.07	₱11,916,562.52	₱8,702,709.43
Receivables, Net	5	16,121,116.79	15,596,135.00	13,419,921.49
Inventories	6	2,495,412.48	2,632,562.88	1,532,338.03
<b>TOTAL CURRENT ASSETS</b>		<b>34,833,558.34</b>	<b>30,145,260.40</b>	<b>23,654,968.95</b>
<b>NON-CURRENT ASSETS</b>				
Property, Plant and Equipment, Net	7	40,289,801.05	37,732,813.18	40,136,221.05
Intangible Assets	8	240,000.00	240,000.00	0.00
Other Non-Current Assets	9	106,126.60	65,257.50	65,257.50
<b>TOTAL NON-CURRENT ASSETS</b>		<b>40,635,927.65</b>	<b>38,038,070.68</b>	<b>40,201,478.55</b>
<b>TOTAL ASSETS</b>		<b>₱75,469,485.99</b>	<b>₱68,183,331.08</b>	<b>₱63,856,447.50</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Financial Liabilities	10	₱2,326,373.23	₱2,755,046.85	₱3,485,590.78
Inter-Agency Payables	11	580,753.17	698,255.24	578,476.62
Provisions	12	4,295,919.10	3,498,092.52	3,156,352.28
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,203,045.50</b>	<b>6,951,394.61</b>	<b>₱7,220,419.68</b>
<b>NON-CURRENT LIABILITIES</b>				
Financial Liabilities	10	13,590,016.00	12,780,826.00	13,991,224.00
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,590,016.00</b>	<b>12,780,826.00</b>	<b>13,991,224.00</b>
<b>TOTAL LIABILITIES</b>		<b>20,793,061.50</b>	<b>19,732,220.61</b>	<b>21,211,643.68</b>
<b>EQUITY</b>				
Government Equity		24,134.04	24,134.04	24,134.04
Retained Earnings		54,652,290.45	48,426,976.43	42,620,669.78
<b>TOTAL EQUITY</b>		<b>54,676,424.49</b>	<b>48,451,110.47</b>	<b>42,644,803.82</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱75,469,485.99</b>	<b>₱68,183,331.08</b>	<b>₱63,856,447.50</b>

*The notes on pages 8 to 30 form part of these statements.*



**STATEMENT OF COMPREHENSIVE INCOME**  
 For the Years Ended December 31, 2019 and 2018  
*(With Comparative Figures for CY 2017)*

	Note	2019	2018	2017
<b>INCOME</b>				
Income from Waterworks System		P35,599,654.54	P33,630,488.04	P31,100,783.25
Other Business and Service Income		2,140,300.76	2,096,528.00	2,860,069.49
Fines and Penalties-Business Income		1,551,871.15	1,400,320.31	1,181,370.35
Interest Income		10,589.29	8,960.93	11,367.92
<b>TOTAL INCOME</b>		<b>39,302,415.74</b>	<b>37,136,297.28</b>	<b>35,153,591.01</b>
<b>EXPENSES</b>				
Personnel Services	13	10,325,494.22	9,266,446.46	8,631,879.62
Maintenance and Other Operating Expenses	14	18,371,062.30	15,886,819.54	13,992,940.71
Financial Expenses	15	593,164.00	737,970.00	875,815.00
Non-Cash Expenses	16	3,398,977.22	3,352,372.47	3,079,759.33
<b>TOTAL EXPENSES</b>		<b>32,688,697.74</b>	<b>29,243,608.47</b>	<b>26,580,394.66</b>
<b>NET INCOME</b>		<b>P6,613,718.00</b>	<b>P7,892,688.81</b>	<b>P8,573,196.35</b>

*The notes on pages 8 to 30 form part of these statements.*



**STATEMENT OF CHANGES IN EQUITY**  
For the Years Ended December 31, 2019 and 2018

	<b>GOVERNMENT EQUITY</b>	<b>RETAINED EARNINGS</b>	<b>TOTAL</b>
<b>BALANCE AT DECEMBER 31, 2017</b>	24,134.04	₱ 42,620,669.78	42,644,803.82
Add(Deduct):			
Net Income for the year	0.00	7,892,688.81	7,892,688.81
Other Adjustments	0.00	(2,086,382.16)	(2,086,382.16)
<b>BALANCE AT DECEMBER 31, 2018</b>	24,134.04	48,426,976.43	48,451,110.47
Add(Deduct):			
Net Income for the year	0.00	6,613,718.00	6,613,718.00
Other Adjustments	0.00	(388,403.98)	(388,403.98)
<b>BALANCE AT DECEMBER 31, 2019</b>	<b>₱ 24,134.04</b>	<b>₱ 54,652,290.45</b>	<b>₱ 54,676,424.49</b>

*The notes on pages 8 to 30 form part of these statements.*



**STATEMENT OF CASH FLOWS**  
 For the Years Ended December 31, 2018 and 2019  
 (With Comparative Figures for CY 2017)

	Note	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash Inflows</b>				
Proceeds from Sale of Goods and Services		P 753,450.76	P 648,305.25	P 869,883.99
Collection of Income/Revenue		4,315,035.47	4,088,398.08	2,008,353.42
Collection of Receivables		34,736,355.14	31,625,304.00	31,369,355.40
Other Receipts		99,902.54	47,052.97	0.00
<b>Total Cash Inflows</b>		<b>39,904,743.91</b>	<b>36,409,060.30</b>	<b>34,247,592.81</b>
<b>Cash Outflows</b>				
Payment of Expenses		24,099,184.02	20,053,088.26	18,107,634.26
Purchase of Inventories		2,300,618.56	3,166,495.18	4,311,636.83
Remittance of Personnel Benefits				
Contributions and Mandatory Deductions		4,083,745.75	3,676,407.55	3,620,580.68
Other Disbursements		5,028,847.03	3,452,915.22	2,949,704.68
<b>Total Cash Outflows</b>		<b>35,512,395.36</b>	<b>30,348,906.21</b>	<b>28,989,556.45</b>
<b>NET CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES</b>		<b>4,392,348.55</b>	<b>6,060,154.09</b>	<b>5,258,036.36</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash Inflows</b>				
Proceeds from Domestic Loan		2,449,650.00	0.00	0.00
<b>Total Cash Inflows</b>		<b>2,449,650.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NET CASH PROVIDED BY (USED IN)</b>				
<b>INVESTING ACTIVITIES</b>		<b>2,449,650.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash Outflows</b>				
Payment of Long-Term Liabilities		2,541,532.00	2,846,301.00	2,854,301.00
<b>Total Cash Outflows</b>		<b>(2,541,532.00)</b>	<b>(2,846,301.00)</b>	<b>(2,854,301.00)</b>
<b>NET CASH PROVIDED BY (USED IN)</b>				
<b>FINANCING ACTIVITIES</b>		<b>(2,541,532.00)</b>	<b>(2,846,301.00)</b>	<b>(2,854,301.00)</b>
<b>INCREASE (DECREASE) IN CASH AND</b>				
<b>EQUIVALENTS</b>		<b>4,300,466.55</b>	<b>3,213,853.09</b>	<b>2,403,735.36</b>
<b>CASH AND CASH EQUIVALENTS -</b>		<b>11,916,562.52</b>	<b>8,702,709.43</b>	<b>6,298,974.07</b>
<b>CASH AND CASH EQUIVALENTS -</b>				
<b>DECEMBER 31</b>	<b>4</b>	<b>P 16,217,029.07</b>	<b>P 11,916,562.52</b>	<b>P 8,702,709.43</b>

The notes on pages 8 to 30 form part of these statements.



ANNUAL REPORT OF LWDS PURSUANT TO RA NO.10026

MONCADA WATER DISTRICT

Poblacion 2, Moncada, Tarlac

2019

1. SERVICE CONNECTION

1.1 Total services	9,104
1.2 Total active	7,772
1.3 Total metered	7,772
1.4 Total billed	7,739
1.5 Population served	38,860.00
1.6 Number of connections	
Domestic/Government	7,555
Commercial/Industrial	141
Semi-commercial A	75
Semi-commercial B	-
Semi-commercial C	1
Bulk/Wholesale	-
Total	7,772

2. WATER PRODUCTION (cu.m.)

2.1 Pumped (e.g. wells)	1,587,169 cu.m.
2.2 Gravity (e.g. Springs)	-
2.3 Purchased	326,572 cu.m
Total	1,913,741 cu.m.
2.4 Total rated capacity	5.20 cu.m./min.
2.5 Non-revenue water	15.5%
2.6 Pumping expense/cu.m. produced-Electricity	3.12
2.7 Treatment expense/cu.m. produced	0.13
2.8 Fuel for pumping expense/cu.m. produced-Diesel	0.12
2.9 Total production expense/connection/month	67.70
2.1 Total production expense/operating expense	0.19

3. PERSONNEL COMPLEMENT

3.1 Number of regular employees	22
3.2 Number of casual employees	8 (COS)
3.3 Number of connections per employee	1:353
3.4 Average monthly salary/employee	22,065.05
3.5 Average payroll/operating expense	0.21

4. FINANCIAL DATA

4.1 Revenues	39,302,415.74
Operating	39,291,826.45
Non-operating	10,589.29
4.2 Expenses	32,688,697.74
Pumping costs (fuel,oil,electric)	6,205,903.04
Chemicals for treatment	246,271.02
Purchased water	3,700,060.76
Other O & M expenses	11,002,054.26
Depreciation Expenses	3,252,171.81
Interest expenses	593,164.00
Salaries and wages	6,751,341.85
Travel	107,755.00
Transportation & representation	173,750.00
Honoraria & allowances	656,226.00

Net income before income tax	6,613,718.00
4.3 Capital Expenditure	
Expansion Projects	-
Rehabilitation Projects	1,811,401.60
Electromechanical facilities	3,322,583.73
Purchase of vehicles	-
4.4 Loan funds	-

**5. TAX SAVINGS APPLICATION**

5.1 Purchase of lot	-
5.2 Construction of structures (dam,pumping station,etc.)	141,288.00
5.3 Rehabilitation of pipelines,wells,pumping station,etc.	1,811,401.60
5.4 Expansion (pipelines, well drilling)	-
5.5 Expansion of service area	-
5.6 Development of new water resources	-
5.7 Purchase of electromechanical facilities	3,322,583.73
5.8 Purchase of motor vehicles	-
5.9 NRW Reduction Program	-
5.10 Others (specify)	
IT Equipment	55,155.00
Office Equipment	56,980.00

**ENGR. ROGELIO B. MINA JR.**  
 General Manager  
 Moncada Water District