



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

FINANCIAL AUDIT REPORT

on the

SANTA MARIA WATER DISTRICT

SANTA MARIA, BULACAN

For the Year Ended December 31, 2019

EXECUTIVE SUMMARY

A. INTRODUCTION

The original water system of the Santa Maria Water District was constructed way back in 1931. It was then managed and operated by the defunct National Waterworks and Sewerage System (NAWASA). Upon the dissolution of NAWASA in 1971, the Management was turned over to the local government. Since then, however, the water system could not be maintained and operated efficiently for lack of funds. To address this predicament, the District was established in September 1986 thru Sangguniang Bayan Resolution No. 12.

The actual operation of the District began on September 23, 1987 with the issuance of a Conditional Certificate of Conformance, making it the 310th Water District in the Philippines, by the authority of the Local Water Utilities Administration (LWUA). The District is among the various agencies benefited by PD No. 198, known as the Local Water Utilities Act of 1973, creating LWUA to aid and assist provincial and urban water users through loans, technical assistance, training, and regulatory service.

Since 1992, by virtue of the Supreme Court En Banc decision, G.R. No. 95237 – 38 (Davao City Water District, et al.), water districts were declared Government Owned and/or Controlled Corporation with original charter, and as such they are placed under jurisdiction of the Civil Service Commission, the Department of Budget and Management, and the Commission on Audit.

The District was created for the following purposes:

1. To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of the District;
2. To provide, maintain and operate wastewater collection, treatment and disposal facilities; and
3. To conduct such other functions and operations incidental to water resource development, utilization, and disposal within the District, as are necessary or incident to said purposes.

The District belongs to Category “A” headed by General Manager Engr. Carlos N. Santos Jr., with the support of two Department Managers, one Division Manager, 76 permanent, 17 casual, and 54 job order employees. It has 35,587 active service connections as of December 31, 2019.



STATE OF MASSACHUSETTS

Office of the Comptroller
100 State Street
Boston, MA 02109

Department of Revenue
100 State Street
Boston, MA 02109

Telephone: (617) 725-2000

The following information is provided for your information. It is not intended to constitute an offer of insurance or any other financial product. The information is provided for your information only and should not be relied upon as a basis for any investment decision. The information is provided for your information only and should not be relied upon as a basis for any investment decision.

PART I - AUDITED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Santa Maria Water District
Santa Maria, Bulacan

Report on the Audit of the Financial Statements

Unmodified Opinion

We have audited the financial statements of Santa Maria Water District, which comprise the statement of financial position as at December 31, 2019, and the Statement of Comprehensive Income, Statement of Changes in 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, the accompanying financial statements present fairly in all material respects, the financial position of the Santa Maria Water District as at December 31, 2019, 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 (ISSAI). 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 District in accordance with the Code of Ethics for Government Auditors (Code of Ethics) 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 unmodified 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.

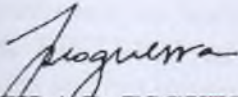
Those charged with governance are responsible for overseeing the District's financial reporting process.

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 ISSAI 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

June 16, 2020



Santa Maria

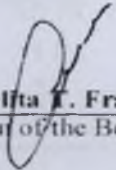
WATER DISTRICT

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **SANTA MARIA WATER DISTRICT** is responsible for the preparation of the financial statements as at December 31, 2019, including the additional components attached thereto in accordance with 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.

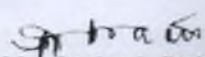
The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the **SANTA MARIA WATER DISTRICT** in accordance with International Standards of Supreme Audit Institutions and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


Dir. Carmelita T. Francisco
Chairman of the Board

6-9-2020

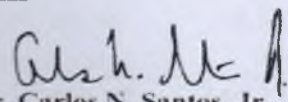
Date Signed


Ms. Jovita I. Dalmacio

Department Manager, Administrative,
Finance and General Services

6-9-2020

Date Signed


Engr. Carlos N. Santos, Jr.

General Manager

6-9-2020

Date Signed

SANTA MARIA WATER DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019
(With Comparative Figures for CY 2018)

	Note	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	P 84,939,929.71	P 96,586,672.48
Receivables, Net	5, 19	5,152,746.05	4,931,987.83
Inventories	6	23,708,596.07	33,729,823.74
Other Current Assets	7	17,523,171.83	10,438,831.49
Total Current Assets		131,324,443.66	145,687,315.54
Non-Current Assets			
Investments	8	7,252,872.77	6,654,048.20
Property, Plant and Equipment, Net	9	421,686,286.68	401,631,188.15
Intangible Assets, Net		47,750.11	66,750.07
Other Non Current Assets		868,750.69	871,643.84
Total Non-Current Assets		429,855,660.25	409,223,630.26
TOTAL ASSETS		P561,180,103.91	P554,910,945.80
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Financial Liabilities	10,19	P 44,313,133.53	P 46,972,049.08
Inter-Agency Payables	11	3,372,951.97	4,207,881.11
Trust Liabilities	12	15,877,632.23	15,246,355.02
Other Payables		462,379.56	365,170.17
Total Current Liabilities		64,026,097.29	66,791,455.38
Non-Current Liabilities			
Financial Liabilities	10,19	120,153,648.57	134,931,693.81
Provisions	13	10,247,995.08	8,337,792.92
Deferred Credits/Unearned Income		1,125,014.54	954,142.90
Total Non-Current Liabilities		131,526,658.19	144,223,629.63
TOTAL LIABILITIES		195,552,755.48	211,015,085.01
EQUITY			
Government Equity		289,561.81	289,561.81
Retained Earnings		365,337,786.62	343,606,298.98
TOTAL EQUITY		365,627,348.43	343,895,860.79
TOTAL LIABILITIES AND EQUITY		P561,180,103.91	P554,910,945.80

The notes on pages 8 to 29 form part of these statements.

SANTA MARIA WATER DISTRICT
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	Note	2019	2018
INCOME			
Service and Business Income	14	P270,031,454.00	P248,980,794.72
Other Non-Operating Income		2,724,151.34	4,113,483.26
Total Income		272,755,605.34	253,094,277.98
EXPENSES			
Personnel Services	15	54,306,945.02	46,265,131.46
Maintenance and Other Operating Expenses	16	166,700,193.71	121,590,226.54
Financial Expenses	17	12,530,409.03	13,141,231.94
Non-Cash Expenses	18	18,076,896.14	16,459,648.19
Total Expenses		251,614,443.90	197,456,238.13
NET INCOME		P 21,141,161.44	P 55,638,039.85

The notes on pages 8 to 29 form part of these statements.

**SANTA MARIA WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2019**

	GOVERNMENT EQUITY	RETAINED EARNINGS	TOTAL
BALANCE AT DECEMBER 31, 2018	P289,561.81	P343,606,298.98	P343,895,860.79
Add (Deduct):			
Net Income for the year		21,141,161.44	21,141,161.44
Other Adjustments		590,326.20	590,326.20
BALANCE AT DECEMBER 31, 2019	P 289,561.81	P 365,337,786.62	P 365,627,348.43

The notes on pages 8 to 29 form part of these statements.

SANTA MARIA WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(With Comparative Figures for CY 2018)

	Note	2019	2018
Cash Flows from Operating Activities			
Cash Inflows			
Collection of Income/Revenues		P284,338,719.47	P264,522,291.34
Trust Receipts		3,636,612.25	1,288,928.00
Other Receipts		6,014,889.68	5,677,442.30
Adjustments		2,549,980.24	10,981,701.86
Total Cash Inflows		296,540,201.64	282,470,363.50
Cash Outflows			
Payment of Expenses		163,600,360.95	139,571,474.71
Purchase of Inventories		30,690,487.18	18,075,101.76
Grant of Cash Advances		7,472,507.63	3,935,457.31
Prepayments		8,802,295.75	1,785,101.78
Remittance of Personnel Benefits Contributions and Mandatory Deductions		27,835,894.15	22,638,796.39
Other Disbursements		792,381.32	379,678.22
Adjustments		10,856,396.40	2,856,083.73
Total Cash Outflows		250,050,323.38	189,241,693.90
Net Cash Provided by (Used in) Operating Activities		46,489,878.26	93,228,669.60
Cash Flows from Investing Activities			
Cash Outflows			
Purchase/Construction of PPE		(29,939,514.27)	(30,649,278.29)
Investments		(593,000.00)	(757,998.34)
Total Cash Outflows		(30,532,514.27)	(31,407,276.63)
Net Cash Provided by (Used in) Investing Activities		(30,532,514.27)	(31,407,276.63)
Cash Flows from Financing Activities			
Cash Outflows			
Payment of Long-Term Liabilities		(12,472,537.65)	(17,960,359.35)
Payment of Interest Expenses		(15,131,569.11)	(13,097,399.59)
Total Cash Outflows		(27,604,106.76)	(31,057,758.94)
Net Cash Provided by (Used in) Financing Activities		(27,604,106.76)	(31,057,758.94)
Increase (Decrease) in Cash and Cash Equivalents		(11,646,742.77)	30,763,634.03
Cash and Cash Equivalents, January 1		96,586,672.48	65,823,038.45
Cash and Cash Equivalents, December 31	4	P84,939,929.71	P96,586,672.48

The notes on pages 8 to 29 form part of these statements.