



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

# **FINANCIAL AUDIT REPORT**

**on the**

**ANGAT WATER DISTRICT  
Angat, Bulacan**

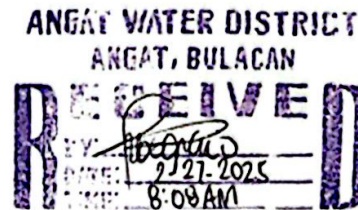
**For the Year Ended December 31, 2024**



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

February 24, 2025

**Engr. FRANCISCO G. VICENTE**  
Chairperson of the Board of Directors  
Angat Water District  
Angat, Bulacan



**Dear Chairperson Vicente:**

We are pleased to transmit the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2024 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 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 Audit Recommendations.

The audit observations and recommendations were discussed with the officials concerned of the District in the exit conference held on February 13, 2025. 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 Section 99 of the General Provisions of the General Appropriations Act for FY 2024.

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

Very truly yours,

A handwritten signature in blue ink, appearing to read 'OMAR S. ROQUE', written over a vertical line.

**OMAR S. ROQUE**  
Regional Director

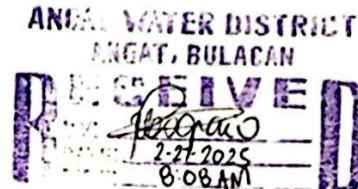




REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

February 24, 2025

**Mr. ARTURO S. TORRES**  
General Manager  
Angat Water District  
Angat, Bulacan



**Dear Manager Torres:**

We are pleased to transmit the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2024 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.

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

Very truly yours,

  
**OMAR S. ROQUE**  
Regional Director






REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

**Office of the OIC-Supervising Auditor**  
**Water Districts Audit Group**

**MEMORANDUM**

**FOR** : **OMAR S. ROQUE**  
Regional Director  
COA Regional Office No. III

**FROM** :  **JANET D. CAPARAS**  
Officer-In-Charge – Supervising Auditor  
This Office

**SUBJECT** : Transmittal Letter of Angat Water District CY 2024 FAR

**DATE** : February 19, 2025

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We are pleased to submit herewith the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2024 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445).

The 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.

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 Audit Recommendations. The Audit Observations and Recommendations were discussed with the officials concerned in the exit conference that was held on February 13, 2025.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions and we believe that they provided a reasonable basis for the results of our audit. We rendered an unmodified opinion on the fairness of presentation of the financial statements.

We acknowledge the invaluable support and cooperation extended by the officials and staff of the District.





REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

**Office of the Audit Team No. R3-05**  
**Water Districts Audit Group**

**MEMORANDUM**

**FOR** : **JANET D. CAPARAS**  
Officer-In-Charge – Supervising Auditor  
Water District Audit Group

**FROM** : **ARCEL T. DABU**  
Audit Team Leader

**SUBJECT** : Transmittal Letter of Angat Water District CY 2024 FAR

**DATE** : February 14, 2025

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We are pleased to submit herewith the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2024 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445).

The 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.

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 Audit Recommendations. The Audit Observations and Recommendations were discussed with the officials concerned in the exit conference that was held on February 13, 2025.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions and we believe that they provided a reasonable basis for the results of our audit.

We acknowledge the invaluable support and cooperation extended by the officials and staff of the District.

## EXECUTIVE SUMMARY

### A. Introduction

Pursuant to Presidential Decree (PD) No. 198, otherwise known as the “Local Water Utilities Administration Act of 1973” as amended by PD Nos. 768 and 1479 and by virtue of the Sangguniang Bayan Resolution, Angat Water District was created in 1987. On June 11, 1987, the Conditional Certificate of Conformance (CCC) No. 292 was issued by Local Water Utilities Administration (LWUA) to the newly formed water district to operate under the standard specification.

As at December 31, 2024, the District has 15 pumping stations, eight elevated steel tanks, two steel bolted tanks, and one concrete tank which serve 14 barangays, with 12,663 total active service connections. The District was re-categorized as a “Category B” water district on June 27, 2019, pursuant to the Revised Local Water District Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO).

Its mission is to develop more water sources and maintain the highest level of operations. It envisions itself to have one hundred percent coverage and full satisfaction among its consumers. Its primary goal is to provide sewage services and continuous supply of water by 2021 and beyond.

The three-storey office building of the District is located at 269 M.A. Fernando St., Barangay Sta. Cruz, Angat, Bulacan. An image of the said structure is shown below:



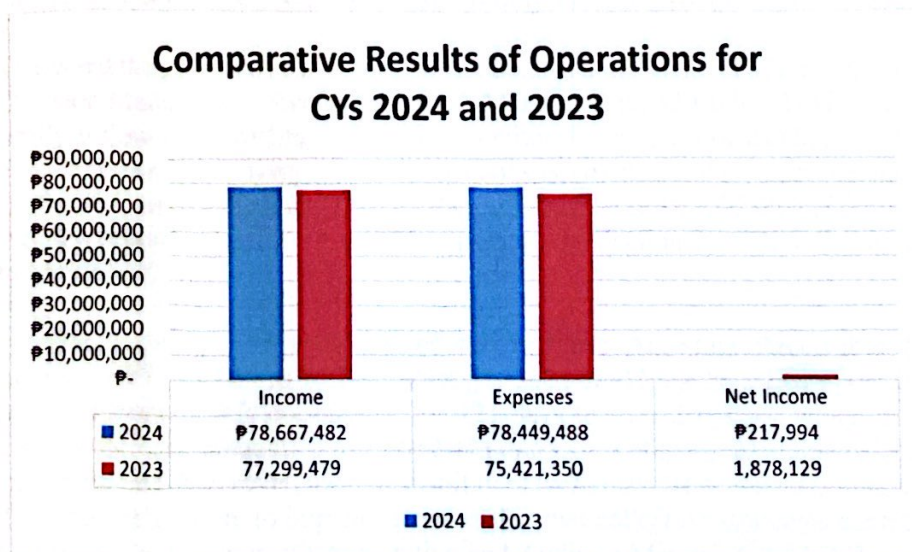
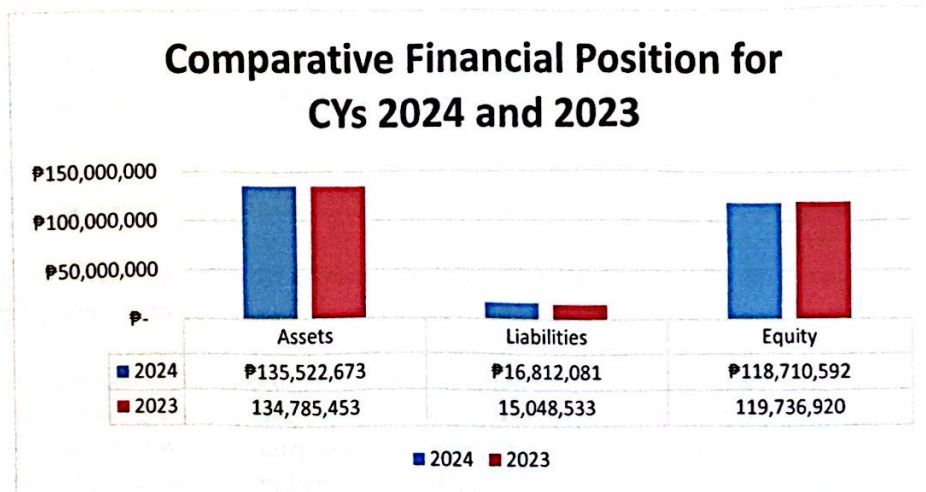
The District's Board of Directors is composed of the following:

<u>Name</u>	<u>Position/Designation</u>	<u>Sector</u>
Engr. Francisco G. Vicente	Chairperson	Professional
Ms. Erlinda V. Carpio	Vice Chairperson	Women
Ms. Priscilla P. Rigoroso	Secretary	Education
Ms. Leonor S. Sarmiento	Member	Civic
Mr. Wilfredo C. Santos	Member	Business

The District has 50 permanent employees and two job order personnel under the stewardship of General Manager Arturo S. Torres.

### B. Financial Highlights

The comparative analyses of the District's Financial Position and Results of Operation for CYs 2024 and 2023 are shown below:



### **C. Scope of Audit**

We conducted an audit of the financial transactions and operations of the Angat Water District for the year ended December 31, 2024 using a risk-based approach in accordance with the International Standards of Supreme Audit Institutions and Local Government Sector Memorandum dated October 30, 2024 prescribing for the General Audit Instructions for the conduct of CYs 2024-2025 audit of accounts and operations of Local Government Units (LGUs), State Universities and Colleges (SUCs), Water Districts (WDs) and Other Stand-Alone National Government Agencies/ Government Corporations. We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion. The 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.

### **D. Independent Auditor's Report**

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of the District for the year ended December 31, 2024.

### **E. Summary of Significant Audit Observations and Recommendations**

The summary of significant audit observations noted during the audit and the corresponding recommendations are the following:

1. Despite the unrecovered balance amounting to ₱2,454,999 from the closed Farmers Savings and Loan Bank, Inc (Farmers Bank), the District still maintains a current account with Country Builders Bank, Inc., a private bank, with a bank balance of ₱860,633 as of December 31, 2024 contrary to Department of Finance (DOF) Department Circular (DC) No. 01-2017 dated May 11, 2017. (*Observation No. 1*)

We reiterated the previous year's recommendations that the General Manager, through the Division Manager B – Accounting, Cash Management and Budget Division, to (a) diligently follow up in writing and closely monitor the progress of its claims with the PDIC to expedite the recovery of remaining deposits; (b) initiate the closure of the bank account with Country Bank and transfer the cash balance to an AGDB; and (c) strictly enforce the revised guidelines on AGDBs pursuant to Section 2 of DOF DC 01-2017 dated May 11, 2017.

2. The accuracy and existence of the reported Accounts Receivable (AR) amounting to ₱7,346,963 as of December 31, 2024 could not be relied upon due to inclusion of inactive AR outstanding for 121 days to over 20 years, which may be considered dormant, amounting to ₱4,052,443 or 55.16% of the outstanding balance of AR as at year-end. Moreover, the collectability of these inactive accounts is remote due to Management's failure to implement more effective collection strategies contrary to Section 64 of the Government Accounting and Auditing Manual (GAAM), Volume I resulting in a lower collection efficiency of 25.56% in CY 2024 as compared to 45.21%

in CY 2023, thus, depriving the District of the funds tied up to these receivables. **(Observation No. 2)**

We recommended that the General Manager instruct the Division Manager-Customer Accounts and Services in coordination with the Billing and Collection Section to (a) send at least three to four confirmation/demand letters to verify the existence of the concessionaires with past due accounts at their registered addresses; (b) intensify efforts and improve collection strategies to collect the inactive AR including those with existing accounts and take appropriate legal action, if necessary; and (c) evaluate the status of the dormant accounts and consider filing the request from COA for authority to write-off of dormant accounts, after all measures to collect are exhausted in compliance with COA Circular No. 2023-008 dated August 17, 2023.

3. The preparation and submission of the requisition and issue slip (RIS) were made on a monthly basis instead of upon requisition and withdrawal of inventory items contrary to Section 17(d), Chapter 8 of the Government Accounting Manual (GAM) for National Government Agencies (NGAS), Volume 1 and Section 11(b) of GAAM, Volume III, resulting in a weak internal control over the movement of the inventory items held in stock. **(Observation No. 3)**

We recommended that the General Manager strengthen its internal control in the requisition and issuance of inventories by requiring the (a) end-user to accomplish the RIS upon requisition of supplies and materials; and (b) Supply Officer C to issue inventories only upon the submission of the RIS by the end-user, except for emergency cases.

4. The Transfer Certificates of Title (TCTs) for the 12 parcels of land acquired through purchase and donation with an aggregate area of 1,471 square meters (sq. m.) totaling ₱949,460 are yet to be issued in the name of the District contrary to Section 39(2) of Presidential Decree (PD) No. 1445 and Sections 51 and 52 of PD No. 1529; therefore, ownership of the subject properties may be questioned. **(Observation No. 4)**

We recommended that the Management facilitate the transferring of the titles of the lots in the name of the District in order to protect the latter's interest over the property from the possibility of any third-party claims.

5. Properties located at certain pumping stations were not properly tagged using the District's stickers which is not in accordance with COA Circular No. 2020-006 dated January 31, 2020 and Sections 123 and 124 of PD No. 1445. Moreover, property acknowledgment receipts (PARs) were not periodically updated contrary to Chapter 10, Section 21 of the GAM for NGA, Volume 1 and GAAM, Volume III, which may result in weak internal control and property accountability issues. **(Observation No. 5)**

We recommended that the Management require the Property Officer to (a) place the property tags on all the District's properties; (b) issue PAR for every issuance of property; and (c) update PARs every three years or every change in accountability or custodianship of properties.

**F. Summary of Audit Suspensions, Disallowances and Charges**

As of December 31, 2024, the audit disallowances amounted to ₱11,921,183. During CY 2024, audit settlements totaling ₱59,764 were issued, leaving an outstanding balance of ₱11,921,183 as of December 31, 2024.

**G. Status of Implementation of Prior Year's Audit Recommendations**

Of the 34 audit recommendations embodied in the CY 2023 Financial Audit Report, 21 were implemented and 13 were not implemented.



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

# **FINANCIAL AUDIT REPORT**

**on the**

**ANGAT WATER DISTRICT  
Angat, Bulacan**

**For the Year Ended December 31, 2024**

## TABLE OF CONTENTS

	<b>Page No.</b>
<b>Part I - Audited Financial Statements</b>	<b>1</b>
• Independent Auditor's Report	
• Statement of Management's Responsibility for Financial Statements	
• Statement of Financial Position	
• Statement of Comprehensive Income	
• Statement of Changes in Equity	
• Statement of Cash Flows	
• Notes to Financial Statements	
<b>Part II - Audit Observations and Recommendations</b>	<b>30</b>
<b>Part III - Status of Implementation of Prior Year's Audit       Recommendations</b>	<b>69</b>





DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF INSPECTOR GENERAL  
UNITED STATES OF AMERICA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

2018-01-01

Report on the Audit of the Department's Financial Statements

Page 1

The Department of Health and Human Services (HHS) is a critical component of the federal government, responsible for the health and well-being of the American people. The Department's financial statements provide a comprehensive overview of its financial performance and are essential for ensuring transparency and accountability. This report details the findings of an audit conducted by the Office of Inspector General (OIG) regarding the Department's financial statements for the fiscal year ending on 12/31/2017. The audit was performed in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and the standards of the Government Accountability Office (GAO). The audit identified several areas of concern, including the Department's internal controls, the accuracy of its financial reporting, and the effectiveness of its financial management practices. The findings of this audit are presented in the following sections.

**PART I – AUDITED FINANCIAL STATEMENTS**

The Department's financial statements for the fiscal year ending on 12/31/2017 were audited by the Office of Inspector General (OIG) in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and the standards of the Government Accountability Office (GAO). The audit was performed in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and the standards of the Government Accountability Office (GAO). The audit identified several areas of concern, including the Department's internal controls, the accuracy of its financial reporting, and the effectiveness of its financial management practices. The findings of this audit are presented in the following sections.

**Internal Controls**

The Department's internal controls are designed to ensure the accuracy and reliability of its financial reporting. However, the audit identified several weaknesses in the Department's internal controls. These weaknesses include the Department's failure to maintain adequate records of its financial transactions, the Department's failure to perform regular reconciliations of its financial accounts, and the Department's failure to implement effective segregation of duties. These weaknesses could result in the Department's financial statements being misstated, which could have a significant impact on the Department's financial performance and the health of the American people. The Department should take prompt action to address these weaknesses and implement effective internal controls to ensure the accuracy and reliability of its financial reporting.

The Department's financial statements for the fiscal year ending on 12/31/2017 were audited by the Office of Inspector General (OIG) in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and the standards of the Government Accountability Office (GAO). The audit was performed in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and the standards of the Government Accountability Office (GAO). The audit identified several areas of concern, including the Department's internal controls, the accuracy of its financial reporting, and the effectiveness of its financial management practices. The findings of this audit are presented in the following sections.

The Department's financial statements for the fiscal year ending on 12/31/2017 were audited by the Office of Inspector General (OIG) in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and the standards of the Government Accountability Office (GAO). The audit was performed in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) and the standards of the Government Accountability Office (GAO). The audit identified several areas of concern, including the Department's internal controls, the accuracy of its financial reporting, and the effectiveness of its financial management practices. The findings of this audit are presented in the following sections.



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

**INDEPENDENT AUDITOR'S REPORT**

**THE BOARD OF DIRECTORS**

Angat Water District  
Angat, Bulacan

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

**Opinion**

We have audited the accompanying financial statements of the **Angat Water District, Angat, Bulacan**, which comprise the statement of financial position as at December 31, 2024, 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Angat Water District** as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

**Basis for Opinion**

We conducted our audits 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 Company in accordance with the *Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics)* together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

In preparing the financial statements, management is responsible for assessing the agency's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the agency or to cease operations, or has no alternative but to do so.

Those charged with governance are responsible for overseeing the agency'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 a 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.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Angat Water District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Angat Water District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Angat Water District to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **COMMISSION ON AUDIT**



**JANET D. CAPARAS**  
OIC-Supervising Auditor

February 14, 2025



# ANGAT WATER DISTRICT

269 M.A. Fernando St. Sta. Cruz  
Angat, Bulacan, Philippines  
Tel. No. (044) 671-1204 Fax No. (044)769-1529

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Angat Water District is responsible for the preparation of the financial statements as at December 31, 2024, 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 regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Angat Water District in accordance with the 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.

  
Engr. FRANCISCO G. VICENTE  
Chairperson  
Board of Director  
2-10-2025  
Date Signed

  
Ms. RUBIE BIANCA S. IGNACIO  
Division Manager B  
2-10-2025  
Date Signed

  
Mr. ARTURO S. TORRES  
General Manager  
2-10-2025  
Date Signed

**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2024  
*(With Comparative Figures for CY 2023)*

*(All amounts are rounded off to the nearest peso)*

	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	P8,779,833	P7,720,001
Receivables, Net	5	8,866,355	9,108,976
Inventories	6	3,132,115	3,611,921
Other Assets	7	94,978	126,552
<b>Total Current Assets</b>		<b>20,873,281</b>	<b>20,567,450</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment, Net	8	105,577,362	105,981,731
Intangible Assets, Net	9	418,568	186,970
Other Assets	7	8,653,462	8,049,302
<b>Total Non-Current Assets</b>		<b>114,649,392</b>	<b>114,218,003</b>
<b>TOTAL ASSETS</b>		<b>P135,522,673</b>	<b>P134,785,453</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	10	P4,067,964	P2,844,178
Inter-Agency Payables	11	1,262,003	1,155,072
Other Payables		1,335	1,335
<b>Total Current Liabilities</b>		<b>5,331,302</b>	<b>4,000,585</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	10	3,329,794	3,329,794
Deferred Credits/Uncearned Revenue/Income		0	14,000
Provisions	12	8,150,985	7,704,154
<b>Total Non-Current Liabilities</b>		<b>11,480,779</b>	<b>11,047,948</b>
<b>TOTAL LIABILITIES</b>		<b>16,812,081</b>	<b>15,048,533</b>
<b>EQUITY</b>			
Government Equity	13	217,052	217,052
Retained Earnings	14	118,493,540	119,519,868
<b>TOTAL EQUITY</b>		<b>118,710,592</b>	<b>119,736,920</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P135,522,673</b>	<b>P134,785,453</b>

*The notes on pages 9 to 29 form part of these statements.*

**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the Year Ended December 31, 2024  
*(With Comparative Figures for CY 2023)*

*(All amounts are rounded off to the nearest peso)*

	Note	2024	2023
<b>INCOME</b>			
Service and Business Income	15	P78,667,482	P77,299,479
<b>TOTAL INCOME</b>		<b>78,667,482</b>	<b>77,299,479</b>
<b>EXPENSES</b>			
Personnel Services	16	28,310,123	29,247,723
Maintenance and Other Operating Expenses	17	42,583,435	39,932,678
Financial Expenses	18	133,344	132,893
Non - Cash Expenses	19	7,422,586	6,108,056
<b>TOTAL EXPENSES</b>		<b>78,449,488</b>	<b>75,421,350</b>
<b>NET INCOME</b>		<b>P217,994</b>	<b>P1,878,129</b>

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*The notes on pages 9 to 29 form part of these statements.*

**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF CHANGES IN EQUITY**  
For the Year Ended December 31, 2024  
*(With Comparative Figures for CY 2023)*

*(All amounts are rounded off to the nearest peso)*

	GOVERNMENT EQUITY	RETAINED EARNINGS	TOTAL
<b>BALANCE AT JANUARY 1, 2023</b>	<b>₱217,052</b>	<b>₱117,629,057</b>	<b>₱117,846,109</b>
Add(Deduct):			
Net Income for the year	0	1,878,129	1,878,129
Other Adjustments	0	12,682	12,682
<b>BALANCE AT DECEMBER 31, 2023</b>	<b>217,052</b>	<b>119,519,868</b>	<b>119,736,920</b>
Add(Deduct):			
Net Income for the year	0	217,994	217,994
Other Adjustments	0	(1,244,322)	(1,244,322)
<b>BALANCE AT DECEMBER 31, 2024</b>	<b>₱217,052</b>	<b>₱118,493,540</b>	<b>₱118,710,592</b>

*The notes on pages 9 to 29 form part of these statements.*



**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2024  
*(With Comparative Figures for CY 2023)*

	<i>(All amounts are rounded off to the nearest peso)</i>		
	Note	2024	2023
<b>Cash Flows from Operating Activities</b>			
<b>Cash Inflows</b>			
Proceeds from Sale of Goods and Services		P547,993	P687,895
Collection of Income/Revenue		1,942,635	2,060,184
Collection of Receivables		76,737,053	74,691,513
Collection of Guaranty Deposits		200	0
Refund of Cash Advances		36,827	727,699
Other Adjustments		609,176	411,209
<b>Total Cash Inflows</b>		<b>79,873,884</b>	<b>78,578,500</b>
<b>Cash Outflows</b>			
Payment of Personnel Services		17,509,608	19,177,539
Payment of Maintenance and Other Operating Expenses		40,664,621	33,360,664
Purchase of Inventories		133,277	1,210,526
Grant of Cash Advance		356,188	314,069
Payments of Accounts Payable		4,224,041	6,506,790
Remittance of Personnel Benefits Contributions and Mandatory Deductions		11,807,631	11,542,165
Other Disbursements		1,589,333	2,258,747
Other Adjustments		3,500	1,185,026
<b>Total Cash Outflows</b>		<b>76,288,199</b>	<b>75,555,526</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>3,585,685</b>	<b>3,022,974</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash Inflows</b>			
Receipts of Interest Earned		2,810	3,752
Other Income		21,572	0
Transfer of Funds		38,030,000	43,300,000
<b>Total Cash Inflows</b>		<b>38,054,382</b>	<b>43,303,752</b>
<b>Cash Outflows</b>			
Construction in Progress		2,418,375	2,489,040
Purchase of Other Property, Plant and Equipment		0	157,435
Transfer of Funds		38,030,000	43,300,000
<b>Total Cash Outflows</b>		<b>40,448,375</b>	<b>47,363,385</b>
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>(2,393,993)</b>	<b>(4,059,633)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Cash Inflows</b>			
Miscellaneous Receipts		0	4,515
<b>Total Cash Inflows</b>		<b>0</b>	<b>4,515</b>
<b>Cash Outflows</b>			
Payment of Interest on Loans and Other Financial Charges		131,860	109,883
<b>Total Cash Outflows</b>		<b>131,860</b>	<b>109,883</b>
<b>Net Cash Provided by (Used in) Financing Activities</b>		<b>(131,860)</b>	<b>(105,368)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		<b>1,059,832</b>	<b>(1,142,027)</b>
Cash and Cash Equivalents - January 1		7,720,001	8,862,028
<b>Cash and Cash Equivalents - December 31</b>	<b>4</b>	<b>P8,779,833</b>	<b>P7,720,001</b>

*The notes on pages 9 to 29 form part of these statements.*

## NOTES TO FINANCIAL STATEMENTS

### **1. Agency Information and Authorization for Issue of the Financial Statements**

Pursuant to Presidential Decree (PD) No. 198, otherwise known as the “Local Water Utilities Administration Act of 1973” as amended by PD Nos. 768 and 1479 and by virtue of the Sangguniang Bayan Resolution, Angat Water District was created in 1987. On June 11, 1987, the Conditional Certificate of Conformance (CCC) No. 292 was issued by Local Water Utilities Administration (LWUA) to the newly formed water district to operate under the standard specification.

As at December 31, 2024, the District has 15 pumping stations, eight elevated steel tanks, two steel bolted tanks, and one concrete tank which serve 14 barangays, with 12,663 total active service connections. The District was re-categorized as a “Category B” water district on June 27, 2019, pursuant to the Revised Local Water District Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO).

Its mission is to develop more water sources and maintain the highest level of operations. It envisions itself to have one hundred percent coverage and full satisfaction among its consumers. Its primary goal is to provide sewage services and continuous supply of water by 2021 and beyond.

The District’s Board of Directors is composed of the following:

<u>Name</u>	<u>Position/Designation</u>	<u>Sector</u>
Engr. Francisco G. Vicente	Chairperson	Professional
Ms. Erlinda V. Carpio	Vice Chairperson	Women
Ms. Priscilla P. Rigoroso	Secretary	Education
Ms. Leonor S. Sarmiento	Member	Civic
Mr. Wilfredo C. Santos	Member	Business

The District has 50 permanent employees and two job order personnel under the stewardship of General Manager Arturo S. Torres.

#### 1.1 Authorization for Issue of the 2024 Financial Statements

The financial statements of the District for the year ended December 31, 2024 were authorized for issue by the Board of Directors on February 10, 2025 as reflected in the Statement of Management’s Responsibility for Financial Statements signed by the BOD Chairperson.

### **2. Summary of Significant Accounting Systems and Policies**

#### 2.1 Basis of Financial Statements Presentation

The financial statements of the District have been prepared using historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the District’s

functional and presentation currency. All values are rounded off to nearest peso, except when otherwise indicated.

For the year ended December 31, 2024, the District prepared its financial statements (FS) in accordance with generally accepted accounting principle in the Philippines, Philippine Financial Reporting Standards (PFRS) and New Government Accounting System (NGAS) prescribed by the Commission on Audit on January 1, 2005.

## 2.2 Statement of Compliance

The financial statements were prepared in compliance with PFRS, which includes statements named PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council and Revised Chart of Accounts (RCA) for Government Corporations prescribed in COA Circular No. 2020-002 dated January 28, 2020.

## 2.3 Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of the District's financial statements are summarized below.

### 2.3.1 Current versus Noncurrent Classification

The District presents assets and liabilities in the statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The District classifies all other liabilities as noncurrent.

### 2.3.2 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair

value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the District. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The District uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the District determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### 2.3.3 Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

### 2.3.4 Financial Instruments

#### *Date of recognition*

The District recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

#### *Initial recognition of financial instruments*

Financial instruments are initially recognized at fair value, which is the fair value of the consideration given (in case of a financial asset) or received (in case of a financial liability). Except for securities at Fair Value through Profit or Loss (FVPL), the initial measurement of financial instruments includes transaction costs.

The District classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, available for sale (AFS) financial assets and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. These are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The losses arising from impairment of such receivables are recognized as "doubtful accounts" in profit or loss.

#### *Financial liabilities measured at amortized cost*

These are the financial liabilities which are not designated at FVPL. Financial liabilities not designated as FVPL are measured at amortized cost after initial measurement using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Included in this category are the District's accounts payable, accrued expenses, inter-agency payables, loans payable, other payables and guarantee deposits payable to customers.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. The amortization is included in the interest expense in the District's Statement of Comprehensive Income.

### 2.3.5 Derecognition of Financial Assets and Financial Liabilities

#### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The District retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The District has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

When the District has transferred its right to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the District's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the District could be required to repay.

#### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### *Loans and receivables*

For loans and receivables carried at amortized cost, the District first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the District determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the

asset in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

#### 2.3.6 Impairment of Financial Assets

The District assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic condition that correlate with default. For the District's receivables from customers, evidence of impairment may include non-collection of water bills despite of sending series of demand letters to delinquent concessionaires.

#### 2.3.7 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 2.3.8 Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the District; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the District does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

### 2.3.9 Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined using the moving average method.

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

### 2.3.10 Property, Plant and Equipment (PPE)

PPE, except land, are stated at cost less accumulated depreciation. A residual value equivalent to ten percent (10%) for prior years until June 2020 and five percent (5%) for July 2020 and onwards of the purchase cost is being set up.

The initial cost of PPE comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the PPE to its working condition and location for its intended use, including capitalized borrowing costs incurred during the construction period.

Expenditures incurred after the PPE have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of PPE beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the related PPE.

Depreciation and amortization of PPE commences once the PPE are available for use and are calculated on a straight-line basis over the estimated useful lives (EUL) of the PPE as follows:

<u>Category</u>	<u>Number of years</u>
Furniture and Fixtures	10
Transportation equipment	7
Machinery and equipment	10
Building and other structures	30



The EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of PPE.

Fully depreciated PPE are retained in the accounts until they are no longer in use and no further depreciation are charged to current operations.

When PPE is retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated impairment, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

### *Recognition*

An item is recognized as PPE if it meets the characteristics and recognition criteria as a PPE. The characteristics of PPE are as follows:

- Tangible items;
- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity;
- The cost or fair value of the item can be measured reliably; and
- The cost is at least ₱50,000.

### *Measurement at recognition*

An item recognized as PPE is measured at cost. Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- Expenditure that is directly attributable to the acquisition of the items; and
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

### *Measurement after recognition*

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, the District 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 PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

#### *Depreciation*

Each part of an item of PPE 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.

#### *Depreciation method*

Depreciation is computed on a straight-line method less 10% residual value for items purchased prior and until June 2020, and 5% residual value for those purchased from July 2020 and onwards, over the estimated useful lives of the property, and commences on the month subsequent to acquisition.

#### *Estimated useful life*

The District uses the life span of PPE in determining the specific estimated useful life for each asset based on its experience.

#### *Residual value*

The District uses a residual value equivalent to at least ten percent (10%) of the cost of the PPE for items purchased from prior years until June 2020 and five percent (5%) for items purchased starting July 2020 and onwards.

#### *Impairment*

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

#### *Derecognition*

The District derecognizes items of PPE 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 surplus or deficit when the asset is derecognized.

### 2.3.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

### 2.3.12 Impairment of Non-Financial Assets

The District assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the District estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other fair value indicators. Impairment losses of continuing

operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

As at December 31, 2024, the District has no reported impaired non-financial assets.

#### 2.3.13 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the District and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### 2.3.14 Income from Waterworks System

Sales revenue are recognized when the related water services are rendered. Water is billed every month according to the bill cycles of the customers. As a result of bill cycle cut-off, monthly service revenue earned but not yet billed at end of the month are estimated and accrued. These estimates are based on historical consumption of the customers.

For the period ending December 31, 2024, Income from Waterworks System was classified under Business Income in the Statement of Comprehensive Income.

#### 2.3.15 Fines and Penalties not related to taxes

The District recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

The District charges fines and penalties to customers when there is a delay in the payment of water bill. A penalty of 10% of the water bill is automatically charged by the Billing and Collection System the day following the due date.

For the period ending December 31, 2024, Fines and Penalties were classified under Business Income in the Statement of Comprehensive Income.

#### 2.3.16 Other Business Income

Other customer related fees such as service connection, reconnection, transfer meter and change meter are recognized when these services have been rendered.

#### 2.3.17 Interest Income

Interest income is recognized as it accrues, taking into account the effective yield of the assets.

#### 2.3.18 Operating Expenses

Operating expenses are recognized as they are incurred. Expenses are recognized in the profit or loss when a decrease in future economic benefit related to a decrease of an asset or an increase of a liability has risen other than distributions to equity participants that can be measured reliably. Expenses are recognized in the profit or loss on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, cease to qualify, for recognition in the statement of financial position as an asset.

For the period ending December 31, 2024, operating expenses includes personnel services, maintenance and other operating expenses, financial expenses and non-cash expenses.

#### 2.3.19 Franchise Tax

Pursuant to Presidential Decree No. 198, Section 14 - Department of Justice ruling under case no. OSJ-2005-03 states that the Water Districts are exempted from Income tax and only liable to 2% Franchise Tax on its gross receipts.

#### 2.3.20 Provisions and Contingencies

##### *Provisions*

A provision is recognized when the District has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. When the District expects a provision to be reimbursed, the reimbursement is not recognized as a separate asset but only when the

reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### *Contingencies*

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

#### 2.3.21 Employee Benefits

The employees of the District are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage. The District recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

### **3. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the District's financial statements in compliance with PFRS requires Management to make judgments, estimates and assumptions that affect the amounts reported and disclosure in the financial statements and the related notes. Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results could differ from those estimates, and such, will be adjusted accordingly.

The District believes the following represent a summary of these significant judgments, estimates and assumptions, and the related impact and associated risks in the financial statements.

#### 3.1 Judgments

In the process of applying the District's accounting policies, Management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

##### *Determination of impairment of non-financial asset*

The District assesses the impairment of non-financial assets (PPE, other current assets, and other noncurrent assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the District considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the District's overall business; and

- Significant negative industry or economic trends.

In 2024, the District has not identified any impairment indicator, thus, no impairment was recognized.

### 3.2 Estimates and Assumptions

Key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

#### *Determination of impairment of receivables*

The District reviews its receivables at each reporting date to assess whether provision for doubtful accounts should be recorded in profit or loss. The District maintains an allowance for impairment - accounts receivable based on the results of the individual and collective impairment assessments under PAS 39. Allowance for impairment - accounts receivable is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of allowance is based on past collection experience and other factors that may affect collectability. These factors include, but not limited to, age and status of receivables, the concessionaire's payment behavior and known market factors. An evaluation of receivables, designed to identify potential charges to the allowance is performed on a continuous basis throughout the year.

The District computes the Allowance for Impairment-Accounts Receivable based on the aging of receivables.

#### *Determination of estimated useful lives of PPE*

The useful life of each of the District's item of PPE is estimated based on the period over which the asset is expected to provide economic benefits. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of PPE would increase the recorded depreciation expense and decrease the carrying value of PPE.

## **4. Cash and Cash Equivalents**

This account pertains to cash collecting officers, petty cash fund and cash in bank readily available in the payment of current obligations of the District and not subject to any restriction, contractual or otherwise, the breakdown of which is as follows:

	2024	2023
Cash-Collecting Officers	P 36,700	P 77,213

	2024	2023
Petty Cash Fund	20,000	10,000
Cash in Bank-Local Currency, Current Account	8,723,133	7,632,788
<b>Total Cash and Cash Equivalents</b>	<b>₱8,779,833</b>	<b>₱7,720,001</b>

## 5. Receivables, Net

This includes all amounts due on open accounts arising from services rendered to the customers for water sales and incidental services.

	2024	2023
Accounts Receivable (AR)	₱7,346,963	₱6,858,946
Allowance for Impairment-AR	(1,725,029)	(1,018,701)
Receivables-Disallowances/Charges	623,813	682,737
Due From Officers and Employees	45,926	94
Other Receivables	2,574,682	2,585,900
<b>Receivables, Net</b>	<b>₱8,866,355</b>	<b>₱9,108,976</b>

Other Receivables pertain to the balance of materials purchased by concessionaires and the District's deposit balance from the closed Farmers Savings Bank, Inc.

Below is the aging/analysis of AR:

Status of AR	2024	2023
Non Past Due Accounts	₱2,105,522	₱2,083,997
Past Due Accounts		
31-60 days	756,188	519,788
61-90 days	211,085	198,930
91-120 days	142,390	100,715
over 120 days	4,131,778	3,955,516
<b>Total AR</b>	<b>₱7,346,963</b>	<b>₱6,858,946</b>

## 6. Inventories

This account pertains to unissued materials and supplies, which are kept in stock and held for future use.

	2024	2023
Office Supplies Inventory	₱ 92,881	₱ 49,498
Accountable Forms, Plates and Stickers Inventory	437,534	585,210
Chemical and Filtering Supplies Inventory	314,200	371,220
Construction Materials Inventory	1,405,924	1,491,662
Other Supplies and Materials Inventory	881,576	1,114,331
<b>Total Inventories</b>	<b>₱3,132,115</b>	<b>₱3,611,921</b>



## 7. Other Assets

This represents amount of prepaid insurance, meter and bill deposits to Manila Electric Company (Meralco) and unserviceable properties.

	2024	2023
<b>Current</b>		
Prepaid Insurance	P 94,978	P 126,552
<b>Total Other Current Assets</b>	<b>94,978</b>	<b>126,552</b>
<b>Non-Current</b>		
Guaranty Deposits	90,000	290,000
Other Deposits	5,935,682	5,916,943
Other Assets	2,627,780	1,842,359
<b>Total Other Non-Current Assets</b>	<b>8,653,462</b>	<b>8,049,302</b>
<b>Total Other Assets</b>	<b>P8,748,440</b>	<b>P8,175,854</b>

## 8. Property, Plant and Equipment, (PPE) Net

This includes all properties of relatively permanent in character that are used in normal operations of the District. The breakdown of this account is shown below.

PPE Account	2024					PPE, Net
	Balance at January 1	Additions/ Acquisitions	Deductions/ Disposals	Accumulated Depreciation		
Land	P 4,019,585	P 116,160	P 0	P 0	P 4,135,745	
Land Improvements	5,185,040	722,027	0	(1,842,431)	4,064,636	
Infrastructure Assets	84,532,131	3,402,925	0	(33,426,930)	54,508,126	
Buildings and Other Structures	19,500,901	109,938	0	(5,767,407)	13,843,432	
Machinery and Equipment	40,874,217	4,258,863	(915,092)	(24,126,139)	20,091,849	
Transportation Equipment	6,818,293	0	(268,457)	(4,547,577)	2,002,259	
Furniture, Fixtures and Books	713,754	0	0	(319,765)	393,989	
Construction in Progress	8,095,330	619,943	(2,177,947)	0	6,537,326	
<b>Total</b>	<b>P169,739,251</b>	<b>P9,229,856</b>	<b>(P3,361,496)</b>	<b>(P70,030,249)</b>	<b>P105,577,362</b>	

PPE Account	2023					PPE, Net
	Balance at January 1	Additions/ Acquisitions	Deductions/ Disposals	Accumulated Depreciation		
Land	P 2,849,585	P 1,170,000	P 0	P 0	P 4,019,585	
Land Improvements	3,133,466	2,051,574	0	(1,329,019)	3,856,021	
Infrastructure Assets	74,792,449	9,739,682	0	(31,447,888)	53,084,243	
Buildings and Other Structures	19,500,901	0	0	(5,249,934)	14,250,967	
Machinery and Equipment	38,577,897	2,680,968	(384,648)	(21,294,563)	19,579,654	
Transportation Equipment	6,515,796	382,950	(80,453)	(4,181,024)	2,637,269	
Furniture, Fixtures and Books	713,754	0	0	(255,092)	458,662	
Construction in Progress	14,686,623	5,418,716	(12,010,009)	0	8,095,330	
<b>Total</b>	<b>P160,770,471</b>	<b>P21,443,890</b>	<b>(P12,475,110)</b>	<b>(P63,757,520)</b>	<b>P105,981,731</b>	

The Land account as of CY 2024 under the possession of the District pertained to the following:

Mode of Acquisition	Qty.	Lot Area	Acquisition Cost
<b>Acquired through Purchase:</b>			
With Transfer Certificate of Title (TCT)	10	2,903	₱2,639,950
Without TCT	14	2,275	1,321,135
Sub-total	24	5,178	3,961,085
<b>Acquired through Donation:</b>			
Without TCT	2	176	174,660
<b>Total</b>	<b>26</b>	<b>5,354</b>	<b>₱4,135,745</b>

The following information pertains to parcels of land which have no Transfer Certificate of Title yet:

- Laog, Sto. Cristo, Pulong Yantok and Paltok lots were under Proclamation No. 573 otherwise known as Permanent Forest Reserve, thus, only Tax Declaration for these lots were available but the District had already obtained certification from Forest Management Bureau.
- Laog 2, Marungko, Sta. Lucia and Banaban - the process to transfer the title to the District is still on-going.
- All remaining lots have a Tax Declaration Certificate named after the District as proof of ownership.

The Management is exerting utmost efforts to secure the covering TCTs on the lots located at Laog 2, Marungko, Sta. Lucia and Banaban while a certification from Forest Management Bureau will be requested in CY 2025 for all other lots which fell within Proclamation No. 573 to protect the District's interest and in order to document the absolute ownership thereon.

#### 9. Intangible Assets, Net

This account consists of the following:

	2024	2023
Computer Software (CS)	₱1,117,750	₱797,750
Accumulated Amortization-CS	(699,182)	(610,780)
<b>Intangible Assets, Net</b>	<b>₱ 418,568</b>	<b>₱186,970</b>

#### 10. Financial Liabilities (FL)

This account includes the amount payable to the suppliers, due to officers and employees and long-term obligations of the District, as follows:

	2024	2023
<b>Current</b>		
Accounts Payable	₱4,067,964	₱2,844,177

	2024	2023
Due to Officers and Employees	0	1
<b>Total FL-Current</b>	<b>4,067,964</b>	<b>2,844,178</b>
<b>Non-Current</b>		
Loans Payable-Domestic	3,329,794	3,329,794
<b>Total FL-Non-Current</b>	<b>3,329,794</b>	<b>3,329,794</b>
<b>Total FL</b>	<b>₱7,397,758</b>	<b>₱6,173,972</b>

Loans Payable-Domestic represents the long-term obligations of the District to LWUA, the proceeds of which were used to finance various infrastructures and permanent improvements in order to meet the demands of the growing clientele.

#### 11. Inter-Agency Payables

This represents contributions due, collections received, amounts withheld for remittance to the following government agencies.

	2024	2023
Due to BIR	₱ 637,201	₱ 619,577
Due to GSIS	472,076	414,135
Due to Pag-IBIG	87,467	72,309
Due to PhilHealth	65,259	49,051
<b>Total Inter-Agency Payables</b>	<b>₱1,262,003</b>	<b>₱1,155,072</b>

#### 12. Provisions

This account represents liabilities to employees for their accrued leave benefits.

#### 13. Government Equity

This account pertains to the amount of equity turned over by the Municipality of Angat, Bulacan to Angat Water District.

#### 14. Retained Earnings

This account is used to record the net income for the year and prior years adjustments.

#### 15. Service and Business Income

These are the water sales, penalty charges for late payments and violation and new connection fees generated by the District from its concessionaires net of Senior Citizens' discount.

	2024		2023	
Fines and Penalties-Service Income	P	0	P	4,000
Waterworks Systems Fees		202,539		276,726
Sales Revenue		74,405,749		71,661,990
Sales Discounts		(144,398)		(126,841)
Interest Income		3,512		4,691
Fines and Penalties-Business Income		2,954,102		2,767,730
Other Business Income		1,245,978		2,711,183
<b>Total Service and Business Income</b>		<b>P78,667,482</b>		<b>P77,299,479</b>

#### 16. Personnel Services

	2024		2023	
Salaries and Wages-Regular		P16,541,998		P16,092,798
Salaries and Wages-Casual/Contractual		767,548		6,000
Personnel Economic Relief Allowance (PERA)		1,118,000		1,064,000
Representation Allowance (RA)		327,625		282,000
Transportation Allowance (TA)		327,625		282,000
Clothing/Uniform Allowance		315,000		270,000
Overtime and Night Pay		49,188		504,020
Year-End Bonus		1,371,642		1,249,383
Cash Gift		230,000		220,000
Mid-Year Bonus		1,336,285		1,246,066
Directors and Committee Members' Fees		651,456		651,456
Other Bonuses and Allowances		1,340,000		3,827,606
Retirement and Life Insurance Premium		1,785,239		1,614,911
Pag-IBIG Contributions		105,000		51,900
PhilHealth Contributions		392,887		289,845
Employees Compensation Insurance Premium		54,700		52,000
Terminal Leave Benefits		1,580,249		1,418,075
Other Personnel Benefits		15,681		125,663
<b>Total Personnel Services</b>		<b>P28,310,123</b>		<b>P29,247,723</b>

#### 17. Maintenance and Other Operating Expenses (MOOE)

	2024		2023	
Travelling Expenses-Local	P	117,640	P	139,204
Training Expenses		165,352		343,350
Office Supplies Expenses		286,917		211,867
Accountable Form Expenses		163,941		183,473
Fuel, Oil and Lubricants Expenses		1,713,852		1,048,214
Chemical and Filtering Supplies Expenses		2,173,530		1,361,080
Semi-expendable Machinery and Equipment Expenses		78,000		337,637
Semi-expendable Furniture, Fixtures and Books Expenses		37,850		29,090
Supplies and Materials for Water Systems Operations Expense		2,547,204		2,972,134
Other Supplies and Materials Expenses		77,944		62,316
Electricity Expenses		16,838,889		16,993,769
Telephone Expenses		103,677		109,298
Internet Subscription Expense		17,829		15,000
Cable, Satellite, Telegraph and Radio Expenses		6,240		4,500

	2024	2023
Awards/Rewards Expenses	64,800	61,000
Generation, Transmission and Distribution Expenses	8,049,517	4,440,240
Extraordinary and Miscellaneous Expenses	135,600	135,600
Legal Services	11,667	73,902
Auditing Services	233,126	253,941
Consultancy Services	409,120	682,680
Other Professional Services	35,750	108,099
Security Services	360,000	345,268
Repairs and Maintenance		
Land Improvements	4,002	0
Infrastructure Assets	0	38,300
Buildings and Other Structures	180,357	919,276
Machinery and Equipment	573,899	630,545
Transportation Equipment	329,494	358,928
Furniture and Fixtures	1,150	0
Assistance/Subsidies/Contribution-Others	8,961	22,692
Taxes, Duties and Licenses	1,820,992	1,846,811
Insurance Expenses	235,119	216,589
Advertising, Promotional and Marketing Expenses	15,000	8,000
Representation Expenses	1,667,471	1,764,647
Membership Dues and Contribution to Organization	104,096	69,146
Subscription Expenses	0	25,684
Donations	90,408	253,808
Other Maintenance and Operating Expenses	3,914,041	3,866,590
<b>Total MOOE</b>	<b>₱42,583,435</b>	<b>₱39,932,678</b>

#### 18. Financial Expenses

	2024	2023
Interest Expenses	₱131,860	₱132,253
Bank Charges	1,484	640
<b>Total Financial Expenses</b>	<b>₱133,344</b>	<b>₱132,893</b>

#### 19. Non-Cash Expenses

	2024	2023
Depreciation Expenses		
Land Improvements	₱ 513,412	₱ 275,879
Infrastructure Assets	1,979,041	2,085,013
Buildings and Other Structures	517,473	512,250
Machinery and Equipment	3,004,142	2,582,961
Transportation Equipment	549,115	536,314
Furniture, Fixtures and Books	64,674	64,674
Amortization-Intangible Assets	88,402	38,680
Impairment Loss-Loans and Receivables	706,327	12,285
<b>Total Non-Cash Expenses</b>	<b>₱7,422,586</b>	<b>₱6,108,056</b>

## 20. FAIR VALUE MEASUREMENT

The carrying amounts approximate fair values for the District's financial assets and liabilities, as follows:

	2024		2023	
	Carrying Value	Fair Value Significant unobservable inputs (Level 3)	Carrying Value	Fair Value Significant unobservable inputs (Level 3)
<i>Loans and receivables</i>				
<b>Accounts Receivable</b>	P5,621,934	P5,621,934	P5,840,245	P5,840,245
<i>Financial liabilities</i>				
<b>Accounts Payable</b>	4,067,964	4,067,964	2,844,178	2,844,178
<b>Loans Payable</b>	3,329,794	3,329,794	3,329,794	3,329,794

### Fair Value Hierarchy

There were no financial assets measured at fair value as of December 31, 2024 and 2023. During these periods, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.