



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City, Philippines

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Laguna Lake Development Authority
Club Manila East Compd., Km 24 Manila East Rd.
Brgy. San Juan, Taytay, Rizal

We have audited the accompanying financial statements of Laguna Lake Development Authority, which comprise the balance sheet as of December 31, 2008 and the statement of income and expenses, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Philippines. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the following paragraphs, we conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis for Qualified Opinion

The correctness of *Accounts Receivable* account balance could not be ascertained due to the absence of subsidiary records for accounts amounting to P21.135 million and the existence of abnormal and/or credit balances amounting to P2.779 million for subsidiary ledger balances of one hundred thirty seven (137) accounts. Further, the correctness of the *Property and Equipment* account balance of P 62.62 million (net) could not be determined due to non-availability of physical inventory report which can be reconciled with the accounting records. No other alternative audit procedures can be performed to prove the validity and correctness of the balances of the said accounts.

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LEVY S. CHUA
Division Chief III, Finance

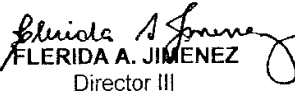
The *Receivables-Disallowances/Charges account* balance is understated by P9.09 million due to non-recording and/or error in recording of audit disallowances/charges that have become final and executory and the refunds/payments made. The *Cash account* balance is overstated by P4.26 million due to non-translation of cash in foreign currency into Philippine currency as of balance sheet date. Unliquidated cash advances granted for the purposes that have already been served overstated the *Cash account* and understated the *Expense account* balances by P5.55 million. Also, the *Liability accounts* are understated and the *Retained Earnings* account is overstated by P8.65 million due to unrecorded claims of separated/retired employees for their COLA and Amelioration Allowances for the period from July 1, 1989 to March 16, 1999.

Qualified Opinion

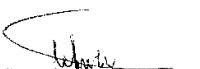
In our opinion, except for the effects of adjustments, if any, as might have been determined to be necessary on the matters discussed in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Lake Development Authority as of December 31, 2008 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted state accounting principles in the Philippines.

COMMISSION ON AUDIT

By:


FLORIDA A. JIMENEZ
Director III

April 14, 2009

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LEVYS S. CHUA
Division Chief III, Finance

**LAGUNA LAKE DEVELOPMENT AUTHORITY
BALANCE SHEET**

December 31, 2008

With corresponding figures for CY 2007

	Notes	2008	2007
ASSETS			
Current Assets			
Cash and cash equivalents	3	P 48,482,799	P 54,507,691
Receivables	4	53,976,018	48,353,669
Inventories	5	3,388,374	2,817,323
Total current assets		105,847,191	105,678,683
Non-Current Assets			
Investments	6	214,882,273	196,277,751
Property and equipment, net	7	62,619,118	67,057,514
Other non-current assets	8	2,108,897	1,780,845
Total non-current assets		279,610,288	265,116,110
		P 385,457,479	P 370,794,793
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	9	P 29,669,310	P 23,551,857
Inter-agency payables	10	21,627,269	10,423,973
Deferred credits	11	23,986,042	73,646,159
Other current liabilities	12	6,936,605	5,332,877
Total current liabilities		82,219,226	112,954,866
Non-Current Liabilities			
Long-term liabilities	13	1,526,687	2,835,727
Total non-current liabilities		1,526,687	2,835,727
Equity		301,711,566	255,004,200
		P 385,457,479	P 370,794,793

See accompanying Notes to Financial Statements.

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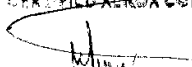

LEVY S. CHUA
Division Chief III, Finance

**LAGUNA LAKE DEVELOPMENT AUTHORITY
INCOME STATEMENT**

For the Year Ended December 31, 2008
With corresponding figures for CY 2007

	Notes	2008	2007
REVENUE FROM OPERATIONS			
Permits and licenses	18 P	91,947,314	P 86,114,762
Service income	19	47,274,109	60,700,064
Business income	20	4,858,451	6,230,996
Income from grants		39,751,362	-
Total revenues		183,831,236	153,045,822
OPERATING EXPENSES			
Personal services	22	69,203,633	63,338,055
Maintenance and other operating expenses	23	100,869,435	66,447,199
Financial expenses	24	81,088	47,399
Total operating expenses		170,154,156	129,832,653
INCOME FROM OPERATIONS		13,677,080	23,213,169
Add: Other income	21	4,996,319	6,671,950
INCOME BEFORE INCOME TAX		18,673,399	29,885,119
Income tax expense		4,870,289	8,337,418
NET INCOME	P	13,803,110	P 21,547,701

See accompanying Notes to Financial Statements.

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LEVY S. CHUA
 Division Chief III, Finance