



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

ANNUAL AUDIT REPORT

on the

IRIGA CITY WATER DISTRICT
San Roque, Iriga City

For the Year Ended December 31, 2013



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

April 10, 2015

THE BOARD OF DIRECTORS

Iriga City Water District
San Roque, Iriga City

Gentlemen:

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the Iriga City Water District, San Roque, Iriga City, for the calendar year ended December 31, 2013, in compliance with Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The report contains the results of the audit which was conducted on a test basis, and was primarily conducted to ascertain the propriety of financial transactions, the compliance to prescribed rules and regulations, and the fairness of presentation of the financial statements of the District.

The summary of the results and the corresponding audit recommendations are laid out in the Executive Summary, including the status of implementation of the prior years' audit recommendations and the certificate of the Auditor on the fairness of presentation of the financial statements. For the details of these findings and recommendations, we refer you to Part II of the attached report.

We request that the recommendations be implemented and we would appreciate being informed of the actions taken thereon within sixty (60) days from receipt hereof, using the prescribed format of the Agency Action Plan and Status of Implementation (AAPSI) attached to this letter.

We express our appreciation for the support and cooperation extended to our Auditors by the officials and employees of the District.

Very truly yours,



ROLAND A. REY
Director IV *CH*
Regional Director

Copy furnished:

- Administrator, LWUA
- Auditor, LWUA
- File, Regional Director, COA RO5
- Office of the President
- Office of the Vice-President
- President of the Senate
- Speaker of the House of Representatives
- Chairperson-Senate Finance Committee
- Chairperson-Appropriations Committee
- Secretary of the Department of Budget and Management
- Governance Commission for GOCCs
- Presidential Management Staff, Office of the President
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JOSÉ L. BALBUENA
11/23/2015



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

April 10, 2015

MR. ROMULO M. CORPORAL, JR.
General Manager
Iriga City Water District
San Roque, Iriga City

Sir:

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the Iriga City Water District, San Roque, Iriga City, for the calendar year ended December 31, 2013, in compliance with Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

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 [insert name of agency]
 [insert address of agency]

**AGENCY ACTION PLAN and
 STATUS of IMPLEMENTATION**
Audit Observations and Recommendations
For the Calendar Year ____
As of _____

Ref.	Audit Observations		Audit Recommendations	Agency Action Plan			Status of Impleme ntation	Reasons for Partial/Delay /Non- Implementat ion, if applicable	Action Taken/Action to be Taken	
				Action Plan	Person/ Dept. Respon sible	Target Implementation Date				
						From				To
2013										
CY ____ AAR, p. ____	1.									

Agency sign-off:

[Name of Agency Officer]
[Position of Agency Officer]

[insert date]

Note: Status of implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially implemented, or (e) Delayed

EXECUTIVE SUMMARY

A. INTRODUCTION

The Iriga City Water District (ICWD) came into existence through Sanguniang Bayan Resolution No. 50, s. 1979 dated June 5, 1979. Having passed all the requirements, and in consonance with Presidential Decree (PD) No. 198, the Local Water Utilities Administration (LWUA) issued Conditional Certificate of Conformance No. 09 on September 4, 1979 thus, qualifying ICWD for financial and technical assistance from LWUA, through loans that are essential for its development and expansion of water facilities.

As a public utility, it has the following purposes:

- Acquiring, installing, improving, maintaining and operating water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of such districts;
- Providing, maintaining and operating waste water collection, treatment and disposal facilities; and
- Conducting such other functions and operation incidental to water resource development, utilization and disposal within such District, as are necessary or incidental to said purpose.

ICWD is categorized as a Category C water district, with 10,874 service connections which were active and metered, of which 10,874 were billed as of December 31, 2013 and for December 31, 2012, 10,349 were active and metered, and 10,349 were billed.

It has 83 personnel, under the stewardship of Mr. Romulo M. Corporal, Jr., as the General Manager.

For CY 2013, the Iriga City Water District's Board of Directors (BOD) is composed of five members, as follows:

Name	Position	Sector Represented
Ms. Annalyn C. Tayag	Chairman	Civic
Ms. Edith C. Andalis	Vice-Chairman	Professional
Mr. Angel Nilo A. Bagamasbad	Member	Business
Mr. Sofronio B. Magistrado	Member	Education
Ms. Maria B. Quite	Member	Women

Atty. Reynel M. Beriña was the BOD's Secretary.

B. FINANCIAL HIGHLIGHTS

The following are the financial highlights:

	2013	2012	Increase (Decrease)
Assets	₱ 137,720,509.62	₱ 136,149,116.17	₱ 1,571,393.45
Liabilities	109,028,884.98	114,001,512.84	(4,972,627.86)
Equity	28,691,624.64	22,147,603.33	6,544,021.31
Gross Income	74,695,098.75	72,361,713.82	2,333,384.93
Expenses	67,339,066.93	66,681,228.13	657,838.80
Net Income	₱ 7,356,031.82	₱ 5,680,485.69	₱ 1,675,546.13

C. OPERATIONAL HIGHLIGHTS

The following are the operational highlights for 2013 and 2012 in terms of service connections, water sales and collections from water bills:

2013

	Target	Accomplishment	% of Accomplishment
Service Connections	10,878	12,820	117.85%
Sales	₱ 75,903,725.70	₱ 72,608,534.65	95.65%
Collections from water bills	₱ 72,867,576.67	₱ 72,463,672.65	99.44%

2012

	Target	Accomplishment	% of Accomplishment
Service Connections	10,270	10,349	100.76%
Sales	₱ 73,849,852.60	₱ 69,449,290.75	94.04%
Collections from water bills	₱ 70,157,359.97	₱ 68,325,482.58	97.38%

D. SCOPE OF AUDIT

The audit covered the financial transactions and operations of the District for CY 2013.

Accounts Receivable (Net) is the net book value of Accounts Receivable after deducting the corresponding Allowance for Doubtful Accounts.

Due from Officers and Employees represents cash advances granted to officers and employees but liquidated at the year-end.

Due from NGAs/BIWADA refers to paid cost of trophies awarded to winners in BIWADA Sportsfest 2013.

Receivables-Disallowance covers Pag-ibig, Philhealth Premiums (employer's share) of contractual employees and travel disallowances of Board Members, Regular and Contractual employees subjected for refund per COA recommendation for audit years 2011 and 2010.

Other Receivables includes collectibles from private individuals/entity not considered as regular accounts receivable.

5. Inventories

This account represents the cost of various items in the stockroom, stated at cost using the Moving Average Method. The breakdown of the account is as follows:

Account Title	CY 2013	CY 2012
Office Supplies Inventory	₱ 294,047.67	₱ 220,182.78
Accountable Forms Inventory	30,834.95	19,655.95
Other Supplies Inventory	9,005.20	10,668.00
Spare Parts Inventory	68,726.96	29,780.88
Construction Materials Inventory	2,331,477.92	3,098,004.08
Chemicals & Filtering Materials Inventory	11,600.00	18,400.00
Total	₱ 2,745,692.70	₱ 3,396,691.69

6. Prepayments

This account pertains to the unamortized fidelity bond premiums, insurance premiums of office building and various service vehicles of the District and Other prepaid expenses. This account is broken down as follows:

Nature of Account	CY 2013	CY 2012
Prepaid Insurance	₱ 65,748.79	₱ 60,109.71
Advances to Contractors	-	1,178,158.92
Other Prepaid Expenses	34,771.45	59,052.44
Total	₱ 100,520.24	₱ 1,297,321.07



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Iriga City Water District
Rufino Llagas St., San Roque, Iriga City

Report on the Financial Statements

We have audited the accompanying financial statements of Iriga City Water District, Iriga City, which comprise the statement of financial position as at December 31, 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted state accounting principles, 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.

Auditor's Responsibility

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

An 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 those 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. An 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As discussed in Part II of the report, the correctness of the reported year-end balance of Accounts Receivable amounting to ₱8,441,359.50 is doubtful due to the variance between the balances per General Ledger and per Aging of Accounts Receivable/Subsidiary Ledger.

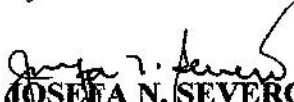
Moreover, the Property, Plant and Equipment (PPE) account was overstated by ₱417,044.38 due to the inclusion of the unserviceable PPEs amounting to ₱322,044.38, and the erroneous taking up as fixed asset of the amount of ₱95,000.00 corresponding to the expenses for the audio-visual presentations during the Bicol Water Districts Association (BIWADA) Sportfest.

Opinion

In our opinion, except for the effects and the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Iriga City Water District, as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with the generally accepted state accounting principles.

COMMISSION ON AUDIT

By:


JOSEFA N. SEVERO
State Auditor V
Supervising Auditor

November 14, 2014




IRIGA CITY WATER DISTRICT
Iriga City

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The examination of the financial statements was for the Calendar Year 2013.

1. We are responsible for the fair presentation of the Balance Sheet of Iriga City Water District as of December 31, 2011, and the related Statement of Income and Expenses and Cash Flow Statement for the year then ended, in conformity with generally accepted accounting principles.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the Board of Directors.
3. There were no:
 - a. Irregularities involving management or employees who have significant roles in the system of internal accounting control.
 - b. Irregularities involving other employees that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning non-compliance with, or deficiencies in financial reporting practices that could have a material effect on the financial statements.
4. We have no plans nor intentions of reclassifying our assets that may materially affect the carrying value or classification of assets and liabilities.
5. There were no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as basis for recording a loss contingency.
6. There were no material transactions that were not properly recorded in the accounting records underlying the financial statements.
7. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
8. The agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
10. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in the financial statements.


ROMULO M. CORPORAL, JR.
General Manager

Republic of the Philippines
IRIGA CITY WATER DISTRICT
Rufino Llagas St., San Roque, Iriga City

CONDENSED BALANCE SHEET
As of December 31, 2013
(With Comparative Figures for 2012)

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 3)	P 34,361,807.88	P 28,433,444.65
Receivables - Net (Note 4)	8,999,470.92	9,392,573.88
Inventories (Note 5)	2,745,692.70	3,396,691.69
Prepayments (Note 6)	100,520.24	1,297,321.07
Other Current Assets (Note 7)	169,900.00	169,900.00
Total Current Assets	P <u>46,377,391.74</u>	P <u>42,689,931.29</u>
NON-CURRENT ASSETS		
Investments (Note 8)	2,906,881.18	2,877,203.27
Property, Plant and Equipment - Net (Note 9)	86,008,407.93	88,154,152.84
Other Assets (Note 10)	2,427,828.77	2,427,828.77
Total Non -Current Assets	P <u>91,343,117.88</u>	P <u>93,459,184.88</u>
TOTAL ASSETS	P <u>137,720,509.62</u>	P <u>136,149,116.17</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Payable Accounts (Note 11)	P 19,262,582.85	P 21,170,454.18
Inter-Agency Payables (Note 12)	1,012,259.70	857,288.18
Other Current Liability Account (Note 13)	3,241,095.17	3,107,428.74
Total Current Liabilities	P <u>23,515,937.72</u>	P <u>25,135,171.10</u>
NON-CURRENT LIABILITIES		
Loans Payable - Domestic (Note 14)	P 76,180,687.26	P 79,534,081.74
Other Deferred Credits (Note 15)	9,332,260.00	9,332,260.00
Total Non-Current Liabilities	P <u>85,512,947.26</u>	P <u>88,866,341.74</u>
TOTAL LIABILITIES	P <u>109,028,884.98</u>	P <u>114,001,512.84</u>
EQUITY		
Government Equity (Note 16)	P 470,390.42	P 470,390.42
Retained Earnings	28,221,234.22	21,677,212.91
Total Equity	P <u>28,691,624.64</u>	P <u>22,147,603.33</u>
TOTAL LIABILITIES AND EQUITY	P <u>137,720,509.62</u>	P <u>136,149,116.17</u>

(See accompanying Notes to Financial Statements)

Republic of the Philippines
IRIGA CITY WATER DISTRICT
Rufino Llagas St., San Roque, Iriga City

CONDENSED STATEMENT OF INCOME AND EXPENSES

For the Year Ended December 31, 2013

(With Comparative Figures for 2012)

	<u>2013</u>	<u>2012</u>
Income (Note 17)	P 74,301,101.34	P 71,748,231.25
Less: Operating Expenses		
Personal Services		
Salaries and Wages (Note 18)	P 13,406,270.37	P 12,676,970.69
Other Compensation (Note 19)	5,039,254.25	4,740,942.30
Personnel Benefits Contribution (Note 20)	1,577,391.21	1,517,564.15
Other Personnel Benefits (Note 21)	4,264,640.14	4,053,014.94
Total Personal Services	P 24,287,555.97	P 22,988,492.08
Maintenance and Other Operating Expenses		
Travelling Expenses	P 365,053.75	P 732,616.00
Training Expenses	260,046.80	216,326.25
Supplies & Materials Expenses (Note 22)	5,751,597.10	7,589,449.16
Utility Expenses (Note 23)	14,276,291.41	13,259,568.15
Communication Expenses (Note 24)	288,052.07	295,108.25
Membership Dues and Contribution to Organizations	33,447.00	31,509.00
Advertising Expenses	103,075.00	81,393.00
Printing, Binding and Reproduction Expenses	3,941.00	73,693.75
Representation Expenses	163,856.05	226,655.71
Transportation and Delivery Expenses	3,335.32	-
Subscription Expenses	10,450.00	11,106.00
Rewards and Other Claims	950.00	-
Professional Services (Note 25)	710,588.50	1,017,259.00
Repairs and Maintenance Expenses (Note 26)	2,129,425.38	1,583,107.46
Donations	24,882.00	12,596.55
Taxes, Insurance Premiums & Other Fees (Note 27)	1,810,865.46	1,752,659.66
Bad Debts Expense	127,053.00	126,543.24
Depreciation (Note 28)	7,865,933.18	7,161,538.75
Discount on Income & Other Operating Expenses	135,428.62	146,196.55
Other Maintenance and Other Operating Expenses	1,769,915.43	1,869,734.99
Total Maintenance and Other Operating Expenses	P 35,834,187.07	P 36,187,061.47

	<u>2013</u>	<u>2012</u>
Total Operating Expenses	₱ 60,121,743.04	₱ 59,175,553.55
Financial Expenses (Note 29)	₱ 7,217,323.89	₱ 7,505,674.58
Income (Loss) from Operation	₱ 6,962,034.41	₱ 5,067,003.12
Add(Deduct):Other Income/Expenses		
Interest Income (Note 30)	₱ 374,562.24	₱ 543,154.09
Miscellaneous Income (Note 31)	12,435.17	61,328.48
Other Fines and Penalties	7,000.00	9,000.00
Total Other Income/Expense	₱ 393,997.41	₱ 613,482.57
Net Income (Loss)for the Period	₱ 7,356,031.82	₱ 5,680,485.69

(See accompanying Notes to Financial Statements)

Republic of the Philippines
IRIGA CITY WATER DISTRICT
Rufino Llagas St., San Roque, Iriga City

CASH FLOW STATEMENT
For the Year Ended December 31, 2013
(With Comparative Figures for 2012)

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Cash Inflows:		
Collection of water bills/fees	P 71,967,802.44	P 62,550,431.97
Collection of other business income	2,306,295.20	1,536,024.23
Refund of excess cash advance	142,174.00	110,362.79
Interest Income	2,965.57	8,290.20
Other sources	1,290,655.42	757,104.38
Total Cash Inflows	P 75,709,892.63	P 64,962,213.57
Cash Outflows:		
Payroll (net)	P 7,036,033.77	P 6,192,764.11
Other Operating and Maintenance Expenses	13,655,532.49	4,760,372.18
Remittances to GSIS/Pag-ibig/Philhealth/BIR	7,777,033.88	6,994,686.82
Purchases of Materials and Supplies	2,403,332.00	868,400.14
Prepayments	225,988.24	179,991.91
To Special/Time Deposits	0.00	6,135,630.57
Due to Officers & Employees	5,056,459.30	907,525.75
Working fund	10,000.00	10,000.00
Other payments	23,073,582.89	29,842,667.75
Total Cash Outflows	P 59,237,962.57	P 55,892,039.23
Total Cash Provided (Used) by Operating Activities	P 16,471,930.06	P 9,070,174.34
Cash Flows From Financing Activities		
Cash Outflows:		
Payments of Loan Interest & principal	P 10,543,566.83	P 9,664,936.27
Total Cash Outflows	P 10,543,566.83	P 9,664,936.27
Total Cash Provided (Used) by Financing Activities	P (10,543,566.83)	P (9,664,936.27)
Net Cash Provided (Used) by Operating & Financing Activities	P 5,928,363.23	(594,761.93)
Cash & Cash Equivalents, Beginning	28,433,444.65	29,028,206.58
Cash & Cash Equivalents, End	P 34,361,807.88	P 28,433,444.65

Republic of the Philippines
IRIGA CITY WATER DISTRICT
 Rufino Llagas St., San Roque, Iriga City

STATEMENT OF CHANGES IN EQUITY
 For the Year Ended December 31, 2013
 (With Comparative Figures for 2012)

	<u>2013</u>	<u>2012</u>
Government Equity, Beginning	P <u>470,390.42</u>	P <u>470,390.42</u>
Retained Earnings:		
Balance, Beginning	P 21,677,212.91	P 17,193,599.53
Net Income for the year	7,356,031.82	5,680,485.69
Prior Years' Adjustment	<u>(812,010.51)</u>	<u>(1,196,872.31)</u>
Balance, End	P <u>28,221,234.22</u>	P <u>21,677,212.91</u>
Total Equity	P <u>28,691,624.64</u>	P <u>22,147,603.33</u>

Republic of the Philippines
IRIGA CITY WATER DISTRICT
Rufino Llagas St., San Roque, Iriga City

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

(With Comparative Figures for 2012)

1. Agency Background

The Iriga City Water District (ICWD) was formed through the Sangguniang Panlungsod ng Iriga Resolution No. 50, s. 1979 dated June 5, 1979 which led to the subsequent turnover of all the assets and facilities of the Iriga City Waterworks run by the city government.

As a requirement in availing financial assistance for the development of the water system, ICWD filed on July 4, 1979 with the Local Water Utilities Administration (LWUA) the required pertinent documents and on September 4, 1979, a Conditional Certificate of Conformance No. 09 was issued.

On March 12, 1992, all water districts became Government Owned and Controlled Corporations by virtue of the Supreme Court ruling of September 13, 1991. ICWD is now under the supervision of the Civil Service Commission (CSC) as far as personnel matters are concerned and under the Commission on Audit for auditing.

2. Significant Accounting Principles and Concepts and Selected Policies and Practices of the Water District

• ***Basis of Financial Statements Preparation***

The accompanying Financial Statements have been prepared using the New Government Accounting System (NGAS) in conformity with accounting principles generally accepted in the Philippines. The District started the adoption of the NGAS for Government Owned and Controlled Corporations (GOCCs) in November 2005.

• ***Disbursements***

The District uses the Imprest Fund System; disbursements, except, petty expenses are paid by means of checks.

- **Recognition of Income and Expenses**

Revenue and expenses are recognized on accrual basis. Income is recognized in the period it was earned and expenses are recorded when incurred.

- **Accounting for Property, Plant and Equipment**

The account Property, Plant and Equipment (PPE) is stated at cost, net of accumulated depreciation computed on a straight line method over its estimated useful life, ranging from 5 to 50 years, computed and booked up monthly. Ten percent residual value is considered.

- **Inventory Valuation**

Materials and Supplies inventories are stated at cost.

3. Cash and Cash Equivalents

This account grouping is composed of the following accounts, to wit:

Account Title	CY 2013	CY 2012
Cash – Collecting Officers	₱ 118,779.02	₱ 133,810.81
Petty Cash Fund	10,000.00	268.35
Cash in Bank – Local Currency	34,233,028.86	28,299,365.49
Total	₱ 34,361,807.88	₱ 28,433,444.65

Cash-Collecting Officers pertain to the undeposited collection on December 28, 2012 and December 27, 2013 which were deposited on the first working day of the following year January 2, 2013 and January 2, 2014, respectively.

Petty Cash Fund is the working fund for expenses incurred below ₱1,000.00 provided it is within the budget.

The account Cash in Bank – Local Currency is comprised of the current and savings accounts, as well as the time deposits owned by Iriga City Water District (ICWD) and deposited with the local banks mentioned below and described as follows:

Account Title	CY 2013	CY 2012
Cash in Bank – Local Currency, Current Account – PNB#219-105200011	₱ 1,120,049.32	₱ 1,749,567.21
Cash in Bank – Local Currency, Current Account – LBP	105,964.87	102,666.76
Cash in Bank – Local Currency, Savings Account - DBP	3,113,900.46	3,106,807.44

Account Title	CY 2013	CY 2012
Cash in Bank – Local Currency, Time Deposits	29,893,114.21	23,340,324.08
Total	₱ 34,233,028.86	₱ 28,299,365.49

Cash in Bank – Local Currency, Current Account in the amount of ₱1,120,049.32 is deposited with the Philippine National Bank (PNB), Iriga City Branch, an authorized government depository bank, which amounts are available for general expenditures to meet the current obligation of the District.

Cash in Bank – Local Currency, Current Account with the Land Bank of the Philippines (LBP), in the amount of ₱105,964.87 is the Project Fund Balance for Non LWUA Initiated Fund (NLIF) grant intended for expansion.

Cash in Bank – Local Currency, Savings Account with the Development Bank of the Philippines (DBP), in the amount of ₱3,113,900.46.

Cash in Bank – Local Currency, Time Deposits – this account includes cash in local currency deposited in time deposit at LBP and PNB, as authorized government depositories.

4. Receivables

Receivables include the following accounts:

Account Title	CY 2013	CY 2012
Accounts Receivable – Water Sales	₱ 8,441,359.50	₱ 8,550,994.09
Less: Allowance for Doubtful Accounts	591,507.29	464,454.29
Accounts Receivable (Net)	₱ 7,849,852.21	₱ 8,086,539.80
Accounts Receivable – New Service Connection fee	905,921.13	1,258,785.73
Accounts Receivable – Lost Water Meter	688.55	3,441.75
Due from Officers and Employees	-	21,406.25
Due from NGAs/BIWADA	31,000.00	-
Receivables-Disallowance	122,780.50	-
Other Receivables	89,228.53	22,400.35
Total	₱ 8,999,470.92	₱ 9,392,573.88

Accounts Receivable –Water Sales represents the unpaid water bills by customers, various government offices, etc., and materials loaned to concessionaires and other services paid on installment basis, as of the end of the year.

Allowance for Doubtful Accounts is computed at year-end, based on Aging of Accounts Receivable.

Account Title	CY 2013	CY 2012
Depreciation - Machineries	2,883,033.47	2,272,605.82
Depreciation – Communication Equipment	26,606.64	26,696.64
Depreciation – Firefighting Equipment and Accessories	3,600.00	3,195.00
Depreciation - Motor Vehicles	334,816.05	313,048.88
Depreciation - Other Property, Plant and Equipment	94,452.36	62,440.49
Total	₱ 7,865,933.18	₱ 7,161,538.75

29. Financial Expenses

This account grouping is composed of the following, to wit:

Account Title	CY 2013	CY 2012
Bank Charges	₱ 540.00	₱ 1,050.00
Interest Expenses	7,190,182.34	₱ 7,504,624.58
Other Financial Expenses	26,601.55	-
Total	₱ 7,217,323.89	₱ 7,505,674.58

30. Interest Income

Nature of Account	CY 2013	CY 2012
This refers to the interest earned from bank deposits	₱ 374,562.24	₱ 543,154.09
Total	₱ 374,562.24	₱ 543,154.09

31. Miscellaneous Income

Nature of Account	CY 2013	CY 2012
This account includes penalties due from illegal water service connections, and other related income.	₱ 12,435.17	₱ 61,328.48
Total	₱ 12,435.17	₱ 61,328.48

7. Other Current Assets

This account includes guaranty deposits made by the District to wit:

Other Current Assets	CY 2013	CY 2012
Telephone Deposits (Iriga Telephone Co.)	₱ 9,800.00	₱ 9,800.00
Chlorine Tank	139,500.00	139,500.00
CASURECO III – Meter Deposit	11,600.00	11,600.00
Acetylene Tank	9,000.00	9,000.00
Total	₱ 169,900.00	₱ 169,900.00

8. Investments

Nature of Account	CY 2013	CY 2012
Sinking Fund	₱ 2,906,881.18	₱ 2,877,203.27

This account pertains to the Joint Account of LWUA and ICWD for fund set aside for specific long term purposes, including a Debt Service Reserve for loan repayment; Operation and Maintenance Reserve for repairs of damaged water district facilities due to natural calamities, public disorders and the like; and a Capital Reserve for expansion of the water district's facilities.

9. Property, Plant and Equipment (PPE)

The breakdown of the PPE accounts:

PPE	CY 2013	CY 2012
a. Property, Plant and Equipment (net) <i>(see next table below for the details)</i>	₱ 86,006,407.93	₱ 88,154,152.84
b. Construction in Progress – Agency Assets	2,000.00	-
Total	₱ 86,008,407.93	₱ 88,154,152.84

The details of the PPE accounts at their book value are:

PPE Account	CY 2013	CY 2012
Land	₱ 2,925,080.18	₱ 2,925,080.18
Land Improvement	46,903.72	54,839.32
Irrigation, Water System and Structures	62,207,658.77	62,643,234.18
Office Building	2,123,457.01	2,281,688.53
Other Structures	4,252,900.22	4,361,916.25
Office Equipment	108,429.93	120,445.71
Furniture and Fixtures	588,889.21	635,718.60
IT Equipment & Software	2,074,553.91	1,349,137.37
Machineries	10,357,767.82	12,302,983.49

PPE Account	CY 2013	CY 2012
Communication Equipment	62,357.69	88,964.33
Firefighting Equipment and Accessories	16,129.97	19,729.97
Motor Vehicles	886,583.16	1,008,996.21
Other Transportation Equipment	1,760.00	1,760.00
Other Property, Plant & Equipment	353,936.34	359,658.70
Total	₱ 86,006,407.93	₱ 88,154,152.84

For CY 2013

Account Title	Acquisition Cost	Accumulated Depreciation	Net
Land	₱ 2,925,080.18	₱ -	₱ 2,925,080.18
Land Improvement	88,175.95	41,272.23	46,903.72
Irrigation & WSS	96,962,033.00	34,754,374.23	62,207,658.77
Office Building	3,999,742.29	1,876,285.28	2,123,457.01
Other Structures	6,914,454.09	2,661,553.87	4,252,900.22
Office Equipment	482,417.51	373,987.58	108,429.93
Furniture & Fixtures	1,902,948.29	1,314,059.08	588,889.21
IT Equipment & Software	2,961,416.66	886,862.75	2,074,553.91
Machineries	26,691,303.88	16,333,536.06	10,357,767.82
Communication Equipment	149,314.79	86,957.10	62,357.69
Firefighting Equipment and Accessories	64,099.65	47,969.68	16,129.97
Motor Vehicles	5,112,373.18	4,225,790.02	886,583.16
Other Transportation Equipment	17,600.00	15,840.00	1,760.00
Other Property, Plant & Equipment	926,368.82	572,432.48	353,936.34
Total	₱ 149,197,328.29	₱ 63,190,920.36	₱ 86,006,407.93

For CY 2012

Account Title	Acquisition Cost	Accumulated Depreciation	Net
Land	₱ 2,925,080.18	₱ -	₱ 2,925,080.18
Land Improvement	88,175.95	33,336.63	54,839.32
Irrigation & WSS	93,882,239.65	31,239,005.47	62,643,234.18
Office Building	3,999,742.29	1,718,053.76	2,281,688.53
Other Structures	6,737,129.09	2,375,212.84	4,361,916.25
Office Equipment	455,657.51	335,211.80	120,445.71
Furniture & Fixtures	1,759,354.29	1,123,635.69	635,718.60
IT Equipment &	1,909,651.54	560,514.17	1,349,137.37

Account Title	Acquisition Cost	Accumulated Depreciation	Net
Software			
Machineries	25,753,486.08	13,450,502.59	12,302,983.49
Communication Equipment	149,314.79	60,350.46	88,964.33
Firefighting Equipment and Accessories	64,099.65	44,369.68	19,729.97
Motor Vehicles	4,899,970.18	3,890,973.97	1,008,996.21
Other Transportation Equipment	17,600.00	15,840.00	1,760.00
Other Property, Plant & Equipment	837,638.82	477,980.12	359,658.70
Total	₱ 143,479,140.02	₱ 55,324,987.18	₱ 88,154,152.84

10. Other Assets

The breakdown of the account is presented below:

Other Assets	CY 2013	CY 2012
2 sets pipe die threaded	₱ 1,515.13	₱ 1,515.13
2 pcs. Pipe wrench 14"	977.05	977.05
4 pcs. Pipe wrench 12"	1,759.56	1,759.56
Other unserviceable properties	1,921,813.69	1,921,813.69
Additional Unserviceable Properties	501,763.34	501,763.34
Total	₱ 2,427,828.77	₱ 2,427,828.77

11. Payable Accounts

These are unpaid obligations as of December 31, 2013:

Account Title	CY 2013	CY 2012
Accounts Payable	₱ 557,669.40	₱ 1,879,488.04
Due to Officers and Employees	18,704,913.45	19,290,966.14
Total	₱ 19,262,582.85	₱ 21,170,454.18

The Accounts Payable account is broken down as follows:

Accounts Payable	CY 2013	CY 2012
Notarial Fee	₱ -	₱ 125,281.25
Benito Ngo Mktg.	125,685.50	22,795.31
Shellhouse Iriga	42,982.56	128,615.00
Joe Hardware	14,355.00	1,177,023.88

Accounts Payable	CY 2013	CY 2012
CASURECO III	-	15,000.00
Moldex	-	64,082.00
Henry Turalde	-	10,841.60
Philippine Duplicators	-	330,000.00
Digital Data Corp.	-	5,849.00
Iriga Telephone Co.	6,482.64	-
Constech Asia	279,292.30	-
Souvenir Program - BIWADA	5,000.00	-
Willprint	37,500.00	-
Aquastar	2,321.40	-
Concord Metals	44,050.00	-
Total	₱ 557,669.40	₱ 1,879,488.04

Due to Officers and Employees account includes the following payables to the District's officers and employees:

Due to Officers and Employees	CY 2013	CY 2012
Service Incentives	₱ 16,458,035.00	₱ 17,268,945.00
Monetization of Accrued Leave	1,804,154.93	1,805,763.09
Loyalty Incentives	95,000.00	94,500.00
Productivity Incentive	90,000.00	-
Productivity Incentive Bonus	102,000.00	94,000.00
Overtime Pay – December	53,777.85	22,534.00
Contractual Payroll	11,801.50	-
GM R. Corporal	407.00	2,996.14
Manuel Gonzales	-	2,227.91
Atty. Ferdinand I. Diño	71,000.00	-
Jose L. Ballester	5,762.32	-
Romeo Barbosa	8,000.00	-
Juliet Turallo	3,492.35	-
Larry Vargas	1,216.50	-
Albert A. Salvador	266.00	-
Total	₱ 18,704,913.45	₱ 19,290,966.14

12. Inter-Agency Payables

These are withheld taxes and premium contributions deducted from the salaries of employees/members:

Account Title	CY 2013	CY 2012
Due to BIR	₱ 365,866.21	₱ 222,127.48
Due to GSIS	546,467.47	387,692.35
Due to Pag-Ibig	75,213.52	110,181.96

Account Title	CY 2013	CY 2012
Due to Philhealth	24,712.50	27,487.50
Due to other NGAs	-	109,798.89
Total	₱ 1,012,259.70	₱ 857,288.18

Due to BIR pertains to the amount of taxes withheld from suppliers, Director's Fee and Employees' salaries to be remitted on or before the 10th day of the ensuing month.

Due to GSIS – pertains to GSIS Premium and GSIS arrearages and interest as a result of SSS premium contribution transferred to GSIS for remittance.

Due to Pag-Ibig – this account includes Pag-Ibig Premium for remittance.

Due to Philhealth – this account includes medicare premium for remittance.

13. Other Current Liability Account

This account consists of the following:

Account Title	CY 2013	CY 2012
Guaranty Deposits Payable	₱ 2,761,208.30	₱ 2,761,208.30
Performance/Bidders/Bail Bond Payable	325,316.44	277,740.44
Other Payables	154,570.43	68,480.00
Total	₱ 3,241,095.17	₱ 3,107,428.74

Guaranty Deposits Payable of ₱2,761,208.30 pertains to the amount of deposits made by customers prior to the installation of water service connections applied as security for the payment of subsequent water bills.

Performance/Bidders/Bail Bond Payable refers to the balance of retention fee of U1MIG Enterprises and Constech in the amount of ₱157,740.44 and ₱167,576.00, respectively.

Other Payables in the amount of ₱154,570.43 refers to the notarial fee of Atty. Berifa.

14. Loans Payable – Domestic

Nature of Account	CY 2013	CY 2012
This account includes principal amount of loan to DBP	₱ 76,180,687.26	₱ 79,534,081.74
Total	₱ 76,180,687.26	₱ 79,534,081.74

15. Other Deferred Credits

Nature of Account	CY 2013	CY 2012
This account refers to the non-LWUA Initiated Fund payable in 40 years at 0% interest	₱ 9,332,260.00	₱ 9,332,260.00
Total	₱ 9,332,260.00	₱ 9,332,260.00

16. Government Equity

This account pertains to the subsidy given to the District by the Iriga City at the time water district assumed control over the operations of the utility, as well as the various donations from LWUA, broken down as follows:

Nature of Account	CY 2013	CY 2012
City Government Subsidy	₱ 430,106.30	₱ 430,106.30
LWUA-Donated Pipes & Fittings	16,956.44	16,956.44
LWUA-Flow Meters & Centrifugal Pump	23,327.68	23,327.68
Total	₱ 470,390.42	₱ 470,390.42

17. Income

This account consists of the following:

Account Title	CY 2013	CY 2012
Income from Waterworks System	₱ 69,868,682.55	₱ 66,594,300.70
Other Business Income	1,838,163.99	2,298,940.50
Fines and Penalties - Business Income	2,594,254.80	2,854,990.05
Total	₱ 74,301,101.34	₱ 71,748,231.25

Income from Waterworks System includes all water billings to residential, commercial customers and bulk sales that are billed based on water given to shipping cargos, as measured thru water meters and existing water rates of the District.

Other Business Income refers to the costs of other services extended by the District to its customers, such as water service connection fees.

Fines and Penalties – Business Income consists of penalties charged on water bills not paid on due dates.

18. Salaries and Wages

Account Title	CY 2013	CY 2012
Salaries and Wages- Regular	P 11,063,599.72	P 10,226,768.49
Salaries and Wages- Contractual	2,342,670.65	2,450,202.20
Total	P 13,406,270.37	P 12,676,970.69

19. Other Compensation

Account Title	CY 2013	CY 2012
Personal Economic Relief Allowance (PERA)	P 307,568.19	P 287,000.00
Additional Compensation (ADCOM)	922,704.54	861,000.00
Representation Allowance	281,000.00	210,000.00
Transportation Allowance	281,000.00	210,000.00
Clothing/Uniform Allowance	260,000.00	361,400.00
Subsistence, Laundry & Quarters Allowance	1,076,647.73	1,006,250.00
Productivity Incentive Bonus	102,000.00	92,000.00
Honoraria	144,000.00	144,000.00
Overtime and Night Pay	479,965.29	445,253.30
Cash Gift	257,500.00	240,000.00
Year - End Bonus	926,868.50	884,039.00
Total	P 5,039,254.25	P 4,740,942.30

20. Personnel Benefits Contribution

Account Title	CY 2013	CY 2012
Life & Retirement Insurance Contributions	P 1,327,692.95	P 1,227,210.22
Pag-ibig Contributions	61,312.50	97,185.00
Philhealth Contributions	126,837.50	135,850.00
ECC Contributions	61,548.26	57,318.93
Total	P 1,577,391.21	P 1,517,564.15

21. Other Personnel Benefits

Account Title	CY 2013	CY 2012
Terminal Leave Benefits	P 842,550.14	P 814,492.89
Other Personnel Benefits	3,422,090.00	3,238,522.05
Total	P 4,264,640.14	P 4,053,014.94

22. Supplies and Materials Expenses

Account Title	CY 2013	CY 2012
Office Supplies Expenses	₱ 271,967.17	₱ 260,907.26
Accountable Forms Expenses	56,521.00	56,195.25
Gasoline, Oil & Lubricants Expenses	4,901,703.30	6,821,675.61
Chemical and Filtering Materials Expenses	419,920.00	351,600.00
Other Supplies Expenses	101,485.63	99,071.04
Total	₱ 5,751,597.10	₱ 7,589,449.16

23. Utility Expenses

Account Title	CY 2013	CY 2012
Water Expenses	₱ 111,273.50	₱ 84,005.95
Electricity Expenses	14,163,397.91	13,173,941.20
Cooking Gas Expenses	1,620.00	1,621.00
Total	₱ 14,276,291.41	₱ 13,259,568.15

24. Communication Expenses

Account Title	CY 2013	CY 2012
Postage and Deliveries	₱ 19,186.28	₱ 4,865.00
Telephone Expenses - Landline	67,947.79	72,276.19
Telephone Expenses - Mobile	182,829.00	198,010.00
Internet Expenses	15,389.00	17,257.06
Cable, Satellite, Telegraph & Radio Expenses	2,700.00	2,700.00
Total	₱ 288,052.07	₱ 295,108.25

25. Professional Services

Account Title	CY 2013	CY 2012
Legal Services	₱ 66,000.00	₱ 87,000.00
Consultancy Services	48,000.00	16,000.00
Security Services	306,263.50	288,000.00
Council/Board Members Allowances and Other benefits	290,325.00	626,259.00
Total	₱ 710,588.50	₱ 1,017,259.00

26. Repairs and Maintenance Expenses

Account Title	CY 2013	CY 2012
Repairs and Maintenance – Land Improvements	₱ -	₱ 3,951.00
Repairs and Maintenance – Irrigation, Water Systems and Structures	1,117,983.27	902,338.70
Repairs and Maintenance - Office Buildings	700.00	25,563.50
Repairs and Maintenance – Other Structures	2,820.00	17,964.50
Repairs and Maintenance –Office Equipment	15,347.32	2,580.00
Repairs and Maintenance – Furniture and Fixtures	9,339.40	21,678.00
Repairs and Maintenance - IT Equipment & Software	83,507.66	25,935.28
Repairs and Maintenance – Machineries	612,245.80	338,324.50
Repairs and Maintenance – Communication Equipment	2,050.00	4,490.00
Repairs and Maintenance – Firefighting Equipment	5,500.00	6,180.00
Repairs and Maintenance - Motor Vehicles	278,416.93	226,261.98
Repairs and Maintenance - Other Property, Plant and Equipment	1,515.00	7,840.00
Total	₱ 2,129,425.38	₱ 1,583,107.46

27. Taxes, Insurance Premiums & Other Fees

Account Title	CY 2013	CY 2012
Taxes, Duties and Licenses	₱ 1,665,035.82	₱ 1,630,083.75
Fidelity Bond Premiums	10,291.64	12,375.00
Insurance Expenses	135,538.00	110,200.91
Total	₱ 1,810,865.46	₱ 1,752,659.66

28. Depreciation

Account Title	CY 2013	CY 2012
Depreciation – Land Improvements	₱ 7,935.60	₱ 5,622.31
Depreciation-Irrigation and Water Systems and Structures	3,515,368.76	3,502,175.24
Depreciation - Office Buildings	158,231.52	150,897.36
Depreciation – Other Structures	286,341.03	277,239.79
Depreciation - Office Equipment	38,775.78	37,693.92
Depreciation –Furniture and Fixtures	190,423.39	175,490.16
Depreciation - IT Equipment and Software	326,348.58	334,433.14