



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

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**OFFICE OF THE REGIONAL DIRECTOR**

June 30, 2017

**THE BOARD OF DIRECTORS**

Iriga City Water District  
Rufino Llagas St., 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, Iriga City for the year ended December 31, 2016, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audit recommendations.

The attached Report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, which were discussed with concerned officials and staff, and the Status of Implementation of Prior Years' Audit Recommendations.

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of the Water District for the year ended December 31, 2016.

We request that the recommendations be promptly 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 attached copy of the Agency Action Plan and Status of Implementation (AAPSI).



## **IRIGA CITY WATER DISTRICT**

RUFINO LLAGAS SR. ST., SAN ROQUE, IRIGA CITY

Tel. Nos. (054) 299-6504\*Telefax (054) 299-5709

### **STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The examination of the financial statements was for the Calendar Year 2016:

The management of the Iriga City Water District is responsible for the fair presentation in the financial statements of financial position, results of operations, and changes in equity in conformity with GAAP, PGAS, NGAS, PAS and IAS;

We have made available to you all financial records and related data, resolutions issued by the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared, office rules and regulations, issuances and orders;

There have been no irregularities involving management or employees who have significant roles in the system of internal accounting control, irregularities involving other employees that could have material effect on the financial statements, and communication from regulatory bodies concerning non-compliance with, or deficiencies in financial reporting practices that could have material effect on the financial statements;

We have no plans or intentions that may materially affect the carrying value of classification of assets and liabilities;

The following have been properly recorded or disclosed in the financial statements: Related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees; and Capital Contribution and grants from government and other donations from non-government agency.

There are no unasserted claims or assessments that our lawyer has advised us that are probable of assertion and must be disclosed in accordance with ASC Statement of Financial Accounting Standards No. 7;


There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements;


Provisions have been made to reduce excess or obsolete inventories to their estimated net realizable value;

Provision have been made for any material loss to be sustained as a result of non-payment of receivable and cost allocation of fixed assets during the current period/ or depreciation provision;

Provision has been made for any material loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.

We have complied with all aspects of contractual agreements that would have material effect on the financial statements in the event of non-compliance.

  
**SALVADOR D. ALCOMENDAS**  
Senior Corporate Accountant C

  
**ROMULO M. CORPORAL, JR.**  
General Manager



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

Statement of Financial Position  
As at December 31, 2016  
(With Comparative Figures for CY 2015)

			<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		<u>Note</u>		
<b>CURRENT ASSETS</b>				
Cash	3	P	70,689,178.60	P 54,339,196.57
Receivables, net	4		9,848,853.39	8,625,426.64
Inventories	5		5,380,677.87	3,983,525.80
Prepayments	6		147,023.29	364,903.97
Other Current Assets	7		273,400.00	271,400.00
<b>Total Current Assets</b>		P	<u>86,339,133.15</u>	<u>67,584,452.98</u>
<b>NON-CURRENT ASSETS</b>				
Investments	8	P	4,181,719.10	P 3,153,945.53
Property, Plant and Equipment, net	9		77,595,842.35	80,774,091.96
Other Assets	10		2,442,009.43	0.00
<b>Total Non -Current Assets</b>		P	<u>84,219,570.88</u>	<u>83,928,037.49</u>
<b>TOTAL ASSETS</b>		P	<u>170,558,704.03</u>	<u>151,512,490.47</u>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>CURRENT LIABILITIES</b>				
Payable Accounts	11	P	23,196,504.89	P 19,049,859.90
Inter-Agency Payables	12		313,340.57	795,388.82
Other Current Liability Account	13		2,943,714.24	2,976,060.40
<b>Total Current Liabilities</b>		P	<u>26,453,559.70</u>	<u>22,821,309.12</u>
<b>NON-CURRENT LIABILITIES</b>				
Loans Payable - Domestic	14	P	64,077,170.36	P 68,475,561.88
Other Deferred Credit	15		9,350,071.27	9,350,071.27
<b>Total Non-Current Liabilities</b>		P	<u>73,427,241.63</u>	<u>77,825,633.15</u>
<b>TOTAL LIABILITIES</b>		P	<u>99,880,801.33</u>	<u>100,646,942.27</u>
<b>EQUITY</b>				
Government Equity	16	P	470,390.42	P 470,390.42
Retained Earnings			70,207,512.28	50,395,157.78
<b>Total Equity</b>		P	<u>70,677,902.70</u>	<u>50,865,548.20</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		P	<u>170,558,704.03</u>	<u>151,512,490.47</u>

(See accompanying Notes to Financial Statements)

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

**Statement of Comprehensive Income**  
For the Year Ended December 31, 2016  
(With Comparative Figures for CY 2015)

			<u>2016</u>		<u>2015</u>
<b>Income</b>	<b>Note</b>	<b>P</b>	<b>87,403,227.33</b>	<b>P</b>	<b>80,836,833.98</b>
<b>Less: Operating Expenses</b>					
<b>Personal Services</b>					
Salaries and Wages	18	P	14,593,261.07	P	13,335,845.43
Other Compensation	19		5,991,607.47		4,513,573.48
Personnel Benefits Contribution	20		1,695,570.98		1,463,797.69
Other Personnel Benefits	21		5,689,773.60		5,518,793.43
<b>Total Personal Services</b>		<b>P</b>	<b>27,970,213.12</b>	<b>P</b>	<b>24,832,010.03</b>
<b>Maintenance and Other Operating Expenses</b>					
Travelling Expenses		P	789,508.83	P	693,516.48
Training Expenses			251,957.00		188,865.20
Supplies and Materials Expenses	22		4,582,509.81		4,230,240.88
Utility Expenses	23		15,057,674.14		14,398,790.49
Communication Expenses	24		342,036.03		346,741.53
Membership Dues and Contribution to Organizations			25,931.00		25,108.00
Advertising Expenses			128,000.00		123,000.00
Printing, Binding and Reproduction Expenses			11,165.00		7,562.70
Representation Expenses			139,306.55		113,939.15
Subscription Expenses			16,075.00		6,061.60
Rewards and Other Claims			17,834.75		-
Professional Services	25		1,156,983.75		836,624.92
Repairs and Maintenance Expenses	26		2,666,809.22		3,065,407.35
Taxes, Insurance Premiums and Other Fees	27		2,141,494.23		1,999,767.50
Bad Debts Expense			240,007.24		229,135.35
Depreciation	28		7,505,321.28		7,751,615.89
Discount on Income and Other Operating Expenses			172,352.62		153,136.27
Other Maintenance and Operating Expenses			2,000,456.85		1,908,311.01
<b>Total Maintenance and Other Operating Expenses</b>		<b>P</b>	<b>37,245,423.30</b>	<b>P</b>	<b>36,077,824.32</b>

	Note	<u>2016</u>	<u>2015</u>
Total Operating Expenses		P <u>65,215,636.42</u>	P <u>60,909,834.35</u>
Financial Expenses	29	P <u>6,145,425.30</u>	P <u>6,514,976.17</u>
Income (Loss) from Operation		P <u>16,042,165.61</u>	P <u>13,412,023.46</u>
Add(Deduct):Other Income/(Expenses)			
Interest Income	30	P 365,469.75	P 300,234.83
Miscellaneous Income	31	<u>86,462.35</u>	<u>54,308.00</u>
Total Other Income		P <u>451,932.10</u>	P <u>354,542.83</u>
Net Income for the Period		P <u><u>16,494,097.71</u></u>	P <u><u>13,766,566.29</u></u>

(See accompanying Notes to Financial Statements)

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, 2016  
 (With Comparative Figures for CY 2015)

		<u>2016</u>	<u>2015</u>
Government Equity, Beginning	Note 16	P <u>470,390.42</u>	P <u>470,390.42</u>
<b>Retained Earnings:</b>			
Balance, Beginning		P 50,395,157.78	P 39,115,513.78
Net Income for the year		16,494,097.71	13,766,566.29
Prior Years' Adjustments		<u>3,318,256.79</u>	<u>(2,486,922.29)</u>
Balance, End		P <u>70,207,512.28</u>	P <u>50,395,157.78</u>
<b>Total Equity</b>		P <u><u>70,677,902.70</u></u>	P <u><u>50,865,548.20</u></u>

(See accompanying Notes to Financial Statements)



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

Statement of Cash Flows  
For the Year Ended December 31, 2016  
(With Comparative Figures for CY 2015)

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
<b>Cash Inflows:</b>		
Collection of water bills/fees	P 84,701,486.18	P 78,740,437.87
Collection of other business income	2,431,834.44	2,111,811.67
Refund of excess cash advance	269,943.10	73,251.43
Interest income	20,096.88	8,355.89
Other sources	5,876,027.94	755,428.31
<b>Total Cash Inflows</b>	<u>P 93,299,388.54</u>	<u>P 81,689,285.17</u>
<b>Cash Outflows:</b>		
Payroll (net)	P 7,663,677.13	P 6,964,436.85
Other Operating and Maintenance Expenses	27,612,248.95	23,483,667.26
Remittances to GSIS/Pag-Ibig/Philhealth/BIR	7,506,605.11	6,702,830.90
Purchases of Materials and Supplies	4,822,942.47	3,118,518.47
Prepayments	211,193.79	1,762,638.94
Due to Officers and Employees	4,955,505.04	9,177,758.67
Other payments/appropriations	13,633,667.18	7,880,988.57
<b>Total Cash Outflows</b>	<u>P 66,405,839.67</u>	<u>P 59,090,839.66</u>
<b>Total Cash Provided (Used) by Operating Activities</b>	<u>P 26,893,548.87</u>	<u>P 22,598,445.51</u>
<b>Cash Flows From Financing Activities</b>		
<b>Cash Outflows:</b>		
Payments of Loan Interest and Principal	P 10,543,566.84	P 10,543,566.84
<b>Total Cash Outflows</b>	<u>P 10,543,566.84</u>	<u>P 10,543,566.84</u>
<b>Total Cash Provided (Used) by Financing Activities</b>	<u>P (10,543,566.84)</u>	<u>P (10,543,566.84)</u>
<b>Net Cash Provided (Used) by Operating and Financing Activities</b>	<u>P 16,349,982.03</u>	<u>P 12,054,878.67</u>
<b>Cash and Cash Equivalents, Beginning</b>	54,339,196.57	42,284,317.90
<b>Cash and Cash Equivalents, Ending</b>	<u>P 70,689,178.60</u>	<u>P 54,339,196.57</u>