



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

Telefax Nos.: 482-0547; 482-0548

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**OFFICE OF THE REGIONAL DIRECTOR**

July 25, 2018

**THE BOARD OF DIRECTORS**

Iriga City Water District  
San Roque, Iriga City, Camarines Sur

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, Camarines Sur, for the year ended December 31, 2017, 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, and the Status of Implementation of Prior Years' Audit Recommendations, which were discussed with concerned officials and staff on June 27, 2018.

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of the Water District for the year ended December 31, 2017.

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

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

Very truly yours,



**ROLAND A. REY**  
Regional Director

Copy furnished:

1. Administrator, LWUA
2. Auditor, LWUA
3. Office of the President
4. Office of the Vice-President
5. President of the Senate
6. Speaker of the House of Representatives
7. Chairperson – Senate Finance Committee
8. Chairperson – Appropriations Committee
9. Secretary, Department of Budget and Management
10. Presidential Management Staff, Office of the President
11. National Library
12. University of the Philippines Law Center
13. Commission Central Library  
Commission on Audit, Quezon City
14. File, Regional Director, COA RO5



## IRIGA CITY WATER DISTRICT

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

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

### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the IRIGA CITY WATER DISTRICT is responsible for the preparation of the financial statements as at December 31, 2017, including the additional components attached thereto in accordance with the 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 statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

The Commission on Audit has audited the financial statements of the IRIGA CITY WATER DISTRICT in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

EDITH C. ANDALIS, CPA  
Chairman of the Board

June 27, 2018

Date Signed

MARIETTA H. CRUZATA  
Division and Manager C  
Administrative & Finance Division

June 27, 2018

Date Signed

ROMULO M. CORPORAL, JR.  
General Manager

June 27, 2018

Date Signed



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

**Statement of Financial Position**  
As at December 31, 2017  
(With Comparative Figures for CY 2016)

<u>ASSETS</u>	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	P 84,001,491.59	P 70,689,178.60
Receivables, net	4	9,541,841.95	9,848,853.39
Inventories	5	6,753,220.93	5,380,677.87
Other Current Assets	6	441,879.45	420,423.29
<b>Total Current Assets</b>		<b>P 100,738,433.92</b>	<b>P 86,339,133.15</b>
<b>NON-CURRENT ASSETS</b>			
Investments	7	P 4,215,647.86	P 4,181,719.10
Property, Plant and Equipment, net	8	80,282,010.18	77,595,842.35
Other Non-Current Assets		0.00	2,442,009.43
<b>Total Non -Current Assets</b>		<b>P 84,497,658.04</b>	<b>P 84,219,570.88</b>
<b>TOTAL ASSETS</b>		<b>P 185,236,091.96</b>	<b>P 170,558,704.03</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Current Financial Liabilities	9	P 6,134,667.73	P 23,196,504.89
Inter-Agency Payables	10	349,884.76	313,340.57
Trust Liabilities	11	2,845,078.74	2,845,078.74
Provisions	12	22,952,483.78	0.00
Other Payables	13	113,211.34	98,635.50
<b>Total Current Liabilities</b>		<b>P 32,395,326.35</b>	<b>P 26,453,559.70</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-Current Financial Liabilities	14	P 59,237,502.02	P 64,077,170.36
Deferred Credits/Unearned Income	15	9,350,071.27	9,350,071.27
<b>Total Non-Current Liabilities</b>		<b>P 68,587,573.29</b>	<b>P 73,427,241.63</b>
<b>TOTAL LIABILITIES</b>		<b>P 100,982,899.64</b>	<b>P 99,880,801.33</b>
<b>EQUITY</b>			
Government Equity	16	P 470,390.42	P 470,390.42
Retained Earnings		83,782,801.90	70,207,512.28
<b>Total Equity</b>		<b>P 84,253,192.32</b>	<b>P 70,677,902.70</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 185,236,091.96</b>	<b>P 170,558,704.03</b>

(See accompanying Notes to Financial Statements)

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

**Statement of Financial Position**  
As at December 31, 2017  
(With Comparative Figures for CY 2016)

			<u>2017</u>		<u>2016</u>
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	3	P	84,001,491.59	P	70,689,178.60
Receivables, net	4		9,541,841.95		9,848,853.39
Inventories	5		6,753,220.93		5,380,677.87
Other Current Assets	6		441,879.45		420,423.29
<b>Total Current Assets</b>		<b>P</b>	<b><u>100,738,433.92</u></b>	<b>P</b>	<b><u>86,339,133.15</u></b>
<b>NON-CURRENT ASSETS</b>					
Investments	7	P	4,215,647.86	P	4,181,719.10
Property, Plant and Equipment, net	8		80,282,010.18		77,595,842.35
Other Non-Current Assets			0.00		2,442,009.43
<b>Total Non -Current Assets</b>		<b>P</b>	<b><u>84,497,658.04</u></b>	<b>P</b>	<b><u>84,219,570.88</u></b>
<b>TOTAL ASSETS</b>		<b>P</b>	<b><u>185,236,091.96</u></b>	<b>P</b>	<b><u>170,558,704.03</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Current Financial Liabilities	9	P	6,134,667.73	P	23,196,504.89
Inter-Agency Payables	10		349,884.76		313,340.57
Trust Liabilities	11		2,845,078.74		2,845,078.74
Provisions	12		22,952,483.78		0.00
Other Payables	13		113,211.34		98,635.50
<b>Total Current Liabilities</b>		<b>P</b>	<b><u>32,395,326.35</u></b>	<b>P</b>	<b><u>26,453,559.70</u></b>
<b>NON-CURRENT LIABILITIES</b>					
Non-Current Financial Liabilities	14	P	59,237,502.02	P	64,077,170.36
Deferred Credits/Unearned Income	15		9,350,071.27		9,350,071.27
<b>Total Non-Current Liabilities</b>		<b>P</b>	<b><u>68,587,573.29</u></b>	<b>P</b>	<b><u>73,427,241.63</u></b>
<b>TOTAL LIABILITIES</b>		<b>P</b>	<b><u>100,982,899.64</u></b>	<b>P</b>	<b><u>99,880,801.33</u></b>
<b>EQUITY</b>					
Government Equity	16	P	470,390.42	P	470,390.42
Retained Earnings			83,782,801.90		70,207,512.28
<b>Total Equity</b>		<b>P</b>	<b><u>84,253,192.32</u></b>	<b>P</b>	<b><u>70,677,902.70</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P</b>	<b><u>185,236,091.96</u></b>	<b>P</b>	<b><u>170,558,704.03</u></b>

(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, 2017  
(With Comparative Figures for CY 2016)

	Note	<u>2017</u>	<u>2016</u>
<b>Income</b>			
Service and Business Income	17	P 91,858,714.70	P 87,768,697.08
Other Non-Operating Income	18	71,459.00	86,462.35
<b>Total Income</b>		<b>P 91,930,173.70</b>	<b>P 87,855,159.43</b>
<b>Less: Expenses</b>			
Personnel Services	19	P 31,720,451.05	P 27,970,213.12
Maintenance and Other Operating Expenses	20	30,342,408.94	29,327,742.16
Financial Expenses	21	5,704,251.73	6,145,425.30
Non-Cash Expenses	22	7,693,609.01	7,917,681.14
<b>Total Expenses</b>		<b>75,460,720.73</b>	<b>71,361,061.72</b>
<b>Net Income</b>		<b>P 16,469,452.97</b>	<b>P 16,494,097.71</b>

(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, 2017  
(With Comparative Figures for CY 2016)

		<u>2017</u>	<u>2016</u>
<b>Government Equity, Beginning</b>	Note 16	P <u>470,390.42</u>	P <u>470,390.42</u>
<b>Retained Earnings:</b>			
Balance, Beginning		P 70,207,512.28	P 50,395,157.78
Net Income for the year		16,469,452.97	16,494,097.71
Prior Years' Adjustments		(2,894,163.35)	3,318,256.79
Balance, End		P <u>83,782,801.90</u>	P <u>70,207,512.28</u>
<b>Total Equity</b>		P <u><u>84,253,192.32</u></u>	P <u><u>70,677,902.70</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, 2017  
(With Comparative Figures for CY 2016)

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
<b>Cash Inflows:</b>		
Collection of Income/Revenue	P 90,901,491.40	P 87,244,621.48
Proceeds from Sale of Goods and Services	3,168.00	505,240.28
Collection of Receivables	105,619.24	154,321.50
Other Receipts	818,519.58	5,395,205.28
<b>Total Cash Inflows</b>	<u>P 91,828,798.22</u>	<u>P 93,299,388.54</u>
<b>Cash Outflows:</b>		
Payment of Expenses	P 42,561,062.77	P 46,833,808.00
Purchase of Inventories	5,052,220.95	4,822,942.47
Grant of Cash Advances	88,130.00	515,715.00
Prepayments	262,699.04	211,193.79
Payments of Accounts Payable	7,021,215.63	4,331,068.30
Remittances of Personnel Benefit Contribution and		
Mandatory Deductions	7,854,015.96	7,506,605.11
Other Disbursements	0.00	4,109.00
<b>Total Cash Outflows</b>	<u>P 62,839,344.35</u>	<u>P 64,225,441.67</u>
<b>Total Cash Provided (Used) by Operating Activities</b>	<u>P 28,989,453.87</u>	<u>P 29,073,946.87</u>
<b>Cash Flows from Investing Activities:</b>		
<b>Cash Outflows:</b>		
Purchase/Construction of PPE	P 5,133,220.80	2,180,398.00
<b>Total Cash Outflow</b>	<u>P 5,133,220.80</u>	<u>2,180,398.00</u>
<b>Total Cash Provided (Used) by Investing Activities</b>	<u>(5,133,220.80)</u>	<u>(2,180,398.00)</u>
<b>Cash Flows From Financing Activities</b>		
<b>Cash Outflows:</b>		
Payments of Loan Interest and Principal	P 10,543,920.08	P 10,543,566.84
<b>Total Cash Outflows</b>	<u>P 10,543,920.08</u>	<u>P 10,543,566.84</u>
<b>Total Cash Provided (Used) by Financing Activities</b>	<u>P (10,543,920.08)</u>	<u>P (10,543,566.84)</u>
<b>Net Cash Provided (Used) by Operating, Investing and Financing</b>	<u>P 13,312,312.99</u>	<u>P 16,349,982.03</u>
<b>Cash and Cash Equivalents, Beginning</b>	<u>70,689,178.60</u>	<u>54,339,196.57</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>P 84,001,491.59</u></u>	<u><u>P 70,689,178.60</u></u>