



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Pili Water District
Pili, Camarines Sur

We have audited the accompanying financial statements of the Pili Water District, Pili, Camarines Sur, which comprise the Statement of Financial Position as at December 31, 2017, 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 the Philippine Financial Reporting Standards, 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 the 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 significant 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 qualified audit opinion.

Basis for Qualified Opinion


As discussed in Part II of the Audit Report, the book value of the unserviceable properties of the Water District of ₱2.20 million did not reconcile with the balance of ₱1.19 million per Inventory and Inspection Report of Unserviceable Property by ₱1.01 million.

Qualified Opinion

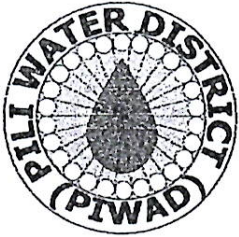
In our opinion, except for the effects and the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Pili Water District as at December 31, 2017, and its comprehensive income and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards.

COMMISSION ON AUDIT

By:


MAREDITH A. BRAZAL
State Auditor IV
OIC- Supervising Auditor

May 22, 2018



Republic of the Philippines
PILI WATER DISTRICT

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Management System
ISO 9001:2015
www.tuv.com
ID: 910604782

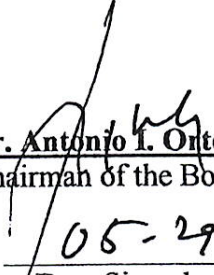
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of the Pili 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.

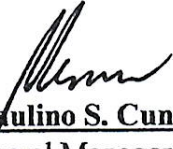
The Commission on Audit has audited the financial statements of the Pili Water District in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


Dr. Antonio I. Ortega
Chairman of the Board

05-29-18
Date Signed


Aileen R. Marcaida, CPA
Senior Financial Planning Specialist

05-25-18
Date Signed


Engr. Paulino S. Cunanan
General Manager

25 May 2018
Date Signed

PILI WATER DISTRICT

Pili, Camarines Sur

Statement of Financial Position

As at December 31, 2017

(With Comparative Figures for CY 2016)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	2	P 52,024,002.11	P 56,297,285.07
Receivables, Net	3	11,135,160.97	11,428,148.68
Inventories	4	16,388,112.60	11,667,375.12
Prepayments	5	753,970.89	654,878.61
Total Current Assets		P 80,301,246.57	P 80,047,687.48
Non-Current Assets			
Investments	6	P 30,558,544.25	P 25,122,528.02
Property, Plant and Equipment, Net	7	197,713,479.16	190,439,305.96
Other Assets	8	2,199,374.32	1,180,584.82
Total Non-Current Assets		P 230,471,397.73	P 216,742,418.80
TOTAL ASSETS		P 310,772,644.30	P 296,790,106.28
LIABILITIES			
Current Liabilities			
Current Financial Liabilities	9	P 17,235,972.30	P 12,805,821.56
Inter-Agency Payables	10	1,502,099.29	882,552.66
Trust Liabilities	11	1,240,280.36	1,243,476.81
Other Payables	12	2,835,481.09	2,091,758.72
Total Current Liabilities		P 22,813,833.04	P 17,023,609.75
Non-Current Liabilities			
Non-Current Financial Liabilities	13	P 60,433,596.90	P 71,731,476.68
Deferred Credits	14	9,418,883.09	9,828,465.53
Total Non-Current Liabilities		P 69,852,479.99	P 81,559,942.21
TOTAL LIABILITIES		P 92,666,313.03	P 98,583,551.96
EQUITY			
Retained Earnings/(Deficit)	15	P 218,106,331.27	P 198,206,554.32
TOTAL EQUITY		P 218,106,331.27	P 198,206,554.32
TOTAL LIABILITES AND EQUITY		P 310,772,644.30	P 296,790,106.28

(See accompanying Notes to Financial Statements)

PILI WATER DISTRICT

Pili, Camarines Sur

Statement of Comprehensive Income
For the Year Ended December 31, 2017
(With Comparative Figures for CY 2016)

	Note	<u>2017</u>	<u>2016</u>
Income			
Service and Business Income	16	<u>₱ 92,705,940.46</u>	<u>₱ 94,445,740.79</u>
Less: Expenses			
Personnel Services	17	₱ 24,105,597.42	₱ 20,861,500.01
Maintenance and Other Operating Expenses	18	26,392,994.47	24,884,073.97
Financial Expenses	19	7,140,404.18	7,783,463.48
Non-Cash Expenses	20	<u>14,123,388.95</u>	<u>12,842,579.86</u>
Total Expenses		<u>₱ 71,762,385.02</u>	<u>₱ 66,371,617.32</u>
Income (Loss) from Operation		<u>₱ 20,943,555.44</u>	<u>₱ 28,074,123.47</u>
Add: Other General Income			
Shares, Grants and Donations	21	171,952.05	651,077.57
Net Income (Loss)		<u>₱ 21,115,507.49</u>	<u>₱ 28,725,201.04</u>

(See accompanying Notes to Financial Statements)

PILI WATER DISTRICT

Pili, Camarines Sur

Statement of Changes in Equity
For the Year Ended December 31, 2017
(With Comparative Figures for CY 2016)

	<u>2017</u>	<u>2016</u>
Appropriated Retained Earnings		
Restricted Capital	P <u>23,380,787.96</u>	P <u>23,380,787.96</u>
Unappropriated Retained Earnings		
Retained Earnings, beginning	P 174,825,766.36	P 150,345,114.73
Add: Net Income for the year	<u>21,115,507.49</u>	<u>28,725,201.04</u>
Total	P <u>195,941,273.85</u>	P <u>179,070,315.77</u>
Less: Prior Years' Adjustment	1,215,730.54	3,783,232.41
Less: Current Years' Adjustment	<u>0.00</u>	<u>461,317.00</u>
Retained Earnings, Ending	P <u>194,725,543.31</u>	P <u>174,825,766.36</u>
 TOTAL EQUITY	 P <u><u>218,106,331.27</u></u>	 P <u><u>198,206,554.32</u></u>

PILI WATER DISTRICT

Pili, Camarines Sur

Statement of Cash Flows

For the Year Ended December 31, 2017

(With Comparative Figures for CY 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Collection of Income/Revenue	P 4,397,896.25	P 4,199,791.41
Collection of service and business income	3,552,388.50	3,214,245.16
Collection of other income	845,507.75	985,546.25
Collection of Receivables	P 85,905,244.91	P 86,453,986.70
Collection of loans and receivables	85,905,244.91	86,453,986.70
Trust Receipts	P 37,175.00	P 32,220.00
Receipt of bail bonds	37,175.00	32,220.00
Other Receipts	P 712,358.34	P 1,270,863.49
Advance collection of income	251,694.68	484,333.95
Refund of guaranty deposits	7,579.99	0.00
Receipt of payment for liquidated damages	0.00	550,792.58
Unused Petty Cash Fund	39,621.70	0.00
Refund of overpayment of MOOE	18,057.29	0.00
Refund of cash advances	211,387.77	235,736.96
Proceeds from Transfer of Funds	100,000.00	0.00
Other Miscellaneous Receipts	84,016.91	0.00
Adjustments	P 115,316.20	P 49,181.70
Restoration of cash for cancelled/lost/stale checks/ADA	115,316.20	49,181.70
Total Cash Inflows	P 91,167,990.70	P 92,006,043.30
Cash Outflows		
Payment of Expenses	P 36,903,555.97	P 35,278,636.64
Payment of personnel services	20,112,074.98	15,733,185.53
Payment of maintenance and other operating expenses	16,791,480.99	19,545,451.11
Purchase of Inventories	P 7,267,035.99	P 8,650,256.95
Purchase of inventory held for consumption	7,267,035.99	8,650,256.95
Grant of Cash Advances	P 1,258,222.45	P 2,066,926.20
Advances to officers and employees	1,258,222.45	2,066,926.20
Prepayments	P 777,603.53	P 853,014.97
Other Prepayments	777,603.53	853,014.97
Payments of Accounts Payable	P 5,185,514.37	P 1,388,545.73
Remittance of Personnel Benefit Contributions and Mandatory Deductions	P 12,669,116.83	P 10,771,661.37
Remittance of taxes withheld	4,854,287.32	3,524,903.30
Remittance to GSIS/Pag-IBIG/PhilHealth	7,814,829.51	7,246,758.07

	<u>2017</u>	<u>2016</u>
Other Disbursements	P <u>0.00</u>	P <u>35,662.50</u>
Refund of bail bond	0.00	12,938.40
Other disbursements - Refund of Advance Payment"	0.00	22,724.10
Adjustments	P <u>17,616,000.00</u>	P <u>17,616,000.00</u>
Other adjustments-Transfer of funds from LBP CA to DI	17,616,000.00	17,616,000.00
Adjustments: transfer of funds from LBP-DBP	0.00	0.00
Total Cash Outflows	P <u>81,677,049.14</u>	P <u>76,660,704.36</u>
Net Cash Provided by (Used in) Operating Activities	P <u>9,490,941.56</u>	P <u>15,345,338.94</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Receipt of Interest earned	P 279,027.70	P 255,452.81
Adjustments Proceeds of funds from LBP to DBP	22,078,567.08	22,242,983.55
Total Cash Inflows	P <u>22,357,594.78</u>	P <u>22,498,436.36</u>
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	P <u>13,421,503.27</u>	P <u>10,078,132.07</u>
Purchase of Land	P 302,400.00	P 0.00
Payment for land improvements	0.00	500,000.00
Construction of infrastructure assets	0.00	4,488,243.53
Construction of buildings and other structures	880,007.64	2,143,352.82
Purchase of machinery and equipment	2,887,471.84	1,956,176.87
Purchase of transportation equipment	2,594,522.00	735,969.00
Purchase of furniture, fixtures and books	35,663.35	90,059.85
Construction in Progress	6,474,263.04	0.00
Purchase of other property, plant and equipment	247,175.40	164,330.00
Adjustments: Reserve(Sinking fund)	P <u>5,084,316.00</u>	P <u>5,084,316.00</u>
Total Cash Outflows	P <u>18,505,819.27</u>	P <u>15,162,448.07</u>
Net Cash Provided By (Used In) Investing Activities	P <u>3,851,775.51</u>	P <u>7,335,988.29</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows		
Total Cash Inflows	P <u>0.00</u>	P <u>0.00</u>
Cash Outflows		
Payment of Long-Term Liabilities	P <u>17,616,000.03</u>	P <u>17,616,000.01</u>
Payment of domestic loans	17,616,000.03	17,616,000.01
Total Cash Outflows	P <u>17,616,000.03</u>	P <u>17,616,000.01</u>
Net Cash Provided By (Used In) Financing Activities	P <u>(17,616,000.03)</u>	P <u>(17,616,000.01)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	P <u>(4,273,282.96)</u>	P <u>5,065,327.22</u>
Cash and Cash Equivalents, January 1	56,297,285.07	51,231,957.85
Cash and Cash Equivalents, December 31	P <u>52,024,002.11</u>	P <u>56,297,285.07</u>