



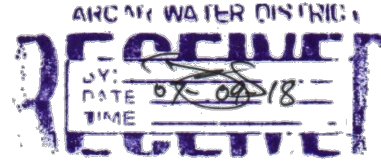
Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. VII  
Cebu City

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June 29, 2018

**ENGR. EDWARD L. REMO**

General Manager  
Carcar Water District  
Carcar City, Cebu



Dear Engr. Remo:

We are pleased to transmit the report on the results of the audit of the accounts and operations of the Carcar Water District for the year ended December 31, 2016, prepared by our Audit Team headed by Jenny D. Dayola as OIC-Supervising Auditor and Bernadette I. Gloria as OIC-Audit Team Leader, 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 made to (a) ascertain the level of assurance that may be placed on management assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' unimplemented audit recommendations.

The audit was conducted in accordance with the Philippine Public Sector Standards on Auditing and we believe that it provided a reasonable basis for the audit results. We expressed a qualified opinion on the fairness of the presentation of the financial statements in view of the following exceptions noted that need immediate action.

1. The Construction in Progress (CIP) account still included completed projects aggregating ₱20.125 million as at December 31, 2016 which is contrary to COA Circular 2015-010 dated December 1, 2015, thereby, resulting in the misstatement of the affected asset accounts and the related accumulated depreciation and the understatement of the depreciation expense for CY 2016.
2. The unused portion of earned leave credits of employees of CWD as of December 31, 2016 with money value totaling ₱2.126 million was not recognized as liability, which is contrary to Paragraph 11 of the Philippine Accounting Standards (PAS) 19 and COA Circular 2015-010 dated December 1, 2015, thereby, resulting in the understatement of the liability account as at year end.

Furthermore, the following conditions which were noted in previous audit report have not been resolved as of December 31, 2016:

- The balance of the Property, Plant and Equipment (PPE) account aggregating ₱139.110 million still cannot be relied upon due to the unresolved differences between the GL balance, the lapsing schedule and the results of the physical count.
- The audit recommendation for Management to reconcile the variances of the balances between the results of the physical inventory count and the balances appearing in the Stock Cards (SC), Supplies Ledger Cards (SLC) and General Ledger (GL) for the three inventory accounts totaling ₱3.958 million was only acted partially, thus, affecting the reliability of the account balance as at year end.

The above and other audit observations, together with the recommended courses of action which were discussed by the Audit Team Leader with you and your staff in an exit conference on June 26, 2018, are discussed in detail in Parts II and III of the report.

We request that the recommended remedial measures be implemented and we will appreciate being informed of the action(s) taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation (form attached) within 60 days from receipt hereof.

We acknowledge the cooperation and support that you and your staff extended to our Audit Team during the audit which facilitated the completion of this report.

Very truly yours,



**ATTY. EDEN T. RAFANAN**  
Regional Director



Copy Furnished:

- a. President of the Republic of the Philippines
- b. Vice-President
- c. President of the Senate
- d. Speaker of the House of Representative
- e. Chairperson-Senate Finance Committee
- f. Chairperson-Appropriations Committee
- g. Secretary of the Department of Budget and Management
- h. Presidential Management Staff, Office of the President
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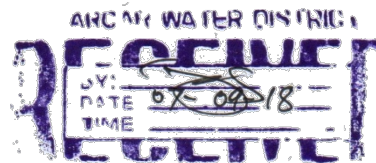
Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. VII  
Cebu City

---

June 29, 2018

**THE BOARD OF DIRECTORS**

Carcar Water District  
Carcar City, Cebu



Gentlemen:

We are pleased to transmit the report on the results of the audit of the accounts and operations of the Carcar Water District for the year ended December 31, 2016, prepared by our Audit Team headed by Jenny D. Dayola as OIC-Supervising Auditor and Bernadette I. Gloria as OIC-Audit Team Leader, 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.

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The audit was conducted in accordance with the Philippine Public Sector Standards on Auditing and we believe that it provided a reasonable basis for the audit results. We expressed a qualified opinion on the fairness of the presentation of the financial statements in view of the following exceptions noted that need immediate action.

3. The Construction in Progress (CIP) account still included completed projects aggregating ₱20.125 million as at December 31, 2016 which is contrary to COA Circular 2015-010 dated December 1, 2015, thereby, resulting in the misstatement of the affected asset accounts and the related accumulated depreciation and the understatement of the depreciation expense for CY 2016.
4. The unused portion of earned leave credits of employees of CWD as of December 31, 2016 with money value totaling ₱2.126 million was not recognized as liability, which is contrary to Paragraph 11 of the Philippine Accounting Standards (PAS) 19 and COA Circular 2015-010 dated December 1, 2015, thereby, resulting in the understatement of the liability account as at year end.

Furthermore, the following conditions which were noted in previous audit report have not been resolved as of December 31, 2016:

- The balance of the Property, Plant and Equipment (PPE) account aggregating ₱139.110 million still cannot be relied upon due to the unresolved differences between the GL balance, the lapsing schedule and the results of the physical count.
- The audit recommendation for Management to reconcile the variances of the balances between the results of the physical inventory count and the balances appearing in the Stock Cards (SC), Supplies Ledger Cards (SLC) and General Ledger (GL) for the three inventory accounts totaling ₱3.958 million was only acted partially, thus, affecting the reliability of the account balance as at year end.

In a separate transmittal letter of even date, we requested the General Manager to take appropriate actions on the current and prior years' audit recommendations as contained in the attached report and to inform us of the actions taken thereon within sixty (60) days from receipt of the COA Annual Audit Report.

We acknowledge the cooperation and support that you and your staff extended to our Audit Team during the audit which facilitated the completion of this report.

Very truly yours,



**ATTY. EDEN T. RARANAN**  
Regional Director



Copy Furnished:

- a. President of the Republic of the Philippines
- b. Vice-President
- c. President of the Senate
- d. Speaker of the House of Representative
- e. Chairperson-Senate Finance Committee
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**ANNUAL AUDIT REPORT  
ON THE  
CARCAR WATER DISTRICT  
Carcar City, Cebu**

**For Calendar Year 2016**

## EXECUTIVE SUMMARY

### A. INTRODUCTION

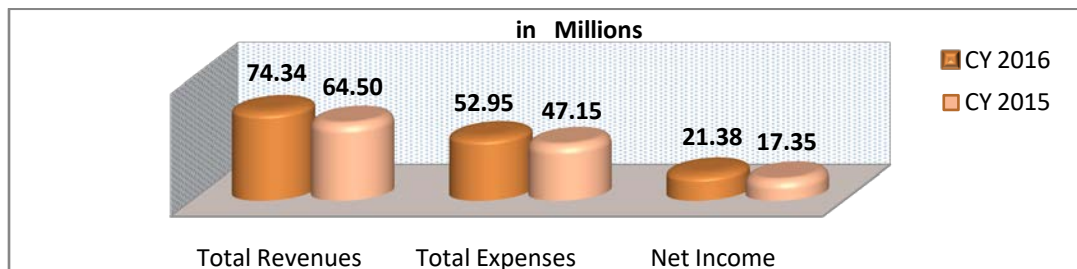
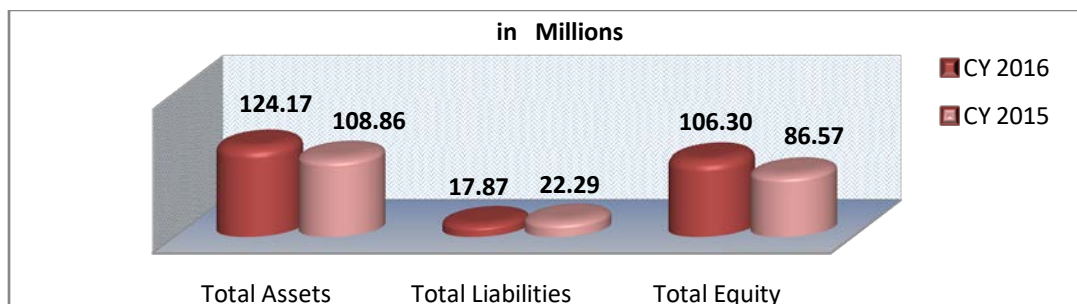
Carcar Water District (CWD) is a government-owned and controlled corporation created and existing by virtue of P.D. 198 as amended. A Certificate of Conformance, Certificate No. 117 was issued by the Local Water Utilities Administration (LWUA) to CWD on May 30, 1980 validating its operations as one of the water districts of the country. Effective November 2014, upon the approval of the LWUA, CWD was re-categorized from Category C to Category B Water District.

The primary objective of CWD is to provide sufficient potable water to the residents of Carcar City utilizing available sources of water and applying appropriate water treatment measures to ensure the water is safe for the consumption of its concessionaires.

As of December 31, 2016, CWD had a total workforce of 96 employees composed of 47 regular personnel, 22 casuals and 27 job order employees. CWD is headed by General Manager Edward L. Remo.

### B. FINANCIAL HIGHLIGHTS

The financial position and results of operations for Calendar Years 2015 and 2016 are summarized in the following graphs:



The Corporate Operating Budget for CY 2016 in the amount of ₱97.34 million was passed on December 7, 2015 thru Board Resolution No. 47 Series of 2015. The proposed amount shall cover disbursements for operations & maintenance, payroll, debt service, capital expenditure and other necessary expenses.

### C. OPERATIONAL HIGHLIGHTS

The following were among the reported accomplishments of the Water District for the year as compared with that of previous year:

Category	2016	2015	Increase (Decrease)
<b>Service Connections</b>			
Total Services	17,372	15,630	1,742
Total Active	14,638	12,902	1,736
Total Metered	14,638	12,902	1,736
Total Billed Concessionaires	14,378	12,808	1,570
<b>Water Production</b>			
Pumped	1,609,787 m <sup>3</sup>	1,100,093 m <sup>3</sup>	509,694 m <sup>3</sup>
Gravity	2,618,320m <sup>3</sup>	2,732,168 m <sup>3</sup>	(113,848 m <sup>3</sup> )

### D. SCOPE OF AUDIT

The audit covered the financial transactions of CWD for Calendar Year 2016. The objectives of the audit were primarily to; (a) ascertain the level of assurance that may be placed on management assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations. On a test basis, it also included a review on the propriety of disbursements and other financial transactions to determine whether or not the transactions were made in accordance with existing laws, rules and regulations.

### E. AUDITOR'S REPORT

The auditor expressed a qualified opinion on the fairness of the financial statements of the CWD for the year ended December 31, 2016 due to the audit exceptions as stated in the Independent Auditor's Report and as discussed in Part II and in brief, in Part III of this Annual Audit Report.

### F. OBSERVATIONS AND RECOMMENDATIONS

The following are among the significant findings, with the corresponding audit recommendations, which are discussed in detail in Part II of the herein report:

1. The Construction in Progress (CIP) account still included completed projects aggregating ₱20.125 million as at December 31, 2016 which is contrary to COA Circular 2015-010 dated December 1, 2015, thereby, misstating the affected asset accounts and the related accumulated depreciation and the understatement of the depreciation expense for CY 2016.

We recommended that Management require the Department Manager A, Accounting Department, to draw the Journal Vouchers for the reclassification of the completed projects from the CIP account to the appropriate asset accounts. Thereafter, require the computation of the monthly depreciation expense.

Also, we reiterated our previous year's recommendation that Management review the schedules supporting the CIP accounts so that the needed adjustments can be effected before the closing of the books of accounts.

2. The unused portion of earned leave credits of employees of CWD as of December 31, 2016 with money value totaling ₱2.126 million was not recognized as liability, which is contrary to Paragraph 11 of the Philippine Accounting Standards (PAS) 19 and COA Circular 2015-010 dated December 1, 2015, thereby, resulting in the understatement of the liability account as at year end.

We recommended that Management require the OIC, Division Manager- Finance, to draw the Journal Voucher for the booking of the money value of the unused portion of the earned leave credits of employees as of December 31, 2016. Also, Management strictly adhere with the provisions of PAS 19 in recording the transactions pertaining to employees' benefits.

3. Monetization of ten (10) days leave credits were granted to the Water District employees even if their accumulated Vacation Leave (VL) was less than 15 days and the required five days to be retained after monetization was not observed, hence, contrary to the provision of Section 22 of the Civil Service Commission (CSC) Memorandum Circular No. 41 series of 1998. Moreover, the number of days monetized and actually paid to two employees was not deducted from their respective leave balance as reflected in the leave cards.

We recommended that Management limit the grant of monetization of leave credits to officials and employees who meet the required number of leave credits pursuant to Section 22 of CSC Memorandum Circular 41, series of 1998.

We also recommended that Management institute a periodic checking/ review of the employees' accumulated leave credits to ensure correctness of the recorded leave balances.

## **G. IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Of the fifteen (15) audit recommendations that were still for implementation as of December 31, 2015 (contained in the Audit Report covering CY 2015), five(5) were fully implemented, five (5) partially implemented and the remaining five (5) were considered not implemented as of December 31, 2016.



## **H. ON GENDER AND DEVELOPMENT**

CWD had prepared a Gender and Development Plan and Budget for CY 2016. In CY 2016, ₱4.834 million was allotted for GAD activities or 4.97% of the total budget of ₱97.34 million.

## **I. ON COMPLIANCE WITH TAX LAWS**

The regulations of the Bureau of Internal Revenue (BIR) on the withholding of required taxes were substantially complied with by CWD. The withheld taxes were remitted regularly to the BIR along with the franchise tax due from CWD as seller of water. The details of the taxes remitted to the BIR during the year as follows:

<b>Code</b>	<b>Tax Description</b>	<b>Amount</b>
1601-E	Expanded W/holding Tax	₱ 338,687.43
1601-C	W/holding Tax – Compensation	837,536.07
1600	VAT	1,468,747.91
2551-M	Franchise Tax	1,299,410.18
<b>TOTAL</b>		<b>₱ 3,944,381.59</b>

## **J. ON GSIS DEDUCTIONS AND REMITTANCES**

CWD has been consistently deducting from the salaries of their employees the mandatory GSIS Life and Retirement insurance premiums (personal share) and loan repayments. These deductions and the government share for the employees' insurance premiums were remitted to the GSIS on time. The following were remitted in CY 2016:

<b>Transactions Covered by the Remittance</b>	<b>Amount</b>
GSIS Life and Retirement Premiums (Government Share)	₱ 1,637,341.18
Employees Compensation Contributions	83,367.20
GSIS Life and Retirement Premiums (Personal Share)	1,228,005.86
Consolidated Loan Repayments	1,549,325.39
E-card Cash Advance	13,885.88
Educational Assistance Loan	78,905.96
Emergency Loan	550,670.40
Policy Loan	7,000.00
Policy Loan-Optional	2,844.00
HELP (Home Emergency Loan Program)	-
Home Emergency	-
Housing Loan	-
Unlimited Life Insurance	-
<b>TOTAL</b>	<b>₱ 5,151,345.87</b>

**K. ON UNSETTLED SUSPENSIONS, DISALLOWANCES AND CHARGES**

In CY 2016, a notice of disallowance was issued to CWD on the payment of the annual town fiesta souvenir program and anniversary bonus to regular and contractual personnel.

	<b>Beginning Balance December 31, 2015</b>	<b>Issued during the year</b>	<b>Balance December 31, 2017</b>
Notice of Suspension	-	-	-
Notice of Disallowance	-	₱ 144,000.00	₱ 144,000.00
Notice of Charge	-	-	-
<b>Total</b>	-	<b>₱ 144,000.00</b>	<b>₱ 144,000.00</b>



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

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**INDEPENDENT AUDITOR'S REPORT**

**The Board of Directors**

Carcar Water District  
Carcar City, Cebu

*Report on the Financial Statements*

We have audited the accompanying financial statements of the Carcar Water District (CWD), which comprise the statement of financial position as at December 31, 2016 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*

The management of CWD 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 misstatements, 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, on a test basis, 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*

In forming our audit opinion, we considered the following audit observations which are discussed in detail in Part II and Part III (in brief) of the herein report:

5. The Construction in Progress (CIP) account still included completed projects aggregating ₱20.125 million as at December 31, 2016 which is contrary to COA Circular 2015-010 dated December 1, 2015, thereby, resulting in the misstatement of the affected asset accounts and the related accumulated depreciation and the understatement of the depreciation expense for CY 2016.
6. The unused portion of earned leave credits of employees of CWD as of December 31, 2016 with money value totaling ₱2.128 million was not recognized as liability, which is contrary to Paragraph 11 of the Philippine Accounting Standards (PAS) 19 and COA Circular 2015-010 dated December 1, 2015, thereby, resulting in the understatement of the liability account as at year end.

Also, the following conditions which were noted in previous audit report have not been resolved as of December 31, 2016:


- The balance of the Property, Plant and Equipment (PPE) account aggregating ₱139.110 million still cannot be relied upon due to the unresolved differences between the GL balance, the lapsing schedule and the results of the physical count.
- The audit recommendation for Management to reconcile the variances of the balances between the results of the physical inventory count and the balances appearing in the Stock Cards (SC), Supplies Ledger Cards (SLC) and General Ledger (GL) for the three inventory accounts totaling ₱3.958 million was only acted partially, thus, affecting the reliability of the account balance as at year end.

*Qualified Opinion*

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Carcar Water District as at December 31, 2016 and its financial performance and its cash flows for the year ended December 31, 2016 in accordance with Philippine Financial Reporting Standards.

**COMMISSION ON AUDIT**

By:

  
JENNY D. DAYOLA  
OIC, Supervising Auditor

June 28, 2018



## **CARCAR WATER DISTRICT**

San Vicente St., Pob. I, Carcar City, Cebu, Philippines

Tel. No. 487-8525/487-9141/487-8500

[www.carcarwaterdistrict.gov.ph](http://www.carcarwaterdistrict.gov.ph)



Management  
System  
ISO 9001:2015



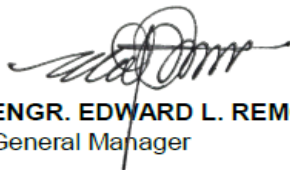
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### **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

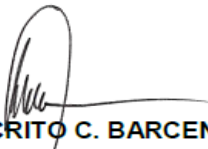
The Management of Carcar Water District is responsible for the preparation of the financial statements as at December 31, 2016 including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing 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 responsible 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 Carcar Water District in accordance with the Philippine Financial reporting Standards and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.



**ENGR. EDWARD L. REMO**  
General Manager



**ATTY. DEMOCRITO C. BARCENAS**  
Chairman, Board of Directors



**JOSEFA SALVACION N. MANUGAS**  
Department Manager B

**CARCAR WATER DISTRICT**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**

(With comparative figures for the year ended December 31, 2015 and January 1, 2015)

	Note	2016	2015	January 1, 2015 as restated
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	4	₱ 11,509,162.56	₱ 14,870,564.88	₱ 15,949,361.08
Receivables - net	5	6,033,183.80	5,078,025.49	5,580,077.05
Inventories	6	3,775,485.57	4,198,664.91	2,265,725.88
<b>Total Current Assets</b>		<b>21,317,831.93</b>	<b>24,147,255.28</b>	<b>23,795,164.01</b>
Non-Current Assets				
Property, Plant & Equipment - net	7	98,730,805.97	80,747,213.29	68,937,877.42
Intangible Assets - net	8	479,032.53	570,079.15	641,262.25
Other Assets	9	3,639,694.92	3,393,253.62	3,380,702.71
<b>Total Non-Current Assets</b>		<b>102,849,533.42</b>	<b>84,710,546.06</b>	<b>72,959,842.38</b>
<b>TOTAL ASSETS</b>		<b>₱ 124,167,365.35</b>	<b>₱ 108,857,801.34</b>	<b>₱ 96,755,006.39</b>
<b>LIABILITIES AND EQUITY</b>				
Current Liabilities				
Financial Liabilities	10	₱ 4,643,187.02	₱ 5,128,906.99	₱ 1,191,088.18
Inter-Agency Payables	11	868,640.82	751,609.20	721,698.29
Trust Liabilities	12	971,536.89	712,499.66	312,817.20
Other Unearned Revenue/Income	13	(979,527.04)	299,079.96	(70,025.98)
Other Payables	14	135,786.54	82,515.54	(138,356.62)
<b>Total Current Liabilities</b>		<b>5,639,624.23</b>	<b>6,974,611.35</b>	<b>2,017,221.07</b>
Non Current Liabilities				
Financial Liabilities	10	12,231,432.04	15,312,356.02	23,227,123.51
<b>Total Non Current Liabilities</b>		<b>12,231,432.04</b>	<b>15,312,356.02</b>	<b>23,227,123.51</b>
<b>Total Liabilities</b>		<b>17,871,056.27</b>	<b>22,286,967.37</b>	<b>25,244,344.58</b>
Equity				
Government Equity		3,549,905.53	3,549,905.53	3,549,905.53
Retained Earnings		102,746,403.55	83,020,928.44	67,960,756.28
<b>Total Equity</b>		<b>106,296,309.08</b>	<b>86,570,833.97</b>	<b>71,510,661.81</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱ 124,167,365.35</b>	<b>₱ 108,857,801.34</b>	<b>₱ 96,755,006.39</b>

See accompanying Notes to Financial Statements.

**CARCAR WATER DISTRICT**  
**STATEMENTS OF COMPREHENSIVE INCOME (PFRS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015**

	Note	2016	2015
<b>Income</b>			
Service and Business Income	15 P	74,066,364.23 P	64,501,788.89
Gains	16	269,346.43	-
<b>Gross Income</b>		<b>74,335,710.66</b>	<b>64,501,788.89</b>
<b>Expenses</b>			
Personnel Services	17	25,947,750.28	24,745,276.01
Maintenance and Other Operating Expenses	18	19,262,210.04	14,469,771.37
Financial Expenses	19	1,117,154.82	2,108,024.76
Non-Cash Expenses	20	6,627,060.92	5,824,790.02
<b>Total Expenses</b>		<b>52,954,176.06</b>	<b>47,147,862.16</b>
<b>Net Income</b>		<b>21,381,534.60</b>	<b>17,353,926.73</b>
<b>Other Comprehensive Loss</b>			
Loss on Sale of Assets		9,269.79	-
<b>Comprehensive Income</b>	P	<b>21,372,264.81 P</b>	<b>17,353,926.73</b>

See accompanying Notes to Financial Statements.

**CARCAR WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Cash Flows from Operating Activities		
Cash Inflows		
Collection of Water Bills	₱ 63,736,773.69	₱ 57,758,744.46
Collection of Penalty	2,343,317.83	2,217,417.71
Collection of Other Water Revenues	1,519,191.11	582,723.18
Receipt from Sales of Installation Materials	1,379,465.72	1,282,739.92
Receipt of Installation Fees	2,740,520.52	2,404,253.20
Refund of overpayment of expenses and Cash Advances	484,836.22	590,663.96
Receipt of Performance/Bidders/Bail Bonds	178,603.50	-
Unreleased Checks as of Dec 31, 2016	116,778.35	-
Total Cash Inflows	72,499,486.94	64,836,542.43
Cash Outflows		
Payment of Operating Expenses	45,331,150.01	41,234,431.84
Purchase of Materials Inventory	8,556,900.02	9,288,472.33
Refund of Bidder's Bonds	50,024.30	-
Transfer to Restricted Fund	6,000.00	-
Taxes, Duties and Licenses	1,394,486.40	1,272,065.47
Purchase of Office Supplies Inventory	304,591.81	301,489.80
Total Cash Outflows	55,643,152.54	52,096,459.44
Total Cash Provided (Used) by Operating Activities	16,856,334.40	12,740,082.99
Cash Flows from Investing Activities		
Cash Inflows		
Interest on Bank Deposits	60,861.28	65,509.28
Total Cash Inflows	60,861.28	65,509.28
Cash Outflows		
Purchase/Construction of		
Land/Building	464,275.00	27,500.00
Plant (UPIS)	11,243,496.85	-
Office Equipment, Furniture and Fixtures	1,473,995.09	474,735.88
Transportation Equipment	1,322,054.00	1,635,580.00
Other Property, Plant and Equipment	764,364.45	5,611,038.02
Deposit to JSA and Expropriation Reserve	-	6,000.00
Total Cash Outflows	15,268,185.39	7,754,853.90
Total Cash Provided (used) by Investing Activities	(15,207,324.11)	(7,689,344.62)
Cash Flows from Financing Activities		
Cash Inflows		
Cash Outflows		
Cash payment of Interest on Loans Payable	1,117,154.82	2,133,503.10
Payments of domestic loans	3,893,257.79	3,996,031.47
Total Cash Outflows	5,010,412.61	6,129,534.57
Total Cash Used in Financing Activities	(5,010,412.61)	(6,129,534.57)
Net Cash Flow	(3,361,402.32)	(1,078,796.20)
Cash and Cash Equivalents, beginning	14,870,564.88	15,949,361.08
Cash and Cash Equivalents, ending	₱ 11,509,162.56	₱ 14,870,564.88

See accompanying Notes to Financial Statements



**CARCAR WATER DISTRICT**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS OF DECEMBER 31, 2016**  
(With comparative figures for the year ended December 31, 2015)

		Retained Earnings		Government Equity		Total
<b>Restated Balance at January 1, 2015</b>	<b>P</b>	<b>67,960,756.28</b>	<b>P</b>	<b>3,549,905.53</b>	<b>P</b>	<b>71,510,661.81</b>
Prior Years' Adjustments		(2,293,755.03)				(2,293,755.03)
Net Income for the Period		17,353,927.19				17,353,927.19
<b>Balance at December 31, 2015</b>	<b>P</b>	<b>83,020,928.44</b>	<b>P</b>	<b>3,549,905.53</b>	<b>P</b>	<b>86,570,833.97</b>
Prior Years' Adjustments		(293,265.90)				(293,265.90)
Reclassification of Accounts (PFRS)		(1,353,523.80)				(1,353,523.80)
Net Income for the Period		21,372,264.81				21,372,264.81
<b>Balances, December 31, 2016</b>	<b>P</b>	<b>102,746,403.55</b>	<b>P</b>	<b>3,549,905.53</b>	<b>P</b>	<b>106,296,309.08</b>

See accompanying Notes to Financial Statements.

**CARCAR WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2016**

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**1. GENERAL INFORMATION**

Carcar Water District (CWD) is a government owned and controlled corporation created and existing by virtue of P.D. 198, as amended. A Certificate of Conformance, Certificate No. 117, was issued by the Local Water Utilities Administration (LWUA) to CWD on May 30, 1980 validating its operations as one of the water districts of the country. Under the Revised Local Water District Manual on Categorization Re-Categorization and Other Matters (LWD-MaCRO), Carcar Water District was re-categorized to Category “B” effective November 2014.

The primary objective of the Water District is to provide sufficient potable water to the residents of the town of Carcar (now a City) utilizing available sources of water and applying appropriate water treatment measures to ensure that water is safe for the consumption of the concessionaires.

In compliance with Philippine Accounting Standard (PAS) No. 10, the accompanying CY 2016 financial statements of the Carcar Water District were authorized for release thru Board Resolution No. 4, series of 2017 dated February 8, 2017.

In compliance with MC 2016-1 issued by the Department of Budget and Management, Carcar Water District implemented its Quality Management System for ISO 9001:2015 last August 2016 and was duly certified by the end of the year.

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**2.1 *Statement of Compliance***

The Water District’s financial statements were previously prepared in accordance with the uniform and standard accounting system prescribed by the Local Water Utilities Administration (LWUA). With the issuance of Commission on Audit (COA) Circular No. 2016-006 dated December 29, 2016, which is the implementing guidelines of COA Circular No. 2015-010 dated December 1, 2015, the District’s financial statements for the year ended December 31, 2016 have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

The COA, in their circulars, mandates for the adoption of the Revised Chart of Accounts (RCA) for Government Corporations (GCs), which include Water Districts. It recognizes the need to revise the existing chart of accounts of GCs to provide new accounts for the adoption of the PPSAS, Philippine Financial Reporting Standards (PFRS), and Philippine Accounting Standards (PAS), harmonized with the International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS) to enhance the accountability and transparency of the financial reports, and ensure comparability of financial information.

The Water District is a first-time adopter of the PFRS in its December 31, 2016 financial statements. Hence, as first-time adopter, the presentation and classification of accounts in the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows and the notes are prepared in accordance with the rules and regulations of the PFRS for first-time adopters.

For Calendar Year (CY) 2016, as instructed under COA Circular No. 2016-006, an entity's first PFRS financial statements shall include Statements of Financial Position as at December 31, 2016, December 31, 2015 and January 1, 2015 (the account balances as at December 31, 2014).

*PAS 1, Presentation of Financial Statements*, provides framework of financial statements presentation. It requires more specific statement of financial position line items as applicable to the entity. The standard requires presentation of comparative financial statements and information.

*PAS 2, Inventories*, Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined using the moving average method. Per COA Circular No. 2015-010 dated December 1, 2015 (adoption of the Revised Chart of Accounts for GCs), property, plant and equipment with cost below ₱15,000.00 are classified as Semi Expendable Inventory.

*PAS 16, Property, Plant and Equipment*, provides additional guidelines and clarification on recognition and measurement of items of property, plant and equipment. It also provides that each part of an item, property, plant and equipment with a cost that is in significant relation to the total cost of the item shall be depreciated separately. Property, Plant and Equipment with cost of below ₱15,000.00 per COA Circular No. 2015-010 dated December 1, 2015 (adoption of the Revised Chart of Accounts for GCs) are reclassified as Semi-Expendable Equipment.

*PAS 19, Employee Benefits*, the objective of this standard is to prescribe the accounting and disclosure of employee benefits (that is all forms of consideration given by an entity in exchange of service rendered by employees). The standard requires an entity to recognize a liability when an employee has provided services in exchange for employee benefits to be paid in the future; and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

*PAS 36, Impairment of Assets*, provides that an asset is impaired when its carrying amount exceeds its recoverable amount. Indications of impairments are the following: obsolescence or physical damage; asset is held for disposal and there is evidence that the economic performance of an asset is, or will be, worse than expected.

## **2.2 *Basis of Preparation of Financial Statements***

The financial statements of CWD have been prepared using the historical cost basis, unless stated otherwise, and are presented in Philippines Peso (₱), which is the District's functional and presentation currency.

# **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

## **3.1 *Basis of Accounting***

The Water District's financial statements are prepared on an accrual basis in accordance with the PFRS.

## **3.2 *Cash and Cash Equivalents***

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of changes in values. Due to the short term maturity of the transaction, the fair value of cash and cash equivalents approximates the amount at the time of initial recognition. These deposits earn interest at the prevailing market rate.

## **3.3 *Receivable***

Receivables are recognized and carried at original billed amount. Allowance for Impairment-Accounts Receivable is set-up in order to serve as back-up for potential losses on receivables. But as of this time the provision set-up for Allowance for Impairment-Receivable is considered not adequate to cover the possible losses on receivable.

### **3.4 *Inventories***

Inventories are assets that are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventory is measured at cost upon initial recognition. The Water District includes in the cost of inventories all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Inventories are stated at a weighted average cost method. Under the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period.

Inventories are recognized as an expense when deployed for the utilization or consumption in the ordinary course of operations of the Water District.

### **3.5 *Prepaid Expenses***

Prepaid expenses are individually measured at transaction costs and are subsequently amortized as they are used in operations or as they expire with the passage of time. These typically include prepayments on insurance, subscriptions and other prepaid expenses.

### **3.6 *Property, Plant and Equipment***

#### **Recognition**

An item is recognized as property, plant and equipment (PPE) if it meets the characteristics and recognition criteria as PPE, as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- it is probable that the future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

### **Measurement at Recognition**

An item recognized as PPE is measured at cost. A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent at the recognition date or, for PPE acquired through non cash-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and;
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.

### **Measurement after Recognition**

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, the Water District recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in the statement of comprehensive income as incurred.

## ***Depreciation***

Depreciation is a method of allocating the cost of a tangible asset over its estimated useful life. Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

### Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

### Depreciation Method

The straight-line method of depreciation is adopted unless another method is more appropriate for agency operation. The residual value of the PPE is deducted in computing for its depreciation.

### Estimated Useful Life

CWD uses the life span of PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experienced.

As of the moment CWD uses a residual value equivalent to at least ten percent (10%) of the cost of the PPE.

### Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. Regular review of the Water District's PPE shall determine if there are items that may be impaired.

### Derecognition

The Water District derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

## **3.7 *Intangible Assets***

### **Recognition and Measurement**

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost comprising of a) its purchase price including import duties and non-refundable taxes after deducting trade discounts and rebates; b) any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure on an in-process research or development project acquired separately and recognized as an intangible asset is:

- recognized as an expense when incurred if it is research expenditure;
- recognized as an expense when incurred if it is development expenditure that does not satisfy the criteria for recognition as an intangible asset; and
- added to the carrying amount of the acquired in-process research or development project if it is development expenditure that satisfies the recognition criteria for intangible assets.

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date these were acquired.

### ***Internally Generated Intangible Assets***

In the recognition of internally generated intangible asset, the entity shall classify the generation of an asset into a) research phase and b) development phase.



### Recognition of an Expense and Cost of the Asset

Expenditures on research phase shall be recognized as expenses when they are incurred. In the development phase, an entity in some instances identifies an intangible asset and demonstrates that the asset will generate probable future economic benefits. Cost of an internally generated intangible asset comprises of all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management.

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

### Subsequent Measurement

The useful life of intangible assets is assessed as either finite or indefinite. An intangible asset with a finite life is amortized over its useful life while the intangible asset with infinite useful life will not be amortized.

The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful life or an intangible asset not yet available for use is assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the profit and loss as expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit and loss when the asset is derecognized.

### 3.8 *Revenue and Expense Recognition*

Revenue is the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an entity (such as sales of goods, sales of services, interest, royalties, and dividends). Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Water District and the amount of revenue can be measured reliably.

The Water District recognizes the revenue when the related water services are rendered to the customers. Water services are billed every month according to the bill cycles of the customers.

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## 4. CASH AND CASH EQUIVALENTS

	2016	2015	2014
Cash in Bank - Current / Savings Accounts	<b>₱ 11,384,238.53</b>	₱ 14,686,888.48	₱ 15,741,446.60
Cash – Collecting Officer	<b>124,924.03</b>	183,676.40	207,914.92
Total	<b>₱ 11,509,162.56</b>	₱ 14,870,564.88	₱ 15,949,361.08

All collections of the water district are promptly deposited in the depository banks. The cash on hand at the end of the year are those collections that remain as deposit in transit, crediting to the bank accounts at the beginning of the succeeding year.

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## 5. RECEIVABLES

This account consists of:

	2016	2015	2014
Accounts Receivables	<b>₱ 5,831,046.38</b>	₱ 4,866,646.88	₱ 5,356,474.92
Less: Allowance for Impairment - Accounts Receivables	<b>158,894.00</b>	149,651.91	146,120.99
Due from Officers and Employees	<b>50,847.80</b>	44,670.25	58,949.21
Due from Local Government Units	<b>150,000.00</b>	150,000.00	150,000.00
Other Receivables	<b>160,183.62</b>	166,360.27	160,773.91
Total	<b>₱ 6,033,183.80</b>	₱ 5,078,025.49	₱ 5,580,077.05

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## 6. INVENTORIES

This account is composed of the following:

	2016	2015	2014
Office Supplies Inventory	<b>₱ 192,126.12</b>	₱ 187,549.46	₱ 124,481.19
Chemicals and Filtering Supplies Inventory	<b>(98.79)</b>	(98.79)	(98.79)
Other Materials and Supplies Inventory	<b>87,503.66</b>	56,695.35	50,688.78
Construction Materials Inventory	<b>(182,304.33)</b>	(182,304.33)	(182,304.33)
Other Materials and Supplies Inventory	<b>3,678,258.91</b>	4,136,823.22	2,272,959.03
<b>Total</b>	<b>₱ 3,755,485.57</b>	<b>₱ 4,198,664.91</b>	<b>₱ 2,265,725.88</b>

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## 7. PROPERTY PLANT AND EQUIPMENT

	Land	Plant-Utility Plant in Service (UPIS)	Construction in Progress	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture & Fixtures	Total
<i>As at December 31, 2016</i>								
<b>Carrying Amount, January 2016</b>	₱2,775,968.02	₱49,902,579.77	₱14,816,274.24	₱ 5,923,712.56	₱ 4,676,253.91	₱ 2,411,774.69	₱ 240,650.10	<b>₱80,747,213.29</b>
Additions/ Acquisitions	464,275.00	7,574,977.16	17,373,154.64	0.00	938,453.15	1,625,000.00	1,369,942.05	<b>29,345,802.00</b>
Total	3,240,243.02	57,477,556.93	32,189,428.88	5,923,712.56	5,614,707.06	4,036,774.69	1,610,592.15	<b>110,093,015.29</b>
Disposals/ Reclassification	0.00	0.00	(5,166,029.06)	0.00	(518,534.10)	(33,600.00)	(827,400.22)	<b>(6,545,563.38)</b>
Depreciation	0.00	(3,085,731.25)	0.00	(312,251.40)	(1,007,273.04)	(320,204.70)	(91,185.55)	<b>(4,816,645.94)</b>
<b>Carrying Amount, December 31, 2016</b>	<b>3,240,243.02</b>	<b>54,391,825.68</b>	<b>27,023,399.82</b>	<b>5,611,461.16</b>	<b>4,088,899.92</b>	<b>3,682,969.99</b>	<b>692,006.38</b>	<b>98,730,805.97</b>
Gross Cost	3,240,243.02	109,314,125.64	27,023,399.82	8,958,279.77	11,280,352.90	5,067,665.24	1,249,760.29	<b>166,133,826.68</b>
Accumulated Depreciation	0.00	(54,922,299.96)	0.00	(3,346,818.61)	(7,191,452.98)	(1,384,695.25)	(557,753.91)	<b>(67,403,020.71)</b>
<b>Net Book Value</b>	<b>₱ 3,240,243.02</b>	<b>₱54,391,825.68</b>	<b>₱27,023,399.82</b>	<b>₱ 5,611,461.16</b>	<b>₱ 4,088,899.92</b>	<b>₱ 3,682,969.99</b>	<b>₱ 692,006.38</b>	<b>₱98,730,805.97</b>

	Land	Plant-Utility Plant in Service (UPIS)	Construction in Progress	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture & Fixtures	Total
<i>As at December 31, 2015</i>								
<b>Carrying Amount, January 1, 2015</b>	₱ 2,748,468.02	₱ 46,686,551.18	₱ 9,571,001.69	₱ 6,241,835.84	₱ 3,050,834.24	₱ 1,060,987.59	₱ 219,461.11	<b>₱ 69,579,139.67</b>
Additions/Acquisitions	27,500.00	6,087,216.68	9,103,470.47	0.00	3,285,043.90	1,635,580.00	40,898.00	<b>20,179,709.05</b>
Total	2,775,968.02	52,773,767.86	18,674,472.16	6,241,835.84	6,335,878.14	2,696,567.59	260,359.11	<b>89,758,848.72</b>
Disposals/ Reclassification	0.00	(181,307.09)	(3,858,197.92)	(5,871.88)	(174,528.70)	0.00	59,318.85*	<b>(4,160,586.74)</b>
Depreciation	0.00	(2,689,881.00)	0.00	(312,251.40)	(915,016.38)	(284,792.90)	(79,027.86)	<b>(4,280,969.54)</b>
<b>Carrying Amount, December 31, 2015</b>	<b>2,775,968.02</b>	<b>49,902,579.77</b>	<b>14,816,274.24</b>	<b>5,923,712.56</b>	<b>5,246,333.06</b>	<b>2,411,774.69</b>	<b>240,650.10</b>	<b>81,317,292.44</b>
Gross Cost	2,775,968.02	101,739,148.48	14,816,274.24	8,958,279.77	13,179,616.36	4,562,665.24	1,122,982.43	<b>147,154,934.54</b>
Accumulated Depreciation	0.00	(51,836,568.71)	0.00	(3,034,567.21)	(7,933,283.30)	(2,150,890.55)	(882,332.33)	<b>(65,837,642.10)</b>
<b>Net Book Value</b>	<b>₱ 2,775,968.02</b>	<b>₱ 49,902,579.77</b>	<b>₱ 14,816,274.24</b>	<b>₱ 5,923,712.56</b>	<b>₱ 5,246,333.06</b>	<b>₱ 2,411,774.69</b>	<b>₱ 240,650.10</b>	<b>₱ 81,317,292.44</b>

	Land	Plant-Utility Plant in Service (UPIS)	Construction in Progress	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture & Fixtures	Total
<i>As at December 31, 2014</i>								
<b>Carrying Amount, January 1, 2014</b>	₱ 2,748,468.02	₱ 46,715,870.41	₱ 6,302,514.09	₱ 6,442,089.21	₱ 2,917,757.30	₱ 1,273,689.75	₱ 269,105.91	<b>₱ 66,669,494.69</b>
Additions/Acquisitions	0.00	2,467,316.46	5,722,946.78	117,437.63	762,467.00	0.00	36,560.50	<b>9,106,728.37</b>
Total	2,748,468.02	49,183,186.87	12,025,460.87	6,559,526.84	3,680,224.30	1,273,689.75	305,666.41	<b>75,776,223.06</b>
Disposals/Reclassification	0.00	0.00	(2,454,459.18)	0.00	(862.12)	0.00	0.00	<b>(2,455,321.30)</b>
Depreciation	0.00	(2,496,635.69)	0.00	(317,691.00)	(628,527.94)	(212,702.16)	(86,205.30)	<b>(3,741,762.09)</b>
<b>Carrying Amount, December 31, 2014</b>	<b>2,748,468.02</b>	<b>46,686,551.18</b>	<b>9,571,001.69</b>	<b>6,241,835.84</b>	<b>3,050,834.24</b>	<b>1,060,987.59</b>	<b>219,461.11</b>	<b>69,579,139.67</b>
Gross Cost	2,748,468.02	96,279,189.62	9,571,002.49	8,958,279.77	10,159,306.96	2,927,085.24	1,082,084.43	<b>131,725,416.53</b>
Accumulated Depreciation	0.00	(49,592,638.44)	0.00	(2,716,443.93)	(7,108,472.72)	(1,866,097.65)	(862,623.32))	<b>(62,146,276.06)</b>
<b>Net Book Value</b>	<b>₱ 2,775,968.02</b>	<b>₱ 46,686,551.18</b>	<b>₱ 9,571,002.49</b>	<b>₱ 6,241,835.84</b>	<b>₱ 3,050,834.24</b>	<b>₱ 1,060,987.59</b>	<b>₱ 219,461.11</b>	<b>₱ 69,579,140.47</b>

## 8. INTANGIBLE ASSETS

This account is composed of the following:

		2016	2015	2014
<b>Computer Software (CS)</b>		<b>₱ 943,254.00</b>	<b>₱ 943,254.00</b>	<b>₱ 943,254.00</b>
Less	Accumulated Amortization - CS	426,520.55	373,174.85	301,991.75
	Reclassification to Semi-expendables	37,700.92	-	-
<b>Total</b>		<b>₱ 479,032.53</b>	<b>₱ 570,079.15</b>	<b>₱ 641,262.25</b>

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## 9. OTHER ASSETS

This is composed of the following:

		2016	2015	2014
Restricted Fund	₱	3,354,040.95	₱ 3,342,942.63	₱ 3,330,176.33
Other Deposits		144,669.76	79,000.00	64,000.00
Prepayments		140,984.18	1,598.16	1,616.85
Other Assets		.03	(30,287.17)	(15,090.47)
Total	₱	3,639,694.92	₱ 3,393,253.62	₱ 3,380,702.71

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## 10. FINANCIAL LIABILITIES

This account consists of the following:

		2016	2015	2014
<b>Payables</b>				
Accounts Payable	₱	1,562,263.15	₱ 1,235,649.31	₱ 1,191,088.18
<b>Loans Payable</b>				
Current Portion of Long-Term Debt		3,080,923.87	3,893,257.68	-
Long-Term Debt		12,231,432.04	15,312,356.02	23,227,123.51
Total	₱	16,874,619.06	₱ 20,441,263.01	₱ 24,418,211.69

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## 11. INTER-AGENCY PAYABLES

This account is composed of the following:

	2016	2015	2014
Due to BIR	₱ 296,415.15	₱ 240,599.51	₱ 209,468.21
Due to GSIS	432,584.76	434,789.40	435,756.89
Due to Pag-IBIG	64,143.76	(86.86)	166.04
Due to Government Corporations	75,497.15	76,307.15	76,307.15
Total	₱ 868,640.82	₱ 751,609.20	₱ 721,698.29

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## 12. TRUST LIABILITIES

This account is composed of the following:

	2016	2015	2014
Security Deposits Payable	₱ 84,408.68	₱ 10,392.68	₱ 10,392.68
Customers' Deposit Payable	887,128.21	702,106.98	302,424.52
Total	₱ 971,536.89	₱ 712,499.66	₱ 312,817.20

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## 13. DEFERRED CREDITS/UNERANED INCOME

This account represents the following:

	2016	2015	2014
Other Unearned Revenue/Income	₱ (979,527.04)	₱ 299,079.96	₱ (70,025.98)

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## 14. OTHER PAYABLES

	2016	2015	2014
Other Payables	₱ 135,786.54	₱ 82,515.54	₱ (138,356.62)

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## 15. SERVICE AND BUSINESS INCOME

This account consists of the following:

	2016	2015
<b>Business Income</b>		
Metered Sales to General Customers	₱ 66,445,236.44	₱ 59,733,549.00
Interest Income	60,735.32	72,275.58
Fines and Penalties – Business Income	2,430,634.76	2,280,564.43
Other Business Income	5,129,757.71	2,415,399.88
<b>Total</b>	<b>₱ 74,066,364.23</b>	<b>₱ 64,501,788.89</b>

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## 16. GAIN ON SALE OF PPE

	2016	2015
<b>Gain on Sale of PPE</b>	<b>₱ 269,346.43</b>	<b>₱ -</b>

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## 17. PERSONNEL SERVICES

This account consists of the following:

	2016	2015
<b>Salaries and Wages-Regular</b>	<b>₱ 16,185,454.13</b>	<b>₱ 14,301,163.41</b>
<b>Other Compensation</b>		
Personnel Economic Relief Allowance		1,720,430.07
	1,688,593.93	
Representation Allowance	449,500.00	409,500.00
Transportation Allowance	449,500.00	409,500.00
Clothing / Uniform Allowance	350,000.00	360,000.00
Year End Bonus	350,000.00	364,125.00
Other Bonuses and Allowances	2,919,799.27	1,407,857.00
<b>Sub-Total</b>	<b>6,207,393.20</b>	<b>4,671,412.07</b>
<b>Personnel Benefit Contributions</b>		
Retirement and Life Insurance Premiums	1,637,34.18	1,567,656.53
PhilHealth Contributions	151,812.50	151,112.50
Pag-IBIG Contributions	84,600.00	86,400.00
Employees Compensation Insurance Premiums	83,367.20	84,261.84
Provident/Welfare Fund Contributions	954,871.92	911,550.45
<b>Sub-Total</b>	<b>2,911,992.80</b>	<b>2,800,981.32</b>
<b>Other Personnel Benefits</b>		
Other Personnel Benefits	642,910.15	2,971,719.21
<b>Total</b>	<b>₱ 25,947,750.28</b>	<b>₱ 24,745,276.01</b>

## 18. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2016	2015
<b>Generation, Transmission and Distribution Expenses</b>		
<b>Generation, Transmission and Distribution Expenses</b>	<b>₱ 7,633,060.48</b>	<b>₱ 5,269,275.91</b>
<b>Supplies and Materials Expenses</b>		
Fuel, Oil and Lubricants Expenses	756,299.17	666,904.25
Office Supplies Expense	340,869.76	201,151.69
<b>Sub-Total</b>	<b>1,097,168.93</b>	<b>868,055.94</b>
<b>Security Services</b>	<b>728,949.31</b>	<b>696,980.00</b>
<b>Electricity Expenses</b>	<b>563,824.10</b>	<b>463,577.68</b>
<b>Repairs and Maintenance</b>		
Repairs and Maintenance – Plant-Utility Plant in Service (UPIS)	3,462,066.16	2,248,848.83
Repairs and Maintenance - Buildings and Other Structures	128,926.92	276,078.56
Repairs and Maintenance - Machinery and Equipment	167,999.93	136,108.69
Repairs and Maintenance - Transportation Equipment	449,145.61	258,005.73
Repair and Maintenance – Furniture and Fixtures	34,609.70	3,206.45
<b>Sub-Total</b>	<b>4,242,748.32</b>	<b>2,922,248.26</b>
<b>Taxes, Insurance Premiums and Other Fees</b>		
Insurance Expenses	139,212.22	176,720.47
Taxes, Duties and Licenses	1,422,609.93	1,271,077.00
<b>Sub-Total</b>	<b>1,561,822.15</b>	<b>1,447,797.47</b>
<b>Communication Expenses</b>		
Postage and Courier Services	20,398.00	18,783.60
Telephone/Postage Expenses	267,579.95	203,015.38
<b>Sub-Total</b>	<b>287,977.95</b>	<b>221,798.98</b>
<b>Training Expenses</b>	<b>516,507.35</b>	<b>305,689.24</b>
<b>Extraordinary and Miscellaneous Expenses</b>	<b>155,903.34</b>	<b>172,917.75</b>
<b>Awards/Rewards, Prizes and Indemnities</b>		
Awards/Rewards Expenses	117,820.00	89,530.00
Indemnities	5,085.00	27,647.00
<b>Sub-Total</b>	<b>122,905.00</b>	<b>117,177.00</b>
<b>Traveling Expenses</b>	<b>300,937.33</b>	<b>177,687.46</b>
<b>Professional Services</b>		
Other Professional Services	360,000.00	1,000.00
Legal Services	3,600.00	316.00
Auditing Services	-	12,049.50
<b>Sub-Total</b>	<b>363,600.00</b>	<b>13,365.50</b>

	2016	2015
<b>Other Maintenance and Operating Expenses</b>		
Advertising, Promotional and Marketing Expenses	334,236.49	408,783.56
Representation Expense	369,867.11	433,675.52
Transportation and Delivery Expenses		4,025.35
Directors and Committee Members' Fees	566,676.00	601,668.00
Donations	30,111.38	17,000.00
Membership Dues and Contributions to Organizations	-	18,724.80
Other Maintenance and Operating Expenses	385,914.80	309,322.95
<b>Sub-Total</b>	<b>1,686,805.78</b>	<b>1,793,200.18</b>
<b>Total</b>	<b>₱ 19,262,210.04</b>	<b>₱ 14,469,771.37</b>

## 19. FINANCIAL EXPENSES

This account is composed of the following:

	2016	2015
Interest Expense	₱ 1,063,956.97	₱ 1,495,735.52
Bank Charges	53,197.85	612,289.24
<b>Total</b>	<b>₱ 1,117,154.82</b>	<b>₱ 2,108,024.76</b>

## 20. NON-CASH EXPENSES

This account consists of the following:

	2016	2015
<b>Depreciation</b>		
<b>Property, Plant and Equipment</b>		
Plant-Utility Plant in Service (UPIS)	₱ 3,085,731.25	₱ 2,689,881.00
Machinery & Equipment	1,007,273.03	915,016.38
Buildings & Other Structures	312,251.40	312,251.40
Transportation Equipment	320,204.70	284,792.90
Furniture, Fixtures & Books	91,185.55	79,027.86
<b>Sub-Total</b>	<b>4,816,645.93</b>	<b>4,280,969.54</b>
<b>Amortization – Intangible Assets</b>	<b>53,345.70</b>	<b>-</b>
<b>Impairment Loss – Loans and Receivables</b>	<b>9,242.09</b>	<b>6,224.75</b>
<b>Discounts and Rebates</b>		
Other Discounts	85,909.53	77,513.00
Rebates	1,661,917.67	1,460,082.73
<b>Subtotal</b>	<b>1,747,827.20</b>	<b>1,537,595.73</b>
<b>Total</b>	<b>₱ 6,627,060.92</b>	<b>₱ 5,824,790.02</b>