



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Calabanga Water District
San Antonio, Calabanga, Camarines Sur

We have audited the accompanying financial statements of Calabanga Water District, Calabanga, Camarines Sur, which comprise the Statement of Financial Position as at December 31, 2016 and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity and Cash Flow Statement 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 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 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As discussed in Part II of the report:


1. The validity, accuracy and existence of the year-end balance of Accounts Receivable-Customers and Other Business of ₱7.272 million is doubtful because of the inadequacy of supporting subsidiary ledgers, and because of the discrepancy of ₱1.871 million existing between the records of the Accounting and the Billing Sections.
2. A discrepancy of ₱215,574 exists between the General Ledger balances and the Report on the Physical Count of Property, Plant and Equipment as of December 31, 2016 due to absence of periodic reconciliation of both records, resulting to unreliable balances of the PPE accounts.

Opinion

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

COMMISSION ON AUDIT

By:


JOSEFA N. SEVERO
State Auditor V.
Supervising Auditor

January 19, 2017