

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION/ENTITY PROFILE

The financial statements of Lemery Water District (LEWAD) were authorized for issue on August 20, 2019 as shown in the Statement of Management's Responsibility for Financial Statements signed by Dr. Ferdinand M. Macababab, as Board Chairman of LEWAD.

On August 8, 1981, LEWAD was organized by virtue of Sangguniang Resolution No. 81-49 which was passed by the Sangguniang Bayan of Lemery. On November 17, 1981 a Conditional Certificate of Conformance No. 169 was issued by Local Water Utilities Administration (LWUA) which entitles the LEWAD to all rights and privileges authorized under Presidential Decree (PD) No. 198.

Initially, water districts are quasi-public corporations performing public service and supplying public wants. On March 12, 1992, all water districts were declared as Government-Owned and Controlled Corporations (GOCCs) with original charter based on the Supreme Court en banc ruling in Davao City Water District, et al. vs. Civil Service Commission and Commission on Audit.

LEWAD was categorized by LWUA as Category "C" water district effective March 30, 2012.

On April 1, 2014, LEWAD has entered into a Joint Venture Agreement with Primewater Infrastructure Corporation for the financing, development, rehabilitation, improvement, expansion, operations and management of the water system of the municipality of Lemery, Batangas. The undertaking aimed to improve the water supply system of the Municipality, in consonance with the Public-Private Partnership (PPP) program being espoused by the National Government. Primewater Infrastructure Corp. is designated as an operator of the concession, contractor and agent of LEWAD in joint venture area.

The new organizational structure of LEWAD is composed of five Board of Directors (BOD) and the Contract Monitoring Unit (CMU).

The present members of the BOD are:

Board Chairman	:	Dr. Ferdinand M. Macababab
Vice Chairman	:	Mr. Ricarte A. Punzalan
Board Secretary	:	Mrs. Hide Malabanan-Aguila
Board Treasurer	:	Mrs. Alicia G. Mangubat
Board Member	:	Mr. Casimiro A. De Guia, Jr.

The CMU is composed of the following:

General Manager C	:	Engr. Hydee Dela Luna-Ramirez
Admin Chief C	:	Maria Cecilia M. Mendoza
Sr. Industrial Mgt. Relation Officer B	:	Aldwin O. Bandalaria
Admin. Service Assistant A	:	Josephine S. Manabat
Driver	:	Christopher O. Serrano

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

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) prescribed by the Commission on Audit through COA Resolution No. 2014-003 dated January 24, 2014.

The accounting policies have been consistently applied throughout the year presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

The consolidated financial statements are presented in peso (₱), which is also the country's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements are prepared under the historical cost convention, except where stated, do not take into account changing prices.

3.2 Change in Accounting Policies, Change in Accounting Estimates and Errors

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

The LEWAD recognizes the effect of changes in accounting policy retrospectively. It is applied prospectively if retrospective application is impractical.

Change in accounting estimates are adjustment of the carrying amount of an asset or liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. The LEWAD recognizes the effect of changes in accounting estimates prospectively.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more periods arising from failure to use, or misuse of reliable information that was available when financial statements for those periods were authorized for issue and should reasonably be expected to have been obtained and taken into account in the preparation of those financial statements. Prior period errors are accounted by retrospective restatement.

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.4 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory are 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.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

4. Property, Plant and Equipment

4.1 Recognition

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

The characteristics of PPE are as follows:

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

An item of PPE is recognized as an asset if:

- i. it is probable that future economic benefits or service potential associated with the item will flow to the entity;
- ii. the cost or fair value of the item can be measured reliably; and
- iii. the cost is at least ₱15,000.00.

4.2 Measurement at Recognition

An item recognized as property, plant, and equipment 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 or, for PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date.

Cost includes the following:

- i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- ii. expenditure that is directly attributable to the acquisition of the items; and
- iii. 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 that period.

4.3 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, LEWAD 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 PPE as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

4.4 Depreciation

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 an expense unless it is included in the cost of another asset.

4.5 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 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.

4.6 Depreciation Method

The straight line method of depreciation is adopted unless another method is more appropriate for entity's operation.

4.7 Estimated Useful Life

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

4.7.1 Residual Value

LEWAD uses a residual value equivalent to ten percent (10%) of the cost of the PPE.

4.8 Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

4.9 Derecognition

The LEWAD derecognizes items of PPE 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 surplus or deficit when the asset is derecognized.

5. Intangible Assets

5.1 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.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment.

5.2 Intangible Assets Acquired through Non-exchange Transactions

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

5.3 Recognition of an Expense

Expenditure on an intangible item is recognized as 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.

5.4 Subsequent Measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives. 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 is not to be amortized. Intangible assets with indefinite useful lives or an intangible assets not yet available for use are assessed for impairment annually and whenever there is an indication that the assets 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 surplus or deficit as the 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 surplus or deficit when the asset is derecognized.

5.5 Research and Development Costs

The LEWAD recognizes as expenses the research costs incurred. Development costs on an individual project are recognized as intangible assets when the LEWAD can demonstrate:

- 5.4.1 the technical feasibility of completing the asset so that the asset will be available for use or sale
- 5.4.2 its intention to complete and its ability to use or sell the asset
- 5.4.3 how the asset will generate future economic benefits or service potential
- 5.4.4 the availability of resources to complete the asset
- 5.4.5 the ability to measure reliably the expenditure during development

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use.

It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

6. Provisions, Contingent Liabilities and Contingent Assets

6.1 Provisions

Provisions are recognized when the LEWAD has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources

embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the LEWAD expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions are reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

6.2 Contingent Liabilities

The LEWAD does not recognize a contingent liability, but discloses details of any contingencies in the notes to financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

6.3 Contingent Assets

The LEWAD does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LEWAD in the notes to financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

7. Changes in Accounting Policies and Estimates

The LEWAD recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The LEWAD recognizes the effects of changes in accounting estimates prospectively through surplus or deficit.

The LEWAD corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

8. Revenue from Non-exchange Transactions

8.1 Recognition and Measurement of Assets from Non-exchange Transactions

An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset are recognized as an asset if the following criteria are met:

8.1.1 It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and

8.1.2 The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

8.2 Recognition of Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As LEWAD satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes an amount of revenue equal to that reduction.

8.3 Measurement of Revenue from Non-exchange Transactions

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

8.4 Measurement of Liabilities on Initial Recognition from Non-exchange Transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

8.5 Taxes

Taxes and the related fines and penalties are recognized when collected or when these are measurable and legally collectible. The related refunds, including those that are measurable and legally collectible, are deducted from the recognized tax revenue.

8.6 Fees and Fines not Related to Taxes

The LEWAD recognizes revenue from fees and fines, except those related to taxes, when earned and the asset recognition criteria are met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenue are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

9. Revenue from Exchange Transactions

9.1 Measurement of Revenue

Revenue is measured at the fair value of the consideration received or receivable.

9.2 Rendering of Services

The LEWAD recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

9.3 Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the LEWAD.

9.4 Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the outstanding principal to determine interest income each period.

10. Budget Information

The annual budget is prepared on a cash basis and is published in the government website.

11. Impairment of Non-Financial Assets

11.1 Impairment of Cash-Generating Assets

At each reporting date, LEWAD assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, LEWAD estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the LEWAD estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

11.2 Impairment of Non-Cash-Generating Assets

The LEWAD assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LEWAD estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. LEWAD classifies assets as cash-generating assets when those assets are held with the primary objective generating a commercial return. Therefore, non-cash-generating assets would be those assets from which LEWAD does not intend (as its primary objective) to realize a commercial return.

12. Borrowing Costs

For loans borrowed directly by LEWAD, the allowed alternative treatment is used.

13. Employee Benefits

The employees of LEWAD are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The LEWAD recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

14. Measurement Uncertainty

The preparation of financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the period. Items requiring the use of significant estimates include useful life of a capital asset, estimated employee benefits, rates for amortization and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

15. Changes in Accounting Policies

LEWAD adopted the new accounting policy wherein the Property, Plant and Equipment costing P15,000.00 and below is considered as semi-expendable expenses.

16. Prior Period Adjustments

Particulars	2018	2017	2016
Refund of BOD Disallowances	P72,000.00	P72,000.00	P72,000.32
Refund due to BATELEC I Over billing	-	-	317,401.95
Operating and Maintenance Expenses	(2,688.26)	(199,142.14)	(52,362.30)
Allowance on Doubtful Account	97,208.13	32,733.76	-
Unrecorded Water Bill	-	-	42,446.30
Correction on Interest Income High Yield Savings Account	17.58	-	-
Set up of Leave Benefits Payable of regular employees	(287,161.74)	(1,126,805.92)	-
Money Value of Leave Credits (3 LEWAD employees) from Primewater	89,473.00	-	-
CAPEX costing P15,000.00 and below	-	(320,023.84)	-
Total	<u>P(31,151.29)</u>	<u>P(1,541,238.14)</u>	<u>P379,486.27</u>

17. CASH AND CASH EQUIVALENTS

This account consists of:

Particulars	2018	2017	2016
Cash on Hand	P6,341.03	P10,199.87	P4,841.03
Cash in Bank-Local Currency Current Account (LBP Acct 2042-1032-79)	10,542,655.77	7,994,393.44	6,980,396.35
Cash in Bank-Local Currency Savings Account (LBP Acct 2041-0944-46)	1,515,082.19	1,500,000.00	-
Total	<u>P12,064,078.99</u>	<u>P9,504,593.31</u>	<u>P6,985,237.38</u>

18. RECEIVABLES

18.1 Accounts Receivables

This account consists of:

Particulars	2018 Current	2017 Current	2016 Current
Accounts Receivable	P1,122,743.99	P1,179,661.48	P1,236,975.76
Allowance for Impairment- Accounts Receivable	(1,000,687.20)	(1,097,895.33)	(1,130,629.09)
Net Realizable Value- Accounts Receivable	<u>P122,056.79</u>	<u>P81,766.15</u>	<u>P106,346.67</u>

18.2 Other Receivables

This account consists of:

Accounts	2018 Current	2017 Current	2016 Current
Other Receivables	P754,516.24	P598,009.97	P637,024.61
Allowance for Impairment-Other Receivables	-	-	-
Total	<u>P754,516.24</u>	<u>P598,009.97</u>	<u>P637,024.61</u>

18.3 Aging/Analysis of Receivables

As at December 31, 2018

Accounts	Total	Not past due	< 30 days	Past due 30-60 days	> 60 days
Accounts Receivable	P1,122,743.99	-	-	-	P1,122,743.99
Other Receivables	754,516.24	-	-	-	754,516.24
Total	<u>P1,877,260.23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>P1,877,260.23</u>

As at December 31, 2017

Accounts	Total	Not past due	< 30 days	Past due 30-60 days	> 60 days
Accounts Receivable	P1,179,661.48	-	-	-	P1,179,661.48
Other Receivables	598,009.97	-	-	-	598,009.97
Total	<u>P1,777,671.45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>P1,777,671.45</u>

As at December 31, 2016

Accounts	Total	Not past due	< 30 days	Past due 30-60 days	> 60 days
Accounts Receivable	P1,236,975.76	-	-	-	P1,236,975.76
Other Receivables	637,024.61	-	-	-	637,024.61
Total	<u>P1,874,000.37</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>P1,874,000.37</u>

19. INVENTORIES

This account consists of:

Particulars	2018	2017	2016
Inventory Held for Consumption			
Carrying Amount, January 1	P12,749.58	P14,510.24	P37,446.25
Additions/Acquisitions during the year	27,204.65	35,396.97	97,492.23
Expensed during the year except write-down	(28,104.93)	(37,157.63)	(120,428.24)
Total	<u>P11,849.30</u>	<u>P12,749.58</u>	<u>P14,510.24</u>

20. PROPERTY, PLANT AND EQUIPMENT

This account consists of:

	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture and Fixture	Total
Carrying amount, December 31, 2014	P6,218,873.10	P70,673,247.85	P561,883.89	P1,379,251.77	P1,468,116.13	P243,007.49	P80,544,380.23
Additions/Acquisitions	-	2,876,032.00	-	59,150.00	-	11,040.00	2,946,222.00
Reclassifications to Other Assets	-	(2,967,749.05)	(53,881.00)	(920,811.26)	(575,886.10)	(283,255.89)	(4,801,383.30)
Depreciation	-	(3,929,229.03)	(112,165.77)	(166,257.88)	(238,436.06)	(42,571.88)	(4,488,660.62)
Depreciation of Reclassified Assets	-	960,506.99	42,890.54	799,822.98	518,297.49	211,222.11	2,532,740.11
Carrying amount, December 31, 2015	<u>6,218,873.10</u>	<u>67,612,808.76</u>	<u>438,927.66</u>	<u>1,151,155.61</u>	<u>1,172,091.46</u>	<u>139,441.83</u>	<u>76,733,298.42</u>
Additions/Acquisitions	-	-	-	50,665.00	-	-	50,665.00
Reclassifications to Other Assets	-	-	(49,889.02)	(148,202.91)	(55,000.00)	(15,370.00)	(268,461.93)
Depreciation	-	(3,736,169.68)	(110,496.45)	(148,604.76)	(221,390.60)	(22,333.83)	(4,038,995.32)
Depreciation of Reclassified Assets	-	-	44,758.06	125,401.34	49,500.00	5,879.04	225,538.44
Carrying amount, December 31, 2016	<u>6,218,873.10</u>	<u>63,876,639.08</u>	<u>323,300.25</u>	<u>1,030,414.28</u>	<u>945,200.86</u>	<u>107,617.04</u>	<u>72,502,044.61</u>
Additions/Acquisitions	-	-	-	-	-	10,480.00	10,480.00
Reclassifications to Other Assets	-	(797,402.19)	(55,276.09)	(1,014,003.59)	(1,263,000.00)	(300,715.84)	(3,430,397.71)
Depreciation	-	(3,543,021.87)	(15,361.08)	(99,126.37)	(220,508.73)	(3,102.30)	(3,881,120.35)
Depreciation of Reclassified Assets	-	428,064.78	30,670.99	815,354.94	1,125,838.5	206,498.43	2,606,427.64
Carrying amount, December 31, 2017	<u>6,218,873.10</u>	<u>59,964,279.8</u>	<u>283,334.07</u>	<u>732,639.26</u>	<u>587,530.63</u>	<u>20,777.73</u>	<u>67,807,434.19</u>
Additions/Acquisitions	-	-	-	-	-	-	-
Reclassifications to Other Assets	-	(589,335.00)	-	-	-	-	(589,335.00)
Depreciation	-	(3,153,309.98)	(10,232.43)	(78,121.90)	(195,448.96)	(3,102.30)	(3,440,215.57)
Depreciation of Reclassified Assets	-	363,871.08	-	-	-	-	363,871.08
Carrying amount, December 31, 2018	<u>P6,218,873.10</u>	<u>P56,585,505.90</u>	<u>P273,101.64</u>	<u>P654,517.36</u>	<u>P392,081.67</u>	<u>P17,675.03</u>	<u>P64,141,754.70</u>

21. INTANGIBLE ASSETS

This account consists of:

Particulars	2018		2017		2016	
	Computer Software	Other Intangible Assets	Computer Software	Other Intangible Assets	Computer Software	Other Intangible Assets
Carrying Amount, January 1	P21,900.00	P21,875.00	P21,900.00	P28,175.00	P21,900.00	P35,000.00
Amortization recognized	-	(6,300.00)	-	(6,300.00)	-	(6,825.00)
Carrying Amount, December 31	<u>21,900.00</u>	<u>15,575.00</u>	<u>21,900.00</u>	<u>21,875.00</u>	<u>21,900.00</u>	<u>28,175.00</u>
Gross Cost	219,000.00	35,000.00	219,000.00	35,000.00	219,000.00	35,000.00
Accumulated Amortization	(197,100.00)	(19,425.00)	(197,100.00)	(13,125.00)	(197,100.00)	(6,825.00)
Carrying Amount, December 31	<u>P21,900.00</u>	<u>P15,575.00</u>	<u>P21,900.00</u>	<u>P21,875.00</u>	<u>P21,900.00</u>	<u>P28,175.00</u>

22. OTHER ASSETS

This account consists of:

Particulars	2018		2017		2016	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Deposits	P3,741,943.06	-	P3,714,115.55	-	P3,687,473.55	-
Restricted Fund (LBP HSA Acct. No. 2041-0929-66)	-	3,067,316.96	-	3,042,839.03	-	3,017,306.13
Other Assets	<u>143,770.96</u>	<u>931,463.61</u>	<u>143,407.96</u>	<u>1,232,701.78</u>	<u>138,904.96</u>	<u>988,619.73</u>
Total	<u>P3,885,714.02</u>	<u>P3,998,780.57</u>	<u>P3,857,523.51</u>	<u>P4,275,540.81</u>	<u>P3,826,378.51</u>	<u>P4,005,925.86</u>

23. FINANCIAL LIABILITIES

23.1 Payables

Particulars	2018	2017	2016
Accounts Payable	P14,080.25	P14,080.25	P11,017.25
Current Portion of Loans Payable	1,006,044.00	1,130,196.87	1,220,109.00
Customers' Deposits Payable	<u>3,092,987.04</u>	<u>3,092,987.04</u>	<u>3,092,987.04</u>
Total	<u>P4,113,111.29</u>	<u>P4,237,264.16</u>	<u>P4,324,113.29</u>

23.2 Bills/Bonds/Loans Payable

Particulars	2018		2017		2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Loans Payable-Domestic (LWUA)	P1,006,044.00	P9,207,247.86	P1,130,196.87	P10,196,791.86	P1,220,109.00	P11,328,064.73

24. INTER-AGENCY PAYABLES

This account consists of:

Particulars	2018	2017	2016
Due to BIR	P7,441.49	P26,058.94	P29,118.62
Due to GSIS	58,839.35	56,554.80	50,633.14
Due to Pag-IBIG	12,368.99	9,713.31	11,931.14
Due to PhilHealth	10,339.99	9,110.71	8,935.71
Total	<u>P88,989.82</u>	<u>P101,437.76</u>	<u>P100,618.66</u>

25. DEFERRED CREDITS/UNEARNED INCOME

This account consists of:

Particulars	2018	2017	2016
Other Deferred Credits	P111,813.90	P111,813.90	P111,813.90

26. PROVISIONS

This account consists of:

Particulars	2018	2017	2016
Leave Benefits Payable	P1,344,618.99	P1,126,805.92	-

27. OTHER PAYABLES

This account consists of payables to the following:

Particulars	2018	2017	2016
Resigned Employee	P20,782.90	P20,782.90	P20,782.90
Private Entities	96,616.18	94,148.56	101,304.69
Other Water Districts	4,051.38	4,051.38	4,051.38
Total	<u>P121,450.46</u>	<u>P118,982.84</u>	<u>P126,138.97</u>

28. SERVICE AND BUSINESS INCOME

This account consists of:

Particulars	2018	2017	2016
Business Income			
Interest Income	P76,305.42	P65,513.34	P58,399.30
Share in the Profit/Revenue of Joint Venture	10,328,484.20	10,008,909.26	10,687,718.43
Total	<u>P10,404,789.62</u>	<u>P10,074,422.60</u>	<u>P10,746,117.73</u>

29. PERSONNEL SERVICES

29.1 Salaries and Wages

Particulars	2018	2017	2016
Salaries and Wages-Regular	P2,533,788.00	P2,268,569.49	P2,044,116.00

29.2 Other Compensation

This account consists of:

Particulars	2018	2017	2016
Personnel Economic Relief Allowance (PERA)	P120,000.00	P120,000.00	P120,000.00
Representation Allowance (RA)	102,000.00	102,000.00	102,000.00
Transportation Allowance (TA)	102,000.00	102,000.00	102,000.00
Clothing/Uniform Allowance	30,000.00	25,000.00	25,000.00
Productivity Incentive Allowance	25,000.00	25,000.00	25,000.00
Longevity Pay	21,200.00	10,000.00	-
Overtime and Night Pay	37,557.46	17,478.49	42,103.83
Year End Bonus	211,149.00	189,955.00	170,343.00
Cash Gift	25,000.00	25,000.00	25,000.00
Other Bonuses and Allowances	337,149.00	314,807.00	312,185.33
Total	<u>P1,011,055.46</u>	<u>P931,240.49</u>	<u>P923,632.16</u>

29.3 Personnel Benefit Contributions

This account consists of:

Particulars	2018	2017	2016
Retirement and Life Insurance Premiums	P304,054.56	P272,228.34	P245,293.92
Pag-IBIG Contributions	50,675.76	45,371.39	40,882.32
PhilHealth Contributions	24,573.78	20,275.00	19,250.00
Employees Compensation Insurance Premiums	6,000.00	6,000.00	6,000.00
Total	<u>P385,304.10</u>	<u>P343,874.73</u>	<u>P311,426.24</u>

29.4 Other Personnel Benefits

Particulars	2018	2017	2016
Other Personnel Benefits	P346,655.27	P302,987.89	P254,411.80

30. MAINTENANCE AND OTHER OPERATING EXPENSES

30.1 Traveling Expenses

This account consists of:

Particulars	2018	2017	2016
Traveling Expenses-Local	P149,481.00	P148,730.00	P183,426.86
Traveling Expenses-Foreign	329,638.00	-	146,924.74
Total	<u>P479,119.00</u>	<u>P148,730.00</u>	<u>P330,351.60</u>

30.2 Training and Scholarship Expenses

Particulars	2018	2017	2016
Training Expenses	P591,179.82	P672,598.01	P539,135.64

30.3 Supplies and Materials Expenses

This account consists of:

Particulars	2018	2017	2016
Office Supplies Expenses	P5,460.28	P17,588.38	P49,917.40
Accountable Forms Expenses	-	5,190.00	1,440.00
Fuel, Oil and Lubricants Expenses	185,463.82	122,412.72	124,751.80
Other Supplies and Materials Expenses	9,842.00	6,037.25	17,461.79
Total	<u>P200,766.10</u>	<u>P151,228.35</u>	<u>P193,570.99</u>

30.4 Communication Expenses

This account consists of:

Particulars	2018	2017	2016
Postage and Courier Services	-	-	P826.00
Telephone Expenses	128,026.83	128,434.60	136,032.95
Internet Subscription Expenses	23,115.74	24,493.91	18,963.87
Total	<u>P151,142.57</u>	<u>P152,928.51</u>	<u>P155,822.82</u>

30.5 Confidential, Intelligence and Extraordinary Expenses

Particulars	2018	2017	2016
Extraordinary and Miscellaneous Expenses	P97,739.55	P98,364.32	P98,369.65

30.6 Professional Services

This account consists of:

Particulars	2018	2017	2016
Legal Services	P2,600.00	P25,300.00	P60,450.00
Other Professional Services	-	1,500.00	1,400.00
Total	<u>P2,600.00</u>	<u>P26,800.00</u>	<u>P61,850.00</u>

30.7 Repairs and Maintenance

This account consists of:

Particulars	2018	2017	2016
Repairs and Maintenance-Transportation Equipment	P117,904.72	P80,746.33	P110,574.25
Repairs and Maintenance-Semi-Expendable Machinery and Equipment	-	2,700.00	4,350.00
Total	<u>P117,904.72</u>	<u>P83,446.33</u>	<u>P114,924.25</u>

30.8 Taxes, Insurance Premiums and Other Fees

This account consists of:

Particulars	2018	2017	2016
Taxes, Duties and Licenses	P15,469.32	P21,844.01	P79,547.06
Fidelity Bond Premiums	8,850.00	8,175.00	-
Insurance Expenses	13,133.71	15,948.83	16,360.83
Total	<u>P37,453.03</u>	<u>P45,967.84</u>	<u>P95,907.89</u>

30.9 Other Maintenance and Operating Expenses

This account consists of:

Particulars	2018	2017	2016
Advertising Expenses	P18,000.00	P8,000.00	P23,500.00
Printing and Publication Expenses	-	-	2,767.00
Representation Expenses	65,761.80	70,093.92	110,602.84
Membership Dues and Contributions To Organizations	51,182.00	52,807.00	50,475.00
Directors and Committee Members' Fees	458,640.00	451,290.00	462,940.00
Other Maintenance and Operating Expenses	274,927.44	285,951.30	307,744.25
Total	<u>P868,511.24</u>	<u>P868,142.22</u>	<u>P958,029.09</u>

31. FINANCIAL EXPENSES

This account consists of:

Particulars	2018	2017	2016
Interest Expenses	P103,920.00	P139,519.00	P215,271.00
Bank Charges	-	-	100.00
Other Financial Charges	-	-	19,489.03
Total	<u>P103,920.00</u>	<u>P139,519.00</u>	<u>P234,860.03</u>

32. NON-CASH EXPENSES

32.1 Depreciation

This account consists of:

Particulars	2018	2017	2016
Depreciation-Infrastructure Assets	P3,153,309.98	P3,543,021.87	P3,736,169.68
Depreciation-Buildings and Other Structures	10,232.43	15,361.08	110,496.45
Depreciation-Machinery and Equipment	78,121.90	99,126.37	147,904.66
Depreciation-Transportation Equipment	195,448.96	220,508.73	221,390.60
Depreciation-Furniture, Fixtures and Equipment	3,102.30	3,102.30	22,333.83
Depreciation-Other PPE	-	-	700.10
Total	<u>P3,440,215.57</u>	<u>P3,881,120.35</u>	<u>P4,238,995.32</u>

32.2 Amortization

Particulars	2018	2017	2016
Amortization-Intangible Assets	P6,300.00	P6,300.00	P6,825.00

32.3 Impairment Loss

Particulars	2018	2017	2016
Impairment Loss-Loans and Receivable	-	-	P19,995.38

32.4 Losses

This account consists of:

Particulars	2018	2017	2016
Loss of Asset Retirement	P166,530.42	P260,034.18	P16,077.29
Loss on Sale of Assets	92,756.27	-	-
Total	<u>P259,286.69</u>	<u>P260,034.18</u>	<u>P16,077.29</u>

33. OTHER RECEIPTS

This consists of receipts classified as Other Receipts under Operating Activities:

Particulars	2018	2017	2016
Refund of Cash Advances	P49,005.76	P34,293.44	P72,176.75
Refund from BATELEC due to over billing	-	-	317,401.95
Registration fee of water districts in attendance to STAWD General Membership Meeting	65,000.00	-	-
Share in room accommodation of GM from Tagaytay City Water District previously paid in full by the LEWAD	7,500.00	-	-
Total	<u>P121,505.76</u>	<u>P34,293.44</u>	<u>P389,578.70</u>

34. OTHER DISBURSEMENTS

This consists of disbursements classified as Other Disbursements under Operating Activities:

Particulars	2018	2017	2016
Payment of GSIS insurance to be billed to Primewater	P138,651.51	P162,800.85	P164,871.33
Rental of lot at San Isidro to be billed to Primewater	24,000.00	24,000.00	24,000.00
Payment of Annual Charges to National Water Resources Board (NWRB)	39,014.38	57,614.38	105,358.36
Telephone bill of employees	421.84	-	96.83
Overpayment to Servwell Petron Gas Station	-	-	400.00
Penalty for late remittance of GSIS Contribution	9,763.65	-	-
Refund of taxes withheld from BOD	8,820.00	-	-
Refund of customer's deposit	-	-	1,225.00
Refund to previous employee of LEWAD			19,500.00
Refund of overpaid disallowance of BOD - Dr. Ferdinand Maccababbad			20,312.76
Total	<u>P220,671.38</u>	<u>P244,415.23</u>	<u>P335,764.28</u>

35. ADJUSTMENTS

Particulars	2018	2017	2016
35.1 Cash Inflows – Operating Activities			
Returned Checks	-	P1,500.00	-
Staled Checks	-	3,500.00	12,875.00
Cancelled Checks	1,502,500.00	68,500.00	5,337.50
Total	<u>P1,502,500.00</u>	<u>P73,500.00</u>	<u>P18,212.50</u>

35.2 Cash Outflows – Operating Activities

Replacement of Checks	P2,500.00	P64,000.00	-
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36. SERVICE CONCESSION ARRANGEMENTS

During the current reporting period, the Lemery Water District entered into a service concession arrangement with Primewater Infrastructure Corporation to provide financing, development, rehabilitation, improvement, expansion, operations and management of the water system of the Municipality of Lemery, Batangas for 25 years. The Joint Venture Agreement commenced on April 1, 2014.