



Republic of the Philippines

LEMERY WATER DISTRICT

Carnero Subdivision, Lemery, Batangas

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Lemery Water District is responsible for all informations and representations contained in the accompanying **Balance Sheet As of December 31, 2013 and 2014 and the related Statements of Income and Expenses and Cash Flows** for the years then ended. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflects amounts that are based on the best estimates and informed judgement of management with appropriate consideration to materiality.

In this regards, management maintains a system of accounting and reporting which provides for the necessary internal control to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


MARIA CECILIA MENDOZA
Corporate Budget Assistant


ENGR. HYDEE D. RAMIREZ
General Manager

LEMERY WATER DISTRICT
BALANCE SHEET
As of December 31, 2013 and 2014
(With Comparative Figures for CY 2012)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents (Note 2)	P 4,449,465.72	P 1,963,542.03	P 6,539,087.66
Trade and Other Receivables, net (Note 3)	1,014,804.68	4,023,633.72	3,662,373.00
Inventories (Note 4)	11,985.00	2,300,214.01	2,913,196.62
Prepaid Expenses (Note 5)	392,060.40	1,255,955.97	1,010,867.74
Other Current Assets (Note 6)	3,771,636.38	3,746,878.89	4,765,877.54
<i>Total Current Assets</i>	<u>9,639,952.18</u>	<u>13,290,224.62</u>	<u>18,891,402.56</u>
Non-Current Assets			
Investments (Note 7)	-	2,106,147.63	2,070,203.94
Property, Plant and Equipment, net (Note 8)	80,566,280.23	76,665,440.31	68,717,048.84
Other Assets (Note 9)	19,225,227.54	6,314,167.94	6,968,691.38
<i>Total Non-Current Assets</i>	<u>99,791,507.77</u>	<u>85,085,755.88</u>	<u>77,755,944.16</u>
TOTALS ASSETS	<u>109,431,459.95</u>	<u>98,375,980.50</u>	<u>96,647,346.72</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Payable Accounts (Note 10)	2,185,581.44	420,398.10	800,090.46
Inter-Agency Payables (Note 11)	80,301.26	698,484.14	495,607.31
Other Liability Accounts (Note 12)	5,907,814.41	5,848,532.15	5,623,576.38
<i>Total Current Liabilities</i>	<u>8,173,697.11</u>	<u>6,967,414.39</u>	<u>6,919,274.15</u>
Non-Current Liabilities (Note 13)	<u>14,299,646.51</u>	<u>15,494,549.86</u>	<u>16,523,871.59</u>
Deferred Credits	<u>113,813.90</u>	<u>171,613.79</u>	<u>238,540.39</u>
<i>Total Liabilities</i>	<u>22,587,157.52</u>	<u>22,633,578.04</u>	<u>23,681,686.13</u>
Equity			
Government Equity (Note 14)	13,994,492.30	13,994,492.30	13,994,492.30
Other Paid-in-Capital	15,600,681.79	13,613,967.63	12,937,462.37
Additional Paid-in-Capital	558,247.76	1,986,714.16	676,505.26
Retained Earnings			
Appropriated	12,458,404.84	12,458,404.84	12,458,404.84
Unappropriated			
Beginning	33,688,823.53	32,898,795.82	33,609,038.19
Net Income	11,679,500.59	1,276,691.10	404,773.40
Prior Year's Adjustment	335,044.72	(486,663.39)	(1,115,015.77)
Changes during the period	(1,470,893.10)		
<i>Total Equity</i>	<u>86,844,302.43</u>	<u>75,742,402.46</u>	<u>72,965,660.59</u>
TOTAL LIABILITIES AND EQUITY	<u>P 109,431,459.95</u>	<u>P 98,375,980.50</u>	<u>P 96,647,346.72</u>

(See accompanying Notes to Financial Statements)

LEMERY WATER DISTRICT
STATEMENT OF INCOME AND EXPENSES
For the Years Ended December 31, 2013 and 2014
(With Comparative Figures for CY 2012)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Business Income:			
Income from Waterworks System	P 10,553,687.65	P 40,395,681.73	P 37,792,931.52
Other Business Income	177,799.57	765,242.08	307,960.02
Fines and Penalties-Business Income	457,703.37	1,840,098.84	1,689,411.44
Gross Income	<u>11,189,190.59</u>	<u>43,001,022.65</u>	<u>39,790,302.98</u>
Less: Expenses:			
Personal Services			
Salaries and Wages - Regular (Note 15)	2,978,202.97	8,066,106.68	7,737,119.66
Personnel Economic Relief Assistance (PERA)	281,909.10	848,500.00	839,909.09
Representation Allowance (RA)	147,000.00	282,000.00	222,000.00
Transportation Allowance (TA)	147,000.00	282,000.00	222,000.00
Clothing Allowance	180,000.00	175,000.00	175,000.00
Other Bonuses and Allowances	919,975.81	2,412,885.41	3,000,770.97
Honoraria	-	-	47,000.00
Longevity Pay	83,400.00	101,000.00	197,000.00
Overtime and Night Pay	70,528.71	87,194.64	49,535.40
Cash Gift	16,000.00	177,000.00	175,000.00
Year End Bonus	91,519.00	669,769.00	666,657.00
Life and Retirement Insurance Contributions	357,384.34	967,932.78	928,454.35
Pag-Ibig Contributions	59,564.07	161,322.13	154,742.39
PHILHealth Contributions	31,237.50	86,412.50	83,787.50
ECC Contributions	14,100.00	42,514.37	41,987.60
Other Personnel Benefits	499,885.04	1,105,545.57	1,142,077.97
Total Personal Services	<u>5,877,706.54</u>	<u>15,465,183.08</u>	<u>15,683,041.93</u>
Maintenance & Other Operating Expenses			
Travelling Expenses - Local	274,660.85	235,372.26	185,295.79
Travelling Expenses - Foreign	386,499.11	203,953.55	-
Training Expenses	465,483.53	605,942.54	737,966.63
Office Supplies Expenses	148,951.64	241,667.53	245,018.39
Accountable Forms Expenses	48,577.95	108,398.74	110,423.41
Gasoline, Oil and Lubricants Expenses	709,423.15	1,305,720.45	1,275,923.23
Other Supplies Expenses	30,572.10	182,229.14	192,411.70
Water Expenses	9,324.65	24,464.26	25,049.45
Electricity Expenses	5,561,888.72	10,597,278.78	9,406,558.31
Postage and Deliveries	2,445.00	1,765.00	975.00
Telephone Expenses - Landline	43,225.57	52,903.59	51,286.29
Telephone Expenses - Mobile	352,000.00	360,000.00	232,800.00
Internet Expenses	18,500.00	42,540.59	18,000.00
Cable, Sattelite, Telegraph, and Radio Expenses	-	10,867.00	8,000.00
Membership Dues and Contributions to Organizations	61,096.40	30,267.00	44,802.00
Awards and Indemnities	7,000.00	4,500.00	2,800.00
Advertising Expenses	46,000.00	10,500.00	10,000.00
Printing and Binding Expenses	3,172.66	9,257.13	6,095.26
Representation Expenses	159,506.68	167,682.98	121,216.80
Rewards and Other Claims	3,000.00	1,500.00	1,500.00
Legal Services	36,150.00	34,300.00	88,000.00
Auditing Services	-	40,273.18	65,065.08
Consultancy Services	25,000.00	20,300.00	23,000.00
Security Services	348,000.00	1,309,500.00	1,062,000.00
Other Professional Services	21,600.00	119,290.53	98,620.00

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Board Members Allowances and Other Benefits	454,965.00	454,230.00	783,730.00
Repairs and Maintenance - Water System Structures	278,337.47	* 697,341.52	586,595.44
Repairs and Maintenance - Office Buildings	2,000.00	2,440.00	11,400.00
Repairs and Maintenance - Other Structures	-	-	1,106.40
Repairs and Maintenance - Office Equipment	4,560.00	6,000.00	23,180.00
Repairs and Maintenance - Furnitures and Fixtures	-	970.00	-
Repairs and Maintenance - IT Equipment and Software	2,950.00	29,041.50	57,933.00
Repairs and Maintenance - Communication Equipment	-	16,841.00	10,470.00
Repairs and Maintenance - Construction & Heavy Equipment	8,910.50	11,738.00	8,285.00
Repairs and Maintenance - Firefighting Equipment	-	11,225.00	13,295.00
Repairs and Maintenance - Motor Vehicles	133,029.66	237,330.63	258,829.28
Repairs and Maintenance - Other Property, Plant & Equipment	-	4,780.00	5,850.00
Donations	2,000.00	35,254.57	35,550.00
Extra-Ordinary Items	22,571.95	93,926.16	93,996.08
Taxes, Duties and Licenses	401,348.15	874,879.41	900,988.23
Fidelity Bond Premiums	34,776.28	42,480.00	41,692.51
Insurance Expenses	178,759.20	250,536.02	243,940.19
Bad Debt Expenses	111,187.92	59,666.40	35,031.94
Depreciation-Water Systems & Structures	3,463,900.02	3,067,492.98	2,700,362.80
Depreciation-Office Buildings	112,165.77	112,165.77	112,165.77
Depreciation-Office Equipment	55,923.16	55,015.35	50,743.28
Depreciation-Furnitures & Fixtures	41,159.79	42,938.55	37,622.94
Depreciation-IT Equipment & Softwares	76,126.38	93,402.09	119,309.53
Depreciation-Communication Equipment	13,364.77	20,208.15	20,089.72
Depreciation-Construction & Heavy Equipment	51,866.57	51,611.18	45,002.59
Depreciation-Motor Vehicles	238,436.06	237,961.53	231,729.19
Depreciation-Other Property, Plant & Equipment	4,323.96	6,482.84	7,264.44
Other Maintenance and Operating Expenses	1,242,842.95	2,741,915.53	2,670,208.59
Loss on Retirement of Assets	-	835,359.27	72,133.47
Total Maintenance & Other Operating Expenses	<u>15,697,583.57</u>	<u>25,813,707.70</u>	<u>23,191,312.73</u>
Financial Expenses			
Bank Charges	-	400.00	400.00
Interest Expenses	654,746.27	778,002.33	896,753.24
Total Financial Expenses	<u>654,746.27</u>	<u>778,402.33</u>	<u>897,153.24</u>
Total Expenses	<u>22,230,036.38</u>	<u>42,057,293.11</u>	<u>39,771,507.90</u>
Income (Loss) from Operation	<u>(11,040,845.79)</u>	<u>943,729.54</u>	<u>18,795.08</u>
Add/(Deduct): Other Income/(Expenses)			
Interest Income	46,553.09	94,077.96	188,831.76
Miscellaneous Income	22,519,930.90	238,883.60	197,146.56
Gain/Loss on sale of disposed assets	153,862.39	-	-
Total Net Other Income	<u>22,720,346.38</u>	<u>332,961.56</u>	<u>385,978.32</u>
Net Income	<u>P 11,679,500.59</u>	<u>P 1,276,691.10</u>	<u>P 404,773.40</u>

(See accompanying Notes to Financial Statements)

LEMERY WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2013 and 2014
(With Comparative Figures for CY 2012)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities			
Cash Inflows:			
Collection on Income from Waterworks Systems,			
Fines and Penalties	P 13,769,585.17	P 41,710,756.52	P 39,053,458.92
Collection of Other Business Income	800,189.91	2,719,764.48	1,148,817.17
Collection of Other Receivables	580,106.80	1,111,694.46	787,831.58
Proceeds from Restricted Fund for San Isidro Project	-	-	2,966,347.52
Refund of Cash Bond from DPWH	-	1,156,670.30	-
Collection of Due from Officers and Employees	176,087.00	243,808.55	154,335.10
Fixed Revenue Share (Note 18)	5,910,000.00	-	-
Proceeds from fire insurance (genset) GSIS	745,689.02	-	-
Loan Amortization to LWUA as per JVA (Note 19)	1,122,712.00	-	-
Bid Security as per JVA (Note 20)	8,000,000.00	-	-
Proceeds from reserve funds (Note 21)	2,105,786.54	-	-
Interest Income	8,528.09	93,877.96	188,831.76
Total Cash Inflows	33,218,684.53	47,036,572.27	44,299,622.05
Cash Outflows:			
Payment of Accounts Payable	17,130,082.33	19,613,893.47	17,020,632.92
Salaries and Wages	3,344,450.50	9,816,950.22	9,497,563.85
Electricity, Gasoline, Oil and Lubricants Expenses	6,137,222.07	11,839,237.19	10,657,176.91
Total Cash Outflows	26,611,754.90	41,270,080.88	37,175,373.68
Total Cash Provided by Operating Activities	6,606,929.63	5,766,491.39	7,124,248.37
Cash Flows from Investing Activities			
Cash Inflows:			
Proceeds from sale of defective assets	268,070.82	-	-
Total Cash Inflows	268,070.82	-	-
Cash Outflows:			
Capital Expenditures	2,705,008.76	8,493,632.12	2,499,323.97
Interest on Bank Deposits set aside for specific purposes	-	80,252.90	168,420.88
Total Cash Outflows	2,705,008.76	8,573,885.02	2,667,744.85
Total Cash Used by Investing Activities	(2,436,937.94)	(8,573,885.02)	(2,667,744.85)
Cash Flows from Financing Activities			
Cash Outflows:			
Loan Amortization - LWUA	1,684,068.00	1,768,152.00	1,852,224.00
Total Cash Used by Financing Activities	(1,684,068.00)	(1,768,152.00)	(1,852,224.00)
NET CASH INCREASE (DECREASE)	2,485,923.69	(4,575,545.63)	2,604,279.52
CASH BALANCE, BEGINNING	1,963,542.03	6,539,087.66	3,934,808.14
CASH BALANCE, ENDING	P 4,449,465.72	P 1,963,542.03	P 6,539,087.66

(See accompanying Notes to Financial Statements)

NOTES TO FINANCIAL STATEMENTS

A. AGENCY BACKGROUND

The Lemery Water District (LEWAD) Administration Building is situated in Carnero Subdivision, Sangalang, Lemery, Batangas. Presidential Decree No. 198, as amended by Presidential Decree Nos. 768 and 1479 and RA No. 9286, mandated the Local Water Utilities Administration (LWUA) to promote the development of water districts.

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

Initially, water district is a quasi-public corporation 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.

The Lemery Water District 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 effective April 1, 2014. The undertaking aimed to improve the water supply system of the Municipality, is 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 Lemery Water District is composed of five members of the Board of Directors and the Contract Monitoring Unit.

The present members of the Board of Directors are:

Board Chairman	:	Dr. Ferdinand M. Macababba
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 Contract Monitoring Unit (CMU) is composed of the following:

General Manager C	:	Engr. Hydee Dela Luna-Ramirez
CMU Member	:	Maria Cecilia M. Mendoza
CMU Member	:	Aldwin O. Bandalaria
CMU Member	:	Josephine S. Manabat
CMU Member	:	Christopher O. Serrano

B. ACCOUNTING POLICIES AND EXPLANATORY NOTES

1. Summary of Significant Accounting Policies

a. Method of Accounting

The Water District uses accrual basis of accounting and transactions are recorded on a double entry method. The accounts classification conforms to the accounts prescribed by the New Government Accounting System (NGAS) for government-owned and/or controlled corporations.

b. Inventories

Inventories are stated at cost determined by the Perpetual Inventory Method. Under this method, the moving average unit cost is used which provides a new unit cost after each purchase.

c. Property, Plant and Equipment

Property, Plant and Equipment is recorded at cost less accumulated depreciation. Depreciation is computed on a straight-line method over the estimated useful lives of the assets. A residual value equivalent to 10% of the acquisition cost is deducted before dividing the same by the estimated useful life.

All property, plant and equipment of LEWAD were contributed to the joint venture project.

d. Accounting of Income and Expenses

The accrual method of accounting is adopted by the Lemery Water District. Income is recorded in the period it was earned, while expenses are taken up when incurred.

2. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash-Collecting Officers:		
Change Fund (Tellers & Cashier)	P 0.00	P 16,000.00
Undeposited Collections	5.03	317,625.09
Petty Cash Fund	10,000.00	5,000.00
Cash in Bank-Local Currency, Current Account (PNB)	0.00	67.26
Cash in Bank-Local Currency, Current Account (LBP)	4,439,460.69	1,624,849.68
Total Cash	P 4,449,465.72	P 1,963,542.03

3. Trade and Other Receivables

This account consists of:

	2014	2013
Accounts Receivable	P 1,281,660.07	P 4,109,894.83
Allowance for Doubtful Accounts	1,171,738.65	1,060,550.73
Net Cash Realizable Value	109,921.42	3,049,344.10
Due from Officers & Employees	0.00	24,702.37
Other Receivables	904,883.26	949,587.25
Total Receivables	P 1,014,804.68	P 4,023,633.72

Accounts Receivable includes amounts due from concessionaires for services rendered for waters sales and other incidental services extended and penalty charges imposed on delinquent concessionaires as of March 31, 2014.

4. Inventories

This account consists of:

	2014	2013
Office Supplies Inventory	P 2,985.00	P 60,195.66
Accountable Forms Inventory	9,000.00	88,590.20
Gasoline, Oil, & Lubricants Inventory	0.00	5,338.56
Other Supplies Inventory	0.00	42,001.49
Spare Parts Inventory	0.00	116,795.65
Construction Materials Inventory	0.00	1,987,292.45
Total Inventories	P 11,985.00	P 2,300,214.01

The decrease in the inventory accounts pertains to the materials transferred to Primewater Infrastructure Corporation as a result of their Joint Venture Agreement.

5. Prepaid Expenses

This account consists of:

	2014	2013
Prepaid Insurance	P 0.00	P 139,264.61
Advances to Contractors	373,543.39	1,066,274.28
Deferred Charges	18,517.01	50,417.08
Total Prepayments	P 392,060.40	P 1,255,955.97

6. Other Current Assets

This account consists of:

	2014	2013
Guaranty Deposit		
DPWH	P -	P 137,671.65
Batelec I	342,534.90	235,273.58
Digitel	4,650.00	4,650.00
Masagana Air Supply	4,000.00	4,000.00
Customer's Deposits		
LBP High - Yield Savings Account	3,283,934.53	3,226,011.75
Other Current Assets	136,516.95	139,271.91
Total Other Current Assets	P 3,771,636.38	P 3,746,878.89

7. Investments

This account pertains to cash or other assets set apart in reserve for liquidation of Loans Payable to LWUA. This consists of:

	2014	2013
Sinking Fund		
LBP Regular Savings Account	P 0.00	P 787,874.66
LWUA Time Deposit	0.00	1,318,272.97
Total Sinking Fund	P 0.00	P 2,106,147.63

8. Property, Plant and Equipment

This account includes assets of relatively permanent in character used in the normal operations of the water district and consists of the following:

	2014	2013
Land	P 6,218,873.10	P 6,218,873.10
Water Systems & Structures	99,979,409.54	79,167,057.66
Less: Accumulated Depreciation-Water Systems & Structures	29,306,161.69	25,842,261.67
Water Systems & Structures, net	70,673,247.85	53,324,795.99

Office Buildings	2,509,332.14	2,509,332.14
Less: Accumulated. Depreciation-Office Buildings	1,947,448.25	1,835,282.48
Office Buildings, net	561,883.89	674,049.66
Office Equipment	1,222,625.88	1,205,275.88
Less: Accumulated Depreciation-Office Equipment	511,135.14	455,211.98
Office Equipment, net	711,490.74	750,063.90
Furnitures & Fixtures	646,386.73	646,386.73
Less: Accumulated Depreciation-Furnitures & Fixtures	403,379.24	362,219.45
Furnitures and Fixtures, net	243,007.49	284,167.28
IT Equipment & Softwares	1,414,920.60	1,377,930.60
Less: Accumulated Depreciation-IT Equipment & Softwares	1,111,075.84	1,034,949.46
IT Equipment and Softwares, net	303,844.76	342,981.14
Communication Equipment	466,929.10	466,929.10
Less: Accumulated Depreciation-Communication Equipment	362,881.67	349,516.90
Communication Equipment, net	104,047.43	117,412.20
Construction & Heavy Equipment	579,460.28	572,286.26
Less: Accumulated Dep.-Construction & Heavy Equipment	309,361.96	257,495.39
Construction and Heavy Equipment	270,098.32	314,790.87
Motor Vehicles	4,631,375.64	4,631,375.64
Less: Accumulated Depreciation-Motor Vehicles	3,163,259.51	2,924,823.45
Motor Vehicles, net	1,468,116.13	1,706,552.19
Other Property, Plant Equipment	56,295.00	56,295.00
Less: Accumulated Depreciation-Other PPE	44,624.48	40,300.52
Other Property, Plant and Equipment, net	11,670.52	15,994.48
Construction in Progress - Agency Assets	-	12,915,759.50
Total Property, Plant and Equipment	P 80,566,280.23	P 76,665,440.31

Other CAPEX were not reflected as cash outflow since materials for the PPE used were on stock.

9. Other Assets

This account includes Capital Investment of Primewater Infrastructure Corp. in the joint venture project, Non-LWUA Initiated Fund (NLIF) specifically intended for expansion and improvement of Lemery Water District facilities and 10% salvage value of retired PPE items which are no longer usable and for disposal. It consists of the following:

	2014		2013
Restricted Cash/Fund			
LBP - Current Account (NLIF)	P 4,125,400.69	P	5,718,974.32
Investment of Primewater Infrastructure Corp.	14,618,841.66		
Other Assets (defective and unserviceable)	480,985.19		595,193.62
Total Other Assets	P 19,225,227.54	P	6,314,167.94

10. Payable Accounts

This account consists of:

	2014	2013
Accounts Payable	P 2,185,382.10	P 368,536.14
Due to Officers and Employees	199.34	51,861.96
Total Payable Accounts	P <u>2,185,581.44</u>	P <u>420,398.10</u>

11. Inter-Agency Payables

This account consists of:

	2014	2013
Due to BIR	P 22,058.78	P 325,299.30
Due to GSIS	42,755.51	264,793.62
Due to Pag-IBIG	(10,786.24)	65,568.01
Due to PhilHealth	26,273.21	22,673.21
Due to Other GOCCs	-	20,150.00
Total Inter-Agency Payables	P <u>80,301.26</u>	P <u>698,484.14</u>

12. Other Liability Accounts

This account consists of:

	2014	2013
Guaranty Deposits Payable	P 4,597,060.63	P 4,612,443.52
Performance/Bidders/Bail Bonds Payable	-	69,600.00
Loans Payable-Domestic, Current Portion	1,194,903.35	1,029,321.73
Other Payables	115,850.43	137,166.90
Total Other Liability Accounts	P <u>5,907,814.41</u>	P <u>5,848,532.15</u>

Guarantee Deposits Payable pertains to the deposits made by customers normally before the extension of any service connections as security for the payment of subsequent water bills. It also includes 10% Retention of contractors to be released upon the lapse of warranty period.

Loans Payable-Domestic, Current Portion consists of the following loans from LWUA payable within one year from the Balance Sheet date:

	2014	2013
Current Portion:		
3-187(reg)	P 807,768.00	P 686,436.00
3-187(soft)	46,015.63	41,653.93
3-414	210,910.57	186,248.31
3-578	77,739.47	68,649.22
3-720	52,469.68	46,334.27
Total	P <u>1,194,903.35</u>	P <u>1,029,321.73</u>

13. Non-Current Liabilities

This account consists of the following loans from LWUA payable after one year from the Balance Sheet date:

	2014		2013
Long Term Debt:			
3-187(reg)	P 833,310.00	P	1,641,078.00
3-187(soft)	50,939.94		96,955.57
3-414	657,358.30		868,268.87
3-578	827,111.55		904,851.02
3-720	869,265.72		921,735.40
Non-LWUA Initiated Fund (NLIF) - 50%	<u>11,061,661.00</u>		<u>11,061,661.00</u>
Total	<u>P 14,299,646.51</u>	P	<u>15,494,549.86</u>

14. Government Equity

This account includes grants/aids received from the national government amounting to P2,922,955.30 and net of value of assets turnover by the Municipality of Lemery totaling P9,876.00. It also includes P11,061,661.00 grant which is equivalent to 50% of the proceeds under the Non-LWUA Initiated Fund.

15. Difference of Salaries and Wages between Statement of Income and Expenses and Cash Flows pertains to Overtime Pay and salaries of Job Order workers.

16. The Lemery Water District (LEWAD) has unrecorded contingent tax liabilities. The district received several assessment notices from Bureau of Internal Revenue for the alleged and disputed all internal revenue tax liabilities of the former applicable for the years 2002, 2003 and 2004. In compliance with the requirement of Republic Act No. 10026 on condonation of tax liabilities of local water districts, LEWAD submitted the Program of Internal Reforms and other reports to concerned government agencies. An application for condonation of tax liabilities was filed to Hon. Kim S. Jacinto-Henares, Commissioner of Internal Revenue, BIR National Office, Diliman, Quezon City on April 29, 2013 pursuant to Revenue Memorandum Circular No. 68-2012.

17. The total money value of unused vacation and sick leave credits of all regular employees of LEWAD as of year-end amounting to P528,233.60 was not recognized in the books.

18. Fixed Revenue Share

LEWAD shall be entitled from Primewater Infrastructure Corp. to a fixed revenue share of P7,880,000.00 per annum on the first five years to be increased by P1,000,000.00 every five years until the end of 25 year term, to be received on a quarterly basis specifically on first month of the quarter. For the year 2014, the district received P5,910,000.00 for the fixed revenue share.

19. Loan Amortization to LWUA per Joint Venture Agreement

For the year 2014, the Water District received ₱1,122,712.00 from Primewater Infrastructure Corporation for the loan amortization to LWUA for nine months applicable from April 2014 to December 2014 as part of JVA.

20. Bid Security as per Joint Venture Agreement

Posting of Bid Security required amounting to ₱8,000,000.00 for the submission of original proposal subject to a competitive challenge for the water supply improvement project of Lemery, Batangas, as prescribed under 2013 NEDA Guidelines for the JV.

21. Proceeds from Reserve Funds

- Transfer of Time Deposit Account per Certificate of Deposit No. 32 under Local Water Utilities Administration amounting to ₱1,317,911.88 to Operational Fund under LBP Acct No. 2042-1032-97 – Lemery Branch (BR 003 s. 2014).
- Transfer of fund per Landbank Regular Savings Acct. No. 2041-0895-40 amounting to ₱787,874.66 to Operational Fund under LBP Acct No. 2042-1032-97 – Lemery Branch (BR 002 s. 2014)