



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

# **FINANCIAL AUDIT REPORT**

**on the**

**ANGAT WATER DISTRICT  
Angat, Bulacan**

**For the Year Ended December 31, 2022**



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

February 16, 2023

**Engr. FRANCISCO G. VICENTE**  
Chairperson of the Board of Directors  
Angat Water District  
Angat, Bulacan

ANGAT WATER DISTRICT  
**RECEIVED**

DATE: 2/21/2023

P.Y.

*[Signature]*

Dear **Chairperson Vicente**:

We are pleased to transmit the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2022 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445). The audit was conducted in accordance with International Standards of Supreme Audit Institutions and we believe that it provided a reasonable basis for the results of our audit.

The audit was conducted to (a) ascertain the degree of reliance that may be placed on Management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

We rendered an unmodified opinion on the fairness of presentation of the financial statements.

The audit report consists of Part I - Audited Financial Statements, Part II - Audit Observations and Recommendations and Part III - Status of Implementation of Prior Year's Unimplemented Audit Recommendations.

The audit observations and recommendations were discussed with the officials concerned of the District in the exit conference held on February 10, 2023. Management's comments were incorporated in the report, where appropriate.

We request that a status report, thru accomplishing the attached **Agency Action Plan and Status of Implementation (AAPSI)** form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 97 of the General Provisions of the General Appropriations Act for FY 2022.

We appreciate the invaluable support and cooperation extended by the officials and staff of the District during the audit engagement.

Very truly yours,

  
**OMAR S. ROQUE**  
Regional Director  


**ANGAT WATER DISTRICT**  
*Angat, Bulacan*

**AGENCY ACTION PLAN and  
STATUS of IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2022**  
**As of \_\_\_\_\_**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date				
					From	To			

Agency sign-off:

\_\_\_\_\_  
Name and Position of Agency Officer

\_\_\_\_\_  
Date

Note: Status of implementation may either be (a) Fully Implemented; (b) Ongoing; (c) Not implemented; (d) Partially Implemented; or (e) Delayed



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

February 16, 2023

**Mr. ARTURO S. TORRES**  
General Manager  
Angat Water District  
Angat, Bulacan

ANGAT WATER DISTRICT  
**RECEIVED**

DATE: 2/21/2023

BY: *[Signature]*

Dear **Manager Torres**:

We are pleased to transmit the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2022 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445). The audit was conducted in accordance with International Standards of Supreme Audit Institutions and we believe that it provided a reasonable basis for the results of our audit.

The audit was conducted to (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

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We appreciate the invaluable support and cooperation extended by the officials and staff of the District during the audit engagement.

Very truly yours,

  
**OMAR S. ROQUE**  
Regional Director

**ANGAT WATER DISTRICT**  
Angat, Bulacan

**AGENCY ACTION PLAN and  
STATUS of IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2022**  
As of \_\_\_\_\_

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
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REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

February 14, 2023

**Mr. OMAR S. ROQUE**  
Regional Director  
COA Regional Office No. III  
City of San Fernando, Pampanga

Dear **Director Roque**:

We are pleased to submit herewith the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2022 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445).

The audit was conducted to (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

The attached report consists of Part I - Audited Financial Statements, Part II - Audit Observations and Recommendations and Part III - Status of Implementation of Prior Year's Unimplemented Audit Recommendations.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions and we believe that it provided a reasonable basis for the audit results. We rendered an unmodified opinion on the fairness of presentation of the financial statements.

We acknowledge the invaluable support and cooperation extended by the officials and staff of the District.

Very truly yours,

**OSCAR G. JACINTO, JR.**  
OIC - Supervising Auditor





REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

February 13, 2023

**Mr. OSCAR G. JACINTO, JR.**  
OIC - Supervising Auditor  
CGS A - Water Districts Audit Group  
This Region

Sir:

We are pleased to submit herewith the Financial Audit Report on the audit of the Angat Water District, Angat, Bulacan for the Calendar Year 2022 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD No. 1445).

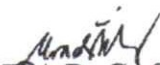
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The attached report consists of Part I - Audited Financial Statements, Part II - Audit Observations and Recommendations and Part III - Status of Implementation of Prior Year's Unimplemented Audit Recommendations. The audit observations and recommendations were discussed with the officials concerned in the exit conference held on February 10, 2023.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions and we believe that it provided a reasonable basis for the audit results.

We acknowledge the invaluable support and cooperation extended by the officials and staff of the District.

Very truly yours,

  
**MAURA D. CASTILLO**  
Audit Team Leader

## EXECUTIVE SUMMARY

### A. Introduction

Pursuant to Presidential Decree (PD) No. 198, otherwise known as the “Local Water Utilities Administration Act of 1973” as amended by PD Nos. 768 and 1479, and by virtue of the Sangguniang Bayan Resolution, the District was created in 1987. On June 11, 1987, the Conditional Certificate of Conformance No. 292 was issued by Local Water Utilities Administration (LWUA) to a newly-formed water district to operate under the standard specification.

As at December 31, 2022, the District has 13 pumping stations, eight elevated steel tanks, two steel bolted tanks, and one concrete tank which serve 14 barangays with 11,899 total active service connections. The District formerly was recognized as “Category C” water district pursuant to the Revised Local Water District Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO) in March 2012. On June 27, 2019, the District was re-categorized as “Category B” water district.

Its mission is to develop more water sources and maintain highest level of operations. It envisioned itself to have one hundred percent coverage and full satisfaction among its consumers. Its primary goal is to provide sewage services and continuous supply of water by 2021 and beyond.

The three-storey Office Building of the District is located at 269 M.A. Fernando St., Barangay Sta. Cruz, Angat, Bulacan and an image of the said structure is shown below:



The District's Board of Directors is composed of the following:

<u>Name</u>	<u>Position/Designation</u>	<u>Sector</u>
Engr. Francisco G. Vicente	Chairperson	Professional
Ms. Erlinda V. Carpio	Vice Chairperson	Women
Ms. Priscilla P. Rigoroso	Secretary	Education
Ms. Leonor S. Sarmiento	Member	Civic
Mr. Wilfredo C. Santos	Member	Business

The District has 45 permanent employees and eight personnel contracted under job order under the stewardship of General Manager Arturo S. Torres.

## B. Financial Highlights

The comparative analysis of the District's Financial Position and Results of Operation for CYs 2022, 2021 and January 1, 2021 as restated are shown below:

<b>Financial Position</b>			
<b>Year</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>
2022	₱132,368,851	₱14,522,742	₱117,846,109
2021	127,929,256	15,219,867	112,709,389
January 1, 2021 as restated	119,525,069	15,330,514	104,194,555
<b>Results of Operation</b>			
<b>Year</b>	<b>Income</b>	<b>Expenses</b>	<b>Net Income</b>
2022	73,001,200	68,157,688	4,843,512
2021	67,795,754	59,649,009	8,146,745

## C. Scope of Audit

We conducted an audit of the financial transactions and operations of the Angat Water District for the year ended December 31, 2022 using a risk-based approach in accordance with the International Standards of Supreme Audit Institutions and Corporate Government Sector Memorandum dated October 2, 2021 prescribing for the General Audit Instructions for the conduct of CY 2022 Audit of Water Districts and for other matters. We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion. The audit was conducted to (a) ascertain the degree of reliance that may be placed on Management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

3. Properties of the District with carrying value of ₱69,350,824 as of December 31, 2022 were not insured with the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS) contrary to COA Circular No. 2018-002 dated May 31, 2018 and RA No. 656, (as amended), thus exposing the District to risk of non-indemnification in case of natural and man-made calamities. (*Observation No. 3*)

We recommended that the General Manager require the Water Maintenance General Foreman to (a) strictly comply with the laws and regulations on property insurance; (b) submit the PIF of all insurable properties showing their latest appraised values/valuation to the GIF of the GSIS as basis for the assessment of general insurance coverage; and (c) check that all insurable properties are adequately insured to protect the interest of the District in case of natural or man-made calamities.

**F. Summary of Audit Suspensions, Disallowances and Charges**

The audit disallowances as of December 31, 2021 amounted to ₱12,143,799.65 with audit settlement totaling ₱74,574.00 in CY 2022; thereby, showing outstanding audit disallowances of ₱12,069,225.65 as of December 31, 2022.

**G. Status of Implementation of Prior Year's Unimplemented Audit Recommendations**

Of the 34 audit recommendations embodied in the CY 2021 Financial Audit Report, 21 were fully implemented, eight were partially implemented and five were not implemented.



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

# **FINANCIAL AUDIT REPORT**

**on the**

**ANGAT WATER DISTRICT  
Angat, Bulacan**

**For the Year Ended December 31, 2022**

## TABLE OF CONTENTS

	<b>Page No.</b>
<b>Part I - Audited Financial Statements</b>	<b>1</b>
• Independent Auditor's Report	
• Statement of Management's Responsibility for Financial Statements	
• Statement of Financial Position	
• Statement of Comprehensive Income	
• Statement of Changes in Equity	
• Statement of Cash Flows	
• Notes to Financial Statements	
<b>Part II - Audit Observations and Recommendations</b>	<b>34</b>
<b>Part III - Status of Implementation of Prior Year's           Unimplemented Audit Recommendations</b>	<b>72</b>

**PART I – AUDITED FINANCIAL STATEMENTS**



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. III**  
City of San Fernando, Pampanga

## **INDEPENDENT AUDITOR'S REPORT**

### **The Board of Directors**

Angat Water District  
Angat, Bulacan

### *Unmodified Opinion*

We have audited the financial statements of the Angat Water District, Angat, Bulacan, which comprise the Statement of Financial Position as at December 31, 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Angat Water District as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Unmodified Opinion*

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the District in accordance with the Code of Ethics for Government Auditors together with the ethical requirements that are relevant to our audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

Those charged with governance are responsible for overseeing the District's financial reporting process.



*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**COMMISSION ON AUDIT**

**By:**



**OSCAR G. JACINTO, JR.**  
OIC - Supervising Auditor

February 10, 2023



# ANGAT WATER DISTRICT

269 M.A. Fernando St. Sta. Cruz  
Angat, Bulacan, Philippines  
Tel. No. (044) 671-1204 Fax No. (044)769-1529

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Angat Water District is responsible for the preparation of the financial statements as at December 31, 2022, including the additional components attached thereto in accordance with 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 misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Angat Water District in accordance with the International Standards of Supreme Audit Institutions and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

**Engr. FRANCISCO G. VICENTE**

Chairperson  
Board of Director  
January 16, 2023  
Date Signed

**Ms. RUBIE BIANCA S. IGNACIO**

Division Manager B  
January 16, 2023  
Date Signed

**Mr. ARTURO S. TORRES**

General Manager  
January 16, 2023  
Date Signed

**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2022

*(With Comparative Figures for CY 2021 and January 1, 2021 as restated)*  
*(All amounts are rounded off to the nearest peso)*

	Note	2022	2021	January 1, 2021 as restated
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	5	P 8,862,028	P 10,160,155	P 8,347,919
Receivables, Net	6	8,792,741	7,229,144	9,897,071
Inventories	7	3,757,187	4,468,915	2,924,698
Other Current Assets	8	136,361	91,755	0
<b>Total Current Assets</b>		<b>21,548,317</b>	<b>21,949,969</b>	<b>21,169,688</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment, Net	9	102,966,506	98,660,021	92,667,027
Computer Software, Net	10	91,650	139,350	187,050
Other Non - Current Assets	8	7,762,378	7,179,916	5,501,304
<b>Total Non-Current Assets</b>		<b>110,820,534</b>	<b>105,979,287</b>	<b>98,355,381</b>
<b>TOTAL ASSETS</b>		<b>P132,368,851</b>	<b>P127,929,256</b>	<b>P119,525,069</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Financial Liabilities	11	P 2,423,495	P 4,000,151	P 3,942,021
Inter - Agency Payables	12	1,136,848	958,690	776,686
Trust Liabilities		0	57,410	0
Other Payables		1,335	1,335	0
<b>Total Current Liabilities</b>		<b>3,561,678</b>	<b>5,017,586</b>	<b>4,718,707</b>
<b>Non-Current Liabilities</b>				
Financial Liabilities	11	3,329,793	3,329,793	4,777,469
Trust Liabilities		0	0	57,410
Leave Benefits Payable		7,631,271	6,872,488	5,776,728
Other Payables		0	0	200
<b>Total Non-Current Liabilities</b>		<b>10,961,064</b>	<b>10,202,281</b>	<b>10,611,807</b>
<b>TOTAL LIABILITIES</b>		<b>14,522,742</b>	<b>15,219,867</b>	<b>15,330,514</b>
<b>EQUITY</b>				
Government Equity		217,052	217,052	217,052
Retained Earnings		117,629,057	112,492,337	103,977,503
<b>TOTAL EQUITY</b>		<b>117,846,109</b>	<b>112,709,389</b>	<b>104,194,555</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P132,368,851</b>	<b>P127,929,256</b>	<b>P119,525,069</b>

*The notes on pages 8 to 33 form part of these statements.*

**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the Year Ended December 31, 2022  
*(With Comparative Figures for CY 2021)*  
*(All amounts are rounded off to the nearest peso)*

	Note	2022	2021
<b>INCOME</b>			
Service and Business Income	13	₱73,001,200	₱67,789,754
Miscellaneous Income		0	6,000
<b>TOTAL INCOME</b>		<b>73,001,200</b>	<b>67,795,754</b>
<b>EXPENSES</b>			
Personnel Services	14	28,744,823	26,332,176
Maintenance and Other Operating Expenses	15	33,505,355	27,348,593
Financial Expenses	16	234,198	445,107
Non - Cash Expenses	17	5,673,312	5,523,133
<b>TOTAL EXPENSES</b>		<b>68,157,688</b>	<b>59,649,009</b>
<b>NET INCOME</b>		<b>₱ 4,843,512</b>	<b>₱ 8,146,745</b>

*The notes on pages 8 to 33 form part of these statements.*

**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF CHANGES IN EQUITY**  
For the Year Ended December 31, 2022  
*(With Comparative Figures for CY 2021)*  
*(All amounts are rounded off to the nearest peso)*

	<b>GOVERNMENT EQUITY</b>	<b>RETAINED EARNINGS</b>	<b>TOTAL</b>
<b>BALANCE AT JANUARY 1, 2021</b>	<b>P 217,052</b>	<b>P 105,219,844</b>	<b>P 105,436,896</b>
<b>ADJUSTMENTS:</b>			
Add(Deduct):			
Effects of Transition to PFRS		(1,242,341)	(1,242,341)
<b>RESTATED BALANCE AT JANUARY 1, 2021</b>	<b>217,052</b>	<b>103,977,503</b>	<b>104,194,555</b>
Add(Deduct):			
Net Income for the year		8,146,745	8,146,745.00
Effects of Transition to PFRS		(34,819)	(34,819.00)
Other Adjustments		402,908	402,908.00
<b>BALANCE AT DECEMBER 31, 2021</b>	<b>217,052</b>	<b>112,492,337</b>	<b>112,709,389</b>
Add(Deduct):			
Net Income for the year		4,843,512	4,843,512
Other Adjustments		293,208	293,208
<b>BALANCE AT DECEMBER 31, 2022</b>	<b>P 217,052</b>	<b>P 117,629,057</b>	<b>P 117,846,109</b>

*The notes on pages 8 to 33 form part of these statements.*

**ANGAT WATER DISTRICT**  
**Angat, Bulacan**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2022  
*(With Comparative Figures for CY 2021)*  
*(All amounts are rounded off to the nearest peso)*

	Note	2022	2021
<b>Cash Flows from Operating Activities</b>			
<b>Cash Inflows</b>			
Proceeds from Sale of Goods and Services		P 1,015,894	P 593,209
Collection of Income/Revenue		1,947,071	1,991,397
Collection of Receivables		72,094,448	67,940,512
Receipts of Customer's Deposits		140	250
Other Receipts		0	15,251
Other Adjustments		2,462,493	1,496,506
<b>Total Cash Inflows</b>		<b>77,520,046</b>	<b>72,037,125</b>
<b>Cash Outflows</b>			
Payment of personnel services		19,879,487	19,257,547
Payment of maintenance and other operating expenses		29,176,384	21,253,685
Purchase of Inventories		1,035,735	1,208,248
Grant of Cash Advance		112,354	109,592
Payments of Accounts Payable		9,083,143	11,151,010
Remittance of Personnel Benefits			
Contributions and Mandatory Deductions		9,055,586	7,956,416
Other Disbursements		2,355,627	917,299
Other Adjustments		2,679,455	334,130
<b>Total Cash Outflows</b>		<b>73,377,771</b>	<b>62,187,927</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>4,142,275</b>	<b>9,849,198</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash Inflows</b>			
Receipts of Interest Earned		3,665	13,696
Other Income		0	147,973
Proceeds from Matured Investments		300	0
Transfer of Funds		18,680,000	5,510,000
<b>Total Cash Inflows</b>		<b>18,683,965</b>	<b>5,671,669</b>
<b>Cash Outflows</b>			
Purchase/Construction of PPE		3,013,948	5,726,415
Purchase/Acquisition of Investments		267,791	0
Transfer of Funds		18,680,000	5,510,000
<b>Total Cash Outflows</b>		<b>21,961,739</b>	<b>11,236,415</b>
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>(3,277,774)</b>	<b>(5,564,746)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Cash Inflows</b>			
Miscellaneous Receipts		19,475	57,840
<b>Total Cash Inflows</b>		<b>19,475</b>	<b>57,840</b>
<b>Cash Outflows</b>			
Payment of Principal		2,182,103	2,530,056
<b>Total Cash Outflows</b>		<b>2,182,103</b>	<b>2,530,056</b>
<b>Net Cash Provided by (Used in) Financing Activities</b>		<b>(2,162,628)</b>	<b>(2,472,216)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		<b>(1,298,127)</b>	<b>1,812,236</b>
Cash and Cash Equivalents - January 1		10,160,155	8,347,919
<b>Cash and Cash Equivalents - December 31</b>	<b>5</b>	<b>P8,862,028</b>	<b>P10,160,155</b>

*The notes on pages 8 to 33 form part of these statements.*

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Agency Information and Authorization for Issue of the Financial Statements**

Pursuant to Presidential Decree (PD) No. 198, otherwise known as the “Local Water Utilities Administration Act of 1973” as amended by PD Nos. 768 and 1479, and by virtue of the Sangguniang Bayan Resolution, the District was created in 1987. On June 11, 1987, the Conditional Certificate of Conformance No. 292 was issued by Local Water Utilities Administration (LWUA) to a newly-formed water district to operate under the standard specification.

As at December 31, 2022, the District has 13 pumping stations, eight elevated steel tanks, two steel bolted tanks, and one concrete tank which serve 14 barangays with 11,899 total active service connections. The District formerly was recognized as “Category C” water district pursuant to the Revised Local Water District Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO) in March 2012. On June 27, 2019, the District was re-categorized as “Category B” water district.

Its mission is to develop more water sources and maintain highest level of operations. It envisioned itself to have one hundred percent coverage and full satisfaction among its consumers. Its primary goal is to provide sewage services and continuous supply of water by 2021 and beyond.

The District’s Board of Directors is composed of the following:

<u>Name</u>	<u>Position/Designation</u>	<u>Sector</u>
Engr. Francisco G. Vicente	Chairperson	Professional
Ms. Erlinda V. Carpio	Vice Chairperson	Women
Ms. Priscilla P. Rigoroso	Secretary	Education
Ms. Leonor S. Sarmiento	Member	Civic
Mr. Wilfredo C. Santos	Member	Business

The District has 45 permanent employees and eight personnel contracted under job order under the stewardship of General Manager Arturo S. Torres.

#### **1.1 Authorization for Issue of the 2022 Financial Statements**

The financial statements of the District for the year ended December 31, 2022 were authorized for issue by the Board of Directors on January 16, 2023 as reflected in the Statement of Management’s Responsibility for Financial Statements signed by the BOD Chairperson.

## **2. Changes in Accounting Policies**

### 2.1 Application of the new capitalization threshold

These financial statements for the year ended December 31, 2022, are the first time the District has complied with the Commission on Audit (COA) Circular No. 2022-004 dated May 31, 2022 relative to the increase in capitalization threshold for the Property, Plant and Equipment (PPE) account from ₱15,000 to ₱50,000. For periods up to and including the year ended December 31, 2021, the District applied the capitalization threshold of ₱15,000 for all their tangible items.

Accordingly, the District has prepared financial statements that comply with ₱50,000 capitalization threshold applicable as at December 31, 2022, together with the comparative period data for the year ended December 31, 2021. In preparing the financial statements, the District's opening statement of financial position was prepared as at January 1, 2021. This note explains the principal adjustments made by the District in the application of the new capitalization threshold in all the affected accounts in the financial statements, including the statement of financial position as at January 1, 2021 and the financial statements for the year ended December 31, 2021.

### 2.2 Effects of the change in accounting policy on the new capitalization threshold

On December 31, 2022, the District applied the new capitalization threshold of ₱50,000 for all their tangible items in compliance with COA Circular No. 2022-004 dated May 31, 2022, and presented in the financial statements as per COA Circular No. 2022-003 dated January 24, 2022 (classification of Government Corporations (GCs) to Commercial Public Sector Entities (CPSEs) and Non-CPSEs) and COA Circular No. 2021-005 dated July 22, 2021 (adoption of the updated Revised Chart of Accounts for GCs).

For issued tangible items acquired prior to CY 2022 with amounts from ₱15,000 to below ₱50,000 previously classified as PPE the carrying amount shall be expensed/charged to Retained Earnings/(Deficit) while the corresponding accumulated depreciation and accumulated impairment loss shall be closed in the books of accounts.

The District adjusted its PPE to reflect only the items that comply with the ₱50,000 threshold, thus, resulting in the reduction of PPE amounting to ₱1,242,341 and ₱34,819 for the years beginning 2021 and ending 2021, respectively. The adjustments for the beginning and end of 2021 were posted directly to the Retained Earnings while the adjustments for the year 2022 were posted to their appropriate accounts.

For tangible items acquired prior to CY 2022 with amounts from ₱15,000 to ₱50,000 previously classified as PPE which are still in the custody of the Supply and/or Property Division/Unit shall be reclassified to the appropriate semi-expendable property account.

The District does not have any unissued semi-expendable inventory as of December 31, 2022.



The District's reconciliation of equity as at January 1, 2021 (date of transition), is as follows:

	Old Capitalization Threshold	Remeasurements	January 1, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	₱ 8,347,919	₱ 0	₱ 8,347,919
Receivables, Net	9,897,071	0	9,897,071
Inventories	2,924,698	0	2,924,698
<b>Total Current Assets</b>	<b>21,169,688</b>	<b>0</b>	<b>21,169,688</b>
<b>Non – Current Assets</b>			
Property, Plant and Equipment	143,237,920	(2,285,416)	140,952,504
Accumulated Depreciation	(49,328,552)	1,043,075	(48,285,477)
Computer Software, Net	187,050	0	187,050
Other Non – Current Assets	5,501,304	0	5,501,304
<b>Total Non – Current Assets</b>	<b>99,597,722</b>	<b>(1,242,341)</b>	<b>98,355,381</b>
<b>TOTAL ASSETS</b>	<b>₱120,767,410</b>	<b>(₱1,242,341)</b>	<b>₱119,525,069</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	₱ 3,942,021	₱ 0	₱ 3,942,021
Inter – Agency Payables	776,686	0	776,686
<b>Total Current Liabilities</b>	<b>4,718,707</b>	<b>0</b>	<b>4,718,707</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	4,777,469	0	4,777,469
Trust Liabilities	57,410	0	57,410
Leave Benefits Payable	5,776,728	0	5,776,728
Other Payables	200	0	200
<b>Total Non – Current Liabilities</b>	<b>10,611,807</b>	<b>0</b>	<b>10,611,807</b>
<b>TOTAL LIABILITIES</b>	<b>15,330,514</b>	<b>0</b>	<b>15,330,514</b>
<b>EQUITY</b>			
Government Equity	217,052	0	217,052
Retained Earnings	105,219,844	(1,242,341)	103,977,503
<b>TOTAL EQUITY</b>	<b>105,436,896</b>	<b>(1,242,341)</b>	<b>104,194,555</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱120,767,410</b>	<b>(₱1,242,341)</b>	<b>₱119,525,069</b>

The District's reconciliation of equity as at December 31, 2021 is as follows:

	Old Capitalization Threshold	Remeasurements	December 31, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	₱ 10,160,155	₱ 0	₱ 10,160,155
Receivables, Net	7,229,144	0	7,229,144
Inventories	4,468,915	0	4,468,915

	Old Capitalization Threshold	Remeasurements	December 31, 2021
Other Current Assets	91,755	0	91,755
<b>Total Current Assets</b>	<b>21,949,969</b>	<b>0</b>	<b>21,949,969</b>
<b>Non – Current Assets</b>			
Property, Plant and Equipment	151,270,650	(307,698)	150,962,952
Accumulated Depreciation	(52,575,810)	272,879	(52,302,931)
Computer Software, Net	139,350	0	139,350
Other Non – Current Assets	7,179,916	0	7,179,916
<b>Total Non – Current Assets</b>	<b>106,014,106</b>	<b>(34,819)</b>	<b>105,979,287</b>
<b>TOTAL ASSETS</b>	<b>₱127,964,075</b>	<b>(₱34,819)</b>	<b>₱127,929,256</b>

## LIABILITIES AND EQUITY

### LIABILITIES

#### Current Liabilities

Financial Liabilities	₱ 4,000,151	₱ 0	₱ 4,000,151
Inter – Agency Payables	958,690	0	958,690
Trust Liabilities	57,410	0	57,410
Other Payables	1,335	0	1,335
<b>Total Current Liabilities</b>	<b>5,017,586</b>	<b>0</b>	<b>5,017,586</b>

#### Non – Current Liabilities

Financial Liabilities	3,329,793	0	3,329,793
Leave Benefits Payable	6,872,488	0	6,872,488
<b>Total Non – Current Liabilities</b>	<b>10,202,281</b>	<b>0</b>	<b>10,202,281</b>
<b>TOTAL LIABILITIES</b>	<b>15,219,867</b>	<b>0</b>	<b>15,219,867</b>

### EQUITY

Government Equity	217,052	0	217,052
Retained Earnings	112,527,156	(34,819)	112,492,337
<b>TOTAL EQUITY</b>	<b>112,744,208</b>	<b>(34,819)</b>	<b>112,709,389</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱127,964,075</b>	<b>(₱34,819)</b>	<b>₱127,929,256</b>

### 3. Summary of Significant Accounting Systems and Policies

#### 3.1 Basis of Financial Statements Presentation

The financial statements of the District have been prepared using historical cost basis. The financial statements are presented in Philippine Peso (₱), which is the District's functional and presentation currency. All values are rounded off to nearest peso, except when otherwise indicated.

For the year ended December 31, 2022, the District prepared its financial statements (FS) in accordance with generally accepted accounting principle in the Philippines, Philippine Financial Reporting Standards (PFRS) and New Government Accounting System (NGAS) prescribed by the Commission on Audit on January 1, 2005.

### 3.2 Statement of Compliance

The financial statements were prepared in compliance with PFRS, which includes statements named PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council and Revised Chart of Accounts (RCA) for Government Corporations prescribed in COA Circular No. 2020-002 dated January 28, 2020.

### 3.3 Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of the District's financial statements are summarized below.

#### 3.3.1 Current versus Noncurrent Classification

The District presents assets and liabilities in the statement of financial position based on current or noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The District classifies all other liabilities as noncurrent.

#### 3.3.2 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the District. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The District uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the District determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

### 3.3.3 Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rates. 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 change in value.

### 3.3.4 Financial Instruments

#### *Date of recognition*

The District recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

#### *Initial recognition of financial instruments*

Financial instruments are initially recognized at fair value, which is the fair value of the consideration given (in case of a financial asset) or received (in case of a financial liability). Except for securities at Fair Value through Profit or Loss (FVPL), the initial measurement of financial instruments includes transaction costs.

The District classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, available for sale (AFS) financial assets and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

#### *Loans and Receivables*

Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. These are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The losses arising from impairment of such receivables are recognized as "doubtful accounts" in profit or loss.

#### *Financial Liabilities Measured at Amortized Cost*

These are the financial liabilities which are not designated at FVPL. Financial liabilities not designated as FVPL are measured at amortized cost after initial measurement using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Included in this category are the District's accounts payable, accrued expenses, inter-agency payables, loans payable, other payables and guarantee deposits payable to customers.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. The amortization is included in the interest expense in the District's Statement of Comprehensive Income.

### 3.3.5 Derecognition of Financial Assets and Financial Liabilities

#### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The District retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The District has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

When the District has transferred its right to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the District's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the District could be required to repay.

#### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

### *Loans and receivables*

For loans and receivables carried at amortized cost, the District first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the District determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to profit or loss. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

#### 3.3.6 Impairment of Financial Assets

The District assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic condition that correlate with default. For the District's receivables from customers, evidence of impairment may include non-collection of water bills despite of sending series of demand letters to delinquent concessionaires.

As at December 31, 2022, the District has no impaired financial assets.

### 3.3.7 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 3.3.8 Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the District; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the District does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

### 3.3.9 Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). Cost is determined using the moving average method.

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

### 3.3.10 Property, Plant and Equipment (PPE)

PPE, except land, are stated at cost less accumulated depreciation. A residual value equivalent to ten percent (10%) for prior years until June 2020 and five percent (5%) for July 2020 and onwards of the purchase cost is being set up.

The initial cost of PPE comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the PPE to its working condition and location for its intended use, including capitalized borrowing costs incurred during the construction period.

Expenditures incurred after the PPE have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the



use of an item of PPE beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the related PPE.

Depreciation and amortization of PPE commences once the PPE are available for use and are calculated on a straight-line basis over the estimated useful lives (EUL) of the PPE as follows:

<u>Category</u>	<u>Number of years</u>
Furniture and Fixtures	10
Transportation equipment	7
Machinery and equipment	10
Building and other structures	30

The EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of PPE.

Fully depreciated PPE are retained in the accounts until they are no longer in use and no further depreciation are charged to current operations.

When PPE is retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated impairment, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

#### *Recognition*

An item is recognized as PPE if it meets the characteristics and recognition criteria as a PPE. The characteristics of PPE are 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 future economic benefits or service potential associated with the item will flow to the entity;
- The cost or fair value of the item can be measured reliably; and
- The cost is at least ₱50,000.

#### *Measurement at recognition*

An item recognized as PPE is measured at cost. 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 acquisition of the items; 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 that 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 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 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.

#### *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 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 management. For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use.

#### *Depreciation method*

Depreciation is computed on a straight-line method less 10% residual value for items purchased prior and until June 2020, and 5% residual value for those purchased from July 2020 and onwards, over the estimated useful lives of the property, and commences on the month subsequent to acquisition.

#### *Estimated useful life*

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

### *Residual value*

The District uses a residual value equivalent to at least ten percent (10%) of the cost of the PPE for items purchased from prior years until June 2020 and five percent (5%) for items purchased starting July 2020 and onwards.

### *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.

### *Derecognition*

The District 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.

### 3.3.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least 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 accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 statement of profit or loss when the asset is derecognized.

### 3.3.12 Impairment of Non-Financial Assets

The District assesses at each reporting date 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, the District estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It 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. When the carrying amount of an asset or CGU 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 pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other fair value indicators. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, 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 recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or revaluation increase. After such a reversal, the depreciation and amortization charge are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

As at December 31, 2022, the District has no reported impaired non-financial assets.

### 3.3.13 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the District and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### 3.3.14 Income from Waterworks System

Sales revenue are recognized when the related water services are rendered. Water is billed every month according to the bill cycles of the customers. As a result of bill cycle cut-off, monthly service revenue earned but not yet billed at end of the month are estimated and accrued. These estimates are based on historical consumption of the customers.

For the period ending December 31, 2022, Income from Waterworks System was classified under Business Income in the Statement of Comprehensive Income.

#### 3.3.15 Fines and Penalties not related to taxes

The District 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.

The District charges fines and penalties to customers when there is a delay in the payment of water bill. A penalty of 10% of the water bill is automatically charged by the Billing and Collection System the day following the due date.

For the period ending December 31, 2022, Fines and Penalties were classified under Business Income in the Statement of Comprehensive Income.

#### 3.3.16 Other Business Income

Other customer related fees such as service connection, reconnection, transfer meter and change meter are recognized when these services have been rendered.

#### 3.3.17 Interest Income

Interest income is recognized as it accrues, taking into account the effective yield of the assets.

#### 3.3.18 Cost of Services and Operating Expenses

Cost of services and operating expenses are recognized as they are incurred. Cost and expenses are recognized in the profit or loss when a decrease in future economic benefit related to a decrease of an asset or an increase of a liability has arisen other than distributions to equity participants that can be measured reliably. Cost and expenses are recognized in the profit or loss on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when expenditure produces no future economic benefits or when, and to the

extent that, future economic benefits do not qualify, cease to qualify, for recognition in the statement of financial position as an asset.

For the period ending December 31, 2022, cost of services and operating expenses includes personnel services, maintenance and other operating expenses, financial expenses and non-cash expenses.

### 3.3.19 Income Tax

#### *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

#### *Deferred tax*

Deferred tax is provided, using the liability method, for all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax asset shall be recognized for all deductible temporary differences and operating loss carry forward when it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. (PAS12.24)

Pursuant to Presidential Decree No. 198, Section 14 - Department of Justice ruling under case no. OSJ-2005-03 states that the Water Districts are exempted from Income tax and only liable to 2% Franchise Tax on its gross receipts. Recognition of deferred tax is not applicable as stated above.

### 3.3.20 Provisions and Contingencies

#### *Provisions*

A provision is recognized when the District has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. When the District expects a provision to be reimbursed, the reimbursement is not recognized as a separate asset but only when the reimbursement is

virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### *Contingencies*

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

#### 3.3.21 Employee Benefits

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

### **4. Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the District's financial statements in compliance with PFRS requires Management to make judgments, estimates and assumptions that affect the amounts reported and disclosure in the financial statements and the related notes. Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results could differ from those estimates, and such, will be adjusted accordingly.

The District believes the following represent a summary of these significant judgments, estimates and assumptions, and the related impact and associated risks in the financial statements.

#### 4.1 Judgments

In the process of applying the District's accounting policies, Management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

##### *Determination of impairment of non-financial asset*

The District assesses the impairment of non-financial assets (PPE, other current assets, and other noncurrent assets) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the District considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of usage of the acquired assets or the strategy for the District's overall business; and
- Significant negative industry or economic trends.

In 2022, the District has not identified any impairment indicator, thus, no impairment was recognized.

#### 4.2 Estimates and Assumptions

Key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

##### *Determination of impairment of receivables*

The District reviews its receivables at each reporting date to assess whether provision for doubtful accounts should be recorded in profit or loss. The District maintains an allowance for impairment - accounts receivable based on the results of the individual and collective impairment assessments under PAS 39. Allowance for impairment - accounts receivable is maintained at a level considered adequate to provide for potentially uncollectible receivables. The level of allowance is based on past collection experience and other factors that may affect collectability. These factors include, but not limited to, age and status of receivables, the concessionaire's payment behavior and known market factors. An evaluation of receivables, designed to identify potential charges to the allowance is performed on a continuous basis throughout the year.

The District computes the Allowance for Impairment-Accounts Receivable based on the aging of receivables.

##### *Determination of estimated useful lives of property, plant and equipment*

The useful life of each of the District's item of PPE is estimated based on the period over which the asset is expected to provide economic benefits. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of PPE would increase the recorded depreciation expense and decrease the carrying value of PPE.



## 5. Cash and Cash Equivalents

This account pertains to cash collecting officers, petty cash fund and cash in bank readily available in the payment of current obligations of the District and not subject to any restriction, contractual or otherwise, breakdown as follows:

	2022	2021	Jan. 1, 2021 as restated
Cash – Collecting Officers	₱ 89,937	₱ 15,386	₱ 1,544
Petty Cash Fund	10,000	10,000	10,000
Cash in Bank – Local Currency			
Current Account	8,762,091	8,195,998	6,331,891
Savings Account	0	86,649	152,599
Time Deposits, Local Currency	0	1,852,122	1,851,885
<b>Total Cash and Cash Equivalents</b>	<b>₱8,862,028</b>	<b>₱10,160,155</b>	<b>₱8,347,919</b>

## 6. Receivables, Net

This includes all amounts due on open accounts arising from services rendered to the customers for water sales and incidental services.

	2022	2021	Jan. 1, 2021 as restated
Accounts Receivable (AR)	₱6,579,702	₱7,402,443	₱10,011,491
Allowance for Impairment – AR	(1,006,416)	(1,011,904)	(1,093,694)
Receivables – Disallowances/Charges	746,487	820,641	945,435
Due From Officers and Employees	94	89	15,964
Other Receivables	2,472,874	17,875	17,875
<b>Receivables, Net</b>	<b>₱8,792,741</b>	<b>₱7,229,144</b>	<b>₱ 9,897,071</b>

Other Receivables pertain to the balance of materials purchased by concessionaires and the District's deposit balance from the closed Farmers Savings Bank, Inc.

Below is the aging/analysis of AR:

Status of AR	2022	2021	Jan. 1, 2021 as restated
Non Past Due Accounts	₱ 1,864,528	₱ 2,060,854	₱ 2,044,997
Past Due Accounts			
31 – 60 days	544,022	965,137	1,473,675
61 – 90 days	207,069	350,979	775,148
91 – 120 days	115,399	336,529	877,517
over 120 days	3,848,684	3,688,944	4,840,154
<b>Total AR</b>	<b>₱6,579,702</b>	<b>₱7,402,443</b>	<b>₱10,011,491</b>

## 7. Inventories

This account pertains to unissued materials and supplies, which are kept in stock and held for future use.

	2022	2021	Jan. 1, 2021 as restated
Office Supplies Inventory	₱ 57,528	₱ 70,525	₱ 10,719
Accountable Forms, Plates and Stickers Inventory	176,683	216,008	0
Chemical and Filtering Supplies Inventory	198,100	148,700	114,933
Construction Materials Inventory	2,196,809	2,795,618	1,625,046
Other Supplies and Materials Inventory	1,128,067	1,238,064	1,174,000
<b>Total Inventories</b>	<b>₱3,757,187</b>	<b>₱4,468,915</b>	<b>₱2,924,698</b>

## 8. Other Assets

This represents amount of prepaid insurance, meter and bill deposits to Manila Electric Company (Meralco) and unserviceable properties.

	2022	2021	Jan. 1, 2021 as restated
<b>Current</b>			
Prepaid Insurance	₱ 136,361	₱ 91,755	₱ 0
<b>Total Other Current Assets</b>	<b>136,361</b>	<b>91,755</b>	<b>0</b>
<b>Non – Current</b>			
Prepaid Insurance	0	0	74,079
Guaranty Deposits	290,000	90,000	90,000
Other Deposits	5,911,133	5,911,132	4,676,329
Other Assets	1,561,245	1,178,784	660,896
<b>Total Other Non – Current Assets</b>	<b>7,762,378</b>	<b>7,179,916</b>	<b>5,501,304</b>
<b>Total Other Assets</b>	<b>₱7,898,739</b>	<b>₱7,271,671</b>	<b>₱5,501,304</b>

## 9. Property, Plant and Equipment, (PPE) Net

This includes all properties of relatively permanent in character that are used in normal operations of the District. The breakdown of this account is shown below.

	2022				
	Land	Other Land Improvements	Plant - Utility Plant in Service	Buildings	Machinery and Equipment
<i>Cost</i>					
Balance at beginning of year	₱2,699,585	₱3,133,466	₱74,792,449	₱19,500,901	₱35,535,746
Additions	150,000	0	0	0	3,660,337
Disposals/reclassification	0	0	0	0	(618,186)
Balance, Dec. 31	2,849,585	3,133,466	74,792,449	19,500,901	38,577,897

2022					
	Land	Other Land Improvements	Plant - Utility Plant in Service	Buildings	Machinery and Equipment
<i>Accumulated depreciation</i>					
Balance at beginning of year	0	777,261	27,564,387	4,225,433	16,496,383
Depreciation	0	275,879	1,798,489	512,251	2,318,754
Balance, Dec. 31	0	1,053,140	29,362,876	4,737,684	18,815,137
<b>PPE, Net</b>	<b>₱2,849,585</b>	<b>₱2,080,326</b>	<b>₱45,429,573</b>	<b>₱14,763,217</b>	<b>₱19,762,760</b>

2022				
	Motor Vehicles	Furniture and Fixtures	Construction in Progress	Total
<i>Cost</i>				
Balance at beginning of year	₱ 6,350,796	₱ 713,754	₱ 8,236,255	₱150,962,952
Additions	165,000	0	6,525,356	10,500,693
Disposals/reclassification	0	0	(74,988)	(693,174)
Balance, Dec. 31	6,515,796	713,754	14,686,623	160,770,471
<i>Accumulated depreciation</i>				
Balance at beginning of year	3,113,722	125,745	0	52,302,931
Depreciation	530,988	64,673	0	5,501,034
Balance, Dec. 31	3,644,710	190,418	0	57,803,965
<b>PPE, Net</b>	<b>₱2,871,086</b>	<b>₱523,336</b>	<b>₱14,686,623</b>	<b>₱102,966,506</b>

2021					
	Land	Other Land Improvements	Plant - Utility Plant in Service	Buildings	Machinery and Equipment
<i>Cost</i>					
Balance at beginning of year	₱ 2,428,125	₱ 2,941,359	₱69,313,188	₱10,877,690	₱34,859,322
Effects of transition to PFRS	0	0	0	0	(2,000,993)
Restated balance, Jan. 1	2,428,125	2,941,359	69,313,188	10,877,690	32,858,329
Additions	271,460	192,107	5,479,261	8,623,211	4,338,082
Deductions	0	0	0	0	(1,352,968)
Effects of transition to PFRS	0	0	0	0	(307,697)
Balance, Dec. 31	2,699,585	3,133,466	74,792,449	19,500,901	35,535,746
<i>Accumulated depreciation</i>					
Balance at beginning of year	0	518,085	25,884,988	3,887,023	16,220,331
Effects of transition to PFRS	0	0	0	0	(921,736)
Restated balance, Jan. 1	0	518,085	25,884,988	3,887,023	15,298,595
Depreciation	0	259,176	1,679,399	449,788	2,005,333
Other Adjustments	0	0	0	(111,378)	(548,090)
Effects of transition to PFRS	0	0	0	0	(259,455)
Balance, Dec. 31	0	777,261	27,564,387	4,225,433	16,496,383
<b>PPE, Net</b>	<b>₱2,699,585</b>	<b>₱2,356,205</b>	<b>₱47,228,062</b>	<b>₱15,275,468</b>	<b>₱19,039,363</b>

2021					
	Motor Vehicles	Furniture and Fixtures	Other PPE	Construction in Progress	Total
<i>Cost</i>					
Balance at beginning of year	₱6,056,164	₱1,134,563	₱ 21,578	₱15,605,932	₱143,237,921
Effects of transition to PFRS	0	(262,846)	(21,578)	0	(2,285,417)
Restated balance, Jan. 1	6,056,164	871,717	0	15,605,932	140,952,504
Additions	294,632	87,137	0	7,042,745	26,328,635
Deductions	0	(245,100)	0	(14,412,422)	(16,010,490)
Effects of transition to PFRS	0	0	0	0	(307,697)
Balance, Dec. 31	6,350,796	713,754	0	8,236,255	150,962,952

	2021				Total
	Motor Vehicles	Furniture and Fixtures	Other PPE	Construction in Progress	
<i>Accumulated depreciation</i>					49,328,553
Balance at beginning of year	2,409,392	408,734	0	0	(1,043,076)
Effects of transition to PFRS	0	(121,340)	0	0	48,285,477
Restated balance, Jan. 1	2,409,392	287,394	0	0	5,170,390
Depreciation	704,330	72,364	0	0	(880,058)
Other Adjustments	0	(220,590)	0	0	(272,878)
Effects of transition to PFRS	0	(13,423)	0	0	52,302,931
Balance, Dec. 31	3,113,722	125,745	0	0	
<b>PPE, Net</b>	<b>₱3,237,074</b>	<b>₱ 588,009</b>	<b>₱ 0</b>	<b>₱8,236,255</b>	<b>₱98,660,021</b>

The Land account as of CY 2022 under the possession of the District pertained to the following:

Mode of Acquisition	Qty.	Lot Area	Acquisition Cost
<b>Acquired through Purchase:</b>			
With Transfer Certificate of Title (TCT)	8	2,103	₱ 873,790
Without TCT	15	3,075	1,801,135
Sub-total	23	5,178	2,674,925
<b>Acquired through Donation:</b>			
Without TCT	2	176	174,660
<b>Total</b>	<b>25</b>	<b>5,354</b>	<b>₱2,849,585</b>

The following information pertains to the 17 parcels of land which have no Transfer Certificate of Title yet:

- Tugatog Lot – the owner is still looking for the original mother title
- Laog, Sto. Cristo and Paltoc lot were under Proclamation No. 573 otherwise known as Permanent Forest Reserve, while Pulong Yantok lot falls within the Alienable and Disposable Project No. 2, thus, only Tax Declaration for these lots were available but the district had already obtained certification from Forest Management Bureau.
- Laog 2 - the process to transfer the title to the district is still on-going.
- All remaining lots have a Tax Declaration Certificate named after the district as proof of ownership.

The Management is exerting effort to secure the covering TCTs on the above parcel of land while all other lots which fell within Proclamation No. 573, a certification from Forest Management Bureau will be requested in CY 2023 to protect the District's interest and in order to document the absolute ownership thereon.

## 10. Computer Software, Net

This account consists of the following:

	2022	2021	Jan. 1, 2021 as restated
Computer Software (CS)	₱663,750	₱663,750	₱663,750
Accumulated Amortization – CS	(572,100)	(524,400)	(476,700)
<b>Computer Software, Net</b>	<b>₱91,650</b>	<b>₱139,350</b>	<b>₱187,050</b>

## 11. Financial Liabilities (FL)

This account includes the amount payable to the suppliers, due to officers and employees and long – term obligations of the District, as follows:

	2022	2021	Jan. 1, 2021 as restated
<b>Current</b>			
Accounts Payable	₱2,423,038	₱1,867,033	₱1,838,577
Due to Officers and Employees	457	4,244	1,127
Loans Payable – Domestic	0	2,128,874	2,102,317
<b>Total FL – Current</b>	<b>2,423,495</b>	<b>4,000,151</b>	<b>3,942,021</b>
<b>Non – Current</b>			
Loans Payable – Domestic	3,329,793	3,329,793	4,777,469
<b>Total FL – Non – Current</b>	<b>3,329,793</b>	<b>3,329,793</b>	<b>4,777,469</b>
<b>Total FL</b>	<b>₱5,753,288</b>	<b>₱7,329,944</b>	<b>₱8,719,490</b>

Loans Payable – Domestic represents the long – term obligations of the District from LWUA, the proceeds of which were used to finance various infrastructures and permanent improvements in order to meet the demands of the growing clientele. Repayments are made monthly based on the agreed terms and schedule provided in the loan agreement.

## 12. Inter – Agency Payables

This represents contributions due, collections received, amounts withheld for remittance to the following government agencies.

	2022	2021	Jan. 1, 2021 as restated
Due to BIR	₱ 694,573	₱586,511	₱518,814
Due to GSIS	317,052	279,277	190,436
Due to Pag – IBIG	65,215	61,728	54,502
Due to PhilHealth	60,008	31,174	12,934
<b>Total Inter – Agency Payables</b>	<b>₱1,136,848</b>	<b>₱958,690</b>	<b>₱776,686</b>

### 13. Service and Business Income

These are the water sales, penalty charges for late payments and violation and new connection fees generated by the District from its concessionaires net of Senior Citizens' Discount.

	2022	2021
Fines and Penalties – Service Income	₱ 2,000	₱ 4,000
Waterworks Systems Fees	324,150	256,646
Sales Revenue	68,723,465	65,329,932
Sales Discounts	(114,295)	(108,844)
Interest Income	15,512	21,735
Fines and Penalties – Business Income	2,771,560	0
Other Business Income	1,278,808	2,286,285
<b>Total Service and Business Income</b>	<b>₱73,001,200</b>	<b>₱67,789,754</b>

### 14. Personnel Services

	2022	2021
Salaries and Wages – Regular	₱ 15,447,134	₱ 13,808,460
Personnel Economic Relief Allowance (PERA)	1,024,000	944,000
Representation Allowance (RA)	282,000	282,000
Transportation Allowance (TA)	282,000	282,000
Clothing/Uniform Allowance	294,000	246,000
Honoraria	651,456	630,576
Overtime and Night Pay	1,102,707	473,685
Year – End Bonus	1,248,194	0
Cash Gift	225,000	0
Mid – Year Bonus	1,276,052	0
Other Bonuses and Allowances	3,200,130	5,271,843
Retirement and Life Insurance Premium	1,541,456	1,345,087
Pag – IBIG Contributions	49,700	49,800
PhilHealth Contributions	277,513	180,318
Employees Compensation Insurance Premium	50,000	46,000
Terminal Leave Benefits	1,686,765	1,849,171
Other Personnel Benefits	106,716	923,236
<b>Total Personnel Services</b>	<b>₱28,744,823</b>	<b>₱26,332,176</b>

The Year – End Bonus, Cash Gift and Mid – Year Bonus granted to Officials and Employees for CY 2021 were taken-up under Other Bonuses and Allowances.

### 15. Maintenance and Other Operating Expenses (MOOE)

	2022	2021
Travelling Expenses – Local	₱ 150,483	₱ 26,839
Training Expenses	249,300	86,573
Office Supplies Expenses	310,384	192,844

	2022	2021
Accountable Form Expenses	189,885	195,539
Fuel, Oil and Lubricants Expenses	1,454,408	908,891
Chemical and Filtering Supplies Expenses	1,234,600	1,236,733
Semi – expendable Machinery and Equipment Expenses	345,244	315,690
Semi – expendable Furniture, Fixtures and Books Expenses	7,675	0
Other Supplies and Materials Expenses	124,625	78,581
Electricity Expenses	15,460,172	12,262,194
Telephone Expenses	97,796	98,738
Internet Subscription Expense	14,191	12,786
Cable, Satellite, Telegraph and Radio Expenses	1,289	0
Awards/Rewards Expenses	87,000	50,000
Generation, Transmission and Distribution Expenses	6,379,313	6,098,350
Extraordinary and Miscellaneous Expenses	135,602	94,002
Legal Services	126,450	12,650
Auditing Services	249,555	731,897
Consultancy Services	264,000	273,760
Other Professional Services	35,000	74,250
Security Services	268,904	322,730
Repairs and Maintenance		
Infrastructure Assets	56,669	29,428
Buildings and Other Structures	175,745	309,341
Machinery and Equipment	107,975	244,821
Transportation Equipment	446,923	463,287
Furniture and Fixtures	3,200	0
Other PPE	302,574	312,115
Assistance/Subsidies/Contribution – Others	22,340	25,413
Taxes, Duties and Licenses	1,662,170	1,384,269
Insurance Expenses	254,797	211,965
Advertising, Promotional and Marketing Expenses	4,982	1,166
Representation Expenses	1,820,897	751,958
Membership Dues and Contribution to Organization	62,602	36,647
Subscription Expenses	25,684	19,684
Donations	39,476	65,550
Other Maintenance and Operating Expenses	1,333,445	419,902
<b>Total MOOE</b>	<b>₱33,505,355</b>	<b>₱27,348,593</b>

#### 16. Financial Expenses

	2022	2021
Interest Expenses	₱222,458	₱427,739
Bank Charges	11,740	17,368
<b>Total Financial Expenses</b>	<b>₱234,198</b>	<b>₱445,107</b>

## 17. Non – Cash Expenses

	2022	2021
Depreciation Expenses		
Land Improvements	₱ 275,879	₱ 259,176
Infrastructure Assets	1,798,488	1,679,399
Buildings and Other Structures	512,251	449,788
Machinery and Equipment	2,432,190	2,005,333
Transportation Equipment	530,988	704,330
Furniture, Fixtures and Books	64,674	72,364
Amortization – Intangible Assets	47,700	47,700
Impairment Loss – Loans and Receivables	9,746	-6,458
Losses	1,396	311,501
<b>Total Non – Cash Expenses</b>	<b>₱5,673,312</b>	<b>₱5,523,133</b>