



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

FINANCIAL AUDIT REPORT

on the

SANTA MARIA WATER DISTRICT

Santa Maria, Bulacan

For the Year Ended December 31, 2017

Recd.
6/1/2018
jr



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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

Santa Maria Water District
Santa Maria, Bulacan

We have audited the accompanying financial statements of Santa Maria Water District, which comprise the Statement of Financial Position as at December 31, 2017, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with State accounting principles, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Likewise, we were guided by Corporate Government Sector Memorandum dated October 3, 2017, prescribing for the General Audit Instructions on the 2017 Audit of Water

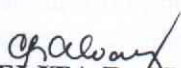
Districts and for other matters. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Santa Maria Water District as at December 31, 2017, and its financial performance, changes in its equity and its cash flows for the year then ended in accordance with State accounting principles.

COMMISSION ON AUDIT

By:


CARMELITA R. ALVAREZ
Supervising Auditor

May 8, 2018

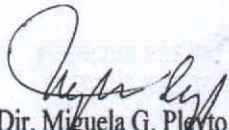


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of the Santa Maria Water District is responsible for the preparation of the financial statements as at December 31, 2017, 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 the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the SANTA MARIA WATER DISTRICT in accordance with the Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


Dir. Miguela G. Pleyto
Chairman of the Board

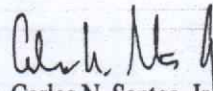
Date Signed


Ms. Jovita I. Dalmacio

Department Manager, Administrative,
Finance and General Services

5/4/18

Date Signed


Engr. Carlos N. Santos, Jr.

General Manager

9/04/18

Date Signed

**SANTA MARIA WATER DISTRICT
STATEMENT OF FINANCIAL POSITION**

As at December 31, 2017

(With Comparative Figures for CY 2016 and January 1, 2016 as restated)

	Note	2017	2016	January 1, 2016 As Restated
ASSETS				
Current Assets				
Cash and Cash Equivalents	5	P 65,823,038.45	P 63,344,392.42	P 45,393,530.10
Receivables, Net	6	2,667,704.19	1,767,774.57	1,788,422.56
Inventories	7	16,329,312.20	12,581,383.35	19,361,611.19
Other Current Assets	8	12,792,410.73	10,733,115.05	10,841,343.38
Total Current Assets		97,612,465.57	88,426,665.39	77,384,907.23
Non-Current Assets				
Receivables, Net	6, 19	1,780,399.74	1,844,929.34	1,472,877.92
Investments	9	5,890,729.53	4,404,067.01	4,395,123.45
Property, Plant and Equipment, Net	10	371,147,262.73	352,443,605.61	335,158,444.85
Intangible Assets, Net	11	85,750.03	0.00	0.00
Other Non-Current Assets	12	871,643.84	871,643.84	2,122,002.58
Total Non-Current Assets		379,775,785.87	359,564,245.80	343,148,448.80
TOTAL ASSETS		P477,388,251.44	P447,990,911.19	P420,533,356.03
LIABILITIES AND EQUITY				
LIABILITIES				
Current Liabilities				
Financial Liabilities	13, 19	P 29,728,825.88	P 35,182,541.35	P 28,107,082.75
Inter-Agency Payables	14	2,621,342.29	1,687,892.45	991,411.93
Trust Liabilities	15	13,973,657.97	12,574,467.32	11,301,890.47
Provisions	16	6,563,118.74	4,070,371.68	3,845,600.20
Other Payables		445,745.29	318,158.83	319,865.49
Total Current Liabilities		53,332,690.17	53,833,431.63	44,565,850.84
Non-Current Liabilities				
Financial Liabilities	13, 19	150,149,738.09	160,302,796.97	178,746,346.28
Deferred Credits/Unearned Income		746,894.52	389,370.54	441,344.79
Total Non-Current Liabilities		150,896,632.61	160,692,167.51	179,187,691.07
TOTAL LIABILITIES		204,229,322.78	214,525,599.14	223,753,541.91
EQUITY				
Government Equity		289,561.81	289,561.81	289,561.81
Retained Earnings		272,869,366.85	233,175,750.24	196,490,252.31
TOTAL EQUITY		273,158,928.66	233,465,312.05	196,779,814.12
TOTAL LIABILITIES AND EQUITY		P477,388,251.44	P447,990,911.19	P420,533,356.03

The notes on pages 8 to 35 form part of these statements.

SANTA MARIA WATER DISTRICT
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2017
(With Comparative Figures for CY 2016)

	Note	2017	2016
INCOME			
Service and Business Income		P228,922,272.51	P202,374,610.80
Miscellaneous Income		5,065,219.15	3,772,551.32
Total Income		233,987,491.66	206,147,162.12
EXPENSES			
Personnel Services	17	42,313,037.55	38,293,840.28
Maintenance and Other Operating Expenses	18	118,841,999.67	93,449,594.87
Financial Expenses		14,618,141.69	16,660,855.83
Non-Cash Expenses		18,674,193.61	17,919,935.39
Total Expenses		194,447,372.52	166,324,226.37
NET INCOME		P 39,540,119.14	P 39,822,935.75

The notes on pages 8 to 35 form part of these statements.

SANTA MARIA WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2017
(With Comparative Figures for CY 2016)

	GOVERNMENT EQUITY	RETAINED EARNINGS	TOTAL
BALANCE AT JANUARY 1, 2016	₱289,561.81	₱189,942,085.36	₱190,231,647.17
ADJUSTMENTS:			
Add (Deduct):			
Effects of Transition to PFRS	0.00	6,548,166.95	6,548,166.95
RESTATED BALANCE AT JANUARY 1, 2016	289,561.81	196,490,252.31	196,779,814.12
Add (Deduct):			
Net Income for the year	0.00	39,822,935.75	39,822,935.75
Effects of Transition to PFRS	0.00	(921,961.23)	(921,961.23)
Other Adjustments	0.00	(2,215,476.59)	(2,215,476.59)
BALANCE AT DECEMBER 31, 2016	289,561.81	233,175,750.24	233,465,312.05
Add (Deduct):			
Net Income for the year	0.00	39,540,119.14	39,540,119.14
Other Adjustments	0.00	153,497.47	153,497.47
BALANCE AT DECEMBER 31, 2017	₱289,561.81	₱272,869,366.85	₱273,158,928.66

The notes on pages 8 to 35 form part of these statements.

SANTA MARIA WATER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017
(With Comparative Figures for CY 2016)

	Note	2017	2016
Cash Flows from Operating Activities			
Cash Inflows			
Collection of Income/Revenues		P245,543,420.53	P216,711,473.14
Trust Receipts		1,600,108.70	1,909,577.10
Other Receipts		4,804,242.56	4,397,256.17
Unclaimed/unreleased checks as of year end		2,856,083.73	7,906,655.45
Total Cash Inflows		254,803,855.52	230,924,961.86
Cash Outflows			
Payment of Expenses		127,775,047.28	100,085,051.00
Purchase of Inventories		20,934,419.32	43,668,036.90
Grant of Cash Advances		2,534,786.06	2,288,322.32
Prepayments		3,283,420.21	365,402.50
Remittance of Personnel Benefit Contributions and Mandatory Deductions		22,585,256.52	18,819,887.14
Other Disbursements		119,773.50	589,965.00
Reversing entry of unclaimed/unreleased checks at the beginning of the year		7,814,891.88	1,475,649.22
Total Cash Outflows		185,047,594.77	167,292,314.08
Net Cash Provided by/(Used in) Operating Activities		69,756,260.75	63,632,647.78
Cash Flows from Investing Activities			
Cash Outflows			
Purchase/Construction of Property, Plant and Equipment		(41,091,801.61)	(11,268,918.84)
Investments		(1,478,452.82)	0.00
Net Cash Provided by/(Used in) Investing Activities		(42,570,254.43)	(11,268,918.84)
Cash Flows from Financing Activities			
Cash Inflows			
Proceeds from Domestic and Foreign Loans		8,000,000.00	0.00
Total Cash Inflows		8,000,000.00	0.00
Cash Outflows			
Payment of Long-Term Liabilities		18,325,265.53	17,834,263.47
Payment of Interest Expense		14,382,094.76	16,578,603.15
Total Cash Outflows		32,707,360.29	34,412,866.62
Net Cash Provided by (Used in) Financing Activities		(24,707,360.29)	(34,412,866.62)
Increase/(Decrease) in Cash and Cash Equivalents		2,478,646.03	17,950,862.32
Cash and Cash Equivalents, January 1		63,344,392.42	45,393,530.10
Cash and Cash Equivalents, December 31	5	P 65,823,038.45	P 63,344,392.42

The notes on pages 8 to 35 form part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. Agency Information and Authorization for issue of the Financial Statements

The original water system of the Santa Maria Water District was constructed way back in 1931. It was then managed and operated by the defunct National Waterworks and Sewerage System (NAWASA). Upon the dissolution of NAWASA in 1971, the Management was turned over to the local government. Since then, however, the water system could not be maintained and operated efficiently for lack of funds. To address this predicament, the District was established in September 1986 thru Sangguniang Bayan Resolution No. 12.

The actual operation of the District began on September 23, 1987 with the issuance of a Conditional Certificate of Conformance, making it the 310th Water District in the Philippines, by the authority of the Local Water Utilities Administration (LWUA). The District is among the various agencies benefited by PD No. 198, known as the Local Water Utilities Act of 1973, creating LWUA to aid and assist provincial and urban water users through loans, technical assistance, training, and regulatory service. It has 27,751 active service connections as of December 31, 2017.

Since 1992, by virtue of the Supreme Court En Banc decision, G.R. No. 95237 – 38 (Davao City Water District, et al.), water districts were declared Government Owned and/or Controlled Corporation with original charter, and as such they are placed under jurisdiction of the Civil Service Commission, the Department of Budget and Management, and the Commission on Audit.

The District was created for the following purposes:

1. To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of the District;
2. To provide, maintain and operate wastewater collection, treatment and disposal facilities; and
3. To conduct such other functions and operations incidental to water resource development, utilization, and disposal within the District, as are necessary or incident to said purposes.

The policy making body of the District is vested in its Board of Directors, composed of the following:

Name	Position	Sector
Ms. Miguela G. Pleyto	Chairman	Education Sector
Ms. Carmelita T. Francisco	Vice-Chairman	Women Sector

Name	Position	Sector
Ms. Amelia S. de Jesus	Secretary	Civic Oriented
Ms. Teodora J. Catiis	Auditor	Business Sector
Engr. Brian Emerson D. Hernandez	PRO	Professional Sector

Authorization for Issue of the 2017 Financial Statements

The financial statements of Santa Maria Water District for the year ended December 31, 2017 were authorized for issue by the Board of Directors on May 4, 2018 as reflected in the Statement of Management's Responsibility for Financial Statements (FS) signed by the BOD Chairwoman.

2. Changes in Accounting Policies

2.1 First-time adoption of Philippine Financial Reporting Standards (PFRS)

These financial statements, for the year ended December 31, 2017, were the first time the District prepared FS in accordance with PFRS. For periods up to and including the year ended December 31, 2016, the District prepared its financial statements in accordance with generally accepted accounting principle in the Philippines and New Government Accounting System (NGAS).

Accordingly, the District has prepared financial statements that comply with PFRS applicable as at December 31, 2017, together with the comparative period data for the year ended December 31, 2016. In preparing the financial statements, the District's opening statement of financial position was prepared as at January 1, 2016, the District's date of transition to PFRS. This note explains the principal adjustments made by the District in restating its GAAP and NGAS financial statements, including the statement of financial position as at January 1, 2016 and the financial statements for the year ended December 31, 2016.

2.2 Effects of transition from GAAP to PFRS

On December 31, 2017, the District prepared its first PFRS compliant financial statements as per COA Circular No. 2015-003 dated April 16, 2015 on which Water Districts is classified as Government Business Entities (GBEs) and adoption of PFRS as financial reporting framework in the preparation of FS and COA Circular No. 2015-010 dated December 1, 2015 prescribing the Revised Chart of Accounts for Government Corporations including Water Districts.

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

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

PAS 7, Statement of Cash Flows, prescribes the provision of information about historical changes in cash equivalents of an entity by means of a cash flow statement which classifies cash flow during the period from operating, investing and financing.

PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, removes the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and prospective restatement to correct prior period errors. It defines material omissions or misstatements, and describes how to apply the concepts of materiality when applying accounting policies and correcting errors.

PAS 10, Events after the Reporting Period, prescribes the accounting policies and disclosures related to adjusting and non-adjusting subsequent events. Additional disclosures required by the standard were included in the financial statements, principally the date of authorization for release of the financial statements.

PAS 16, Property, Plant and Equipment, provides additional guidelines and clarification on recognition and measurement of items of property, plant and equipment. It also provides that each part of an item, property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Book values of property, plant and equipment that were issued before December 31, 2017 with cost of below ₱15,000.00 per COA Circular No. 2015-010 dated December 1, 2015 (adoption of the Revised Chart of Accounts for GCs) were charged to Retained Earnings account.

PAS 18, Revenue, prescribe the accounting treatment for revenue arising from certain types of transaction and events and the criteria to recognize revenue.

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

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

The District's reconciliation of equity as at January 1, 2016 (date of transition to PFRS) is shown below.

	Philippine GAAP (December 31, 2015)	Remeasurement	PFRS as at Jan. 1, 2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	P45,393,530.10	P 0.00	P45,393,530.10
Receivables, Net	3,261,300.48	(1,472,877.92)	1,788,422.56
Inventories	19,361,611.19	0.00	19,361,611.19
Other Current Assets	10,841,343.38	0.00	10,841,343.38
Total Current Assets	78,857,785.15	(1,472,877.92)	77,384,907.23
Non-Current Assets			
Receivables, Net	0.00	1,472,877.92	1,472,877.92
Investments	0.00	4,395,123.45	4,395,123.45
Property, Plant and Equipment, Net	330,732,280.48	4,426,164.37	335,158,444.85
Other Non-Current Assets	439,512,345.45	(2,273,120.87)	2,122,002.58
Total Non-Current Assets	335,127,403.93	8,021,044.87	343,148,448.80
TOTAL ASSETS	P413,985,189.08	P6,548,166.95	P420,533,356.03
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Financial Liabilities	P15,087,884.44	P13,019,198.31	P28,107,082.75
Inter-Agency Payables	0.00	991,411.93	991,411.93
Trust Liabilities	0.00	11,301,890.47	11,301,890.47
Provisions	0.00	3,845,600.20	3,845,600.20
Other Payables	28,911,833.04	(28,591,967.55)	319,865.49
Total Current Liabilities	43,999,717.48	566,133.36	44,565,850.84
Non-Current Liabilities			
Financial Liabilities	179,312,479.64	(566,133.36)	178,746,346.28
Deferred Credits/Unearned Income	441,344.79	0.00	441,344.79
Total Non-Current Liabilities	179,753,824.43	(566,133.36)	179,187,691.07
TOTAL LIABILITIES	223,753,541.91	0.00	223,753,541.91
EQUITY			
Government Equity	289,561.81	0.00	289,561.81
Retained Earnings	189,942,085.36	6,548,166.95	196,490,252.31
TOTAL EQUITY	190,231,647.17	6,548,166.95	196,779,814.12
TOTAL LIABILITIES AND EQUITY	P413,985,189.08	P6,548,166.95	P420,533,356.03

The net effect on total assets amounting to ₱6,548,166.95 and retained earnings in the beginning of 2016 represents the PPE and Other Non Current Asset accounts that were adjusted due to the ₱15,000.00 and below threshold and consistent application of useful lives of PPE in accordance with COA Circular 2003-007 dated December 11, 2003. The remeasurements under assets and liabilities, except for PPE and Other Non Current Asset accounts, pertains to reclassification of accounts from current to non current in compliance with PAS 1 and creation of new accounts in accordance with the Revised Chart of Accounts of the COA Circular No. 2015-010 dated December 1, 2015.

On the other hand, the District's reconciliation of equity as at December 31, 2016 is as follows:

	Philippine GAAP (December 31, 2016)	Remeasurement	PFRS as at December 31, 2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	₱ 63,344,392.42	₱ 0.00	₱ 63,344,392.42
Receivables, Net	3,272,828.21	(1,505,053.64)	1,767,774.57
Inventories	12,635,366.19	(53,982.84)	12,581,383.35
Other Current Assets	10,733,115.05	0.00	10,733,115.05
Total Current Assets	89,985,701.87	(1,559,036.48)	88,426,665.39
Non-Current Assets			
Receivables, Net	0.00	1,844,929.34	1,844,929.34
Investments	4,404,067.01	0.00	4,404,067.01
Property, Plant and Equipment, Net	348,035,152.77	4,408,452.84	352,443,605.61
Other Non-Current Assets	0.00	871,643.84	871,643.84
Total Non-Current Assets	352,439,219.78	7,125,026.02	359,564,245.80
TOTAL ASSETS	₱442,424,921.65	₱5,565,989.54	₱447,990,911.19
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Financial Liabilities	₱ 22,679,812.53	₱12,502,728.82	₱ 35,182,541.35
Inter-Agency Payables	0.00	1,687,892.45	1,687,892.45
Trust Liabilities	0.00	12,574,467.32	12,574,467.32
Provisions	0.00	4,070,371.68	4,070,371.68
Other Payables	30,856,482.56	(30,538,323.73)	318,158.83
Total Current Liabilities	53,536,295.09	297,136.54	53,833,431.63
Non-Current Liabilities			
Financial Liabilities	160,660,149.69	(357,352.72)	160,302,796.97
Deferred Credits/Unearned Income	389,370.54	0.00	389,370.54
Total Non-Current Liabilities	161,049,520.23	(357,352.72)	160,692,167.51
TOTAL LIABILITIES	214,585,815.32	(60,216.18)	214,525,599.14

	Philippine GAAP (December 31, 2016)	Remeasurement	PFRS as at December 31, 2016
EQUITY			
Government Equity	289,561.81	0.00	289,561.81
Retained Earnings	227,549,544.52	5,626,205.72	233,175,750.24
TOTAL EQUITY	227,839,106.33	5,626,205.72	233,465,312.05
TOTAL LIABILITIES AND EQUITY	P442,424,921.65	P5,565,989.54	P447,990,911.19

The net effect on total assets and liabilities amounting to P5,565,989.54 and P60,216.18, respectively, and retained earnings of P5,626,205.72 at the end of 2016 represents the PPE and Other Non Current Asset accounts that were adjusted due to the P15,000.00 and below threshold and consistent application of useful lives of PPE in accordance with COA Circular 2003-007 dated December 11, 2003 totaling to P5,280,096.68, prior period adjustments for the increase in receivables by P339,875.70 and decrease in inventories and payables by P53,982.84 and P60,216.18, respectively. The remeasurements under assets and liabilities, except for previously mentioned accounts, pertains to reclassification of accounts from current to non current in compliance with PAS 1 and creation of new accounts in accordance with the Revised Chart of Accounts of the COA Circular No. 2015-010 dated December 1, 2015.

3. Summary of Significant Accounting Systems and Policies

3.1 Basis of Financial Statements Presentation

The financial statements of Santa Maria Water District have been prepared using historical cost basis. The financial statements are presented in Philippine Peso (P), which is the District's functional and presentation currency. All values are rounded off to two decimal places, except when otherwise indicated.

For the year ended December 31, 2017, Santa Maria Water District prepared its financial statements (FS) in accordance with generally accepted accounting principle in the Philippines and New Government Accounting System (NGAS) prescribed by the Commission on Audit on January 1, 2005 and prepared as first-time adopter of Philippine Financial Reporting Standards (PFRS).

3.2 Statement of Compliance

The financial statements were prepared in compliance with Philippine Financial Reporting Standards (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 Nos. 2015-010 and 2016-006 dated December 1, 2015 and December 29, 2016, respectively.

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.

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.

As at December 31, 2017 and 2016, the District does not have financial assets and financial liabilities at FVPL, HTM investments, and AFS.

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 amortization is included in "Interest income" in profit or loss. The losses arising from impairment of such loans and receivables are recognized as "Provision for probable losses and doubtful accounts" in profit or loss.

As at December 31, 2017 and 2016, this category includes the District's Receivables account.

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.

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.

Where 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.

Where 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 asset's 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.

The allowance for impairment of its Accounts Receivable was determined as the likely amount that will not be collected from delinquent customers.

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 of December 31, 2017 and 2016, 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 and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value.

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

Expenditures incurred after the property and equipment 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 property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the related property and equipment.

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

Category	Number of years
Office furniture and equipment	5
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 property and equipment.

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

When property and equipment 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 property, plant, and equipment (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 ₱15,000.00.

Measurement at recognition

An item recognized as property, plant, and equipment 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 on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

Depreciation method

The straight line method of depreciation is adopted unless another method is more appropriate for Entity operation.

Estimated useful life

The District uses the life span of PPE prescribed by COA 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.

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) 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. Where the carrying amount of an asset or Cash Generating Unit (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 loss unless the asset is carried at revalued amount, in which case the reversal is treated as 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 of December 31, 2017 and 2016, 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

Water 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, 2017 and 2016, Income from Waterworks System was classified under Service and 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, 2017 and 2016, Fines and Penalties was classified under Service and Business Income in the Statement of Comprehensive Income.

3.3.16 Other Business Income

Other customer related fees such as connection, reconnection and disconnection fees 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 and 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 and 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.

As of December 31, 2017 and 2016, 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 carryforward 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, under 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 two percent (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. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where the BWD 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. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees.

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 (property, plant and equipment, 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 2017 and 2016, 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 property, plant and equipment 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 property and equipment would increase the recorded depreciation expense and decrease the carrying value of property, plant and equipment.

There were no changes in the estimated useful lives of property, plant and equipment in 2017 and 2016.

5. Cash and Cash Equivalents

This account pertains to cash collecting officer, 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. This consists of the balances on the next page.

	2017	2016	January 1, 2016 as restated
Cash on Hand	P 162,172.80	P 188,712.85	P 153,207.13
Cash in Bank-Local Currency	65,660,865.65	63,155,679.57	45,240,322.97
Total Cash and Cash Equivalents	P65,823,038.45	P63,344,392.42	P45,393,530.10

6. Receivables, Net

This account includes all amounts due arising from services rendered to customers/concessionaires, water sales and incidental services and allowance for impairment of accounts receivable. The breakdown is on the next page.

	2017	2016	January 1, 2016 as restated
Current			
Accounts Receivable	P2,334,125.05	P1,625,938.14	P 1,616,231.57
Allowance for Impairment- Accounts Receivable	(40,399.39)	(25,193.14)	(27,652.33)
Accounts Receivable - Net	2,293,725.66	1,600,745.00	1,588,579.24
Notes Receivable	184,098.81	105,429.85	73,555.35
Other Receivables	189,879.72	61,599.72	126,287.97
Total Current	2,667,704.19	1,767,774.57	1,788,422.56
Non-Current			
Accounts Receivable	1,031,944.00	903,998.04	801,205.10
Allowance for Impairment- Accounts Receivable	(50,031.53)	(43,689.76)	(36,663.41)
Accounts Receivable - Net	981,912.47	860,308.28	764,541.69
Notes Receivable	21,164.60	18,732.60	31,336.23
Other Receivables	100,322.67	288,888.46	0.00
Due from National Government Agencies	677,000.00	677,000.00	677,000.00
Total Non-Current	1,780,399.74	1,844,929.34	1,472,877.92
Receivables, Net	P4,448,103.93	P3,612,703.91	P3,261,300.48

6.1 Aging/Analysis of Accounts Receivable

2017						
	1-60 days	61-180 days	181-365 days	Over 1 Year	Total	%
Active	P650,828.45	P605,644.42	P 240.00	P 120.00	P1,256,832.87	37.34
Inactive	359,341.45	336,452.05	381,618.68	1,031,824.00	2,109,236.18	62.66
Total	P1,010,169.90	P942,096.47	P381,858.68	P1,031,944.00	P3,366,069.05	100.00

2016						
	1-60 days	61-180 days	181-365 days	Over 1 Year	Total	%
Active	P684,875.16	P75,360.58	P 270.00	P 20.00	P760,525.74	30.00
Inactive	351,504.80	205,100.35	309,022.25	903,783.04	1,769,410.44	70.00
Total	P1,036,379.96	P280,460.93	P309,292.25	P903,803.04	P2,529,936.18	100.00

7. Inventories

This account consists of un-issued materials and supplies, which are kept in the stockroom and available for future use by the District in its operations, the details are on the next page.

	2017	2016	January 1, 2016 as restated
Office Supplies Inventory	P 297,426.02	P 256,239.87	P 361,835.22
Accountable Forms, Plates and Sticker Inventory	695,820.00	440,850.00	319,123.45
Non-Accountable Forms Inventory	12,678.61	0.00	0.00
Medical, Dental and Laboratory Supplies Inventory	418,914.60	484,420.05	810,461.78
Construction Materials Inventory	14,904,472.97	11,331,531.80	17,753,222.19
Total Inventories	P16,329,312.20	P12,581,383.35	P19,361,611.19

8. Other Current Assets

The breakdown of this account is as follows:

	2017	2016	January 1, 2016 as restated
Advances to Contractors	3,346,132.15	625,470.18	1,058,118.18
Prepaid Rent	54,000.00	54,000.00	54,000.00
Prepaid Insurance	79,088.36	49,140.38	37,379.15
Guaranty Deposits	1,828,903.04	1,872,397.45	1,903,012.06
Other Assets	7,484,287.18	8,132,107.04	7,788,833.99
Total Other Current Assets	P12,792,410.73	P10,733,115.05	P10,841,343.38

9. Investments

This account is composed of Sinking Fund, a restricted asset that is set aside for payment of long-term debt.

10. Property, Plant and Equipment (PPE), Net

This account includes all properties of relatively permanent character that are used in normal utility operations of the District. The breakdown of this account is as follows:

CY 2017	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Subtotal
Cost						
Balance at January 1	P28,014,796.60	P335,281,318.02	P14,169,153.85	P9,001,673.77	P10,198,513.00	P396,665,455.24
Additions/Acquisitions	0.00	20,375,064.23	0.00	2,235,825.50	0.00	22,610,889.73
Disposals/Adjustments	0.00	0.00	0.00	(41,500.00)	0.00	(41,500.00)
Balance, December 31	28,014,796.60	355,656,382.25	14,169,153.85	11,195,999.27	10,198,513.00	419,234,844.97
Accumulated Depreciation						
Balance at January 1	0.00	(72,737,913.41)	(4,685,090.61)	(5,234,601.91)	(7,394,915.05)	(90,052,520.98)
Depreciation	0.00	(13,458,536.47)	(688,949.42)	(966,512.62)	(810,411.12)	(15,924,409.63)

CY 2017	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Subtotal
Disposals/Adjustments	0.00	(8,839.43)	0.00	0.00	0.00	(8,839.43)
Balance, December 31	0.00	(86,205,289.31)	(5,374,040.03)	(6,201,114.53)	(8,205,326.17)	(105,985,770.04)
PPE, Net	₱28,014,796.60	₱269,451,092.94	₱ 8,795,113.82	₱ 4,994,884.74	₱ 1,993,186.83	₱313,249,074.93

CY 2017	Subtotal	Furniture, Fixtures and Books	Other PPE	Construction in Progress	Grand total
<i>Cost</i>					
Balance at January 1	₱396,665,455.24	₱ 683,704.50	₱46,349,753.68	₱15,262,842.06	₱ 458,961,755.48
Additions/Acquisitions	22,610,889.73	0.00	2,763,257.30	33,047,665.25	58,421,812.28
Disposals/Adjustments	(41,500.00)	0.00	0.00	(21,027,872.80)	(21,069,372.80)
Balance, December 31	419,234,844.97	683,704.50	49,113,010.98	27,282,634.51	496,314,194.96
<i>Accumulated Depreciation</i>					
Balance at January 1	(90,052,520.98)	(106,031.41)	(16,359,597.48)	0.00	(106,518,149.87)
Depreciation	(15,924,409.63)	(42,911.64)	(2,671,074.35)	0.00	(18,638,395.62)
Disposals/Adjustments	(8,839.43)	0.00	(1,547.31)	0.00	(10,386.74)
Balance, December 31	(105,985,770.04)	(148,943.05)	(19,032,219.14)	0.00	(125,166,932.23)
PPE, Net	₱313,249,074.93	₱ 534,761.45	₱30,080,791.84	₱27,282,634.51	₱ 371,147,262.73

CY 2016	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Subtotal
<i>Cost</i>						
Balance at January 1	₱28,014,796.60	₱228,852,916.25	₱14,465,163.90	₱9,881,112.38	₱10,084,888.75	₱291,298,877.88
Effect of Transition to PFRS	0.00	(1,095,266.80)	(628,164.05)	(1,455,908.60)	(135,489.75)	(3,314,829.20)
Restated Balance, January 1	28,014,796.60	227,757,649.45	13,836,999.85	8,425,203.78	9,949,399.00	287,984,048.68
Additions/Acquisitions	0.00	107,523,668.57	332,154.00	576,469.99	249,114.00	108,681,406.56
Disposals/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Balance, December 31	28,014,796.60	335,281,318.02	14,169,153.85	9,001,673.77	10,198,513.00	396,665,455.24
<i>Accumulated Depreciation</i>						
Balance at January 1	0.00	(67,420,109.30)	(3,140,538.29)	(4,415,188.10)	(6,199,756.66)	(81,175,592.35)
Effect of Transition to PFRS	0.00	11,154,090.82	(854,888.56)	86,475.86	(384,567.99)	10,001,110.13
Restated Balance, January 1	0.00	(56,266,018.48)	(3,995,426.85)	(4,328,712.24)	(6,584,324.65)	(71,174,482.22)
Depreciation	0.00	(11,958,315.97)	(689,663.76)	(905,889.67)	(810,590.40)	(14,364,459.80)
Disposals/Adjustments	0.00	(4,513,578.96)	0.00	0.00	0.00	(4,513,578.96)
Balance, December 31	0.00	(72,737,913.41)	(4,685,090.61)	(5,234,601.91)	(7,394,915.05)	(90,052,520.98)
PPE, Net	₱28,014,796.60	₱262,543,404.61	₱9,484,063.24	₱3,767,071.86	₱2,803,597.95	₱306,612,934.26

CY 2016	Subtotal	Furniture, Fixtures and Books	Other PPE	Construction in Progress	Grand total
<i>Cost</i>					
Balance at January 1	₱291,298,877.88	1,006,914.30	40,774,905.75	91,550,183.39	424,630,881.32
Effect of Transition to PFRS	(3,314,829.20)	(338,709.80)	(708,679.97)	0.00	(4,362,218.97)
Restated Balance, January 1	287,984,048.68	668,204.50	40,066,225.78	91,550,183.39	420,268,662.35
Additions/Acquisitions	108,681,406.56	15,500.00	6,283,527.90	31,784,626.66	146,765,061.12
Disposals/Adjustments	0.00	0.00	0.00	(108,071,967.99)	(108,071,967.99)
Balance, December 31	396,665,455.24	683,704.50	46,349,753.68	15,262,842.06	458,961,755.48
<i>Accumulated Depreciation</i>					
Balance at January 1	(81,175,592.35)	(138,418.78)	(14,706,592.29)	0.00	(96,020,603.42)
Effect of Transition to PFRS	10,001,110.13	73,090.23	836,185.56	0.00	10,910,385.92
Restated Balance, January 1	(71,174,482.22)	(65,328.55)	(13,870,406.73)	0.00	(85,110,217.50)
Depreciation	(14,364,459.80)	(40,702.86)	(2,489,190.75)	0.00	(16,894,353.41)
Disposals/Adjustments	(4,513,578.96)	0.00	0.00	0.00	(4,513,578.96)
Balance, December 31	(90,052,520.98)	(106,031.41)	(16,359,597.48)	0.00	(106,518,149.87)
PPE, Net	₱306,612,934.26	₱577,673.09	₱29,990,156.20	₱15,262,842.06	₱352,443,605.61

11. Intangible Asset, Net

This account pertains to acquired computer software with a carrying amount of P85,750.03, net of accumulated amortization and impairment loss of P14,249.97.

12. Other Non-Current Assets

This account consists of other non-current assets of the District.

	2017	2016	January 1, 2016 as restated
Other Non-Current Assets	P871,643.84	P871,643.84	P2,122,002.58
Total Other Non-Current Assets	P871,643.84	P871,643.84	P2,122,002.58

13. Financial Liabilities (FL)

This account pertains to the Accounts Payable, Due to Officers and Employees and Loans Payable- Domestic.

	2017	2016	January 1, 2016 as restated
Current FL			
Accounts Payable	P11,404,354.22	P 16,623,400.65	P 9,991,689.95
Due to Officers and Employees	357,085.08	298,147.75	259,182.36
Loans Payable-Domestic	17,967,386.58	18,260,992.95	17,856,210.44
Total Current FL	29,728,825.88	35,182,541.35	28,107,082.75
Non-Current FL			
Loans Payable-Domestic	150,149,738.09	160,302,796.97	178,746,346.28
Total Non-Current FL	150,149,738.09	160,302,796.97	178,746,346.28
Total FL	P179,878,563.97	P195,485,338.32	P206,853,429.03

14. Inter-Agency Payables

This includes amount of taxes withheld and other mandatory contributions by employees to be remitted to the following government agencies, to wit:

	2017	2016	January 1, 2016 as restated
Due to BIR	P 1,946,364.75	P 1,108,608.93	P 982,488.24
Due to GSIS	543,884.33	461,411.85	8,873.69
Due to Pag-IBIG	92,218.21	80,576.67	0.00
Due to Philhealth	38,875.00	37,295.00	50.00
Total Inter-Agency Payables	P 2,621,342.29	P 1,687,892.45	P 991,411.93

15. Trust Liabilities

This account consists of the following:

	2017	2016	January 1, 2016 as restated
Bail Bonds Payable	₱ 1,329,391.32	₱ 1,329,391.32	₱ 1,301,891.32
Guaranty/Security Deposits Payable	12,644,266.65	11,245,076.00	9,999,999.15
Total Trust Liabilities	₱13,973,657.97	₱12,574,467.32	₱11,301,890.47

16. Provisions

This account consists of Leave Benefits Payable.

17. Personnel Services

This account consists of the following:

	2017	2016
Salaries and Wages-Regular	₱18,625,441.73	₱16,227,038.96
Salaries and Wages-Casual/Contractual	6,574,473.35	6,455,686.70
Personal Economic Relief Allowance (PERA)	1,943,944.21	1,905,252.19
Representation Allowance (RA)	301,511.60	302,479.85
Transportation Allowance (TA)	301,511.60	302,479.85
Clothing/Uniform Allowance	385,000.00	380,000.00
Productivity Incentive Allowance	1,242,156.97	405,000.00
Honoraria	1,906,900.26	1,286,863.83
Longevity Pay	35,000.00	40,000.00
Overtime and Night Pay	995,872.28	703,873.67
Year End Bonus	1,729,327.90	1,564,568.00
Cash Gift	413,500.00	406,000.00
Other Bonuses and Allowances	1,630,732.00	4,490,343.92
Retirement and Life Insurance Premiums	2,413,950.74	2,228,761.60
Pag-IBIG Contributions	98,400.00	96,400.00
PhilHealth Contributions	228,462.50	213,462.50
Employees Compensation Insurance Premiums	98,361.82	96,500.00
Terminal Leave Benefits	2,956,638.59	816,640.71
Other Personnel Benefits	431,852.00	372,488.50
Total Personnel Services	₱42,313,037.55	₱38,293,840.28

18. Maintenance and Other Operating Expenses (MOOE)

This account includes the following:

	2017	2016
Traveling Expenses-Local	P 189,605.18	P 163,632.01
Traveling Expenses-Foreign	894,823.77	344,465.63
Training Expenses	1,671,636.49	1,823,462.25
Office Supplies Expenses	754,655.34	597,855.90
Accountable Forms Expenses	552,840.00	433,842.00
Fuel, Oil and Lubricants Expenses	1,281,933.49	1,148,906.91
Chemical and Filtering Supplies Expenses	1,748,509.27	1,793,572.47
Semi-Expendable Supplies Expenses	1,780,750.15	0.00
Other Supplies and Materials Expenses	1,048,499.42	417,084.00
Water Expenses	55,703,342.68	40,451,334.12
Electricity Expenses	24,059,916.45	23,306,236.78
Cooking Gas Expenses	550.00	940.00
Postage and Courier Services	453.00	105.00
Telephone Expenses	461,632.67	477,142.92
Internet Subscription Expenses	103,638.45	77,061.30
Cable, Satellite, Telegraph and Radio Expenses	375,575.40	363,810.00
Awards/Rewards Expenses	0.00	92,400.00
Extraordinary and Miscellaneous Expenses	177,600.00	177,927.54
Legal Services	25,050.00	22,300.00
Consultancy Services	197,724.70	870,600.00
Security Services	1,243,970.12	1,210,086.88
Other General Services	483,120.00	509,841.00
Repairs and Maintenance -		
Infrastructure Assets	17,136,562.72	12,972,960.75
Buildings and Other Structures	960,158.86	709,282.63
Machinery and Equipment	784,203.16	580,944.80
Transportation Equipment	689,962.08	954,809.84
Furniture and Fixtures	21,540.00	16,500.00
Other Property, Plant and Equipment	1,084,159.78	702,002.89
Taxes, Duties and Licenses	119,231.71	77,234.71
Fidelity Bond Premiums	121,231.01	87,678.75
Insurance Expenses	84,798.75	126,085.70
Advertising Expenses	776,091.35	143,726.05
Printing and Publication Expenses	1,196.00	0.00
Representation Expenses	1,036,754.44	584,379.60
Transportation and Delivery Expenses	209,557.00	126,360.00
Rent/Lease Expenses	680,400.00	707,400.00
Membership Dues and Contributions to		
Organizations	43,746.50	84,350.00
Subsidy	188,138.10	186,248.75
Donations	11,060.00	42,367.92

	2017	2016
Other Maintenance and Operating Expenses	2,137,381.63	1,064,655.77
Total MOOE	₱118,841,999.67	₱93,449,594.87

19. Fair Value Measurement

The carrying amounts approximate fair values for the District's financial assets and liabilities are as follows:

	2017		2016	
	Carrying Value	Fair Value Significant unobservable inputs (Level 3)	Carrying Value	Fair Value Significant unobservable inputs (Level 3)
<i>Loans and Receivables</i>				
Accounts Receivable	₱4,448,103.93	₱4,448,103.93	₱3,612,703.91	₱3,612,703.91
<i>Financial liabilities</i>				
Loans Payable	₱168,117,124.67	₱168,117,124.67	₱178,563,789.92	₱178,563,789.92

Fair Value Hierarchy

There were no financial assets measured at fair value as of December 31, 2017 and 2016. During these periods, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.