



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

## **INDEPENDENT AUDITOR'S REPORT**

### **THE BOARD OF DIRECTORS**

Liangá Water District  
Liangá, Surigáo del Sur

We have audited the accompanying financial statements of the Liangá Water District, which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

*Basis for Qualified Opinion*


- i. The accuracy of the year-end Cash in Bank account balances of P2,034,659.57 cannot be ascertained due to the failure of the Accounting Unit to prepare the Bank Reconciliation Statements for its two bank accounts as of December 31, 2017.
- ii. No Journal Entry Voucher was prepared to record the restoration of the amount of unreleased/unclaimed check amounting to P27,689.82 and the recognition of the appropriate payable/liability account at the end of the year contrary to Section 2 of COA GAFMIS Circular Letter No. 2002-001 dated December 16, 2002, thereby understating the cash and payable accounts by the same amount.

*Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Lianga Water District as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards.

**COMMISSION ON AUDIT**

**By:**

  
**AGRIPINA Q. MAGNO**  
State Auditor IV  
OIC-Supervising Auditor

February 28, 2018  
COA, Regional Office No. XIII  
Butuan City



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR  
FINANCIAL STATEMENTS**

The Management of the Lianga 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 the 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 statement 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 Lianga Water District in accordance with the Philippine Public Sector 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.

**EDITHA C. MOSQUERA**  
Chairperson

Feb 9, 2018  
Date Signed

**JULIUS CHRISTIAN G. CALANGIAN**  
Accounting Processor A

February 9, 2018  
Date Signed

**WILFREDO G. SANCHEZ**  
General Manager D

FEBRUARY 9, 2018  
Date Signed



**LIANGA WATER DISTRICT**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**(ALL FUNDS)**  
**AS AT DECEMBER 31, 2017**

	NOTE	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	2,218,778.29	2,149,181.75
Receivables	5	3,774,221.20	3,817,562.92
Inventories	6	863,616.36	451,673.57
Other Current Assets	7	6,100.00	6,100.00
<b>Total Current Assets</b>		<b><u>6,862,715.85</u></b>	<b><u>6,424,518.24</u></b>
<b>Non-Current Assets</b>			
Property Plant and Equipment	8	31,151,561.93	28,145,011.33
<b>Total Non-Current Assets</b>		<b><u>31,151,561.93</u></b>	<b><u>28,145,011.33</u></b>
<b>Total Assets</b>		<b><u>38,014,277.78</u></b>	<b><u>34,569,529.57</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	9	4,098,912.30	145,287.31
Inter - Agency Payables	10	594,991.21	404,698.85
Trust Liabilities	11	117,408.00	117,408.00
Other Payables	12	493,691.38	493,691.38
<b>Total Current Liabilities</b>		<b><u>5,305,002.89</u></b>	<b><u>1,161,085.54</u></b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	9	32,278,095.72	38,609,899.38
Other Deferred Credits	13	3,122,308.00	-
<b>Total Non - Current Liabilities</b>		<b><u>35,400,403.72</u></b>	<b><u>38,609,899.38</u></b>
<b>Total Liabilities</b>		<b><u>40,705,406.61</u></b>	<b><u>39,770,984.92</u></b>
<b>EQUITY</b>			
Government Equity		4,444,095.55	4,444,095.55
Deficit		(7,135,224.38)	(9,645,550.90)
<b>Total Equity</b>		<b><u>(2,691,128.83)</u></b>	<b><u>(5,201,455.35)</u></b>
<b>Total Liabilities and Equity</b>		<b><u>38,014,277.78</u></b>	<b><u>34,569,529.57</u></b>

*The notes on pages 8 to 21 form part of these statements.*



**LIANGA WATER DISTRICT**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**(ALL FUNDS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	NOTE	<u>2017</u>	<u>2016</u>
<b>Income</b>			
Service and Business Income	14	17,651,170.99	16,301,932.94
Other Non-Operating Income		<u>109,650.87</u>	<u>142,493.70</u>
<b>Total Income</b>		<u><b>17,760,821.86</b></u>	<u><b>16,444,426.64</b></u>
<b>Expenses</b>			
Personnel Services	15	6,828,315.88	5,964,382.62
Maintenance and Other Operating Expenses	16	5,456,223.67	4,242,637.26
Financial Expenses	17	675,302.06	944,266.12
Non-Cash Expenses	18	<u>2,257,037.24</u>	<u>1,979,133.30</u>
<b>Total Expenses</b>		<u><b>15,216,878.85</b></u>	<u><b>13,130,419.30</b></u>
<b>Comprehensive Income</b>		<u><b>2,543,943.01</b></u>	<u><b>3,314,007.34</b></u>

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*The notes on pages 8 to 21 form part of these statements.*



**LIANGA WATER DISTRICT**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**(ALL FUNDS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Business income - Metered Sales	18,135,938.38	16,728,766.81
Other receipts - others	3,273,084.64	79,093.02
<b>Total Cash Inflows</b>	<u>21,409,023.02</u>	<u>16,807,859.83</u>
<b>Cash Outflows</b>		
Payment of Expenses	10,525,056.68	6,308,485.02
Purchase of Inventories	1,671,147.65	1,142,682.88
Payment of Payables	1,010,782.85	1,005,796.12
Prepayments	940,828.29	525,592.88
Other disbursements	3,713,388.62	3,248,150.52
<b>Total Cash Outflows</b>	<u>17,861,204.09</u>	<u>12,230,707.42</u>
Net Cash Provided by Operating Activities	<u>3,547,818.93</u>	<u>4,577,152.41</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>	<u>-</u>	<u>-</u>
<b>Cash Outflows</b>		
Purchase/Acquisition of property, plant and equipment	281,218.39	212,552.49
<b>Total Cash Outflows</b>	<u>281,218.39</u>	<u>212,552.49</u>
Net Cash Used In Investing Activities	<u>(281,218.39)</u>	<u>(212,552.49)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash Inflows</b>	<u>-</u>	<u>-</u>
<b>Cash Outflows</b>		
Loan amortization	3,197,004.00	3,000,000.00
<b>Total Cash Outflows</b>	<u>3,197,004.00</u>	<u>3,000,000.00</u>
Net Cash Used In Financing Activities	<u>(3,197,004.00)</u>	<u>(3,000,000.00)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>69,596.54</b>	<b>1,364,599.92</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>2,149,181.75</u>	<u>784,581.83</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>2,218,778.29</u>	<u>2,149,181.75</u>

*The notes on pages 8 to 21 form part of these statements.*



**LIANGA WATER DISTRICT  
STATEMENT OF CHANGES IN EQUITY  
(ALL FUNDS)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	NOTE	Government Equity	Retained Earnings	Total
<b>BALANCE AT JANUARY 1, 2016</b>		<b>4,444,095.55</b>	<b>(13,290,421.57)</b>	<b>(8,846,326.02)</b>
<b>CHANGES IN EQUITY FOR 2016</b>				
Add/(Deduct):				
Comprehensive Income for the year		-	3,314,007.34	3,314,007.34
Prior Period Errors		-	16,320.00	16,320.00
Other Adjustments		-	314,543.33	314,543.33
<b>BALANCE AT DECEMBER 31, 2016</b>		<b>4,444,095.55</b>	<b>(9,645,550.90)</b>	<b>(5,201,455.35)</b>
<b>CHANGES IN EQUITY FOR 2017</b>				
Add/(Deduct):				
Comprehensive Income for the year		-	2,543,943.01	2,543,943.01
Other Adjustments	19	-	(33,616.49)	(33,616.49)
<b>BALANCE AT DECEMBER 31, 2017</b>		<b>4,444,095.55</b>	<b>(7,135,224.38)</b>	<b>(2,691,128.83)</b>

*The notes on pages 8 to 21 form part of these statements.*



**LIANGA WATER DISTRICT**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

**Note 1. GENERAL INFORMATION/ENTITY PROFILE**

Lianga Water District (the District) is a Government-Owned and Controlled Corporation established by virtue of Municipal Council Resolution on July 1979. It was subsequently issued a Conditional Certificate on Conformance No. 104 by the Local Water Utilities Administration on December 4, 1979. Upon its formation, the District acquired the ownership and management of the two water systems in accordance with Presidential Decree (PD) No. 198, as amended.

The mandates/functions of the District are to (a) 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 such districts, (b) provide, maintain, and operate wastewater collection, treatment and disposal facilities, and (c) conduct such other functions and operations incidental to water resource development, utilization and disposal within such districts, as are necessary or incidental to said purpose. The Entity's registered office is located in Annex A, Market Mall, Lianga, Surigao del Sur.

The financial statements of Lianga Water District was authorized for issue on February 9, 2018 as shown in the Statement of Management Responsibility for Financial Statements signed by Wilfredo G. Sanchez, the General Manager.

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

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS) prescribed by the Commission on Audit through COA Circular No. 2015-010 dated December 1, 2015.

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

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

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

The preparation of financial statements in compliance with the adopted PFRS requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note.



### **Note 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The financial statements are prepared on an accrual basis in accordance with the PFRS.

#### **3.1 Cash and Cash Equivalents**

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

#### **3.2 Inventories**

Inventory is measure at cost upon initial recognition. To the extent that inventory are received through non-exchange transactions for a nominal cost, the cost of the inventory is its fair value at the date of acquisition.

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

#### **3.3 Property, Plant and Equipment**

##### **a. Recognition**

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

The characteristics of PPE are as follows:

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

An item of PPE is recognized as an asset if:

- i. It is probable that future economic benefits or service potential associated with the item will flow to the entity.
- ii. The cost or fair value of the item can be measured reliably; and
- iii. The cost is at least P15,000.00.

**b. Measurement at recognition**

An item recognized as property, plant and equipment is measure at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the dated acquisition.

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction, its cost is its fair value as at recognition date. Cost includes the following:

- i. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- ii. Expenditure that is directly attributed to the acquisition of the items; and
- iii. Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incur 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 the period.

**c. Measurement after recognition**

After recognition, all PPE are stated at cost less accumulated depreciation.

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 then 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 of deficit as incurred.

**d. Depreciation**

Each part of an item of PPE with a cost that is significant is 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.

**i. 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 the month if the PPE is available for use after the 15<sup>th</sup> of the month. However, if the PPE is available for use after the 15<sup>th</sup> of the month, depreciation is for the succeeding month.

**ii. Depreciation method**

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

**iii. Estimated useful life**

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

**iv. Residual value**

The District from the previous years up to the present have not applied the five percent (5%) residual value of the cost of the PPE.

**e. 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.

**f. Derecognition**

The District derecognizes items of PPE and/or any significant part of an asset disposal or when no future economic benefits or service potential is expected from its continuing use.

**Note 4. Cash and Cash Equivalents**

Particulars	As at December 31, 2017	As at December 31, 2016
Cash on Hand	184,118.72	27,750.05
Cash in Bank-Local Currency		
Current	888,194.31	1,171,706.01
Joint Savings (with LWUA)	1,146,465.26	852,374.77
Savings (PNB)	-	97,350.92
<b>Total Cash and Cash Equivalents</b>	<b>2,218,778.29</b>	<b>2,149,181.75</b>

**Note 5. Receivables**

This account refers to dues from concessionaires for water services rendered. Accounts receivable is recognized every month on the billing summary submitted by the Commercial Section and subsequently credited upon collection of the amount due.

	<u>2017</u>	<u>2016</u>
Accounts Received Beg.	3,574,499.25	3,303,281.58
Total Billed	17,365,823.68	16,151,882.05
Total Collections	(17,144,440.77)	(15,884,564.50)
Adjustments	( 219,787.23)	3,900.12
Accounts Receivable Ending	<u>3,576,094.93</u>	<u>3,574,499.25</u>
Other Receivables		
Unpaid Materials	79,793.22	89,730.62
Records Damaged by Termite	70,580.00	70,580.00
Disallowance of the District's Job Order Employees	15,675.50	15,675.50
GM's Disallowance (RATA)	25,000.00	60,000.00
Accounts Receivables from concess.	<u>21,962.00</u>	<u>21,962.00</u>
Total	213,010.72	257,948.12
Allowance for Doubtful Accounts	<u>(14,884.45)</u>	<u>(14,884.45)</u>
<b>Total Receivables</b>	<b><u>3,774,221.20</u></b>	<b><u>3,817,562.92</u></b>

**Note 6. Inventories**

Accounts	2017	2016
Inventory Held for Distribution	457,080.16	418,378.88
Inventory Held for Consumption	399,798.20	33,294.69
Semi-Expendable Medical Equipment	2,878.00	-
Semi-Expendable Furnitures, Fixtures and Book	3,860.00	-
<b>Total Carrying Amount, December 31</b>	<b>863,616.36</b>	<b>451,673.57</b>

**Note 7. OTHER CURRENT ASSETS**

Accounts	2017	2016
Prepayments	6,100.00	6,100.00
<b>Total</b>	<b>6,100.00</b>	<b>6,100.00</b>

## Note 8. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2017

	Land Improvements	Infrastructure Assets	Building & Other Structures	Machinery and Equipment	Total
Carrying Amount, 01/01/17	295,666.03	21,479,916.81	3,339,876.63	3,029,551.87	28,145,011.34
Add/Acquisitions	4,722.24	1,788,953.68	1,069,932.90	2,399,979.01	5,263,587.83
<b>Total</b>	<b>300,388.27</b>	<b>23,268,870.49</b>	<b>4,409,809.53</b>	<b>5,429,530.88</b>	<b>33,408,599.17</b>
Disposals	0.00	0.00	0.00	0.00	0.00
Depreciation Expense	70,278.00	1,495,070.76	20,435.88	671,252.60	2,257,037.24
<b>Carrying Amount, 12/31/17</b>	<b>230,110.27</b>	<b>21,773,799.73</b>	<b>4,389,373.65</b>	<b>4,758,278.28</b>	<b>31,151,561.93</b>

	Land Improvements	Infrastructure Assets	Building & Other Structures	Machinery and Equipment	Total
<b>Gross Cost</b>	<b>295,666.03</b>	<b>36,071,024.97</b>	<b>5,631,010.87</b>	<b>9,422,328.24</b>	<b>51,420,030.11</b>
Accumulated Depreciation	65,555.76	14,297,225.24	1,241,637.22	4,664,049.96	20,268,468.18
<b>Carrying Amount, 12/31/17</b>	<b>230,110.27</b>	<b>21,773,799.73</b>	<b>4,389,373.65</b>	<b>4,758,278.28</b>	<b>31,151,561.93</b>

## Note 9. Financial Liabilities

Particulars	2017		2016	
	Current	Non-Current	Current	Non-Current
Accounts Payable	274,194.13	-	124,808.28	-
Due to Officers & Employees	23,331.51	-	20,479.03	-
Interest Payable	605,295.00	-	-	-
Mortgage/Bonds/ Loans Payable	3,196,091.66	14,282,880.34	-	3,601,020.37
Other Long-term Liabilities	-	17,995,215.38	-	35,008,879.01
<b>Total</b>	<b>4,098,912.30</b>	<b>32,278,095.72</b>	<b>145,287.31</b>	<b>38,609,899.38</b>

## Note 10. Inter-Agency Payables

Accounts	2017	2016
Due to BIR	438,658.76	262,234.73
Due to GSIS	117,481.43	118,377.50
Due to PAG-IBIG	(12,868.28)	(10,163.38)
Due to PhilHEALTH	41,544.30	34,250.00
Due to SSS	10,175.00	-
<b>Total</b>	<b>594,991.21</b>	<b>404,698.85</b>

**Note 11. Trust Liabilities**

Accounts	2017	2016
Guaranty Deposits Payable	117,408.00	117,408.00
<b>Total</b>	<b>117,408.00</b>	<b>117,408.00</b>

**Note 12. Other Payables**

Accounts	2017	2016
Other Payables	493,691.38	493,691.38
<b>Total</b>	<b>493,691.38</b>	<b>493,691.38</b>

**Note 13. Deferred Credits**

Accounts	2017	2016
Other Deferred Credits	3,122,308.00	-
<b>Total</b>	<b>3,122,308.00</b>	<b>-</b>

**Note 14. Income****Income of the Lianga Water District comprises the following:**

Particulars	2017	2016
<b>Service and Business Income</b>		
Income from Water Works	16,725,175.98	15,522,064.86
Service Income-Fines and Penalties-Service Income	452,998.23	391,177.83
Other Service Income	151,159.03	339,417.15
Total Service Income	<u>713,808.13</u>	<u>871,308.08</u>
Business Income - Other Business Income	319,950.00	49,273.10
Interest Income	1,887.75	0.00
Total Business Income	<u>321,837.75</u>	<u>51,053.70</u>
<b>Total Service and Business Income</b>	<b><u>17,651,170.99</u></b>	<b><u>16,301,932.94</u></b>
<b>Other Non-Operating Income</b>		
Miscellaneous Income	109,650.87	140,713.10
Interest Income	0.00	1,780.60
<b>Total Other Non-Operating Income</b>	<b><u>109,650.87</u></b>	<b><u>142,493.70</u></b>
<b>Total Income</b>	<b><u>17,760,821.86</u></b>	<b><u>16,444,426.64</u></b>

**Other Non-Operating Income**

*Miscellaneous Income* is income generated like service fee, reconnection fee, labor fee, transfer fee and penalty.

The CY2016 "Other Non-Operating Income" includes the *Interest Income* earned on current accounts of P1,780.60. This account is transferred under the "Service and Business Income" group of accounts in accordance with COA Circular No. 2017-004 in the FS of the calendar year 2017 and onwards.

## Note 15. Personnel Services

### 15.1 Salaries and Wages

Particulars	2017	2016
Salaries and Wages-Regular	3,476,879.92	3,121,663.00
Salaries and Wages-Casual/Contractual	405,311.80	315,756.12
<b>Total</b>	<b>3,882,191.72</b>	<b>3,437,419.12</b>

### 15.2 Other Compensation

Particulars	2017	2016
Personnel Economic Relief Allowance (PERA)	418,181.60	391,909.08
Representation Allowance (RA)	60,000.00	60,000.00
Transportation Allowance (TA)	60,000.00	60,000.00
Clothing/Uniform Allowance	85,000.00	70,000.00
Productivity Incentives Allowance	282,930.11	246,500.00
Honoraria	600,035.13	396,073.16
Longevity Pay	15,000.00	5,000.00
Overtime and Night Pay	11,354.33	2,119.26
Year End Bonus	314,627.06	262,617.00
Cash Gift	90,000.00	85,000.00
Other Bonuses and Allowances (Mid Year)	318,457.76	-
<b>Total</b>	<b>2,255,585.99</b>	<b>1,579,218.50</b>

### 15.3 Personnel Benefits Contributions

Particulars	2017	2016
Retirement and Life Insurance Premiums	466,826.52	410,119.02
Pag-IBIG Contributions	22,309.20	19,500.00
PhilHEALTH Contribution	42,001.10	34,045.00
Employees Compensation Insurance Premiums	23,000.00	19,609.20
<b>Total</b>	<b>554,136.82</b>	<b>483,273.22</b>

### 15.4 Other Personnel Benefits

Particulars	2017	2016
Other Personnel Benefits	136,401.35	464,471.78
<b>Total</b>	<b>136,401.35</b>	<b>464,471.78</b>

<b>Total Personnel Services</b>	<b>6,828,315.88</b>	<b>5,964,382.62</b>
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*Salaries and Wages – Regular* This account is used to recognize the pay proper for services rendered of government employees occupying regular plantilla positions.

*Salaries and Wages – Casual/Contractual* is the account used to recognize the pay proper for services rendered by Contract of Services and Job Order Employees to perform regular entity functions and specific vital activities or services which cannot be provided by the regular or permanent staff of the district. They are considered employees of the hiring entity limited to the year when their services are reasonably required.

*Personnel Economic Relief Allowance (PERA)* This account is used to recognize the allowance granted to government personnel occupying regular position.

*Representation Allowance (RA)* this account is used to recognize the monthly representation allowance granted to authorized officials and employees in the actual performance of their respective functions, both Commutable and reimbursable.

*Transportation Allowance (TA)* this account is used to recognize the monthly transportation allowance granted to authorized officials and employees in the actual performance of their respective functions.

*Clothing/Uniform Allowance* is an account used to recognize the annual grant of P5,000.00 to the district's employees for the replacement of clothing/uniform.

*Honoraria* this account is used to recognize the payment given to professionals for services in recognition of their expertise, broad and superior knowledge in specific fields and special projects.

*Year End Bonus* This account is used to recognize the amount granted annually to government officials and employees as authorized by law which is equivalent to their one month salary.

*Productivity Incentive Allowance* this account is used to recognize the fixed amount granted to government employees for at their satisfactory performance in the discharge of their functions and duties.

*Retirement and Life Insurance Premiums* this account is used to recognize the government's share in premium contributions to the Government Service Insurance System and other retirement and life benefit systems.

*Pag-IBIG Contributions* is the account used to recognize the government's share in premium contributions to the Home Development Mutual Fund.

*PhilHealth Contributions* is the account used to recognize the government's share in premium contributions to the Philippine Health Insurance Corporation for Regular and Contract of Service Employees.

*Employees Compensation Insurance Premiums* is the account used to recognize the government's share in premium contributions to the Employees' Compensation Commission (ECC).



## Note 16. Maintenance And Other Operating Expenses

### 16.1 Traveling Expenses

Particulars	2017	2016
Traveling Expenses-Local	505,952.94	374,812.18
<b>Total</b>	<b>505,952.94</b>	<b>374,812.18</b>

### 16.2 Training and Scholarship Expenses

Particulars	2017	2016
Training Expenses	616,852.08	334,570.44
<b>Total</b>	<b>616,852.08</b>	<b>334,570.44</b>

### 16.3 Supplies and Materials Expenses

Particulars	2017	2016
Office Supplies Expenses	85,694.66	89,020.79
Accountable Forms Expenses	63,590.00	53,830.00
Drugs and Medicines Expenses	5,310.00	-
Fuel, Oil and Lubricants Expenses	207,751.78	154,982.25
Chemical and Filtering Supplies Expenses	340,459.00	200,993.97
<b>Total</b>	<b>702,805.44</b>	<b>498,827.01</b>

### 16.4 Utility Expenses

Particulars	2017	2016
Electricity Expenses	358,217.84	263,692.25
<b>Total</b>	<b>358,217.84</b>	<b>263,692.25</b>

### 16.5 Communication Expenses

Particulars	2017	2016
Postage and Courier Services	15,516.00	11,141.00
Telephone Expenses	59,047.87	45,230.70
Internet Subscription Expenses	11,988.00	12,987.00
Cable, Satellite, Telegraph and Radio Expenses	1,500.00	-
<b>Total</b>	<b>88,051.87</b>	<b>69,358.70</b>

### 16.6 Awards/Rewards, Prizes and Indemnities

Particulars	2017	2016
Awards/Rewards Expenses	-	20,000.00
<b>Total</b>	<b>-</b>	<b>20,000.00</b>

### 16.7 Confidential, Intelligence and Extraordinary Expenses

Particulars	2017	2016
Extraordinary and Miscellaneous Expenses	149,780.41	97,217.38
<b>Total</b>	<b>149,780.41</b>	<b>97,217.38</b>

### 16.8 Professional Services

Particulars	2017	2016
Legal Services	30,250.00	40,950.00
Auditing Services	98,345.73	68,435.75
<b>Total</b>	<b>128,595.73</b>	<b>109,385.75</b>

### 16.9 General Services

Particulars	2017	2016
Security Services	286,800.00	286,800.00
Other General Services	641,526.87	409,764.00
<b>Total</b>	<b>928,326.87</b>	<b>696,564.00</b>

### 16.10 Repairs and Maintenance

Particulars	2017	2016
Repairs and Maintenance -		
Infrastructure Assets	491,190.48	517,064.22
Machinery and Equipment	113,610.00	29,451.54
Transportation Equipment	175,984.00	199,890.15
Furniture and Fixtures	2,650.00	-
Semi-Expendable Furnitures, Fixtures and Books	27,661.64	-
<b>Total</b>	<b>811,096.12</b>	<b>746,405.91</b>

### 16.11 Taxes, Insurance Premiums and Other Fees

Particulars	2017	2016
Taxes, Duties and Licenses	336,662.33	325,311.66
Fidelity Bond Premiums	20,250.00	16,875.00
Insurance Expenses	20,179.20	10,600.28
<b>Total</b>	<b>377,091.53</b>	<b>352,786.94</b>

### 16.12 Other Maintenance and Operating Expenses

Particulars	2017	2016
Advertising Expenses	30,375.00	30,950.00
Printing and Publication Expenses	86,880.00	78,500

Representation Expenses	93,063.40	73,378.00
Transportation and Delivery Expenses	4,796.00	26,767.00
Rent/Lease Expenses	124,800.00	124,800.00
Membership Dues & Contributions to Organization	11,983.75	15,040.50
Donations	1,500.00	8,500.00
Other Maintenance and Operating Expenses	436,054.69	320,219.70
Bank Charges	0.00	861.50
<b>Total</b>	<b>789,452.84</b>	<b>679,016.70</b>

**Total Maintenance and Other Operating Expenses      5,456,223.67      4,242,637.26**

*Office Supplies Expenses* is the account used to recognize the cost or value of office supplies such as bond paper, ink, and small tangible items like staple wire remover, puncher, stapler and other similar items issued to end-users for the districts' operations.

*Fuel, Oil and Lubricants Expenses* is the account used to recognize the costs of fuel, oil, and lubricants issued for use of government vehicles, pumping stations and other equipment in connection with government operations and projects.

*Chemical and Filtering Supplies Expenses* is the account used to recognize the cost of chemical and filtering supplies used in the Pumping Stations and Iron Removal Facility.

*Traveling Expenses-Local* is the account used to recognize the costs incurred in the transport of Boar of Directors and employees within the country.

*Training Expenses* is the account used to recognize the costs incurred for the participation and attendance in the conduct of trainings, conventions, seminars and workshops.

*Electricity Expenses* this account is used to recognize the cost of electricity consumed in four pumping stations, administrative building and two Iron Removal Facilities.

*Postage and Deliveries* this account is used to recognize the cost of delivery and transmission of official mails, documents, records and the like.

*Telephone Expenses-Landline* the account is used to recognize the cost of sending faxes, documents, request for quotation and the likes, and transmitting messages through telephone lines (mobile or landlines).

*Internet Subscription Expenses* this account is used to recognize the cost of using internet services in the district's operations.

*Printing and Publication Expenses* this account is used to recognize the costs of printing and binding of documents.

*Cable, Satellite and Radio Expenses* this account is used to recognize the costs incurred for advertisement in newspapers, radio and televisions to inform its concessionaires for the announcement of repair and maintenance of transmission lines.

*Taxes, Duties and Licenses* this account is used to recognize the amount of franchise taxes remitted by the district which is 2% of the total monthly accounts receivable of the district and withholding taxes of regular employees and contract of services.

*Insurance Expenses* this account is used to recognize the amount of premiums paid by the entity for the insurable risks of government property like Districts Administrative Building and land transportation equipment.

*Representation Expenses* this account is used to recognize the expenses incurred for official meetings/conferences and other official functions.

*Extraordinary and Miscellaneous Expenses* this account is used to recognize the amount paid for expenses incidental to the performance of official functions, such as meetings and public relations.

*Membership Dues and Contributions to Organizations* this account is used to recognize the amount paid for expenses incurred in the annual dues to NORMIN, SURWADA, PAWD and MAWD.

*Legal Services* this account is used to recognize the cost incurred for authorized legal services rendered by private lawyers. This includes special counsel allowance granted to government lawyers deputized to represent the government in court as special counsel.

*Auditing Services* this account is used to recognize the cost of operating expenses provided by the auditors for auditing services rendered by the Commission on Audit.

*Security Services* the account is used to recognize the cost of security services contracted by the district to protect the district's property from variety of hazards.

*Transportation and Delivery Expenses* is the account used to recognize the cost of transporting chlorine cylinder, turbine pump and other materials which is important for the continuous operation of the district.

*Repair and maintenance-Infrastructure Assets* is the account used to recognize expenses incurred to bring an asset back to an earlier condition or to keep the asset operating at its present condition.

*Repair and maintenance-Transportation Equipment* this account is used to recognize the cost of repairs and maintenance on motor vehicles and land transportation equipment.

*Repairs and Maintenance-Machinery and Equipment* this account is used to recognize the cost of repairs and maintenance of machinery, office equipment, communication equipment.

**Note 17. Financial Expenses**

<b>Particulars</b>	<b>2017</b>	<b>2016</b>
Interest Expenses	674,214.56	944,266.12
Bank Charges	100.00	0.00
Other Financial Charges	987.50	0.00
<b>Total</b>	<b>675,302.06</b>	<b>944,266.12</b>

*Bank Charges* account was previously categorized under the MOOE in the FS of CY2016 but now transferred to the “Financial Expenses” group of accounts in accordance with COA Circular No. 2017-004 in the financial statements of calendar year 2017 and onwards.

**Note 18. Non-Cash Expenses**

<b>Particulars</b>	<b>2017</b>	<b>2016</b>
Depreciation-Infrastructure Assets	1,495,070.76	-
Depreciation-Buildings and Other Structures	20,435.88	1,522,647.91
Depreciation-Machinery and Equipment	154,080.37	414,891.09
Depreciation-Transportation Equipment	46,351.48	41,594.30
Depreciation-Furnitures, Fixtures and Books	470,820.75	-
Depreciation-Leased Assets Improvements	70,278.00	-
<b>Total</b>	<b>2,257,037.24</b>	<b>1,979,133.30</b>

*Depreciation Expense* is the allocated portion of the cost of a company's fixed assets that is appropriated for the period indicated which is reflected on the district's income statement.

**Note 19. Other Adjustments**

<b>Particulars</b>	<b>2017</b>
Reimbursement of gasoline expenses incurred in CY2016 but paid in CY2017	(1,000.00)
Income from Grants and Donations in kind from prior years	(48,982.68)
To close the accounts of R.A. Pipelines Systems in Lianga WD ledger of payable per certification with the certified true copy of ledger from the supplier as of February 16, 2015	16,366.19
<b>Total Net Adjustment</b>	<b>(33,616.49)</b>

## **Note 20. Key Management Personnel**

The key management personnel of the District are the General Manager and the members of the Board. The governing body consists of members appointed by the Mayor of the Municipality of Lianga, Surigao Del Sur and reviewed and confirmed by LWUA.

### **20.1 Key Management Personnel Compensation**

The aggregate remuneration of members of the governing body and the number of members determined on a fulltime equivalent basis receiving remuneration within this category, are:

<b>Particulars</b>	<b>Aggregate Remuneration</b>
Salaries and Wages	822,525.00
Other Compensation	146,664.00
Honoraria	169,356.00
Other Personnel Benefits	40,091.35
<b>Total</b>	<b>1,178,636.35</b>