

NOTES TO FINANCIAL STATEMENTS  
(Amounts in Philippine Peso)

**1. General Information/Agency Profile**

The financial statements of ALICIA WATER DISTRICT were authorized for issue on February 1, 2021 as shown in the Statement of Management Responsibility for Financial Statements signed by JEORGE A. TOMAS, the General Manager and DANILO A. SEMODIO, the Admin./Gen. Services Officer B.

The Alicia Water District (ALWAD), hereinafter referred to as the District, was established by virtue of Presidential Decree No. 198, known and referred to as the Provincial Water Utilities Act of 1973. It has formally started its operations in July 1989. The District is one of the recipients of the 5<sup>th</sup> Loan Package acquired by the Philippine Government from the Danish International Development Agency. It was also granted a 12.7 million Interim Improvement Program Loan by the Local Water Utilities Administration (LWUA). The mandate of the District is to provide ample supply of potable water to the service areas within the Municipality of Alicia. Each Board of Director is nominated by the sector he/she represents which are from the civic-oriented, business, professional, education, and women sectors. It has a total workforce of thirty (30) headed and managed by General Manager George A. Tomas. The District's registered office is located at Munsayac, Alicia, Isabela.

**2. Statement of Compliance and Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) in compliance with the Commission on Audit Resolution No. 2015-040 dated December 1, 2015.

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.

**3. Summary of Significant Accounting Policies**

**3.1 Basis of accounting**

The financial statements are prepared on an accrual basis in accordance with the Philippine Financial Reporting Standards.

**3.2 Financial instruments**

**a. Financial assets**

*Initial recognition and measurement*

*The amortized cost of a financial asset is the amount at which financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between*

that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

### ***Subsequent measurement***

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

## **b. Financial liabilities**

### ***Initial recognition and measurement***

*The amortized cost of a financial liability* is the amount at which financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The District's financial liabilities include trade and other payables, loans and borrowings.

### ***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another 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.

### **c. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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 assets and settle the liabilities simultaneously.

### **d. Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

## **3.3 Cash and cash equivalents**

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

## **3.4 Inventories**

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs.

The cost of inventories that are interchangeable are assigned by using the First-in, First out (FIFO) cost formula. The District uses the same cost formula for all inventories having a similar nature and use.

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

## **3.5 Property, Plant and Equipment**

### *Recognition*

An item is recognized as property, plant, and equipment 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 associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably.

#### *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 property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in profit or loss as incurred.

#### *Depreciation*

Each part of an item of property, plant, and equipment 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.

#### *Depreciation Method*

The straight-line method of depreciation is adopted for the District's operation.

#### *Estimated Useful Life*

The District uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

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

#### *Impairment*

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

#### *Derecognition*

The District derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits are 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 profit or loss when the asset is derecognized.

## **4. Leases**

### *Alicia Water District as a lessee*

#### *Operating lease*

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the District. Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

*Alicia Water District as a lessor*

### *Operating Lease*

Leases in which the District does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policy for PPE are applied to similar assets leased by the entity.

## **5. Changes in accounting policies and estimates**

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

The District recognizes the effects of changes in accounting estimates prospectively by including in profit or loss.

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

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

## **6. Revenue**

### *Measurement of Revenue*

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

### *Rendering of Services*

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

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

#### *Sale of Goods*

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

#### *Interest income*

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

#### *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

#### *Royalties*

Royalties shall be recognized on an accrual basis in accordance with the substance of the relevant agreement.

### **7. Budget information**

The annual budget is prepared on a cash basis and is submitted to the Department of Budget and Management.

### **8. Impairment**

The District assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the agency estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the District shall test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. However, if such an intangible asset was initially recognized during the current annual period, that intangible asset shall be tested for impairment before the end of the current annual period.

## 9. Employee benefits

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

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

The District recognizes expenses for accumulating compensated absences when these are paid (commuted or paid as terminal leave benefits). Unused entitlements that has accumulated at the reporting date are not recognized as expense. Non-accumulating compensated absences, like special leave privileges, are not recognized.

## 10. Measurement uncertainty

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

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

## 11. Prior Period Adjustments

The District has made the following adjustment in its Retained Earnings:

<b>PARTICULARS</b>	<b>2020</b>	<b>2019</b>
1.Refund of Disallowance for the previous year	4,700	-
2. Adjustment due to error made in 2019- Allowance for Impairment – Accounts Receivable	(44,417)	
3.Adjustment due to error made in 2019- Income from Grants and Donations in Kind	135,000	
4.Adjustment/Reclassification of account- UPIS (Meters)	(2,009,486)	
5.Adjustment due to error made in Dec. 2017- Accounts Receivable		(161,035)
6.Adjustment due to error made in Dec. 2018- Accounts Receivable		117,044
7.Adjustment for the Office Furniture and		



Equipment as per COA RO II Decision No. 2016-03		57,170
8.Reclassification of account from Office Equipment to Semi-expendable		(73,530)
9.Reclassification of account from Furniture & Fixture to Semi-expendable		(18,726)
10.Reclassification of account from OME to Semi-expendable		(57,626)
11.Reclassification of account from Communication Equipment to Semi-expendable		(4,830)
12.Reclassification of account from Plant-UPS to Semi-expendable		(5,912)
13.Adjustment/Correction-Accumulated Depreciation- O/E		299,695
14.Adjustment/Correction-Loans Payable – Domestic		447,112
15.Previous year unrecorded loan penalties, & loan penalties for 1 <sup>st</sup> Qtr.		(15,091,638)
16.Adjustment of various Semi-expendable Machinery and Equipment		(373,285)
17.Receipts of PEI of the BOD		22,500
18.Adjustment on Stale check, issued last Dec. 7, 2018		1,500
19.Refund of Disallowance		14,000
20.Adjustment of Principal & Interest of LWUA loans		10,042
21.Adjustment as a result of year-end physical inventory		1,209,105
22.Adjustment due to write-off of A/R		(398,869)
<b>Total</b>	<b>(1,914,203)</b>	<b>(14,009,923)</b>

## 12. Cash and Cash Equivalents

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Cash- Collecting Officers	87,872	32,887
Cash in Bank- Local Currency-Current Account	3,505,028	2,129,773
Cash in Bank- Local Currency-Savings Account	5,712,090	2,668,253
<b>Total Cash and Cash Equivalents</b>	<b>9,304,990</b>	<b>4,830,913</b>

### 13. Receivables

#### 13.1 Loans and Receivable Accounts

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Accounts Receivable	3,348,816	2,329,287
<i>Allowance for Impairment-Accounts Receivable</i>	<i>(51,436)</i>	<i>44,417</i>
<b>Net Value-Accounts Receivable</b>	<b>3,297,380</b>	<b>2,373,704</b>

#### 13.2 Other Receivables

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Due from Officers and Employees	328,359	373,104
Other Receivables	816,706	716,412
<i>Allowance for Impairment-Other Receivables</i>	<i>(54,294)</i>	<i>(35,821)</i>
Net Value-Other Receivables	762,412	680,591
<b>Total</b>	<b>1,090,771</b>	<b>1,053,695</b>

Accounts Receivable account represents the unpaid bills of customers arising from their water bills.

Due from Officers and Employees account represents unpaid amounts of the District's Directors/Officers/Employees.

Other Receivables account represents unpaid billed materials issued to the concessionaires.

### 14. Inventories

#### 14.1 Inventory Held for Sale

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Merchandise Inventory	3,060,818	3,543,874
<i>Allowance for Impairment-Merchandise Inventory</i>	<i>(153,041)</i>	<i>(177,194)</i>
<b>Net Value-Merchandise Inventory</b>	<b>2,907,777</b>	<b>3,366,680</b>

#### 14.2 Inventory Held for Consumption

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Office Supplies Inventory	55,166	28,117
<i>Allowance for Impairment-Office Supplies Inventory</i>	<i>(2,218)</i>	<i>(1,406)</i>
Net Value-Office Supplies Inventory	52,948	26,711

Accountable Forms, Plates and Stickers Inventory	146,999	130,645
<i>Allowance for Impairment-Accountable Forms, Plates and Stickers Inventory</i>	<i>(7,350)</i>	<i>(6,532)</i>
Net Value-Accountable Forms, Plates and Stickers Inventory	139,649	124,113
Non-Accountable Forms Inventory	28,000	-
<i>Allowance for Impairment-Non-Accountable Forms Inventory</i>	<i>(1,400)</i>	-
Net Value-Non-Accountable Forms Inventory	26,600	-
Fuel, Oil and Lubricants Inventory	7,717	16,981
<i>Allowance for Impairment-Fuel, Oil and Lubricants Inventory</i>	<i>(386)</i>	<i>(849)</i>
Net Value-Fuel, Oil and Lubricants Inventory	7,331	16,132
Chemical and Filtering Supplies Inventory	169,771	136,661
<i>Allowance for Impairment-Chemical and Filtering Supplies Inventory</i>	<i>(8,489)</i>	<i>(6,833)</i>
Net Value-Chemical and Filtering Supplies Inventory	161,282	129,828
Other Supplies and Materials Inventory	-	204,434
<i>Allowance for Impairment-Other Supplies and Materials Inventory</i>	-	<i>(10,222)</i>
Net Value-Other Supplies and Materials Inventory	-	194,212
<b>Total</b>	<b>387,810</b>	<b>490,996</b>

This account consists of unissued supplies which are kept in stock for future use.

### 14.3 Semi-Expendable Machinery and Equipment

Accounts	2020	2019
Semi-Expendable Office Equipment	129,816	23,550
Semi-Expendable Other Machinery and Equipment	8,994	27,825
<b>Total</b>	<b>138,810</b>	<b>51,375</b>

## 15. Other Assets

### 15.1 Prepayments

Accounts	2020		2019	
	Current	Non-Current	Current	Non-Current
Prepaid Rent	50,232	301,395	50,232	351,627
<b>Total</b>	<b>50,232</b>	<b>301,395</b>	<b>50,232</b>	<b>351,627</b>

## 16. Property, Plant and Equipment

This account pertains to all properties of the District which are relatively permanent in character used in the normal utility operations. This account consists of the following:

	2020	2019
Land	4,054,805	4,054,805
Other Land Improvements	-	102,950
Plant-Utility Plant in Service (UPIS)	58,856,003	58,575,302
<i>Accumulated Depreciation-Plant(UPIS)</i>	<i>(13,516,181)</i>	<i>(13,698,984)</i>
Buildings	6,812,213	6,812,213
<i>Accumulated Depreciation-Buildings</i>	<i>(784,041)</i>	<i>(630,766)</i>
Other Structures	2,775,091	1,565,476
<i>Accumulated Depreciation-Other Structures</i>	<i>(174,380)</i>	<i>(125,248)</i>
Office Equipment	1,133,538	1,051,997
<i>Accumulated Depreciation-Office Equipment</i>	<i>(625,618)</i>	<i>(463,895)</i>
Other Machinery and Equipment	7,782,367	7,438,041
<i>Accumulated Depreciation-Other Machinery and Equipment</i>	<i>(4,444,213)</i>	<i>(4,132,504)</i>
Motor Vehicles	1,043,120	916,220
<i>Accumulated Depreciation-Motor Vehicles</i>	<i>(340,947)</i>	<i>(261,548)</i>
Construction in Progress-Infrastructure Assets	-	763,867
Construction in Progress-Buildings and Other Structures	-	408,448
Construction in Progress-Furniture and Fixtures	78,506	-
<b>Total</b>	<b>62,650,263</b>	<b>62,376,374</b>

Property, Plant and Equipment is carried at cost less Accumulated Depreciation. The Construction Period Theory is used for costing the assets.

Regular maintenance, repair and minor replacement are charged against Maintenance and Other Operating Expenses (MOOE) when incurred.

The lot in Apanay is under a new court litigation at the Regional Trial Court Branch 40 for the cancellation of land title awarded by the DENR to the Apanay Elementary School. The Apanay Booster Station was part of the land title, hence, the district filed a case for its cancellation and prays that the actual possession be awarded to the Alicia Water District.

A case on the possession of land was filed by the Department of Education in 2014 at the Municipal Trial Court of Alicia where a decision was handed down in favor of the district. Subsequent appeals by the DepEd to the RTC, Court of Appeals and finally at the Supreme Court affirmed the possession in favor of the district.

## 17. Financial liabilities

### 17.1 Payables

Accounts	2020	2019
Accounts Payable	2,028,414	3,158,135
Due to Officers and Employees	1,471,771	1,215,755
Interest Payable	836,288	836,288
<b>Total</b>	<b>4,336,473</b>	<b>5,210,178</b>

### 17.2 Bills/Bonds/Loans Payable

Accounts	2020	2019
Loans Payable-Domestic	11,043,127	11,243,127
<b>Total</b>	<b>11,043,127</b>	<b>11,243,127</b>

### 17.3 Other Financial Liabilities

Accounts	2020	2019
Other Financial Liabilities	23,358,415	22,633,671
<b>Total</b>	<b>23,358,415</b>	<b>22,633,671</b>

## 18. Inter-Agency Payables

Accounts	2020	2019
Due to BIR	260,587	318,226
Due to GSIS	155,869	206,327
Due to Pag-IBIG	47,840	28,759
Due to PhilHealth	16,144	12,932
<b>Total</b>	<b>480,440</b>	<b>566,244</b>

## 19. Trust Liabilities

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Customers' Deposits Payable	2,202,915	1,706,565
<b>Total</b>	<b>2,202,915</b>	<b>1,706,565</b>

## 20. Service and Business Income

### 20.1 Business Income

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Waterworks System Fees	32,122,998	28,200,097
Interest Income	18,102	12,683
Fines and Penalties-Business Income	746,391	957,239
Other Business Income	1,926,532	1,295,693
<b>Total</b>	<b>34,814,023</b>	<b>30,465,712</b>

## 21. Shares, Donations and Grants

### 21.1 Donations

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Donations in Kind	50,000	-
<b>Total</b>	<b>50,000</b>	<b>-</b>

## 22. Personnel Services

### 22.1 Salaries and Wages

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Salaries and Wages-Regular	4,389,719	4,211,784
Salaries and Wages-Casual/Contractual	2,215,225	1,538,936
<b>Total</b>	<b>6,604,944</b>	<b>5,750,720</b>

### 22.2 Other Compensation

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Personnel Economic Relief Allowance (PERA)	730,727	648,000
Representation Allowance (RA)	60,000	60,000
Transportation Allowance (TA)	60,000	60,000
Clothing/Uniform Allowance	186,000	144,000
Hazard Pay	225,200	-

Overtime and Night Pay	388,332	365,515
Year End Bonus	553,945	478,830
Cash Gift	154,750	135,000
Mid – Year Bonus	554,416	478,830
Directors and Committee Members' Fees	182,212	170,404
Other Bonuses and Allowances	450,000	270,000
<b>Total</b>	<b>3,545,582</b>	<b>2,810,579</b>

### 22.3 Personnel Benefit Contributions

Accounts	2020	2019
Retirement and Life Insurance Premiums	793,441	689,515
Pag-IBIG Contributions	36,900	32,400
PhilHealth Contributions	94,411	71,760
Employees Compensation Insurance Premiums	36,900	32,400
<b>Total</b>	<b>961,652</b>	<b>826,075</b>

### 22.4 Other Personnel Benefits

Accounts	2020	2019
Terminal Leave Benefits	600,573	543,578
<b>Total</b>	<b>600,573</b>	<b>543,578</b>

## 23. Maintenance and Other Operating Expenses

### 23.1 Traveling Expenses

Accounts	2020	2019
Traveling Expenses – Local	379,988	382,120
<b>Total</b>	<b>379,988</b>	<b>382,120</b>

### 23.2 Training and Scholarship Expenses

Accounts	2020	2019
Training Expenses	158,639	503,104
<b>Total</b>	<b>158,639</b>	<b>503,104</b>

### 23.3 Supplies and Materials Expenses

Accounts	2020	2019
Office Supplies Expenses	325,819	325,200

Accountable Forms Expenses	104,230	130,260
Non – Accountable Forms expenses	315	26,729
Drugs and Medicines Expenses	61,279	-
Medical, Dental and Laboratory Supplies Expenses	-	1,170
Fuel, Oil and Lubricants Expenses	421,730	478,850
Chemical and Filtering Supplies Expenses	322,131	352,905
Semi-Expendable Machinery and Equipment Expenses	168,073	65,231
Other Supplies and Materials Expenses	716,659	242,972
<b>Total</b>	<b>2,120,236</b>	<b>1,623,317</b>

#### 23.4 Utility Expenses

Accounts	2020	2019
Electricity Expenses	584,181	297,568
<b>Total</b>	<b>584,181</b>	<b>297,568</b>

#### 23.5 Communication Expenses

Accounts	2020	2019
Postage and Courier Services	6,658	7,149
Telephone Expenses	220,124	202,882
Internet Subscription Expenses	8,401	12,490
Cable, Satellite, Telegraph and Radio Expenses	8,400	10,200
<b>Total</b>	<b>243,583</b>	<b>232,721</b>

#### 23.6 Generation, Transmission and Distribution Expenses

Accounts	2020	2019
Generation, Transmission and Distribution Expenses	3,340,468	2,812,980
<b>Total</b>	<b>3,340,468</b>	<b>2,812,980</b>

#### 23.7 Confidential, Intelligence and Extraordinary Expenses

Accounts	2020	2019
Extraordinary and Miscellaneous Expenses	93,191	61,890
<b>Total</b>	<b>93,191</b>	<b>61,890</b>



### 23.8 Professional Services

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Legal Services	40,000	18,250
Auditing Services	51,100	-
Other Professional Services	14,500	6,050
<b>Total</b>	<b>105,600</b>	<b>24,300</b>

### 23.9 General Services

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Environment/Sanitary Services	16,100	-
<b>Total</b>	<b>16,100</b>	<b>-</b>

### 23.10 Repairs and Maintenance

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Repairs and Maintenance-Land Improvements	12,500	200
Repairs and Maintenance-Infrastructure Assets	1,601,224	899,836
Repairs and Maintenance-Buildings and Other Structures	265,771	46,724
Repairs and Maintenance-Machinery and Equipment	323,761	498,665
Repairs and Maintenance-Transportation Equipment	566,910	404,646
<b>Total</b>	<b>2,770,166</b>	<b>1,850,071</b>

### 23.11 Taxes, Insurance Premiums and Other Fees

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Taxes, Duties and Licenses	562,066	564,442
Fidelity Bond Premiums	11,366	11,216
Insurance/Reinsurance Expenses	139,125	144,852
<b>Total</b>	<b>712,557</b>	<b>720,510</b>

### 23.12 Other Maintenance and Operating Expenses

<b>Accounts</b>	<b>2020</b>	<b>2019</b>
Advertising, Promotional and Marketing Expenses	333,590	-
Representation Expenses	146,953	160,126

Transportation and Delivery Expenses	980	10,000
Rent/Lease Expenses	50,232	50,232
Donations	16,958	6,000
Other Maintenance and Operating Expenses	1,406,760	1,622,908
<b>Total</b>	<b>1,955,473</b>	<b>1,849,266</b>

## 24. Financial Expenses

Accounts	2020	2019
Other Financial Charges	724,744	1,449,530
<b>Total</b>	<b>724,744</b>	<b>1,449,530</b>

## 25. Non-Cash Expenses

### 25.1 Depreciation

Accounts	2020	2019
Depreciation-Infrastructure Assets	1,358,763	1,361,837
Depreciation-Buildings and Other Structures	202,407	75,874
Depreciation-Machinery and Equipment	548,486	543,952
Depreciation-Transportation Equipment	79,399	68,149
Depreciation-Furnitures, Fixtures and Books	-	1,298
<b>Total</b>	<b>2,189,055</b>	<b>2,051,110</b>

### 25.2 Impairment Loss

Accounts	2020	2019
Impairment Loss-Loans and Receivables	51,436	4,078
Impairment Loss-Other Receivables	18,473	11,023
Impairment Loss-Inventories	454,036	22,155
<b>Total</b>	<b>523,945</b>	<b>37,256</b>

### 25.3 Losses

Accounts	2020	2019
Loss of Assets	61,896	-
<b>Total</b>	<b>61,896</b>	<b>-</b>

## 26. Related Party Transactions

The District regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the District, or vice versa.

Members of key management are regarded as related parties and comprise the members of the Planning and Management Committee of the District such as: General Manager D, Administrative/General Services Officer B, Utilities/Customer Service Officer B, and Engineer A of the District.

<b>Name and Position</b>	<b>RATA/Annum</b>	<b>PERA/ACA per Annum</b>	<b>Basic Salary/Annum</b>
1. George A. Tomas – General Manager D	120,000	24,000	1,037,544
2. Danilo A. Semodio-Admin./GSO-B	-	24,000	355,452
3. Gerry G. Yasay – Utilities/CSO-B	-	24,000	355,452
4. Agrifino C. Agpalza jr.- Engineer A	-	24,000	355,452
<b>Total</b>	<b>120,000</b>	<b>96,000</b>	<b>2,103,900</b>