

2018

Budget



ORIGINAL COPY

GM LEANDRO JUN C LACSAMANA

TALAVERA WATER DISTRICT

The Chairperson

Board of Directors

Talavera Water District

Budget 2018

On behalf of the Management of Talavera Water District, we are pleased to submit herewith the proposed budget of the District designed for next year. This was meticulously prepared by the designated Heads of all Departments, entitled Budget 2018, for your consideration and approval.

Thank you very much and we look forward for your authorization and confirmation.

Sincerely yours,



GM LEANDRO JUN C LACSAMANA

RATIONALE

The District has already completed its drilling of new water resource in Barangay Valle and it was named as Val Station. This will be fully operational by January 2018 and will add to the ten (10) stations TWD presently maintains. It will be scheduled to supply during peak hours and can also be utilized longer when water demand rises.

Drilling of more wells and purchase of its generator sets are still necessary to maintain a standard supply of water. Barangays San Miguel na Munti and Poblacion area is now experiencing the lowest pressure during peaks and must be addressed immediately.

Vacant lots located in these barangays are already under negotiations to be purchased by this office and expected to be paid before end of this year or early next year depending on Sellers submission of documents required for title transfer.

The Glass-fused Steel Bolted Tank with a capacity of 400 cubic meters was also constructed as planned at San Pascual Station. It was designed to be expanded to another 400-cu m which will adequately help in supplementing more water supply to District's current coverage area. This is coupled with a 3-unit variable frequency drives which alternately increase current supply as required. Though this boost during peak hours, TWD will still require additional tanks as number of applicants for new service connection continues to increase since most of transmission and distribution lines laid is open for more connections.

A Command Center is now currently maintained which control the initial three of the eleven stations remotely. These are Pag Station, SPa Station and SNI Station. The existing network which connects all station's security cameras is used to handle the Supervisory Control and Data Acquisition System (SCADA) installed on the said command center.

Automation must continue to efficiently monitor all stations, its water production, all resources and its controls managed by the District. This will continuously reduce production cost whenever a station is automated since lesser

personnel will handle operations of all stations. Immediate analysis and action can also be accomplished since data reporting is real time.

Additional computers, printers and other IT equipment is necessary to achieve a one workstation for every employee or station. Commercial Department needs these to efficiently manage their readings, billings, cashiering and customer service.

Biometric Time Recorders which are windows 10 compatible are also mandatory to update employees' biometrics and easy recording of time of all employees and transmission of their records to Pag station for payroll purposes. Delays in preparation of production payroll usually occur due to late submission of time records from different stations. Downloading and travel time often causes most of its delay.

Continued pipe laying must also be made to reach even more household which are not yet supplied by TWD. Those who requested this year but not included on Budget 2017 were prioritized in addition to streets having more houses.

Parallel lines instead of replacing small sized pipes was also considered to do away with tedious boring works for those connections crossing concrete roads. Streets identified with undersized distribution lines relative to its current demand needs to be upgraded to sufficiently serve them with adequate supply.

Current number of service connection and the existing coverage area requires more tools, equipment and devices. Digging tools for service connections, testers and analyzer for production use and jack hammer for construction, repair and maintenance works must be purchased to efficiently provide water service.

Improvements of all office buildings and stations will continue to aesthetically enhance its appearances. Permeable Pavers will be laid, wall claddings will be installed, and greens will be planted on SPa, Pag and SNi. These three were selected since they are almost complete, controlled remotely and operates continuously. All its fences will also be replaced with higher and solid walls for security but will still be manned for its first 6 months of SCADA operation.

And in preparation for recategorization of TWD, the District plans to obtain its ISO certification before qualifying for next higher category. This is one of the requirements and must be achieved early next year.

Once again, the projects, activities and plans of Budget 2018 were programmed by every department. Its entirety was aimed at Talavera Water District's mission to continuously provide excellent water service to public and its concessionaires.

ANALYSIS

Coverage Area

The District presently covers all the fifty-three (53) barangays of the Municipality of Talavera. In addition to this is one barangay in the Science City of Muñoz and two (2) more barangays in the Municipality of Sto Domingo. This has a total population of 147,056 individual based on National Statistics Office Survey Report obtained from Talavera Municipal Planning and Development Office.

From the average ratio of 6.50 persons per household, about 56,518 of the said total population are being serviced by Talavera Water District.

The number of household with water service connection within the service coverage area now totals to 8,695. This excludes disconnected service connections before last billing period of December 2017.

Shown below is the list of all covered Barangays of Talavera Water District:

- | | | |
|---------------------|---------------------|-----------------------|
| 1. Andal Aliño | 2. Dimasalang Norte | 3. Paludpod |
| 4. Bagong Sikat | 5. Dinarayat | 6. Poblacion Sur |
| 7. Bagong Silang | 8. Esguerra | 9. Pula |
| 10. Bacal 1 | 11. Gulod | 12. Pulong San Miguel |
| 13. Bacal 2 | 14. Homestead 1 | 15. Pinagpanaan |
| 16. Bacal 3 | 17. Homestead 2 | 18. Sampaloc |
| 19. Bantug | 20. Kinalanguyan | 21. Pantoc Bulac |
| 22. Bantug Hacienda | 23. La Torre | 24. San Pascual |
| 25. Basang Hamog | 26. Lomboy | 27. San Ricardo |
| 28. Bugtong na Buli | 29. Mabuhay | 30. Sibul |
| 31. Burnay | 32. Maestrang Kikay | 33. Sicsican Matanda |
| 34. Caaninaplahan | 35. Mamandil | 36. Sto Niño |
| 37. Cabubulaonan | 38. Marcos | 39. Tabacao |
| 40. Calipahan | 41. Matias | 42. Valle |
| 43. Campos | 44. Matingkis | 45. Maligaya, Muñoz |

- | | | |
|-------------------------|---------------|------------------------|
| 46. Caputican | 47. Minabuyok | 48. Baloc, Sto Domingo |
| 49. Casulucan Este | 50. Pag-asa | 51. Malayantok, SD |
| 52. Collado | 53. Bulac | 54. Dimasalang Sur |
| 55. San Miguel na Munti | | |

Water Transmission and Distribution Lines

The transmission and distribution pipelines of the entire system covering all served barangays now totals to approximately two hundred twelve kilometers (212 Km). It consists of Polyethylene (PE) pipes, Polyvinyl Chloride (PVC) pipes and Steel Pipes with diameters ranging from 1 1/4" to 8".

Fire Hydrants and Blow-off Valves

There are eleven (11) fire hydrants strategically situated and two hundred (200) blow-off valves installed. Their primary function is to supply water for fire protection and regular flushing of the main transmission and distribution system.

Water Resources Facilities

The District currently maintains one Elevated Steel Tank with 100 cubic meter capacity located at Pag Station and one 400 cubic meter capacity Glass-fused Tank located situated at SPa Station.

In addition to this, TWD has already eleven pumping stations which are scheduled to work alternately to supply a 24-hour water service. Its maintaining pressure is pegged to at least 20 psi with the use of Variable Speed Drives attached.

All stations have chlorinators for its chlorine treatment of water supply and five other Chemical Feeders are installed in five (5) of these stations as injection points for Iron Inhibitor, Mineral Scale Removal and Corrosion Protector Additives.

Generator Sets coupled with automatic transfer switches are maintained as well for uninterrupted electric supply during power interruption and failures.

All pump stations are also equipped with a variable frequency drives except Val Station. These drives regulate the speed of the pumps depending on water supply demands of all end-users.

These pumping stations are listed below opposite their locations:

Station	Location	
1	Pag Station	Brgy Pag-asa
2	Din Station	Brgy Dinarayat
3	SNi Station	Brgy Santo Niño
4	SPa Station	Brgy San Pascual
5	Ba1 Station	Brgy Bacal 1
6	Ba3 Station	Brgy Bacal 3
7	BnB Station	Brgy Bugtong na Buli
8	Mam Station	Brgy Mamandil
9	BHa Station	Brgy Basang Hamog
10	Cab Station	Brgy Cabubulaonan
11	Val Station	Brgy Valle

While flowmeters were installed on all these stations, five (5) selected stations for automation were replaced with electromagnetic flowmeters. This is to ready for SCADA installation which will accurately read and record data pertaining to water production.

CONCLUSION

With all the accomplishments that sustained the present self-sufficient state of the District, proposed projects for next year is again funded by Talavera Water District. All its programs were planned in concurrence with the anticipated needs and requirements of its maintenance and operation.

SUMMARY

Budget 2018 was projected based on sales from nine thousand five hundred forty-five (9,545) water service connections that will be derived from service connections of the expected water system coverage area. The following additional expansion projects will be constructed and will add up to the said coverage area before the end of the budget year:

Barangay	Location	Length (m)
Bantug	Purok 2	250
Caaninaplahan	Purok 7	600
Burnay	Purok 3	1200
Valle	Purok 5	300
Calipahan	Purok 5	250
Dimasalang Norte	Purok 2	480
San Pascual	Purok 5	200
Poblacion Sur	Purok 7	300
Pinagpanaan	C M Recto	300
Pantoc Bulac	Purok 5 & 6	2,100

Parallel lines are scheduled as well to resist pressure that will be brought about by possible simultaneous pumping of stations during peak hours. This will lessen boring works since both sides of the roads has its own transmission lines. It will also distribute pressure proportionately since all lines are interconnected.

Barangay	Location	Length (m)
Caaninaplahan	Main Road	1,320
Kinalanguyan	Main Road	1,350
Sibul	Main Road	510
Tabacao	Main Road	720

Replacement of pipelines along Barangays Bantug and La Torre to increase its diameter is also planned to be completed. All these replaced pipes will then be laid to other streets not yet reached by the District as enumerated below wherein labor cost which include materials needed to interconnect were budgeted as well:

Barangay	Location	Length (m)
Campos	Purok 5	510
Burnay	Purok 5	420

Two more lots must be purchased, in addition to the newly acquired lot, for drilling of three more wells. These will be situated in Barangays which is within the Poblacion area and in San Miguel na Munti which are both affected during peak demand and weekends. Its payment will come from the Special Savings account as how previous lots were bought.

Activation of the stations is scheduled immediately after drilling and upon installation of its production & treatment facilities, Houses and Generators. It is expected to be operational on the second quarter of next year.

The District plans to expand the existing 400 cu m Glass-Fused Tank to double its capacity. This was designed to be expanded and will lengthen the station's boosting power to last until the afternoon peak. Design was rechecked by the Structural Engineers and Supplier/ Builder upon issuance of certification in response to District's request.

The usual acquisition of water meters for new service connections in addition to replacement of old, faulty and tampered meter is scheduled as well.

In addition to the newly installed closed-circuit television cameras, more cameras will be installed. This will be strategically focused to new and automated pump stations to record and monitor every movement within the premises.

With the formation of the Command Center, additional Variable Speed Drives, Valves and Actuators will be purchased. This is in continuation to District's automation program wherein more stations will be included on its SCADA system.

To complete the District's Capital Expenditure, the following are listed to be acquired:

1. Building Enhancements
2. Stations Improvements
3. Service Vehicles
4. ISO Certification

All these plans and programs of the proposed Budget of Talavera Water District for year 2018 were prepared and submitted by all designated Heads of every department to continue with its mission to provide adequate and reliable supply of high quality of water and excellent service in an environmentally and economically responsible manner.

Amount Available for CAPEX

Total Receipts is expected to reach P 73,035,585 which will be received from the following revenue account:

Income from Water Works **P 62,323,751**

This is the collected number of billings from all water service connections. Computations were based on ninety seven percent (97%) collection efficiency of the said billings including arrears from previous year.

Other Business Income **P 12,754,313**

Other Business Income is the result of collection from fees, charges and cost of materials of new and reconnected service connections plus earnings from Repair and Maintenance of Concessionaires' service lines. This was computed, based on Board Resolution 05-2017 dated 27 March 2017, regarding Modification of Board Resolution 13-200.

Liquidation of Petty Cash **P 20,000**

This is the allotted cash for petty cash disbursement to be refunded at the end of every budget year, as approved by Board Resolution 02-2006 dated 9 February 2006.

Other Receivables **P 172,591**

This is the balance collected on service connection fees, charges and materials not paid resulting from emergency repair or requested instalment payment of said repair and connection and other that those receivables from water sales.

Interest Income **P 19,200**

These are the interest income from all current, checking and special savings accounts registered under the name of Talavera Water District.

With an anticipated Cash Balance beginning of P 7,000,000, the Total Available Cash is probable to arrive at P 82,289,854.

Net Receipts Disbursement amounting to P 29,234,787 was obtained from Total Available Cash less the following disbursements before CAPEX reaching the amount of P 53,055,067:

Salaries and Wages **P 14,168,424**

Only 32 of the existing plantilla position as approved by the Department of Budget and Management were included and funds for Contract of Service of needed number of contract workers were allocated.

Computation of salaries of regular employees were based on 3rd Tranche Schedule of Salary Standardization Law of Executive Order 201 dated 19 February 2016.

Operating and Maintenance Expenses **P 28,618,298**

The amount was anticipated at one hundred percent (100%) of Operating and Maintenance Expenses less the Salaries and Wages.

Transfer of Funds to TWD Reserve **P 1,869,713**

Board Resolution 14-2014 dated 9 December 2014; 3% of Total Gross Receipts from Water Sales was budgeted to be deposited on a High Yielding Account of TWD every month.

Transfer of Funds to Personnel Accounts **P 1,659,240**

An amount of P 50,000 plus monthly earned leave of all employees was budgeted to be deposited at TWD Special Savings Account as per Board Resolution 02-2014 dated 28 August 2013 plus Total Accumulated Compensated Absences of all employees.

Purchase of Supplies and Materials **P 5,443,628**

This is the cost of the following office supplies and materials:

- materials for new service connections
- maintenance of existing water distribution lines
- cost of chemicals
- office supplies and accountable forms

The amount was derived by obtaining the actual amount needed for supplies minus the cost of materials on hand.

Franchise Tax, Duties and Licenses **P 1,275,764**

This is two percent of the collection from Water Sales which will be remitted to Bureau of Internal Revenues plus Withholding Tax from Interest Income of all accounts of TWD. Registration of all vehicles were also incorporated.

With an anticipated Cash Balance End estimated at P 50,000, the Total Amount Available for CAPEX is projected to arrive at P 29,184,787 which will be used for projects planned for 2018.

Amount Available for CAPEX

<i>Income From Water Works/Collections</i>	P	62,323,751	
<i>Other Business Income</i>		12,754,313	
<i>Liquidation of Petty Cash Fund</i>		20,000	
<i>Other Receivables</i>		172,591	
<i>Interest Income</i>		19,200	
Total Receipts		75,289,854	
Cash Balance Beg		7,000,000	
Total Available Cash	P		82,289,854
<i>Salaries&Wages</i>	P	14,168,424	
<i>Operating and Maintenance Expenses</i>		28,618,298	
<i>TOF to TWD Reserves</i>		1,869,713	
<i>TOF to Personnel Account</i>		1,659,240	
<i>Petty Cash Fund</i>		20,000	
<i>Purchase of Materials & Supplies</i>		5,443,628	
<i>Franchise Tax, Taxes, Duties and</i>		1,275,764	
Disbursement Before Capex	P		53,055,067
Net Receipt Disbursement			29,234,787
Anticipated Cash Balance End			50,000
Amount Available for CAPEX	P		29,184,787

Prepared by:

Recommending Approval:

ROWENA N DELA CRUZ
Financial Planning Specialist

LEANDRO JUN C LACSAMANA
General Manager

As Per Approved Board Resolution No: 15 - 2017

Date: 18 DECEMBER 2017 *gc*

Income Statement

Total Operating Revenues is expected to reach P 71,761,234, resulting from Generation, Transmission and Distribution Income of P58,987,721, excluding previous arrears, Other Business Income, Interest Income, Fines and Penalties and Senior Citizen Discount. Total Operating Expenses is projected at P 60,279,477 from the following expenditures:

Personal Services **P 20,749,493**

This includes the Salaries and Wages, Other Personnel Benefits, Honoraria, Contributions to GSIS, PAG-IBIG and PhilHealth of entitled employees, enumerated hereunder:

- Personnel Economic Relief Allowance (PERA) - DBM Budget Circular 2009-3 dated 18 August 2009 grants an amount of P2,000 per employee.
- Representation Allowance – P 8,500, as prescribed by DBM National Budget Circular 548 dated 15 May 2013.
- Transportation Allowance – P 8,500, ref: DBM NBC.
- Clothing Allowance – P 6,000 per employee are allotted for uniforms as prescribed by Government Appropriations Act (GAA) and Budget Circular 2012-1 dated 23 February 2012.
- Productivity Enhancement Incentive– P 5,000 per employee as prescribed by Executive Order 201 Section 6 dated 19 February 2016.
- Overtime and Holiday Pay – payment for overtime and holiday pay of employees as scheduled by designated Heads and approved by Management.
- Employer's Share – Contributions to GSIS, PAG_IBIG and PhilHealth based on every agencies' schedules.
- Honoraria – per diem of Board of Directors, as approved by LWUA Memorandum Circular 005-12 effective April 2012 as provided in section 5 of Executive Order #24 S2011.
- Cash Gift – P 5,000 each as prescribed by DBM.
- Mid-year Bonus—equivalent to one-month basic salary to be given every May of every year as per Section 4 of EO 201 series of 2016.

- Year-end Bonus – equivalent to one-month salary of employees. This is scheduled to be released every November of every year as per Joint Resolution #4 series of 2009.
- Performance Based Bonus (PBB)—percentage of salary depending on ratings earned for two consecutive grading periods. This shall be subject to the achievements of departments and individual employees of their performance targets or commitment and compliance with good governance. Sec 5 of Executive Order 201 series 2016.

Other Operating Expense**P 27,895,742**

These are projected expenditures of all Departments pertaining to the following expense account:

- Supplies
- Subscriptions
- Communications
- Utilities Expenses
- Travels and Trainings
- Insurance
- Taxes, Duties and Licenses
- Representation
- Awards and Rewards
- Indemnities and Other Claims
- Generation, Distribution and Transmission Expenses
- Legal and Professional Fees
- Membership Dues and Contributions to Organizations

Repair and Maintenance**P 3,082,588**

Repair and Maintenance for the following were provided:

- Office Buildings and its surroundings
- Furniture and Fixtures
- Water Resources Facilities
- Service Vehicles
- Machineries and Equipment
- Transmissions and Distribution System

Depreciation Expense**P 8,551,654**

Annual depreciation of Property, Plant and Equipment (PPE) is computed by using the straight-line method as prescribed by Government Accounting System for Local Water Districts.

From the Total Operating Revenues and Total Operating Expenses obtained, Talavera Water District is expected to gain a Net Income of P11,481,757 by the end of Budget Year 2018.

Income Statement

Revenues


<i>Generation, Transmission and Distribution Income</i>	P 58,987,721	
<i>Other Business and Service Income</i>	12,580,494	
<i>Fines and Penalties</i>	173,819	
<i>Interest Income</i>	19,200	
Total Operating Revenues		P 71,761,234


Expenses

<i>Personal Services</i>	P 20,749,493	
<i>Other Operating Expenses</i>	27,895,742	
<i>Repair & Maintenance</i>	3,082,588	
<i>Depreciation Expense</i>	8,551,654	
Total Operating Expenses		60,279,477
Net Income	P 11,481,757	

Prepared by:

Recommending Approval:


 ROWENA N DELA CRUZ
 Financial Planning Specialist


 LEANDRO JUN C LACSAMANA
 General Manager

As Per Approved Board Resolution No: 15-2017

Date: 10 DECEMBER 2017 

CONCLUSION

By the end of budget year, Talavera Water District will be serving 9,545 household of the municipality. It will approximately reach a total length of two hundred twelve-kilometer (212 Km) water distribution and transmission system which cover all barangays of Talavera.

RECOMMENDATION

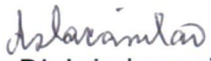
Management recommends with high priority and urgency the consideration, approval and confirmation of Talavera Water District Budget for 2018.

**BOARD ACTION**

Approved as per Board Resolution # _____

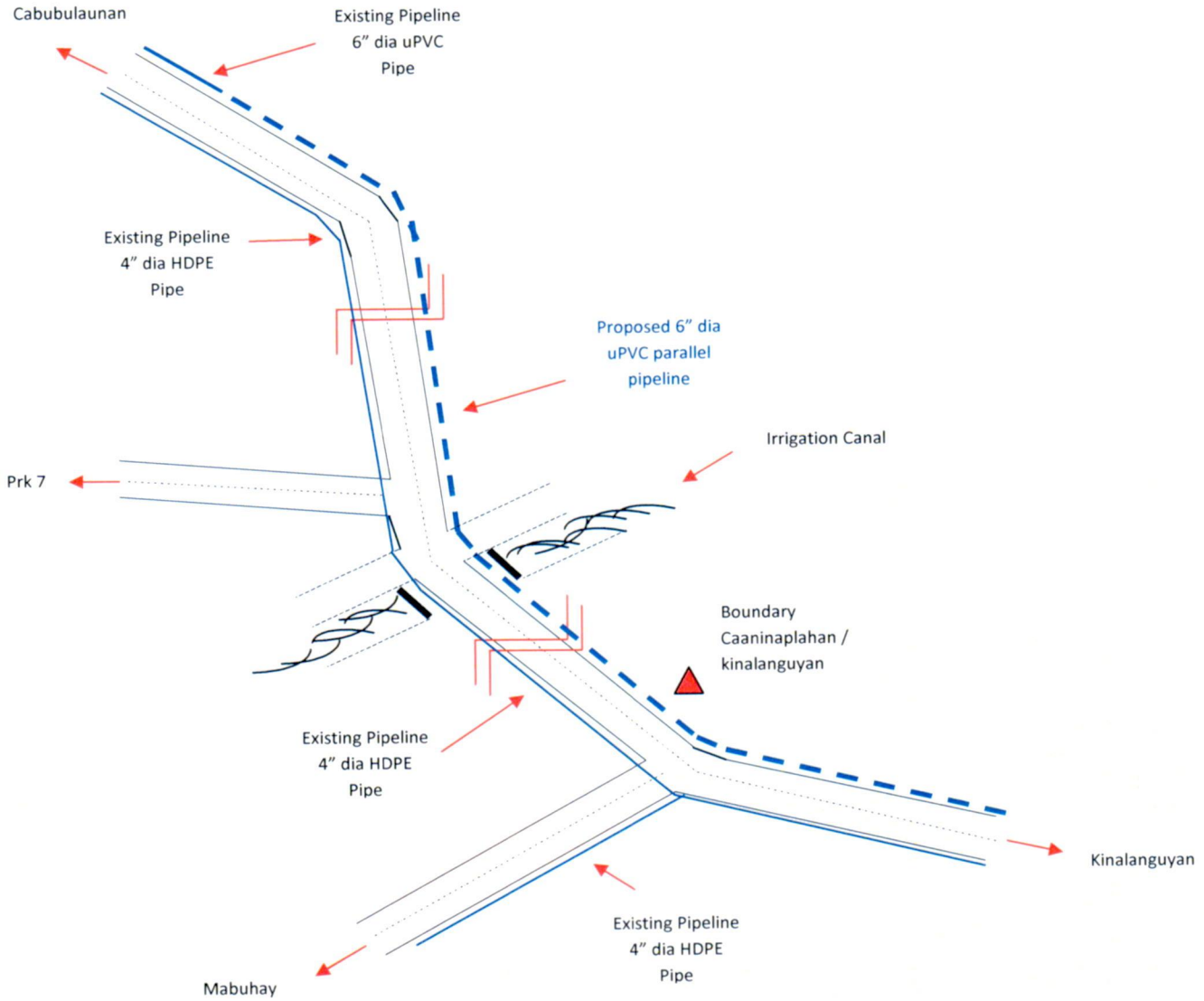
Date: _____

for the Board of Directors:


Ms Divinia Lacanilao
Chairperson

DRAWINGS

PARALLEL PIPELINE

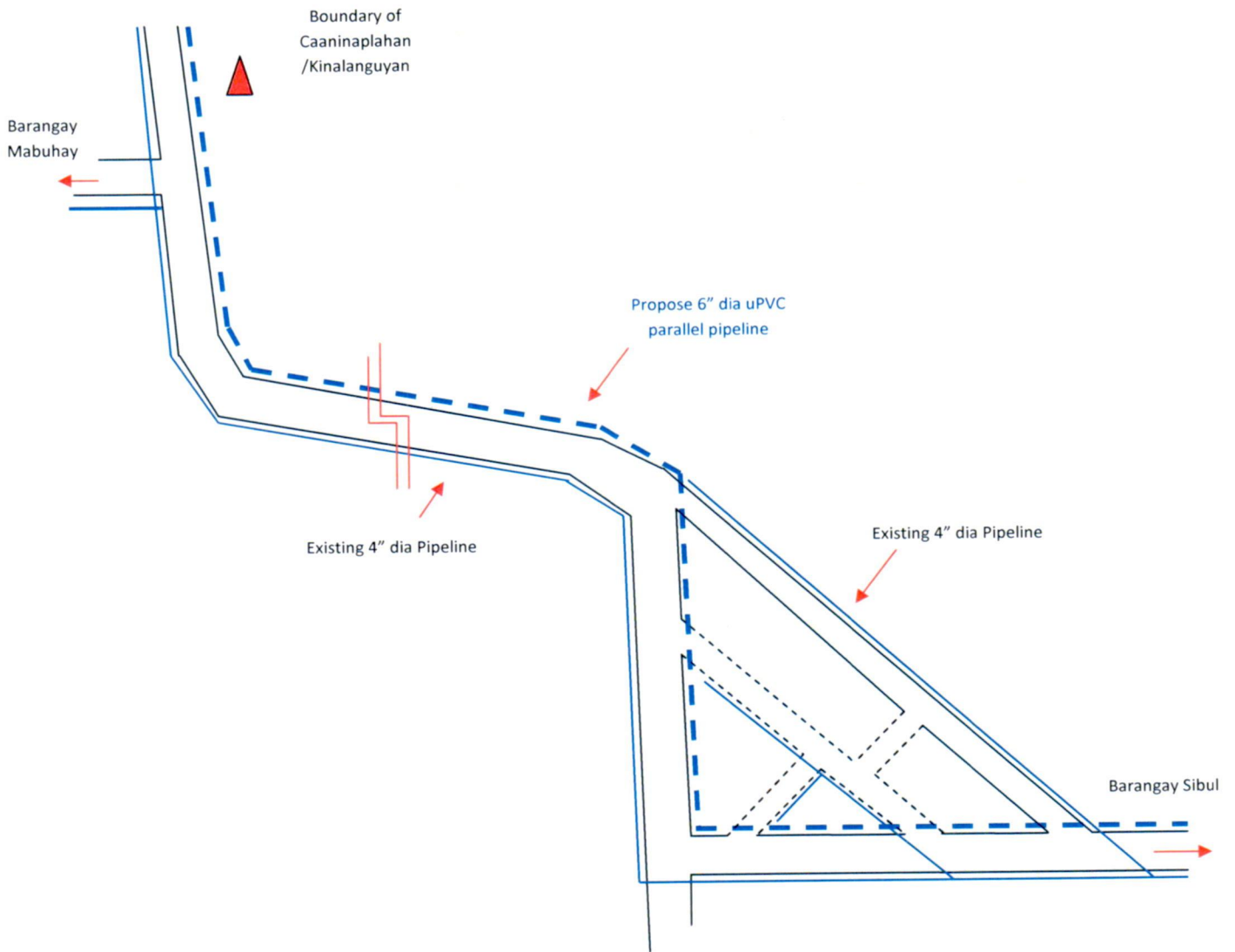


Barangay Caaninaplahan
Length = 1,320 meters

Prepared by:

[Signature]
RENE A VILLEGAS
Senior water Utilities Development

PARALLEL PIPELINE



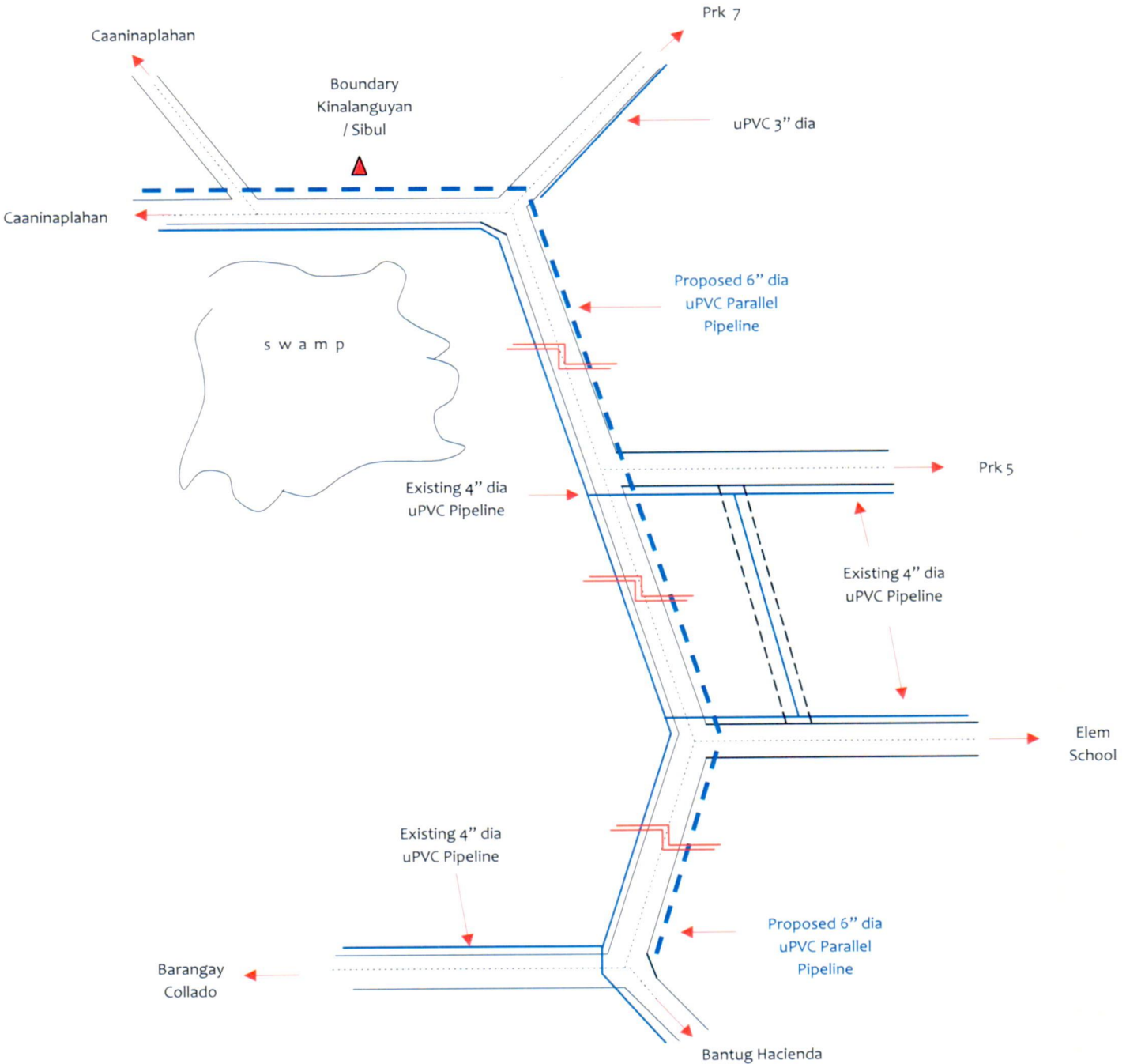
*Barangay Kinalanguyan
Length = 1,350 meters*

Prepared by:

Signature
RENE A VILLEGAS

Senior water Utilities Development

PARALLEL PIPELINE

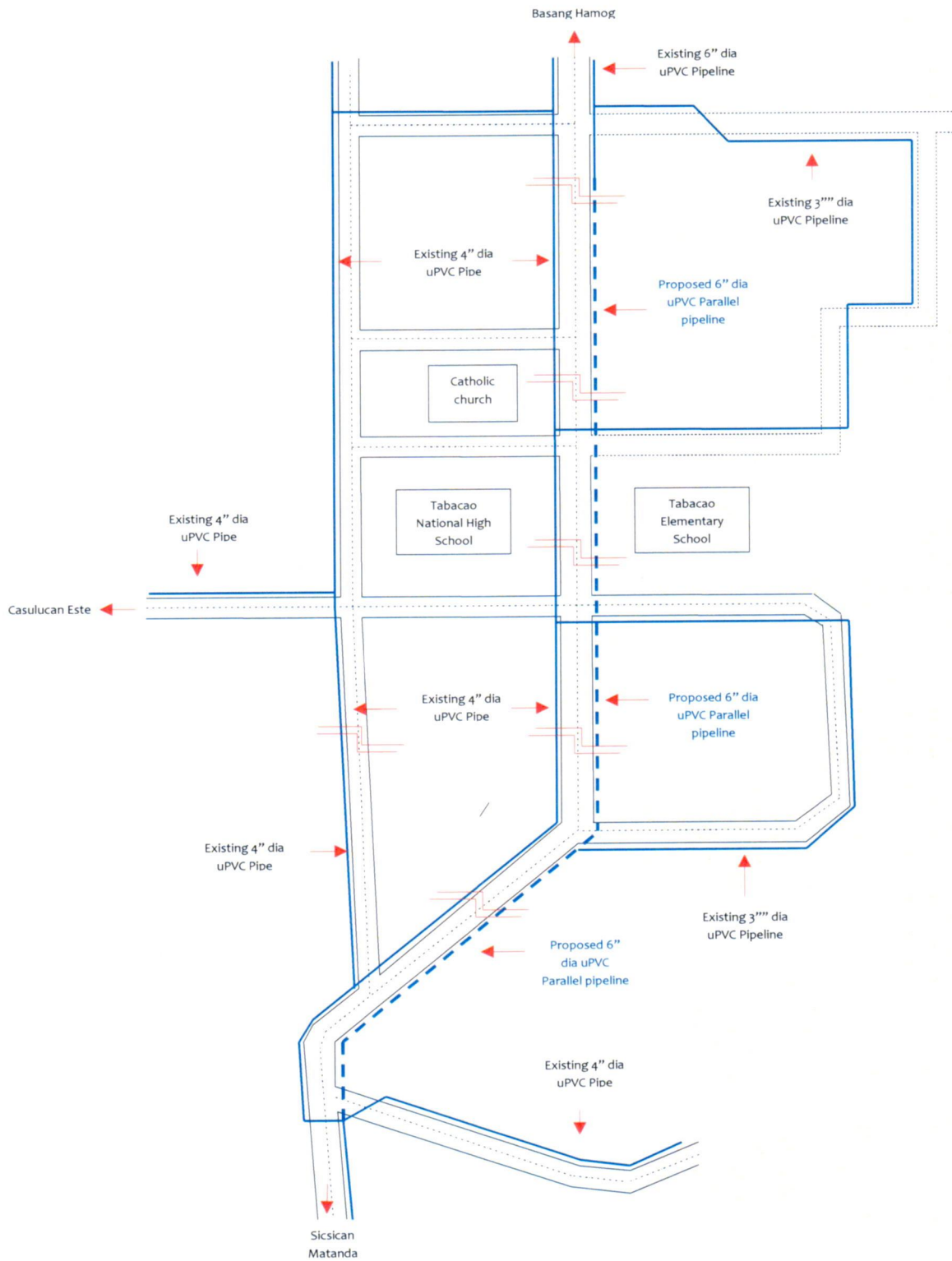


*Barangay Sibul
Length = 510 meters*

Prepared by:

BENE A VILLEGAS
Senior water Utilities Development

PARALLEL PIPELINE



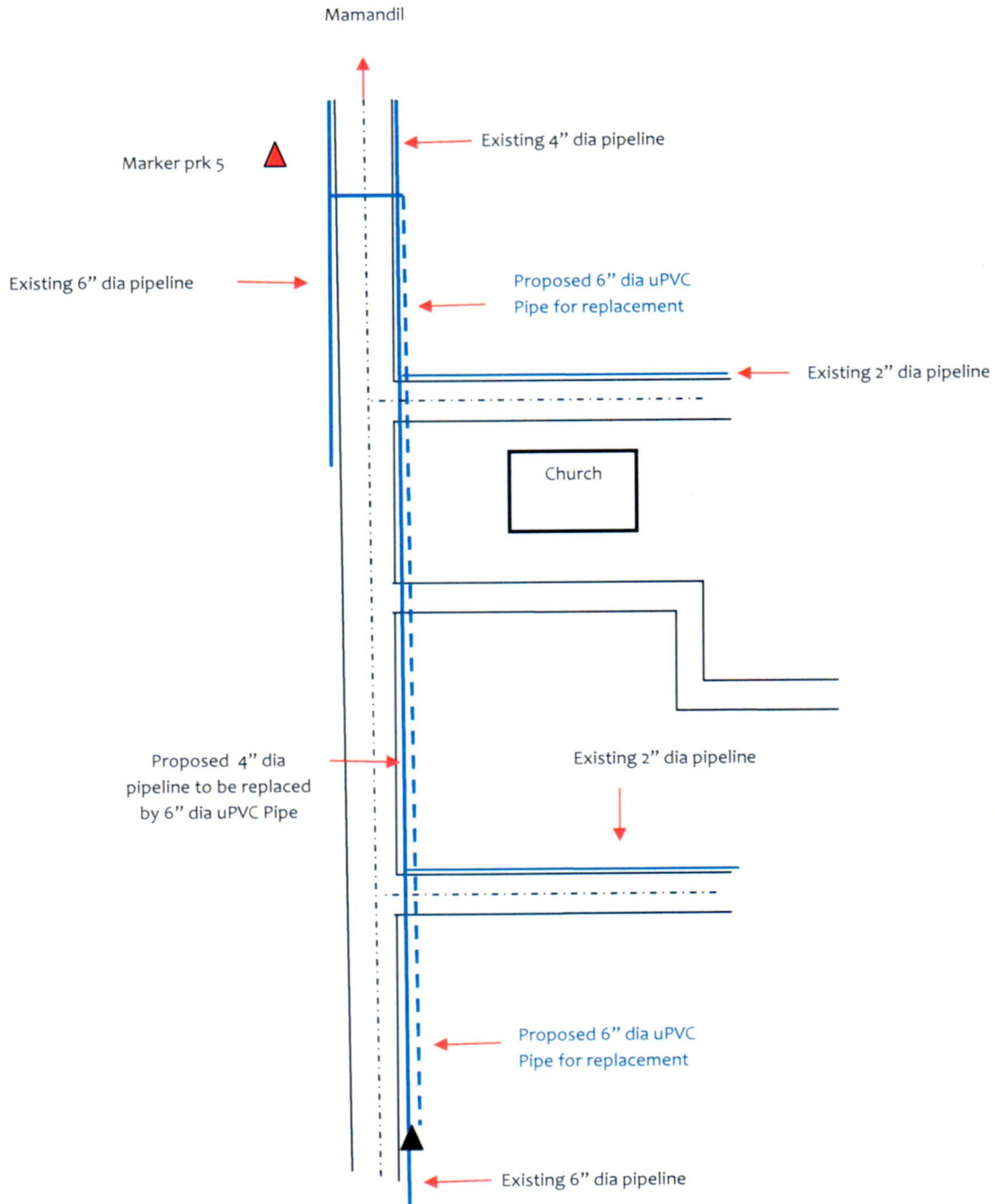
Barangay Tabacao
 Length = 720 meters

Prepared by:

RENE A VILLEGAS
 Senior water Utilities Development



REHABILITATION OF PIPELINE



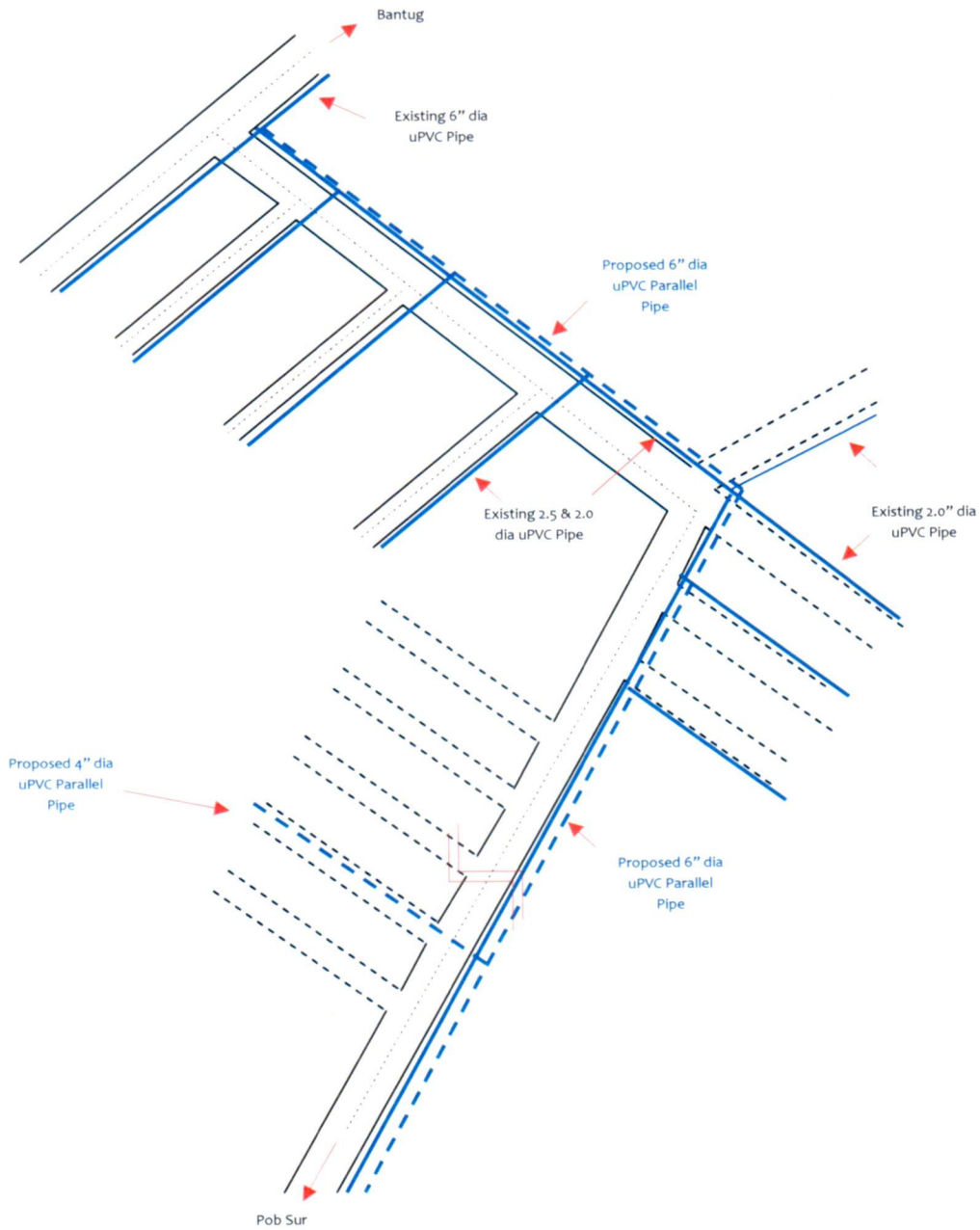
Barangay Bantug
Length = 420 meters

Prepared by:

RENE A VILLEGAS
Senior water Utilities Development



REHABILITATION OF PIPELINE



Barangay La Torre
Length = 510 meters

Prepared by:

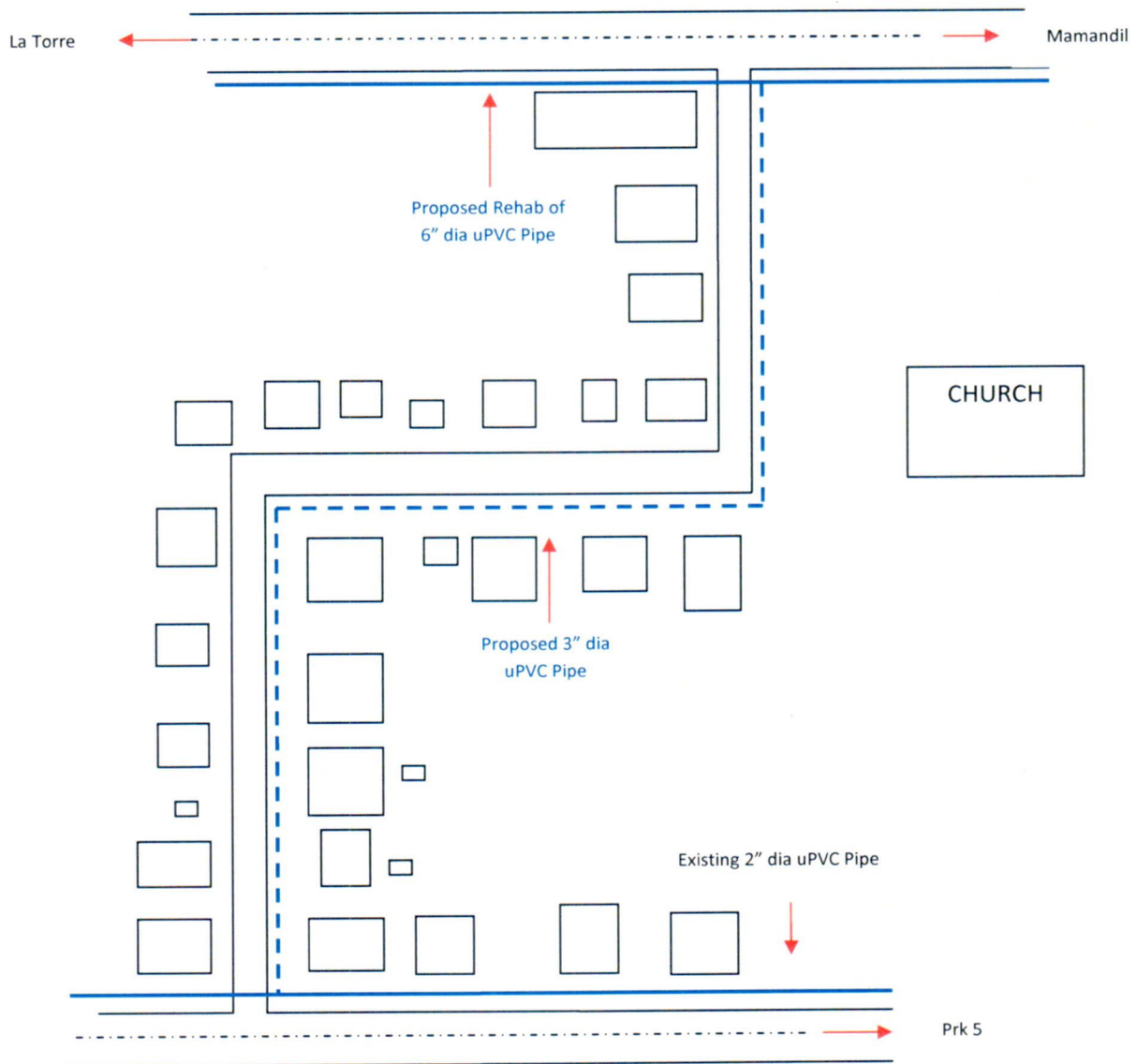
Rene A Villegas
RENE A VILLEGAS
Senior water Utilities Development



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EXPANSION OF PIPELINE

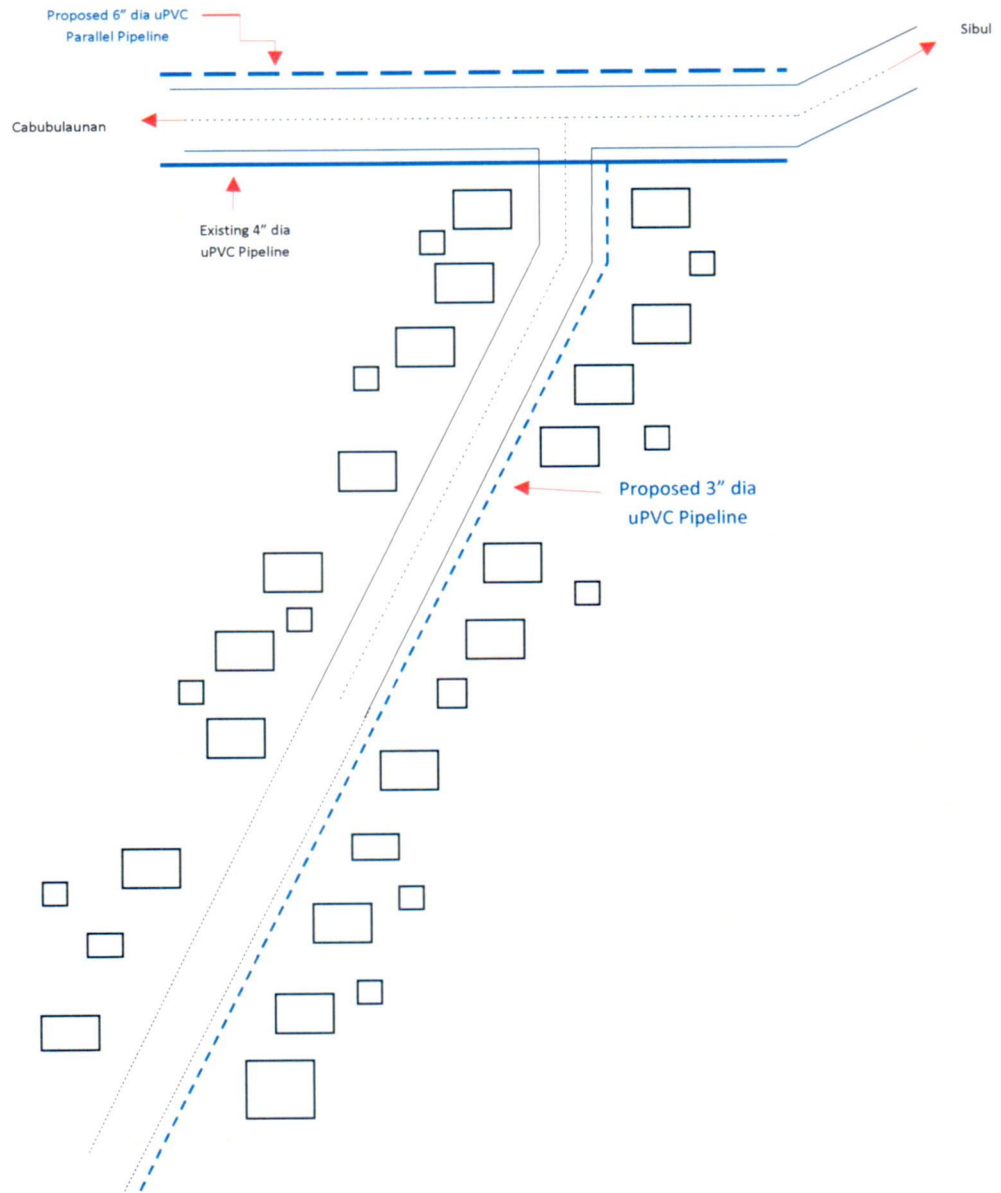


*Barangay Bantug, prk 2
Length = 250 meters*

Prepared by:

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EXPANSION OF PIPELINE



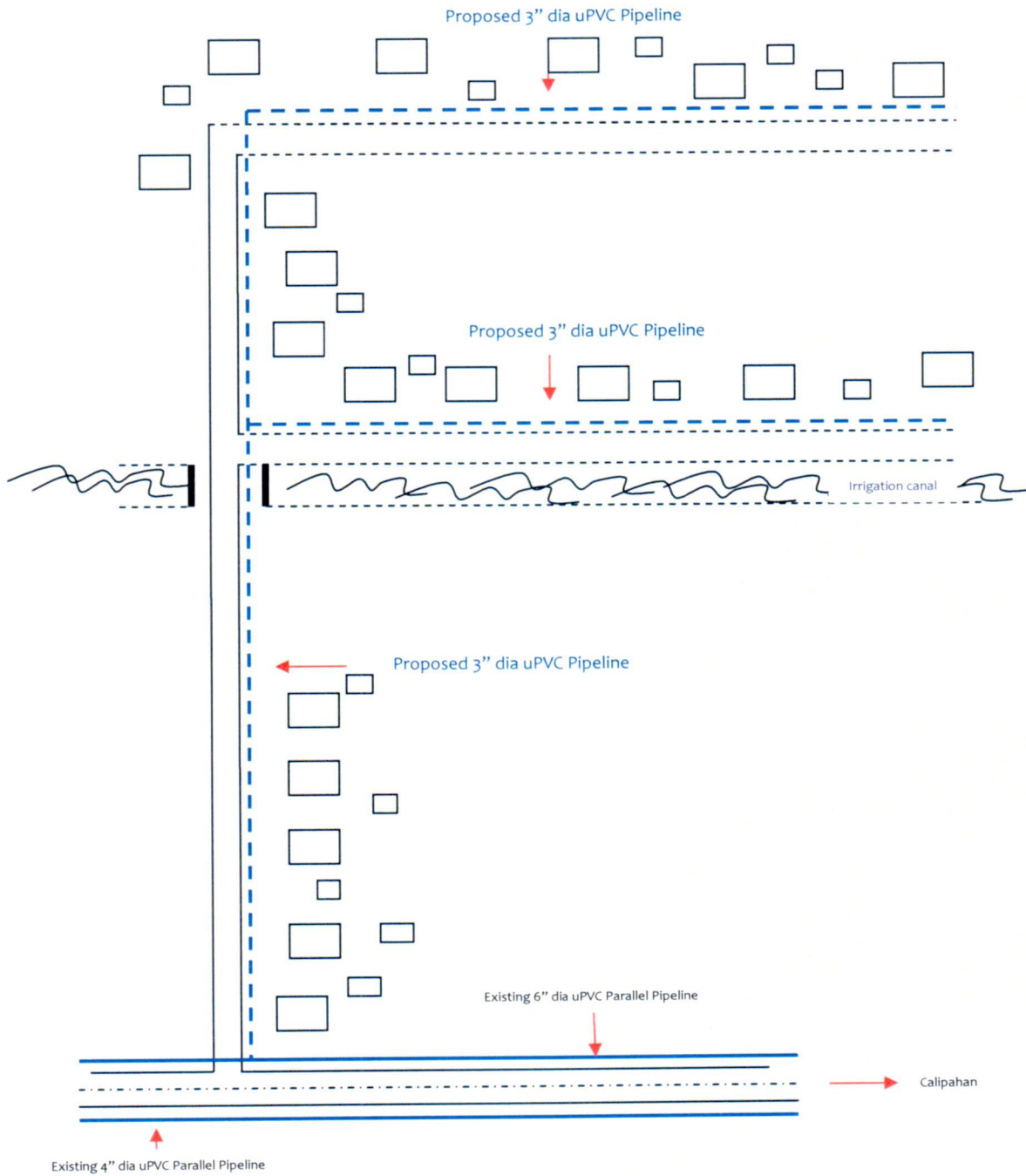
Barangay Caaninaplahan, prk 7
Length = 600 meters

Prepared by:

RENE A VILLEGAS
Senior water Utilities Development



EXPANSION OF PIPELINE



*Barangay Burnay, prk 3
Length = 1,200 meters*

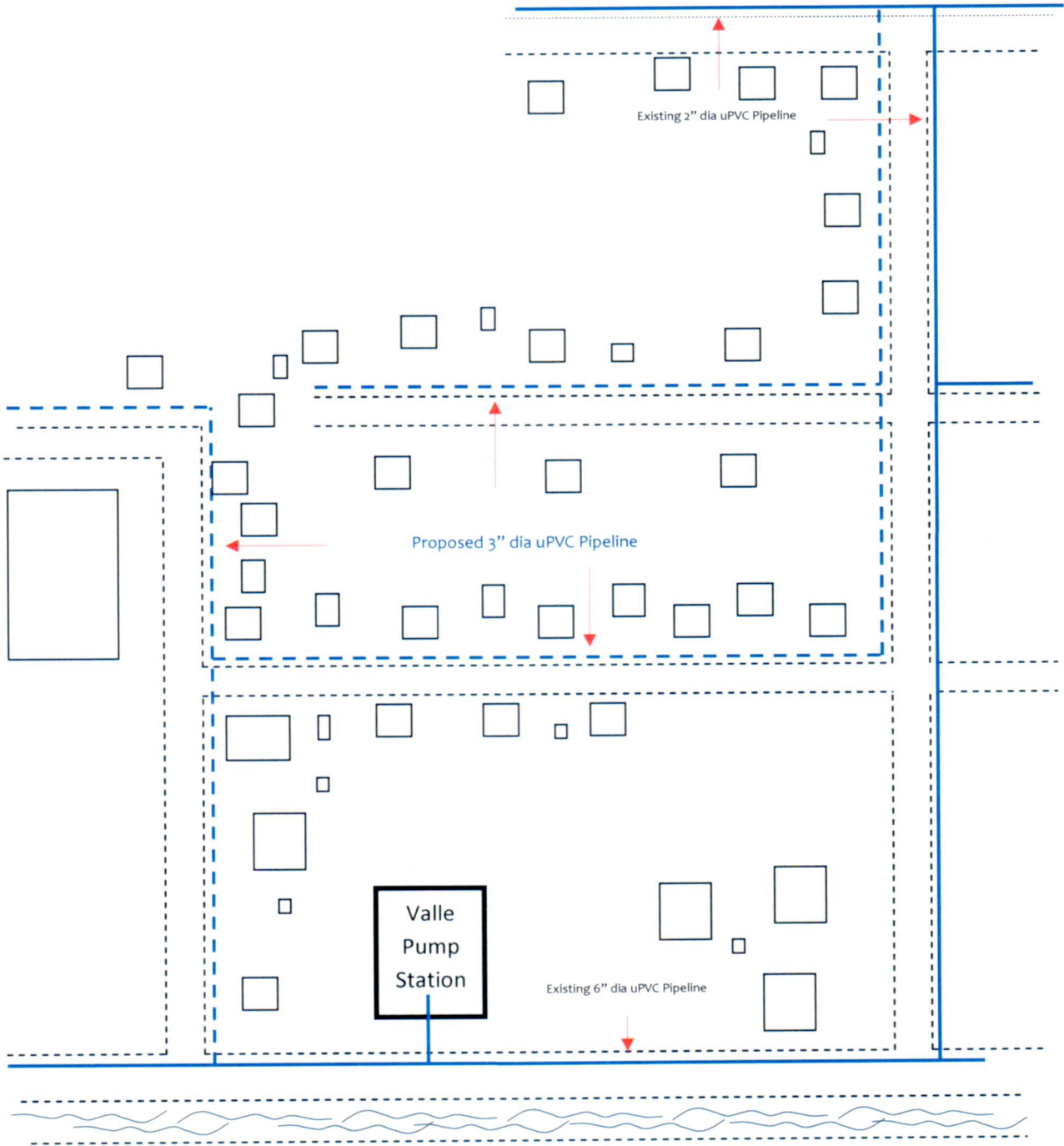
Prepared by:

RENE A VILLEGAS

Senior water Utilities Development



EXPANSION OF PIPELINE

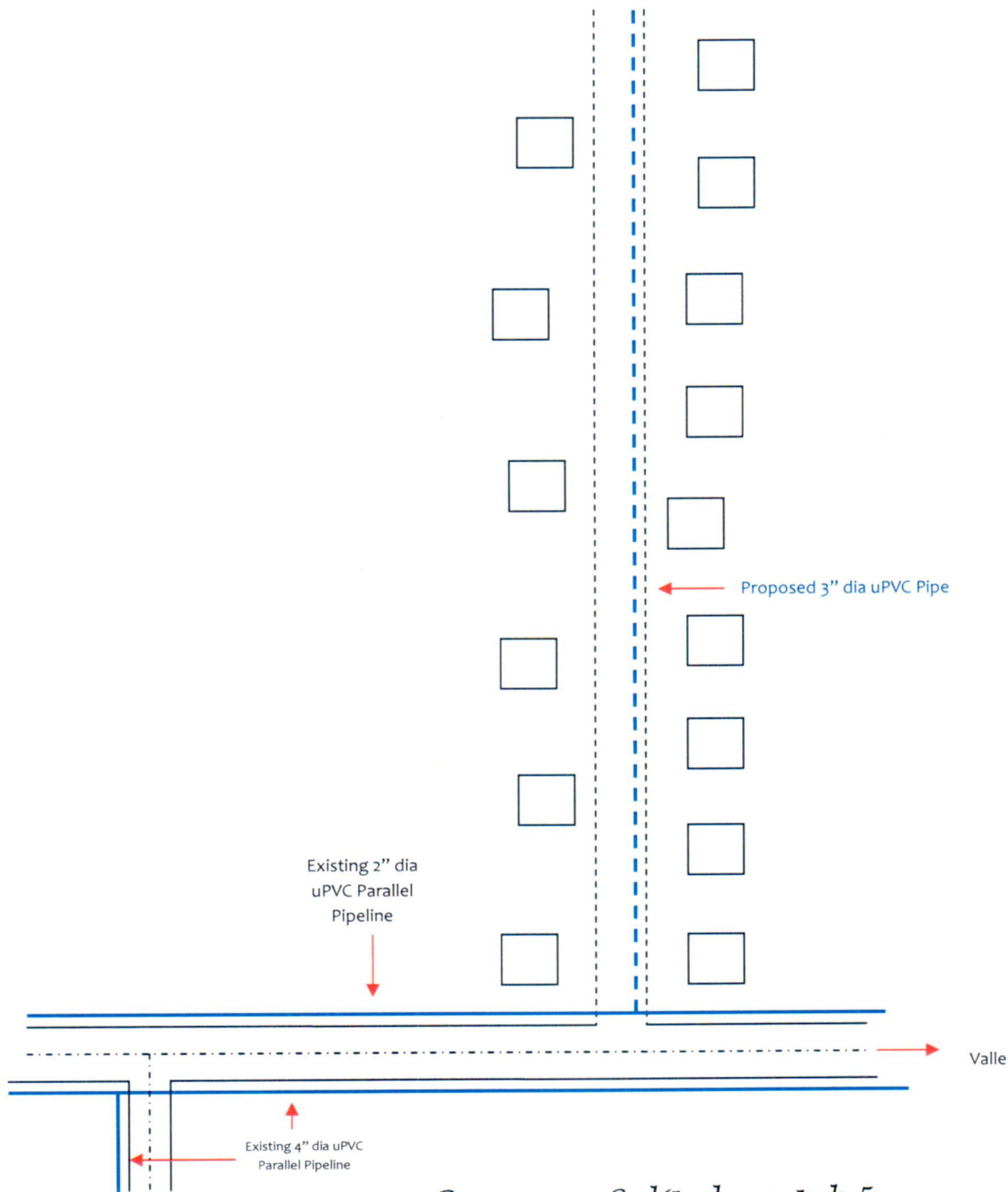


*Barangay Valle , prk 5
Length = 300 meters*

Prepared by:

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EXPANSION OF PIPELINE



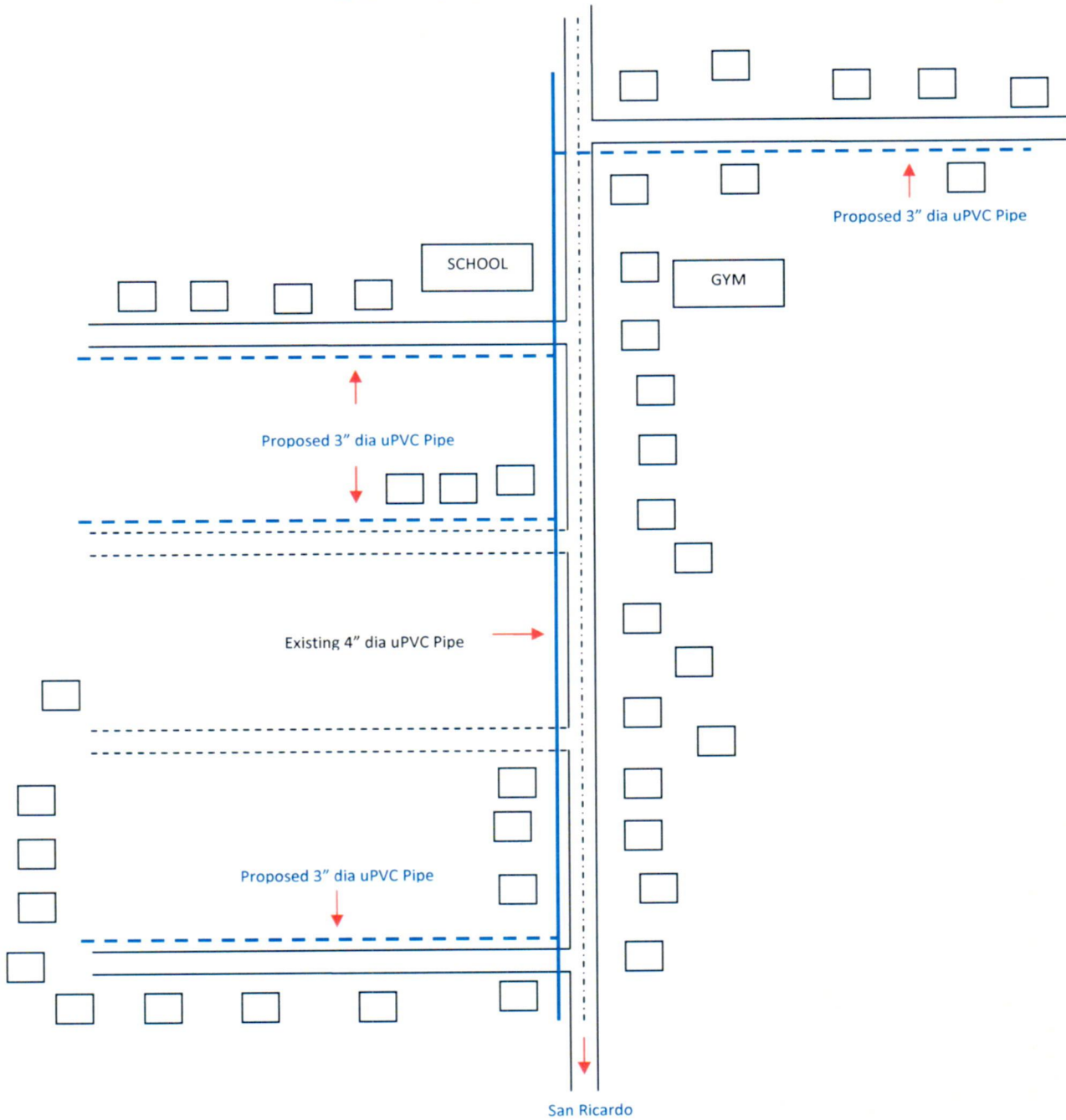
*Barangay Calipahan, prk 5
Length = 250 meters*

Prepared by:

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Senior water Utilities Development



EXPANSION OF PIPELINE



*Barangay Dimasalang Norte , prk 2
Length = 480 meters*

Prepared by:

RENE A VILLEGAS

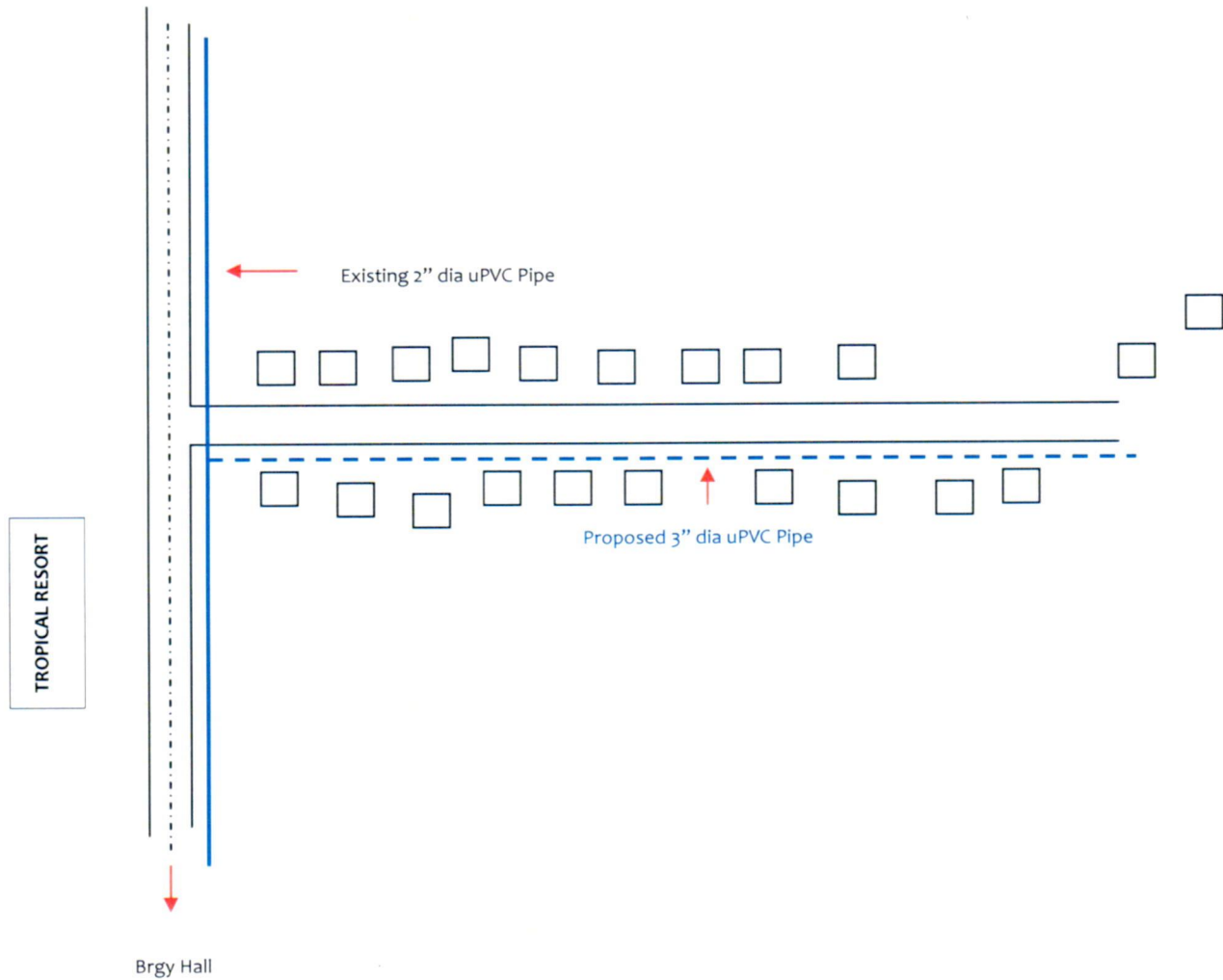
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EXPANSION OF PIPELINE



*Barangay San Pascual, prk 5
Length = 200 meters*

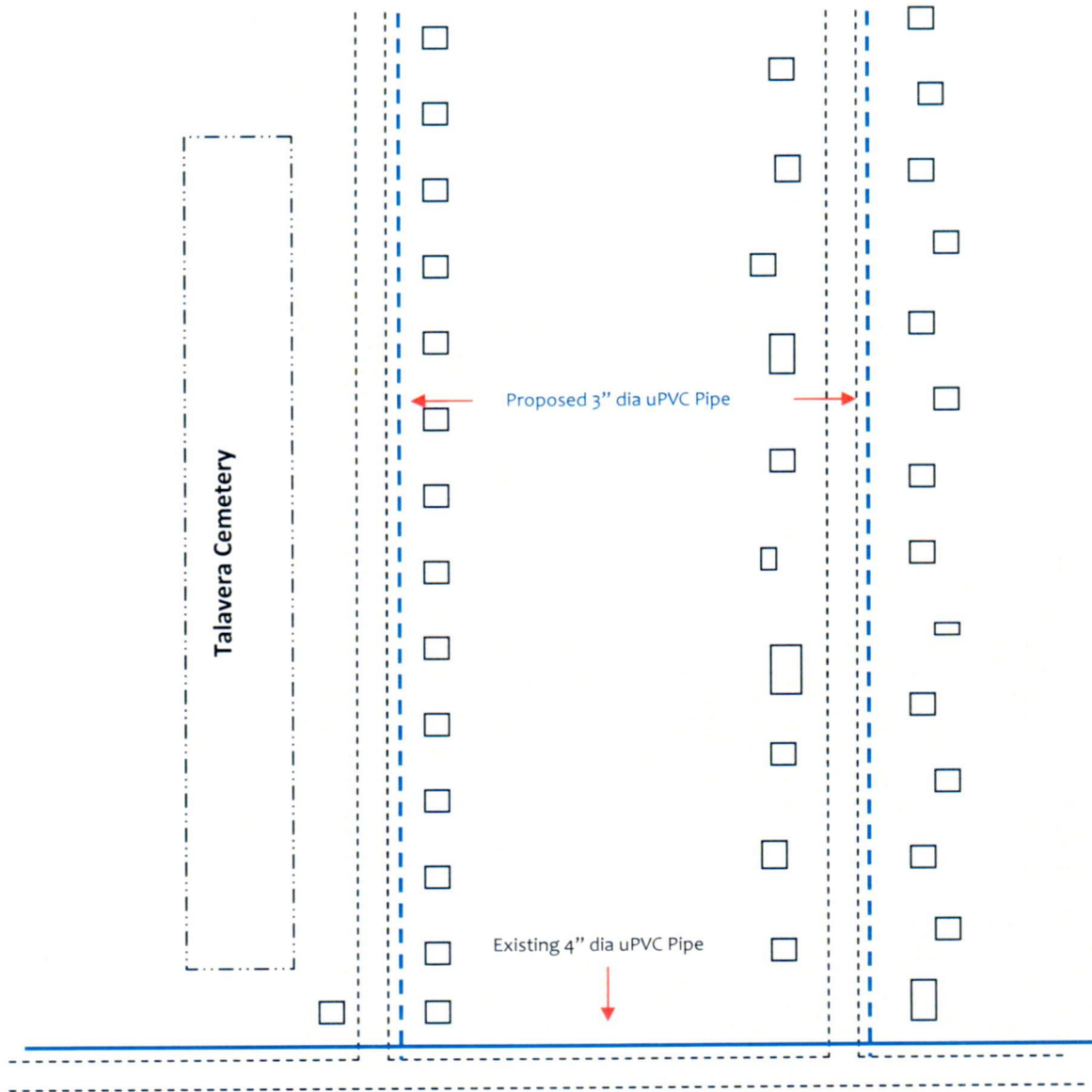
Prepared by:

RENE A VILLEGAS

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EXPANSION OF PIPELINE



Barangay Poblacion Sur, prk 7
Length = 300 meters

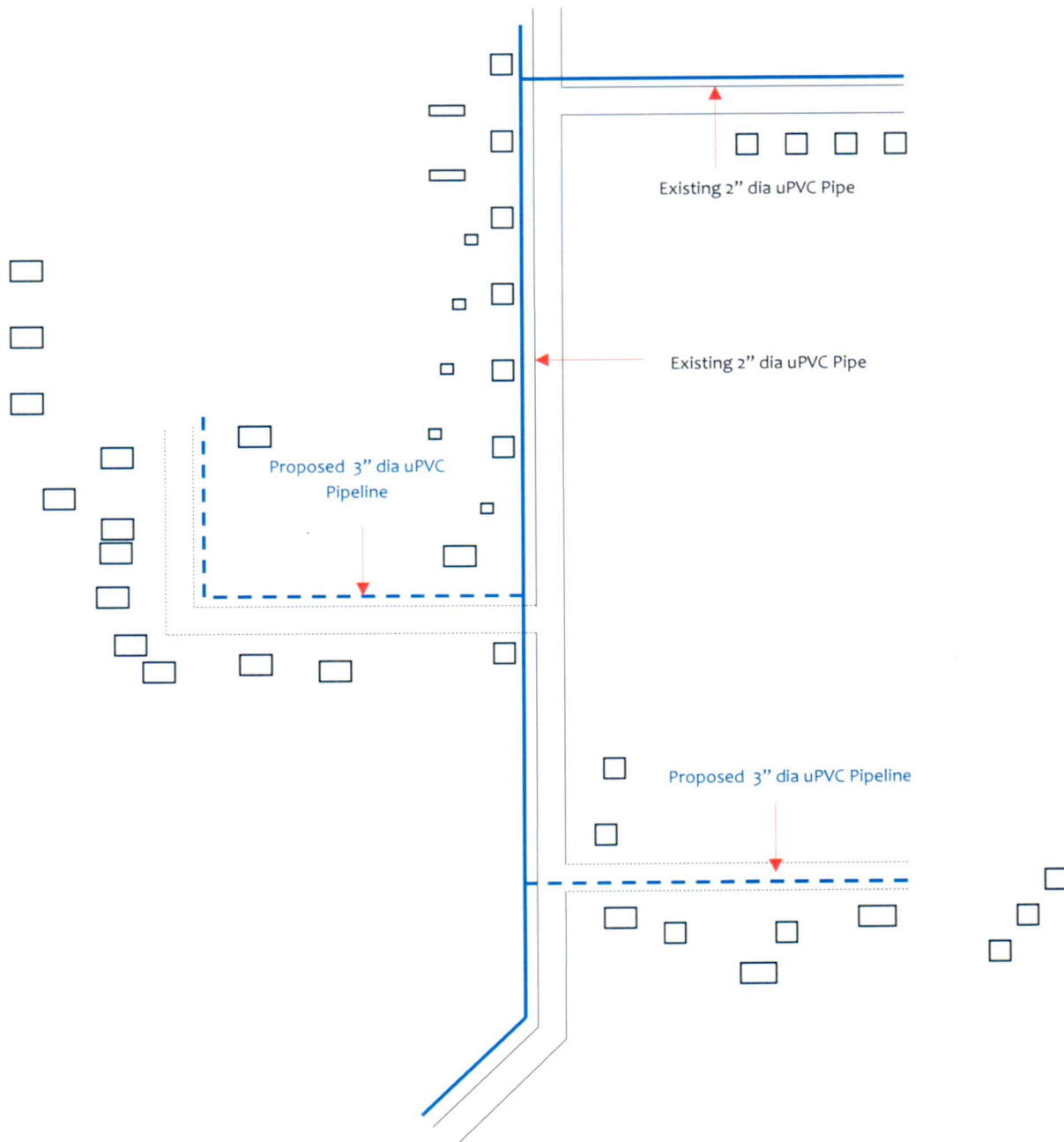
Prepared by:

RENE A VILLEGAS

Senior water Utilities Development



EXPANSION OF PIPELINE



*Barangay Pinagpanaan, C M Recto
Length = 300 meters*

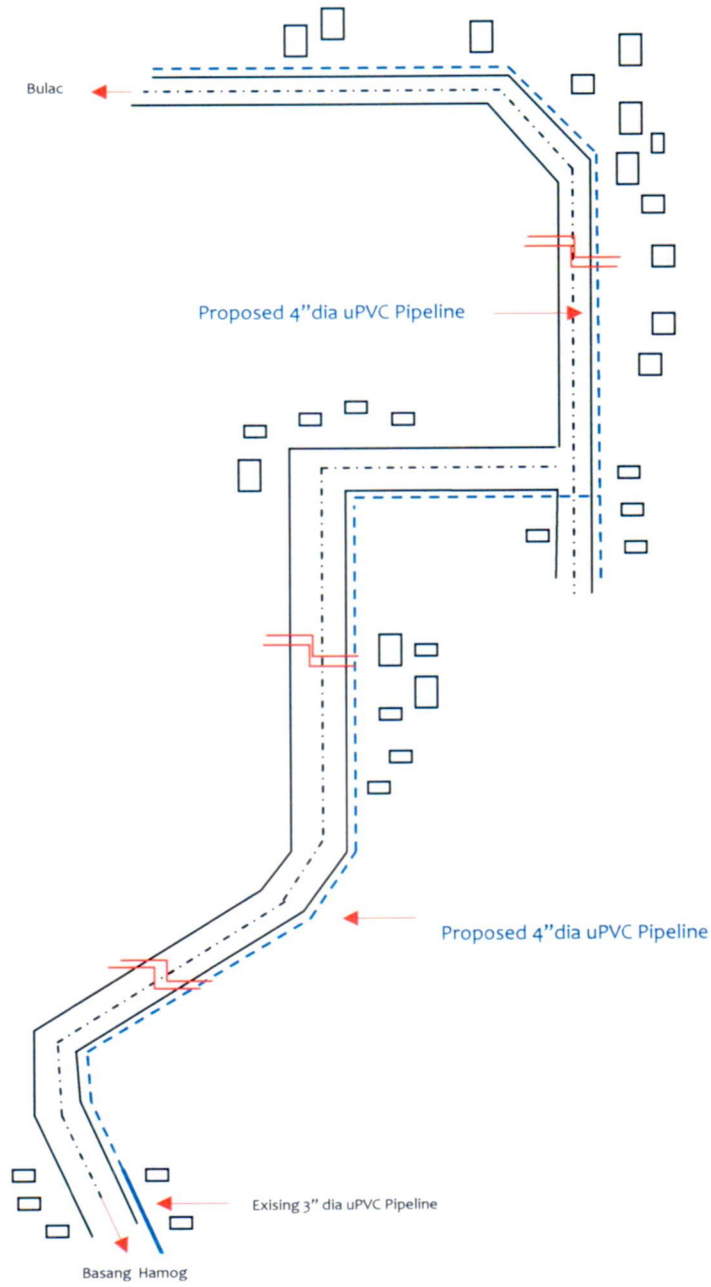
Prepared by:

RENE A VILLEGAS

Senior water Utilities Development



EXPANSION OF PIPELINE



Barangay Pantoc Bulac
Length = 2,100 meters

Prepared by:

RENE A VILLEGAS

Senior water Utilities Development



NEW GOVERNMENT ISSUANCES



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

CIRCULAR

No. : 2016-006
Date: DEC 29 2016

TO : All Heads of Government-Owned or Controlled Corporations, Government Financial Institutions, Government Instrumentalities with Corporate Powers/Government Corporate Entities, and their Subsidiaries and Water Districts, Heads of Finance/Comptrollership/Financial Management Services, Chief Accountants/Heads of Accounting Units, Budget Officers/Heads of Budget Units; Commission on Audit (COA) Assistant Commissioners, COA Directors, COA Auditors; and all others concerned

SUBJECT : Conversion from the Philippine Government Chart of Accounts under the New Government Accounting System per COA Circular No. 2004-008 dated September 20, 2004, as amended, to the Revised Chart of Accounts for Government Corporations under COA Circular No. 2015-010 dated December 01, 2015, new, revised and deleted accounts, and relevant accounting policies and guidelines in the implementation thereof

1.0 Purpose

This Circular is issued to:

- 1.1 provide guidelines and procedures on the conversion from the Philippine Government Chart of Accounts (PGCA) per COA Circular No. 2004-008 dated September 20, 2004, as amended, to the Revised Chart of Accounts (RCA) prescribed through COA Circular No. 2015-010 dated December 01, 2015 for use by Government Corporations (GCs), which consist of Government-Owned or Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), Government Instrumentalities with Corporate Powers (GICPs)/Government Corporate Entities (GCEs) and their Subsidiaries, and Water Districts;
- 1.2 provide additional accounts and revised code, title and/or description of accounts to facilitate the proper implementation of the new and revised accounting policies; and
- 1.3 provide accounting guidelines on the implementation of the RCA for GCs prescribed under COA Circular No. 2015-010 and additional accounts and revised code, title, and/or description of accounts herein prescribed.

- 5.3.2 If not practicable, the alternative approach of depreciated replacement cost approach may be used to determine the cost and the accumulated depreciation. The Depreciated Replacement Cost Approach is an approach used to determine the value in use of a non-cash-generating asset. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition.
- 5.3.3 The estimated life of each public infrastructure asset shall be 20-50 years. Based on this life span, the entity shall prepare a list of the specific estimated useful life for each asset based on its experience, copy furnished the COA Auditor concerned and the GAS, COA.
- 5.3.4 The effect on the recognition of the public infrastructure assets shall be applied retrospectively or directly to Accumulated Surplus/(Deficit)/Retained Earning.
- 5.3.5 Starting January 1, 2016, an entity is allowed up to three years to fully comply with the applicable provisions of PPSAS 17/PAS 16.
- 5.4 **Tangible items below the capitalization threshold of P15,000 shall be accounted as semi-expendable property. The following policies shall be applied as follows:**
- 5.4.1 Semi-expendable property which were recognized as PPE shall be reclassified to the affected appropriate semi-expendable inventory accounts (if not yet issued to end-user), expense accounts (if issued within the year), or accumulated surplus/(deficit)/retained earnings accounts (if issued in prior years).
- 5.4.2 These tangible items shall be recognized as expenses upon issue to the end-user.
- 5.4.3 Inventory Custodian Slip (ICS) shall be issued to end-user to establish accountability over the semi-expendable property. Accountability shall be extinguished upon return of the item to the Property and Supply Division/Unit or in case of loss, upon approval of the relief from property accountability.
- 5.5 Adoption of the PFRS by all GBEs:
- 5.5.1 The newly prescribed accounts shall be used by GBEs adopting the PFRS.
- 5.5.2 The existing measurement model being used (cost or fair value/revaluation model) for property, plant and equipment, investment property and intangible assets shall be retained until a uniform measurement model is prescribed by this Commission.