

PART I –
AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. 10
Cagayan de Oro City

INDEPENDENT AUDITOR'S REPORT

Engr. Angeles L. Bontilao

Chairperson, Board of Directors
Manolo Fortich Water District
Manolo Fortich, Bukidnon

Engr. Rogelio K. Pangan

General Manager
Manolo Fortich Water District
Manolo Fortich, Bukidnon

Modified Opinion

We have audited the financial statements of the **Manolo Fortich Water District**, Manolo Fortich, Bukidnon which comprise the Statement of Financial Position as at December 31, 2018 and the related Statements of Comprehensive Income, Cash Flows and Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Bases for Modified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Manolo Fortich Water District as at December 31, 2018 and of its comprehensive income and its cash flows for the year ended in accordance with Philippine Financial Reporting Standards (PFRS).

Bases for Modified Opinion

As discussed in Part II- Observations and Recommendations of this report, a modified opinion was rendered due to the District's overstated accounts receivable due to inadequate provision of allowance for impairment; untitled and non-revaluation/appraisal of land; and overstated property, plant, and equipment due to non-disposal of obsolete/unserviceable properties, thereby casting doubt on the accuracy of the District's financial statements.

We conducted our audit in accordance with Philippine Public Sector Standards on Auditing (PPSSA). Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified opinion.

Key Audit Matters

Except for the matter described in the *Bases for Modified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

COMMISSION ON AUDIT

BY:


CECILIA A. PONTILLAS
State Auditor V
Supervising Auditor 

February 22, 2019



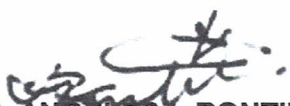
MANOLO FORTICH WATER DISTRICT
A. Ditona St., Tankulan, Manolo Fortich, Bukidnon

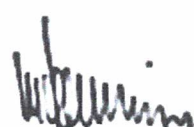
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

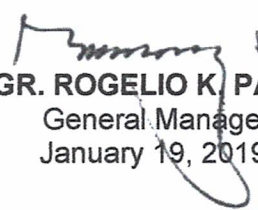
The management of the Manolo Fortich Water District (MFWD), Manolo Fortich, Bukidnon is responsible for preparation of the financial statements as at December 31, 2018, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. 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 had audited the financial statements of the Manolo Fortich 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.


ENGR. ANGELES L. BONTILAO
Chairperson of the Board
January 19, 2019


WILLIAM N. PAILAGAO
Corporate Budget Analyst B
January 19, 2019


ENGR. ROGELIO K. PANGAN
General Manager
January 19, 2019



MANOLO FORTICH WATER DISTRICT

Statement of Financial Position

As at December 31, 2018

(With comparative figures for CY 2017)

| | <u>NOTE</u> | <u>2018</u> | <u>2017</u> |
|--------------------------------------|-------------|-----------------------|-----------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 3 | 45,557,518.70 | 36,605,758.30 |
| Receivables | 4 | 2,142,302.40 | 2,638,877.04 |
| Inventories | 5 | 12,716,368.98 | 11,797,594.42 |
| Other Current Assets | | 601,656.47 | 305,000.01 |
| Total Current Assets | | 61,017,846.55 | 51,347,229.77 |
| Non-Current Assets | | | |
| Other Investments | 6 | 5,625,533.15 | 5,118,360.56 |
| Property, Plant and Equipment | 7 | 86,584,923.28 | 92,417,578.75 |
| Intangible Assets | | 622,545.00 | 128,145.00 |
| Other Non-Current Assets | 8 | 7,943,235.06 | 5,796,438.05 |
| Total Non-Current Assets | | 100,776,236.49 | 103,460,522.36 |
| Total Assets | | 161,794,083.04 | 154,807,752.13 |
| Current Liabilities | | | |
| Financial Liabilities | 9 | 3,685,347.79 | 2,162,130.31 |
| Inter-Agency Payables | 10 | 606,189.12 | 953,494.25 |
| Trust Liabilities | | 4,500.00 | 0.00 |
| Other Payables | | 45,180.09 | 50,180.09 |
| Total Current Liabilities | | 4,341,217.00 | 3,165,804.65 |
| Non-Current Liabilities | | | |
| Financial Liabilities | 11 | 41,894,803.68 | 43,886,800.99 |
| Trust Liabilities | 12 | 341,660.89 | 49,715.39 |
| Deferred Credits/Unearned Income | | 21,700.00 | 26,950.00 |
| Provisions | | 5,575,740.07 | 0.00 |
| Total Non-Current Liabilities | | 47,833,904.64 | 43,963,466.38 |
| Total Liabilities | | 52,175,121.64 | 47,129,271.03 |
| Government Equity | | 77,640,787.95 | 77,640,787.95 |
| Retained Earnings/(Deficit) | | 31,978,173.45 | 30,037,693.15 |
| Total Equity | | 109,618,961.40 | 107,678,481.10 |
| Total Liabilities and Equity | | 161,794,083.04 | 154,807,752.13 |

The notes on pages 10 to 13 form part of these statements



MANOLO FORTICH WATER DISTRICT
Statement of Comprehensive Income
 Year ended December 31, 2018
(with comparative figures for CY 2017)

| | <u>NOTE*</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|----------------------|----------------------|
| Income | | | |
| Service and Business Income | 13 | 79,161,700.13 | 69,353,015.37 |
| Other Non-Operating Income | | 829,492.71 | 611,131.64 |
| Total Income | | 79,991,192.84 | 69,964,147.01 |
| Expenses | | | |
| Personnel Services | 14 | 18,101,508.05 | 15,926,762.26 |
| Maintenance and Other Operating Expenses | 15 | 36,972,882.02 | 35,261,656.51 |
| Financial Expenses | 16 | 2,711,546.80 | 2,392,594.32 |
| Non-Cash Expenses | 17 | 11,375,906.00 | 10,602,368.94 |
| Total Expenses | | 69,161,842.87 | 64,183,382.03 |
| Profit/(Loss) Before Tax | | 10,829,349.97 | 5,780,764.98 |
| Income Tax Expense/(Benefit) | | 0.00 | 0.00 |
| Profit/(Loss) After Tax | | 10,829,349.97 | 5,780,764.98 |
| Net | | | |
| Assistance/Subsidy/(Financial Assistance/Subsidy/Contribution) | | 0.00 | 0.00 |
| Net Income/(Loss) | | 10,829,349.97 | 5,780,764.98 |
| Other Comprehensive Income/(Loss) for the Period | | 0.00 | 0.00 |
| Comprehensive Income/(Loss) | | 10,829,349.97 | 5,780,764.98 |

The notes on pages 13 to 14 form part of these statements



MANOLO FORTICH WATER DISTRICT

Statement of Cash Flows

Year ended December 31, 2018

(with comparative figures for CY 2017)

| | <u>2018</u> | <u>2017</u> |
|--|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Inflows | | |
| Proceeds from Sale of Goods and Services | 78,607,054.26 | 65,530,468.68 |
| Collection of Income/Revenue | 2,381,764.95 | 2,348,211.84 |
| Collection of Receivables | 3,511,579.68 | 2,820,921.57 |
| Trust Receipts | 72,141.73 | 180,140.51 |
| Other Receipts | 488,047.78 | 267,685.78 |
| Total Cash Inflows | 85,060,588.40 | 71,147,428.38 |
| Adjustments | (2,816,651.82) | (1,125,320.51) |
| Adjusted Cash Inflows | 82,243,936.58 | 70,022,107.87 |
| Cash Outflows | | |
| Payment of Expenses | (21,332,521.21) | (22,975,623.17) |
| Purchase of Inventories | (4,858,158.85) | (2,524,290.16) |
| Grant of Cash Advances | (17,808,360.84) | 15,725,471.18) |
| Refund of Deposits | (27,750.00) | - |
| Payments of Accounts Payable | (8,099,054.82) | (5,115,867.59) |
| Remittance of Personnel Benefit | | |
| Contributions and Mandatory Deductions | (9,022,754.70) | (8,281,581.20) |
| Other Disbursements | (114,502.96) | (146,510.00) |
| Total Cash Outflows | (61,263,103.38) | (54,769,343.30) |
| Adjustments | 0.00 | 0.00 |
| Adjusted Cash Outflows | (61,263,103.38) | (54,769,343.30) |
| Net Cash Provided by/(Used in) Operating Activities | 20,980,833.20 | 15,252,764.57 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Total Cash Inflows | 0.00 | 0.00 |
| Adjustments | 0.00 | 0.00 |
| Adjusted Cash Inflows | 0.00 | 0.00 |
| Cash Outflows | | |
| Purchase/Construction of Investment Property | 0.00 | 0.00 |
| Purchase/Construction of Property, Plant and Equipment | (6,530,548.14) | (7,354,025.88) |
| Purchase of Intangible Assets | (302,500.00) | 0.00 |
| Total Cash Outflows | (6,833,048.14) | (7,354,025.88) |

| | | |
|---|-----------------------|-----------------------|
| Adjustments | 0.00 | 0.00 |
| Adjusted Cash Outflows | (6,833,048.14) | (7,354,025.88) |
| Net Cash Provided By/(Used In) | | |
| Investing Activities | (6,833,048.14) | (7,354,025.88) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash Inflows | | |
| Proceeds from Domestic and Foreign Loans | 0.00 | 12,021,857.00 |
| Total Cash Inflows | 0.00 | 12,021,857.00 |
| Adjustments | 0.00 | 0.00 |
| Adjusted Cash Inflows | 0.00 | 12,021,857.00 |
| Cash Outflows | | |
| Payment of Long-Term Liabilities(Principal) | (1,991,997.31) | (1,654,305.35) |
| Payment of Interest on Loans and Other Financial Charges | (3,204,027.35) | (2,422,859.82) |
| Total Cash Outflows | (5,196,024.66) | (4,077,165.17) |
| Adjustments | 0.00 | 0.00 |
| Adjusted Cash Outflows | (5,196,024.66) | (4,077,165.17) |
| Net Cash Provided By/(Used In) | | |
| Financing Activities | (5,196,024.66) | 7,944,691.83 |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 8,951,760.40 | 15,843,430.52 |
| Effects of Exchange Rate Changes on Cash and Cash Equivalents | 0.00 | 0.00 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 36,605,758.30 | 20,762,327.78 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | 45,557,518.70 | 36,605,758.30 |



MANOLO FORTICH WATER DISTRICT
Statement of Changes in Equity
Year Ended December 31, 2018

| Retained Earnings/ (Deficit) | Contributed Capital | Share Premium | TOTAL |
|------------------------------------|------------------------|------------------|-------|
|------------------------------------|------------------------|------------------|-------|

BALANCE AT JANUARY 1, 2017

ADJUSTMENTS:

Add/(Deduct):

- Changes in Accounting Policy
- Prior Period Errors
- Other Adjustments

RESTATED BALANCE AT JANUARY 1, 2017

CHANGES IN EQUITY FOR 2017

Add/(Deduct):

- Issuances of Share Capital
- Comprehensive Income for the year
- Dividends
- Other Adjustments

BALANCE AT DECEMBER 31, 2017

CHANGES IN EQUITY FOR 2018

Add/(Deduct):

- Issuances of Share Capital
- Comprehensive Income for the year
- Dividends
- Other Adjustments

BALANCE AT DECEMBER 31, 2018

| | | | |
|----------------|---------------|---------------|----------------|
| 24,242,259.28 | 36,110,045.61 | 41,530,742.34 | 101,883,047.23 |
| 24,242,259.28 | 36,110,045.61 | 41,530,742.34 | 101,883,047.23 |
| 5,780,764.98 | | | |
| 14,668.89 | | | |
| 30,037,693.15 | 36,110,045.61 | 41,530,742.34 | 107,678,481.10 |
| 10,829,349.97 | | | |
| (8,888,869.67) | | | |
| 31,978,173.45 | 36,110,045.61 | 41,530,742.34 | 109,618,961.40 |



MANOLO FORTICH WATER DISTRICT

Manolo Fortich, Bukidnon
Notes to Financial Statements
December 31, 2018

1. Brief Historical Background

The Manolo Fortich Water District (MFWD) was duly organized and established by virtue of Presidential No. 198 with its principal address at A. Ditona Street, Tankulan, Manolo Fortich, Bukidnon and managed by Engr. Rogelio K. Pangan per Board Resolution No. 36, Series of 2006 passed and approved on July 20, 2006.

All Local Water Districts in the Philippines were declared as Government-Owned and Controlled Corporations (GOCCs) with original charter (P.D. 198) in a case decided by the Supreme Court on September 13, 1991 docketed as G.R. 95237-38 entitled "Davao City Water District, et al vs. Civil Service Commission, et al."

2. Summary of Significant Accounting Policies

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

2.1 Basis of Financial Statement Presentation

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and the Revised Chart of Accounts (RCA) for Government Corporations (GCs) classified as Government Business Enterprises (GBEs) under COA Circular No. 2015-010 dated December 1, 2015.

2.2 Significant Accounting Judgments and Estimates

The preparation of the financial statements is in accordance with the PFRS which require the use of certain critical accounting estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in applying the district's accounting policies. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

2.3 Basis of Recording

The District adopts the modified accrual method of accounting. Revenues were recorded in the period in which services were given and expenses were recorded in the period in which benefits were received.

2.4 Monetary Denomination Used

These financial statements are presented in Philippine Peso as its monetary denomination used to facilitate proper recording and reporting of the transactions except when otherwise indicated.

2.5 Method of Accounting

The District uses the Revised Chart of Accounts prescribed under COA Circular No. 2015-010 dated December 01, 2015 effective January 01, 2016.

2.6 Significant accounting policies observed for each account

2.6.1 Cash and Cash Equivalents

Cash includes cash on hand and cash in banks. Cash is valued at face value.

Petty Cash Fund is maintained under the Imprest system. All replenishment is directly charged to appropriate expense account.

2.6.2 Receivables

Receivables are stated at face value less allowance for impairment.

2.6.3 Inventories

Supplies and Materials purchased for inventory purpose are recorded using perpetual Inventory System. Purchases out of petty cash fund were directly charged to the appropriate expense accounts. Cost of issued items and the ending inventory of supplies and materials were computed using Moving Average Method.

2.6.4 Property, Plant and Equipment

Property, Plant and Equipment consist of infrastructure assets, machinery and equipment, transportation equipment and construction in progress. The District's PPE are recorded at cost less accumulated depreciation. Depreciation is computed following the provisions of COA Circular No. 2003-007 dated December 11, 2003, wherein the straight line method was used and a residual value equivalent to 10% of the acquisition cost was deducted before dividing same by the estimated useful life.

2.6.5 Liabilities

Liabilities are recognized only when goods are accepted and/or services rendered or when suppliers' bills are received.

3. Cash and Cash Equivalents

This account consists of the following:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Cash-Collecting Officers | 111,888.75 | 92,858.00 |
| Petty Cash | 0.00 | 0.00 |
| Local Currency on Hand | 2,000.00 | 2,000.00 |
| Cash in Bank-Local Currency, Current Account | 40,387,000.13 | 31,510,900.30 |
| Time Deposits-Local Currency | 5,056,629.82 | 5,000,000.00 |
| Total | 45,557,518.70 | 36,605,758.30 |

4. Receivables

This account consists of the following:

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Accounts Receivable | 2,786,514.03 | 3,194,998.86 |
| <i>Allowance for Impairment-Accounts Receivable</i> | (779,853.33) | (703,739.43) |
| Due from Officers and Employees | 124,759.91 | 124,759.91 |
| Other Receivables | 10,881.79 | 22,857.70 |
| Total | 2,142,302.40 | 2,638,877.04 |

5. Inventories

This account consists of the following:

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Inventory Held for Sale | 299,350.69 | 131,126.70 |
| Inventory Held for Distribution | 8,074,221.27 | 8,057,198.52 |
| Inventory Held for Consumption | 2,679,335.03 | 2,044,001.21 |
| Semi-Expendable Machinery and Equipment | 588,321.92 | 547,021.92 |
| Semi-Expendable Furniture, Fixtures and Books | 1,075,140.07 | 1,018,246.07 |
| Total | 12,716,368.98 | 11,797,594.42 |

6. Other Investments

This account consists of:

| | 2018 | 2017 |
|--------------|--------------|--------------|
| Sinking Fund | 5,625,533.15 | 5,118,360.56 |

The increase/decrease in this account is shown as an adjustment in the Statement of Cash Flows under the Operating Activities.

7. Property, Plant and Equipment

This account consists of the following:

| | 2018 | 2017 |
|--|-----------------|-----------------|
| Land | 1,831,479.82 | 1,831,479.82 |
| Plant-Utility Plant in Service (UPIS) | 168,502,396.70 | 150,281,110.75 |
| <i>Accumulated Depreciation-Plant (UPIS)</i> | (88,749,370.15) | (73,932,245.99) |
| Office Equipment | 919,751.00 | 731,665.00 |
| <i>Accumulated Depreciation-Office Equipment</i> | (630,848.43) | (582,056.92) |
| Information and Communication Technology Equipment | 1,737,924.29 | 1,699,710.65 |
| <i>Accumulated Depreciation-Information and Communication Technology Equipment</i> | (1,407,006.90) | (1,246,414.87) |

| | | |
|---|----------------------|----------------------|
| Communication Equipment | 67,800.00 | 80,130.00 |
| <i>Accumulated Depreciation-Communication Equipment</i> | (64,410.00) | (72,117.00) |
| Motor Vehicles | 5,956,492.23 | 5,956,492.23 |
| <i>Accumulated Depreciation-Motor Vehicles</i> | (4,516,610.45) | (3,854,560.75) |
| Furniture and Fixtures | 152,190.90 | 236,370.90 |
| <i>Accumulated Depreciation-Furniture and Fixtures</i> | (144,581.35) | (199,313.61) |
| Leased Assets, Buildings and Other Structures | 2,250,000.00 | 2,250,000.00 |
| <i>Accumulated Depreciation-Leased Assets, Buildings and Other Structures</i> | (1,409,859.38) | (1,233,000.00) |
| Construction in Progress-Infrastructure Assets | 2,089,575.00 | 10,470,328.54 |
| Total | 86,584,923.28 | 92,417,578.75 |

8. Other Non-Current Assets

This account consists of the following:

| | 2018 | 2017 |
|---------------------------------------|---------------------|---------------------|
| Restricted Fund | 6,410,273.96 | 4,100,794.72 |
| Abandoned/Surrendered Property/Assets | 587,890.00 | 587,890.00 |
| Other Assets | 945,071.10 | 1,107,753.33 |
| Total | 7,943,235.06 | 5,796,438.05 |

Amounts included in the restricted cash represent those required to be set aside to guarantee payment of loans with LWUA and cannot be withdrawn by the District without the consent of LWUA. The increase/decrease in this account is shown as an adjustment in the Statement of Cash Flows under the Operating Activities.

The increase/decrease in the Restricted Fund is also shown as an adjustment in the Statement of Cash Flows under the Operating Activities.

9. Financial Liabilities

This account consists of:

| | 2018 | 2017 |
|------------------|--------------|--------------|
| Accounts Payable | 3,685,347.79 | 2,162,130.31 |

10. Inter-Agency Payables

This account consists the following:

| | 2018 | 2017 |
|------------|-------------|-------------|
| Due to BIR | 180,938.28 | 574,045.01 |

| | | |
|-------------------|-------------------|-------------------|
| Due to GSIS | 283,532.11 | 255,751.34 |
| Due to Pag-IBIG | 117,814.45 | 103,622.90 |
| Due to PhilHealth | 23,904.28 | 20,075.00 |
| Total | 606,189.12 | 953,494.25 |

11. Financial Liabilities (Non-Current)

This account consists of:

| | 2018 | 2017 |
|------------------------|---------------|---------------|
| Loans Payable-Domestic | 41,894,803.68 | 43,886,800.99 |

12. Trust Liabilities (Non-Current)

This consists of:

| | 2018 | 2017 |
|-----------------------------|-------------|-------------|
| Customers' Deposits Payable | 341,660.89 | 49,715.39 |

13. Service and Business Income

This account consists of the following:

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Fines and Penalties-Service Income | 1,583,522.21 | 8,700.00 |
| Other Service Income | 1,212,717.76 | 1,342,350.00 |
| Waterworks System Fees | 76,275,449.98 | 67,109,620.02 |
| <i>Sales Discounts</i> | (55,480.46) | (155,127.29) |
| Interest Income | 117,584.35 | 69,205.17 |
| Fines and Penalties-Business Income | 0.00 | 901,405.34 |
| Other Business Income | 27,906.29 | 76,862.13 |
| Total Service and Business Income | 79,161,700.13 | 69,353,015.37 |

14. Personnel Services

This account consists of the following:

| | 2018 | 2017 |
|---------------------------------|----------------------|----------------------|
| Salaries and Wages | 9,413,845.91 | 8,870,103.00 |
| Other Compensation | 6,072,733.46 | 5,070,349.10 |
| Personnel Benefit Contributions | 1,356,045.97 | 1,287,507.46 |
| Other Personnel Benefits | 1,258,882.71 | 698,802.70 |
| Total | 18,101,508.05 | 15,926,762.26 |

15. Maintenance and Other Operating Expense

This account consists of the following:

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Generation, Transmission and Distribution Expenses | 18,735,776.81 | 19,583,493.18 |
| Repairs and Maintenance | 9,118,601.63 | 7,468,718.08 |
| Supplies and Materials Expenses | 1,930,028.08 | 1,619,513.09 |
| Taxes, Insurance Premiums and Other Fees | 1,761,139.85 | 1,617,378.98 |
| Labor and Wages | 1,748,217.77 | 1,644,476.37 |
| Traveling Expenses | 787,542.17 | 579,652.32 |
| Training and Scholarship Expenses | 406,749.00 | 471,893.24 |
| Utility Expenses | 379,548.11 | 330,322.00 |
| Professional Services | 268,250.00 | 156,188.20 |
| Confidential, Intelligence and Extraordinary Expenses | 114,659.60 | 295,834.70 |
| Communication Expenses | 110,521.85 | 118,391.23 |
| Other Maintenance and Operating Expenses | 1,611,847.15 | 1,375,795.12 |
| Total | 36,972,882.02 | 35,261,656.51 |

16. Financial Expenses

This account consists of the following:

| | 2018 | 2017 |
|-------------------|---------------------|---------------------|
| Interest Expenses | 2,711,196.80 | 2,392,444.32 |
| Bank Charges | 350.00 | 150.00 |
| Total | 2,711,546.80 | 2,392,594.32 |

17. Non-Cash Expenses

This account consists of the following:

| | 2018 | 2017 |
|---------------------------------------|----------------------|----------------------|
| Depreciation | 11,299,792.10 | 10,526,125.52 |
| Impairment Loss-Loans and Receivables | 76,113.90 | 76,243.42 |
| Total | 11,375,906.00 | 10,602,368.94 |

18. Authority to Issue Financial Statements

The Financial Statements for the year ended December 31, 2018 were approved by Engr. Rogelio K. Pangan, General Manager.