

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 Qualified 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, 2019 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 Qualified 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, 2019 and of its comprehensive income and its cash flows for the year ended in accordance with Philippine Financial Reporting Standards (PFRS).

Bases for Modified Qualified Opinion

As discussed in Part II- Observations and Recommendations of this report, a modified qualified opinion was rendered due to the District's overstated property, plant, and equipment due to understated depreciation charges; understated income and receivable due to non-accrual of sales; and overstated accounts payable and inventory accounts, thereby casting doubt on the accuracy of the District's financial statements.

We conducted our audits in accordance with International Standards of Supreme Audit Institutions. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Agency in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together 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 and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Except for the matter described in the *Bases for Modified Qualified 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 determined 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 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 ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the agency to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMISSION ON AUDIT

BY:


CECILIA A. PONTILLAS
State Auditor V
Supervising Auditor 

February 21, 2020



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

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

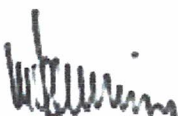
The management of the Manolo Fortich Water District (MFWD), Manolo Fortich, Bukidnon is responsible for preparation of the financial statements as at December 31, 2019, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. 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 International Standards of Supreme Audit Institutions (ISSAIs) 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

February 13, 2020
Date Signed


WILLIAM N. PAILAGAO
Corporate Budget Analyst B

February 7, 2020
Date Signed


ENGR. ROGELIO K. PANGAN
General Manager

February 10, 2020
Date Signed



MANOLO FORTICH WATER DISTRICT
Statement of Financial Position
 As at December 31, 2019
(With comparative figures for CY 2018)

	<u>NOTE</u>	<u>2019</u>	<u>2018</u>
Current Assets			
Cash and Cash Equivalents	3	₱ 62,222,518.17	₱ 45,557,518.70
Receivables	4	1,727,859.59	2,142,302.40
Inventories	5	7,689,473.29	12,716,368.98
Other Current Assets		610,959.05	601,656.47
Total Current Assets		₱ 72,250,810.10	₱ 61,017,846.55
Non-Current Assets			
Other Investments	6	₱ 0.00	₱ 5,625,533.15
Property, Plant and Equipment	7	92,875,199.67	86,584,923.28
Intangible Assets		488,089.59	622,545.00
Other Non-Current Assets	8	5,283,634.03	7,943,235.06
Total Non-Current Assets		₱ 98,646,923.29	₱ 100,776,236.49
Total Assets		₱ 170,897,733.39	₱ 161,794,083.04
Current Liabilities			
Financial Liabilities	9	₱ 5,043,030.03	₱ 3,685,347.79
Inter-Agency Payables	10	756,367.39	606,189.12
Trust Liabilities		28,500.00	4,500.00
Other Payables		92,736.37	45,180.09
Total Current Liabilities		₱ 5,920,633.79	₱ 4,341,217.00
Non-Current Liabilities			
Financial Liabilities	11	₱ 37,470,826.07	₱ 41,894,803.68
Trust Liabilities	12	202,660.89	341,660.89
Deferred Credits/Unearned Income		21,700.00	21,700.00
Provisions		6,787,189.9	5,575,740.07
Total Non-Current Liabilities		₱ 44,482,376.86	₱ 47,833,904.64
Total Liabilities		₱ 50,403,010.65	₱ 52,175,121.64
Government Equity		₱ 77,640,787.95	₱ 77,640,787.95
Retained Earnings/(Deficit)		42,853,934.79	31,978,173.45
Total Equity		₱ 120,494,722.74	₱ 109,618,961.40
Total Liabilities and Equity		₱ 170,897,733.39	₱ 161,794,083.04

The notes on pages 13 to 17 form part of these statements



MANOLO FORTICH WATER DISTRICT
Statement of Comprehensive Income
Year ended December 31, 2019
(with comparative figures for CY 2018)

	<u>NOTE*</u>	<u>2019</u>	<u>2018</u>
Income			
Service and Business Income	13	₱88,060,809.29	₱ 79,161,700.13
Other Non-Operating Income		807,841.82	829,492.71
Total Income		<u>₱88,868,651.11</u>	<u>₱ 79,991,192.84</u>
Expenses			
Personnel Services	14	₱21,369,292.26	₱ 18,101,508.05
Maintenance and Other Operating Expenses	15	39,908,252.78	36,972,882.02
Financial Expenses	16	2,504,315.12	2,711,546.80
Non-Cash Expenses	17	12,629,143.14	11,375,906.00
Total Expenses		<u>₱76,411,003.30</u>	<u>₱ 69,161,842.87</u>
Profit/(Loss) Before Tax		<u>₱12,457,647.81</u>	<u>₱ 10,829,349.97</u>
Income Tax Expense/(Benefit)		<u>0.00</u>	<u>0.00</u>
Profit/(Loss) After Tax		<u>₱12,457,647.81</u>	<u>₱ 10,829,349.97</u>
Net			
Assistance/Subsidy/(Financial Assistance/Subsidy/Contribution)		<u>0.00</u>	<u>0.00</u>
Net Income/(Loss)		<u>₱12,457,647.81</u>	<u>₱ 10,829,349.97</u>
Other Comprehensive Income/(Loss) for the Period		<u>0.00</u>	<u>0.00</u>
Comprehensive Income/(Loss)		<u>₱12,457,647.81</u>	<u>₱ 10,829,349.97</u>

The notes on pages 17 to 19 form part of these statements



MANOLO FORTICH WATER DISTRICT
Statement of Cash Flows
Year ended December 31, 2019
(with comparative figures for CY 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Proceeds from Sale of Goods and Services	P 63,546,383.56	P 78,607,054.26
Collection of Income/Revenue	2,143,368.37	2,381,764.95
Collection of Receivables	25,574,963.23	3,511,579.68
Trust Receipts	73,556.28	72,141.73
Other Receipts	314,198.58	488,047.78
Total Cash Inflows	P 91,652,470.02	P 85,060,588.40
Adjustments	10,198,947.73	(2,816,651.82)
Adjusted Cash Inflows	P101,851,417.75	P 82,243,936.58
Cash Outflows		
Payment of Expenses	P(42,897,956.36)	P(21,332,521.21)
Purchase of Inventories	(2,073,200.64)	(4,858,158.85)
Grant of Cash Advances	(2,004,676.50)	(17,808,360.84)
Refund of Deposits	0.00	(27,750.00)
Prepayments	(692,787.08)	0.00
Payments of Accounts Payable	(12,890,321.19)	(8,099,054.82)
Remittance of Personnel Benefit		
Contributions and Mandatory Deductions	(8,728,200.81))	(8,281,581.20)
Other Disbursements	(199,137.60))	(114,502.96)
Total Cash Outflows	P(69,486,280.18)	P(61,263,103.38)
Adjustments	(2,505,756.74)	0.00
Adjusted Cash Outflows	P(71,992,036.92)	P(61,263,103.38)
Net Cash Provided by/(Used in) Operating Activities	P 29,859,380.83	P 20,980,833.20
CASH FLOWS FROM INVESTING ACTIVITIES		
Total Cash Inflows	P 0.00	P 0.00
Adjustments	0.00	0.00
Adjusted Cash Inflows	P 0.00	P 0.00
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	P (6,276,179.63)	P (6,530,548.14)
Purchase of Intangible Assets	(1,395.00)	(302,500.00)
Total Cash Outflows	P (6,277,574.63)	P (6,833,048.14)

Adjustments	0.00	0.00
Adjusted Cash Outflows	₱ (6,277,574.63)	₱ (6,833,048.14)
Net Cash Provided By/(Used In)		
Investing Activities	₱ (6,277,574.63)	₱ (6,833,048.14)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows		
Proceeds from Domestic and Foreign		
Loans	₱ 0.00	₱ 0.0
Total Cash Inflows	₱ 0.00	₱ 0.00
Adjustments	0.00	0.00
Adjusted Cash Inflows	₱ 0.00	₱ 0.00
Cash Outflows		
Payment of Long-Term		
Liabilities(Principal)	₱ (4,423,291.61)	₱ (1,991,997.31)
Payment of Interest on Loans and Other		
Financial Charges	(2,493,515.12)	(3,204,027.35)
Total Cash Outflows	₱ (6,916,806.73)	₱ (5,196,024.66)
Adjustments	0.00	0.00
Adjusted Cash Outflows	₱ (6,916,806.73)	₱ (5,196,024.66)
Net Cash Provided By/(Used In)		
Financing Activities	₱ (6,916,806.73)	₱ (5,196,024.66)
INCREASE/(DECREASE) IN CASH AND		
CASH EQUIVALENTS	₱ 16,664,999.47	₱ 8,951,760.40
Effects of Exchange Rate Changes on Cash		
and Cash Equivalents	0.00	0.00
CASH AND CASH EQUIVALENTS,		
JANUARY 1	₱ 45,557,518.70	₱ 36,605,758.30
CASH AND CASH EQUIVALENTS,		
DECEMBER 31	₱ 62,222,518.17	₱ 45,557,518.70



MANOLO FORTICH WATER DISTRICT
Statement of Changes in Equity
Year Ended December 31, 2019

	Retained Earnings/ (Deficit)	Contributed Capital	Share Premium	TOTAL
BALANCE AT JANUARY 1, 2018				
ADJUSTMENTS:				
Add/(Deduct):				
Changes in Accounting Policy				
Prior Period Errors				
Other Adjustments				
RESTATED BALANCE AT JANUARY 1, 2018	P29,998,121.54	P36,110,045.61	P41,530,742.34	P107,638,909.49
CHANGES IN EQUITY FOR 2018				
Add/(Deduct):				
Issuances of Share Capital				
Comprehensive Income for the year	10,829,349.97			10,829,349.97
Dividends				
Other Adjustments	(8,888,869.67)			(8,888,869.67)
BALANCE AT DECEMBER 31, 2018	P31,978,173.45	P36,110,045.61	P41,530,742.34	P109,618,961.40
CHANGES IN EQUITY FOR 2019				
Add/(Deduct):				
Issuances of Share Capital				
Comprehensive Income for the year	12,457,647.81			12,457,647.81
Dividends				
Other Adjustments	(1,581,886.47)			(1,581,886.47)
BALANCE AT DECEMBER 31, 2019	P42,853,934.79	P36,110,045.61	P41,530,742.34	P120,494,722.74



MANOLO FORTICH WATER DISTRICT
Manolo Fortich, Bukidnon
Notes to Financial Statements
December 31, 2019

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. No. 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."

As a Government Owned and Controlled Corporation (GOCC), it has the following purposes:

- Acquiring, installing, improving, maintaining and operating water supply and distribution systems for domestic, industrial and municipal uses for residents and lands within the boundaries of the District;
- Providing, maintaining, and operating waste water collections, treatment and disposal facilities, and;
- Conducting such other functions and operations incidental to water resource development, utilization and disposal within such districts as are necessary or incidental to said purposes.

The Manolo Fortich Water District Board of Directors is comprised of:

Name	Designation	Sector Represented	Term
Engr. Angeles L. Bontilao, PME	Chairman	Civic	2015-2020
Ptr. Micah S. Onahon	Vice Chairman	Education	2015-2020
Nena B. Vallecera	Secretary	Women	2019-2024
Atty. Mario Narciso C. Albarece, CPA	Member	Professional	2019-2024
Vilma S. Miñoza	Member	Business	2017-2022

2. Summary Of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

i. Compliance with PFRS

The financial statements of Manolo Fortich Water District have been prepared in conformity with Generally Accepted Accounting Principles in the Philippines. These are the agency's third Financial Statements prepared in accordance with Philippine

Financial Reporting Standards (PFRS), where PFRS 1, First-time Adoption of Philippine Financial Reporting Standards, was the applied in 2017.

ii. Historical Cost Convention

The financial statements have been prepared on a Historical Cost Basis

b) 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 judgments 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.

c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

d) Monetary Denomination used

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

e) Income Tax

The Manolo Fortich Water District by virtue of republic Act No. 10026 and the corresponding BIR Revenue Memorandum Circular No. 28-2010 issued is exempted to pay income tax.

f) Methods 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.

g) Significant Accounting Policies observed for each account

i. Cash and Cash Equivalents

For the purpose of presentation in the statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits held at call at financial institution. Cash is valued at face value.

Petty Cash Fund is maintained under the Imprest System. All replenishments are directly charged to appropriate accounts.

ii. Accounts Receivables

Accounts receivable are amounts due from concessionaires for services rendered in the ordinary course of business. The amount represents uncollected water bills as of a given period.

Accounts receivables are measures at the original water bill amount less billing adjustments, less any provision for impairment.

A provision for impairment is provided using the following percentages depending on the age of the account:

Age of Accounts	Percentage
1-60 days	2%
61-180 days	4%
181-1 year	6%
More than 1 year	10%

The percentages used are based on a resolution passed by the Board of Directors of MFWD Resolution no. 28, s. 2019, Resolution Increasing the Allowance for the Impairment-Accounts receivable of MFWD.

iii. Inventories

Supplies and materials purchased are recorded using Perpetual Inventory System. They are measured at the lower of cost and net realizable value. Those that are purchased out of Petty Cash Fund are directly charged to the appropriate expense accounts. Cost of issued items and the ending inventory of supplies and material were computed using the Weighted Average Method.

iv. Property, Plant and equipment

Property, Plant and Equipment are stated at Historical Cost less Accumulated Depreciation.

Historical Cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the District and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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 the same by the estimated useful life.

v. Accounts Payable

These amounts represent liabilities for goods and services provided to the agency prior to the end of the financial year which are unpaid. The amounts are unsecured and usually paid 30 days from date of recognition. They are presented as current liabilities since they are due within 12 months after reporting period. They are recognized initially at their fair value.

vi. Provisions

Provisions are recognized when the agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions for terminal leave benefits of the employees are determined using the latest actual salary rate of the employees and the vacation and sick leave accumulated as of the period.

3. Cash and Cash Equivalents

This account consists of the following:

CASH AND CASH EQUIVALENTS	2019	2018
Cash-Collecting Officers	₱ 46,509.23	₱ 111,888.75
Petty Cash	-	-
Local Currency on Hand	7,500.00	2,000.00
Cash in Bank-Local Currency, Current Account	57,053,723.42	40,387,000.13
Time Deposits-Local Currency	5,114,785.52	5,056,629.82
TOTAL	₱ 62,222,518.17	₱ 45,557,518.70

4. Receivables

This account consists of the following:

RECEIVABLES	2019	2018
Accounts Receivable	₱ 2,560,404.52	₱ 2,786,514.03
<i>Allowance for Impairment-Accounts Receivable</i>	(959,460.90)	(779,853.33)
Due from Officers and Employees	124,759.91	124,759.91
Other Receivables	2,156.06	10,881.79
TOTAL	₱ 1,727,859.59	₱ 2,142,302.40

5. Inventories

This account consists of the following:

INVENTORIES	2019	2018
Inventory Held for Sale	₱ 689,931.43	₱ 299,350.69
Inventory Held for Distribution	3,119,321.25	8,074,221.27
Inventory Held for Consumption	2,284,565.00	2,679,335.03
Semi-Expendable Machinery and Equipment	557,864.40	588,321.92
Semi-Expendable Furniture, Fixtures and Books	1,037,791.21	1,075,140.07
TOTAL	₱ 7,689,473.29	₱ 12,716,368.98

6. Investments

This account consists of the following:

INVESTMENTS	2019	2018
Sinking Fund-Building Fund	₱ (0.00)	₱ 5,625,533.15

The decrease of the amount in the fund was due to the closure of the depository bank of the District for its Sinking Fund in September of the year. The funds were temporarily transferred to the District's General Fund, its Cash in Bank-Local Currency, Current Account. Increase in this account before September is shown as a cash outflow adjustment, while the Decrease, due to its transfer to the General Fund, is shown as a cash inflow adjustment in the Statement of Cash Flow under Operating Activities.

7. Property, Plant, and Equipment

This account consists of the following:

PROPERTY PLANT & EQUIPMENT	2019	2018
Land	₱ 1,831,479.82	₱ 1,831,479.82
Plant-Utility Plant in Service (UPIS)	173,157,998.70	168,502,396.70
<i>Accumulated Depreciation-Plant (UPIS)</i>	(101,839,662.01)	(88,749,370.15)
Office Equipment	999,351.00	919,751.00
<i>Accumulated Depreciation-Office Equipment</i>	(702,311.25)	(630,848.43)

PROPERTY PLANT & EQUIPMENT	2019	2018
Information and Communication Technology Equipment	2,238,246.49	1,737,924.29
<i>Accumulated Depreciation-ICTE</i>	(1,513,612.72)	(1,407,006.90)
Communication Equipment	67,800.00	67,800.00
<i>Accumulated Depreciation-Communication Equipment</i>	(64,410.00)	(64,410.00)
Motor Vehicles	9,144,031.86	5,956,492.23
<i>Accumulated Depreciation-Motor Vehicles</i>	(5,074,909.56)	(4,516,610.45)
Furniture and Fixtures	257,190.90	152,190.90
<i>Accumulated Depreciation-Furniture and Fixtures</i>	(144,581.36)	(144,581.35)
Leased Assets Improvements, Building	2,250,000.00	2,250,000.00
<i>Accumulated Depreciation-Leased Assets Impr., Building</i>	(1,518,218.75)	(1,409,859.38)
Construction in Progress-Infrastructure Assets	13,786,806.55	2,089,575.00
TOTAL	₱ 92,875,199.67	₱ 86,584,923.28

8. Other Non-Current Assets

This account consists of the following:

OTHER NON-CURRENT ASSETS	2019	2018
Deposits	₱ 4,342,616.12	₱ 3,640,349.20
Restricted Fund	(0.00)	2,769,924.76
Abandoned/Surrendered Property/Assets	(0.00)	587,890.00
Other Assets (A/R Inactive)	941,017.91	945,071.10
TOTAL	₱ 5,283,634.03	₱ 7,943,235.06

The amount included in the Deposits Account represents the fund allocated that is required to be set aside to guarantee payment of loans with the Local Water Utilities Association (LWUA) and cannot be withdrawn by the district without consent from LWUA. The increase in this account is shown as a cash outflow adjustment in the Statement of Cash Flow under Operating Activities.

The decrease of the amount in the Restricted Fund was due to the closure of the depository bank of the District for this Fund in September of the year. The funds were temporarily transferred to the District's General Fund, its Cash in Bank-Local Currency, Current Account. Increase in this account before September is shown as a cash outflow adjustment, while the Decrease, due to its transfer to the General Fund, is shown as a cash inflow adjustment in the Statement of Cash Flow under Operating Activities.

The decrease of the amount in the Abandoned/Surrendered Property/Assets represents the reclassification to Pumping Equipment, through the Adjustment made last June (JEV no. 19-06-0276).

9. Current Financial Liabilities

This account consists of the following:

CURRENT FINANCIAL LIABILITIES	2019	2018
Accounts Payable	₱ 5,042,730.03	₱ 3,685,347.79
Due to Officers and Employees	300.00	-
TOTAL	₱ 5,043,030.03	₱ 3,685,347.79

10. Inter-Agency Payables

This account consists of the following:

INTER-AGENCY PAYABLES	2019	2018
Due to BIR	₱ 51,092.78	₱ 32,120.23
Due to GSIS	339,302.32	283,532.11
Due to Pag-IBIG	139,758.82	117,814.45
Due to PhilHealth	29,209.36	23,904.28
Value Added Tax Payable	197,004.11	148,818.05
TOTAL	₱ 756,367.39	₱ 606,189.12

11. Non-Current Financial Liabilities

This account consists of the following:

NON-CURRENT FINANCIAL LIABILITIES	2019	2018
Loans Payable-Domestic	₱ 37,470,826.07	₱ 41,894,803.68

12. Trust Liabilities (Non-Current)

This account consists of the following:

TRUST LIABILITIES (NON-CURRENT)	2019	2018
Customers' Deposits Payable	₱ 202,660.89	₱ 341,660.89

13. Provisions

This account consists of the following:

PROVISIONS	2019	2018
Leave Benefits Payable	₱ 6,787,189.90	₱ 5,575,740.07

14. Service And Business Income

This account consists of the following:

SERVICE AND BUSINESS INCOME	2019	2018
Other Service Income	₱ 1,300,262.80	₱ 1,212,717.76
Waterworks System Fees	84,743,544.00	76,275,449.98
Sales Discounts	-	(55,480.46)
Interest Income	81,418.50	117,584.35
Fines and Penalties-Business Income	1,481,695.36	1,583,522.21
Other Business Income	453,888.63	27,906.29
TOTAL	₱ 88,060,809.29	₱ 79,161,700.13

15. Personnel Services

This account consists of the following:

PERSONNEL SERVICES	2019	2018
Salaries and Wages	₱ 11,639,861.85	₱ 9,413,845.91
Other Compensation	6,495,793.42	6,072,733.46
Personnel Benefit Contributions	1,661,536.32	1,356,045.97
Other Personnel Benefits	1,572,100.67	1,258,882.71
TOTAL	₱ 21,369,292.26	₱ 18,101,508.05

16. Maintenance & Other Operating Expenses

This account consists of the following:

MAINTENANCE & OTHER OPERATING EXPENSES	2019	2018
Generation, Transmission and Distribution Expenses	₱ 20,207,942.10	₱ 18,735,776.81
Repairs and Maintenance	8,509,608.28	9,118,601.63
Labor and Wages	2,705,720.72	1,748,217.77
Supplies and Materials Expenses	1,994,769.36	1,930,028.08
Taxes, Insurance Premiums and Other Fees	1,917,534.54	1,761,139.85
Professional Services	1,024,707.90	268,250.00
Traveling Expenses	939,027.47	787,542.17
Utility Expenses	359,292.25	379,548.11
Training and Scholarship Expenses	351,708.86	406,749.00
General Services	297,269.94	-
Confidential, Intelligence and Extraordinary Expenses	109,884.21	114,659.60
Communication Expenses	106,324.25	110,521.85
Other Maintenance and Operating Expenses	1,384,462.90	1,611,847.15
TOTAL	₱ 39,908,252.78	₱ 36,972,882.02

17. Financial Expenses

This account consists of the following:

FINANCIAL EXPENSES	2019	2018
Interest Expenses-LWUA	₱ 2,493,515.12	₱ 2,711,196.80
Bank Charges	10,800.00	350.00
TOTAL	₱ 2,504,315.12	₱ 2,711,546.80

18. Non-Cash Expenses

This account consists of the following:

NON-CASH EXPENSES	2019	2018
Depreciation	₱ 12,368,811.02	₱ 11,299,792.10
Amortization	80,724.55	-
Impairment Loss-Loans and Receivables	179,607.57	76,113.90
TOTAL	₱ 12,629,143.14	₱ 11,375,906.00

19. Authority to Issue Financial Statements

The Financial Statements for the year ended December 31, 2019 were approved by Engr. Rogelio K. Pangan, General Manager.