

PART I –

AUDITED FINANCIAL STATEMENTS



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

INDEPENDENT AUDITOR'S REPORT

Atty. Mario Narciso C. Albarece, CPA

Chairman, Board of Directors

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, 2020 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, 2020 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 the following:

1. Donated lands were taken up in the books of the District using its assessed value at the time of acquisition in the total amount of P5,517.50 contrary to Section 63 of P.D. 1445, thus resulting to the understatement of both assets and equity accounts.
2. The balance of Other Non-Current Assets – Other Assets account amounting P941,017.91 is not reliable due to erroneous journal entries made upon payment of past due water bill accounts by clients contrary to the provisions of PD 1445, thereby overstating the asset and equity accounts.

3. The accuracy of the Property, Plant and Equipment (PPE) account with net book value of P89.35 million was not reasonably substantiated due non-submission of inventory report as of December 31, 2020 and inclusion of unserviceable properties to the PPE account contrary to Section 58 of Presidential Decree No. 1445, paragraph 15 of Philippine Accounting Standards (PAS) 1 and COA Circular 2020-006, thus, casting doubt on the existence, completeness and valuation of the PPE accounts in the 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

May 14, 2021




Republic of the Philippines
MANOLO FORTICH WATER DISTRICT
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, 2020, 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.


ATTY. MARIO NARCISO C. ALBARECE, CPA
Chairman of the Board

February 15, 2021
Date Signed


WILLIAM N. PAILAGAO
Corporate Budget Analyst - B

January 25, 2021
Date Signed


Engr. ROGELIO K. PANGAN
General Manager

February 1, 2021
Date Signed



MANOLO FORTICH WATER DISTRICT
Condensed Statement Of Financial Position
 As of December 31, 2020
(with comparative figures for CY 2019)

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Current Assets			
Cash and Cash Equivalent	3	59,487,927.46	62,222,518.17
Receivables	4	4,285,073.64	1,727,859.59
Inventories	5	9,115,616.29	7,689,473.29
Other Current Asset		<u>611,753.81</u>	<u>610,959.05</u>
Total Current Assets		<u>73,500,371.20</u>	<u>72,250,810.10</u>
Non-Current Assets			
Investments	6	5,105,350.39	-
Property, Plant and Equipment	7	89,350,211.49	92,875,199.67
Intangible Assets		403,198.64	488,089.59
Other Non-Current Assets	8	13,536,657.70	5,283,634.03
Total Non-Current Assets		<u>108,395,418.22</u>	<u>98,646,923.29</u>
Total Assets		<u>181,895,789.42</u>	<u>170,897,733.39</u>
Current Liabilities			
Financial Liabilities	9	3,961,429.32	5,043,030.03
Inter-Agency Payables	10	725,096.80	756,367.39
Trust Liabilities	13	48,500.00	28,500.00
Other Payables	12	<u>715,992.77</u>	<u>92,736.37</u>
Total Current Liabilities		<u>5,451,018.89</u>	<u>5,920,633.79</u>
Non-Current Liabilities			
Financial Liabilities	12	32,896,771.56	37,470,826.07
Trust Liabilities	13	1,983,544.35	202,660.89
Deferred Credits/Unearned Income		21,700.00	21,700.00
Provisions	14	<u>7,558,967.40</u>	<u>6,787,189.90</u>
Total Non-Current Liabilities		<u>42,460,983.31</u>	<u>44,482,376.86</u>
Total Liabilities		<u>47,912,002.20</u>	<u>50,403,010.65</u>
Government Equity		77,640,787.95	77,640,787.95
Intermediate Accounts		15,834,589.39	-
Retained Earnings/(Deficit)		<u>40,508,409.88</u>	<u>42,853,934.79</u>
Total Equity		<u>133,983,787.22</u>	<u>120,494,722.74</u>
Total Liabilities and Equity		<u>181,895,789.42</u>	<u>170,897,733.39</u>



MANOLO FORTICH WATER DISTRICT
Condensed Statement of Comprehensive Income
For the Year ended December 31, 2020
(with comparative figures for CY 2019)

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
Income			
Service and Business Income	15	93,593,964.45	88,060,809.29
Other Non-Operating Income	16	470,523.92	807,841.82
Total Income		94,064,488.37	88,868,651.11
Expenses			
Personnel Services	17	23,040,777.71	21,369,292.26
Maintenance and Other Operating Expenses	18	39,488,222.20	39,908,252.78
Financial Expenses	19	2,212,245.38	2,504,315.12
Non-Cash Expenses	20	13,488,653.69	12,629,143.14
Total expenses		78,229,898.98	76,411,003.30
Profit/(Loss) before Tax		15,834,589.39	14,580,981.90
Income tax expense/(Benefit)		-	2,123,334.09
Profit/(Loss) after Tax		15,834,589.39	12,457,647.81
Net Income/(Loss)		15,834,589.39	12,457,647.81
Total Other Comprehensive Income/(Loss)		-	-
for the Period		-	-
Comprehensive Income/(Loss)		15,834,589.39	12,457,647.81



MANOLO FORTICH WATER DISTRICT
Condensed Statement of Cash Flows
For the Year Ended December 31, 2020
(with comparative figures for CY 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Proceeds from Sale of Goods and Services	58,342,459.73	63,546,383.56
Collection of Income/Revenue	2,103,603.74	2,143,368.37
Collection of Receivables	31,600,385.46	25,574,963.23
Trust Receipts	2,549,953.46	73,556.28
Other Receipts	224,515.94	314,198.58
Total Cash Inflows	94,820,918.33	91,652,470.02
Adjustments	-	10,198,947.73
Adjusted Cash Inflows	94,820,918.33	101,851,417.75
Cash Outflows		
Payment of Expenses	(44,598,559.18)	(42,897,956.36)
Purchase of Inventories	(4,311,281.25)	(2,073,200.64)
Grant of Cash Advances	(1,004,553.71)	(2,004,676.50)
Prepayments	(534,226.71)	(692,787.08)
Payments of Accounts Payable	(11,752,070.13)	(12,890,321.19)
Remittance of Personnel Benefit Contributions and		
Mandatory Deductions	(7,922,933.69)	(8,728,200.81)
Other Disbursements	(13,533,277.74)	(199,137.60)
Total Cash Outflows	(83,656,902.41)	(69,486,280.18)
Adjustments	-	(2,505,756.74)
Adjusted Cash Outflows	(83,656,902.41)	(71,992,036.92)
Net Cash Provided by/(Used in) Operating Activities	11,164,015.92	29,859,380.83
CASH FLOWS FROM INVESTING ACTIVITIES		
Total Cash Inflows	-	-
Adjustments	-	-
Adjusted Cash Inflows	-	-
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	(7,118,456.74)	(6,276,179.63)
Purchase of Intangible Assets	-	(1,395.00)
Total Cash Outflows	(7,118,456.74)	(6,277,574.63)
Adjustments	-	-
Adjusted Cash Outflows	(7,118,456.74)	(6,277,574.63)
Net Cash Provided By/(Used In) Investing Activities	(7,118,456.74)	(6,277,574.63)

CASH FLOWS FROM FINANCING ACTIVITIES

Total Cash Inflows	-	-
Adjustments	-	-
Adjusted Cash Inflows	-	-
Cash Outflows		
Payment of Long-Term Liabilities	(4,574,054.51)	(4,423,291.61)
Payment of Interest on Loans and Other Financial Charges	(2,206,095.38)	(2,493,515.12)
Total Cash Outflows	(6,780,149.89)	(6,916,806.73)
Adjustments	-	-
Adjusted Cash Outflows	<u>(6,780,149.89)</u>	<u>(6,916,806.73)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(6,780,149.89)</u>	<u>(6,916,806.73)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,734,590.71)</u>	<u>16,664,999.47</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>62,222,518.17</u>	<u>45,557,518.70</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>59,487,927.46</u>	<u>62,222,518.17</u>



MANOLO FORTICH WATER DISTRICT
Statement of Changes In Equity
For the Year Ended December 31, 2020

BALANCE AT JANUARY 1, 2019
ADJUSTMENTS:

Add/(Deduct):

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

RESTATE BALANCE AT JANUARY 1, 2019
CHANGES IN EQUITY FOR 2019

Add/(Deduct):

- Issuances of Share Capital
- Additional Capital from National Government
- Members' Contribution
- Comprehensive Income for the year
- Dividends
- Other Adjustments

BALANCE AT DECEMBER 31, 2019
CHANGES IN EQUITY FOR 2020

Add/(Deduct):

- Issuances of Share Capital
- Additional Capital from National Government
- Members' Contribution
- Comprehensive Income for the year
- Dividends
- Other Adjustments

BALANCE AT DECEMBER 31, 2020

Retained Earnings/ (Deficit)	Government Equity	Contributed Capital	TOTAL
31,978,173.45	36,110,045.61	41,530,742.34	109,618,961.40

-	-	-	-
-	-	-	-
-	-	-	-
31,978,173.45	36,110,045.61	41,530,742.34	109,618,961.40

12,457,647.81	-	-	-
-	-	-	-
(1,581,886.47)	-	-	(1,581,886.47)
42,853,934.79	36,110,045.61	41,530,742.34	120,494,722.74

15,834,589.39	-	-	-
-	-	-	-
(2,345,524.91)	-	-	(2,345,524.91)
56,342,999.27	36,110,045.61	41,530,742.34	133,983,787.22

MANOLO FORTICH WATER DISTRICT
A. Ditona st. Tankulan, Manolo Fortich, Bukidnon 8703
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

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

- ii. 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.

iii. 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	2020	2019
Cash-Collecting Officers	220,271.51	46,509.23
Petty Cash	-	-
Local Currency on Hand	7,500.00	7,500.00
Cash in Bank-Local Currency, Current Account	54,096,596.76	57,053,723.42
Time Deposits-Local Currency	5,163,559.19	5,114,785.52
TOTAL	59,487,927.46	62,222,518.17

4. RECEIVABLES

This account consists of the following:

RECEIVABLES	2020	2019
Accounts Receivable	5,335,942.32	2,560,404.52
<i>Allowance for Impairment-Accounts Receivable</i>	(1,236,811.88)	(959,460.90)

Due from Officers and Employees	124,759.91	124,759.91
Other Receivables	61,183.29	2,156.06
	4,285,073.64	1,727,859.59

5. INVENTORIES

This account consists of the following:

INVENTORIES	2020	2019
Inventory Held for Sale	447,861.91	689,931.43
Inventory Held for Distribution	5,309,888.89	3,119,321.25
Inventory Held for Consumption	3,357,865.49	2,284,565.00
Semi-Expendable Machinery and Equipment	-	557,864.40
Semi-Expendable Furniture, Fixtures and Books	-	1,037,791.21
	9,115,616.29	7,689,473.29

6. INVESTMENT

This account consists of the following:

INVESTMENTS	2020	2019
Sinking Fund-Building Fund	5,105,350.39	(0.00)
	5,105,350.39	(0.00)

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 2019. 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 2019 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 fund was set up again in 2020.

7. PROPERTY PLANT & EQUIPMENT

This account consists of the following:

PROPERTY PLANT & EQUIPMENT	2020	2019
Land	6,831,479.82	1,831,479.82
Plant-Utility Plant in Service (UPIS)	185,687,261.40	173,157,998.70
<i>Accumulated Depreciation-Plant (UPIS)</i>	(114,087,096.84)	(101,839,662.01)
Office Equipment	999,351.00	999,351.00

PROPERTY PLANT & EQUIPMENT	2020	2019
<i>Accumulated Depreciation-Office Equipment</i>	(778,586.48)	(702,311.25)
Information and Communication Technology Equipment	2,308,315.49	2,238,246.49
<i>Accumulated Depreciation-ICTE</i>	(1,650,737.79)	(1,513,612.72)
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	9,144,031.86
<i>Accumulated Depreciation-Motor Vehicles</i>	(5,801,592.83)	(5,074,909.56)
Furniture and Fixtures	257,190.90	257,190.90
<i>Accumulated Depreciation-Furniture and Fixtures</i>	(160,245.80)	(144,581.36)
Leased Assets Improvements, Building	2,250,000.00	2,250,000.00
<i>Accumulated Depreciation-Leased Assets Improvement Building</i>	(1,626,875.00)	(1,518,218.75)
Construction in Progress-Infrastructure Assets	5,974,325.76	13,786,806.55
	89,350,211.49	92,875,199.67

8. OTHER NON-CURRENT ASSETS

This account consists of the following:

OTHER NON-CURRENT ASSETS	2020	2019
Deposits	5,445,688.45	4,342,616.12
Restricted Fund	7,149,951.34	(0.00)
Abandoned/Surrendered Property/Assets	(0.00)	(0.00)
Other Assets (A/R Inactive)	941,017.91	941,017.91
	13,536,657.70	5,283,634.03

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 2019. 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 fund was set up again in 2020.

9. CURRENT FINANCIAL LIABILITIES

This account consists of the following:

CURRENT FINANCIAL LIABILITIES	2020	2019
Accounts Payable	3,931,521.99	5,042,730.03
Due to Officers and Employees	29,907.33	300.00
	3,961,429.32	5,043,030.03

The amounts in Accounts Payable account are those liabilities current in nature and mostly of those payable to suppliers.

The Due to Officers and Employees account is used to record the automatic deduction from the employees' payroll for the payment of their loans to the Manolo Fortich Water District Employee's Association (MFWDEA) as authorized by the District's Board of Directors through Board Resolution no. 25, s. 2020.

10. INTER-AGENCY PAYABLES

This account consists of the following:

INTER-AGENCY PAYABLES	2020	2019
Due to BIR	110,080.19	51,092.78
Due to GSIS	233,947.58	339,302.32
Due to Pag-IBIG	144,855.56	139,758.82
Due to PhilHealth	38,384.19	29,209.36
Value Added Tax Payable	197,829.28	197,004.11
	725,096.80	756,367.39

11. OTHER CURRENT LIABILITIES

This account consists of the following:

OTHER CURRENT LIABILITIES	2020	2019
Trust Liability	48,500.00	28,500.00
Return Premiums Payable	344.00	-
Other Payables	715,648.77	92,736.37
	764,492.77	121,236.37

Trust Liability account is set up to record the amount deducted from the Board of Director's honorarium while waiting for the Commission on Audit's decision on its Notice of Disallowance No. MFWD-2014-001 dated June 23, 2014.

Return Premiums Payable are those withheld from Job-Order employees and are given at the end of their contract. The amount remaining is then adjusted by 2021.

The Other payables account serves as the Funds of the District's Bids and Awards Committee (BAC). This account is credited to record the collections from suppliers as payment for the BAC's Bidding Documents. This account is then debited for the BAC's honorarium and other necessary expenses pursuant to the Revised IRR of R.A. 9184 and Latest GPPB Issuances.

12. NON-CURRENT FINANCIAL LIABILITIES

This account consists of the following:

NON-CURRENT FINANCIAL LIABILITIES	2020	2019
Loans Payable-Domestic	32,896,771.56	37,470,826.07
	32,896,771.56	37,470,826.07

the Loans Payable-Domestic account contains the balance of the long-term loans from the following (As of December 31, 2020):

Loans Payable-Domestic LWUA	7,002,309.00
Loans Payable-Domestic NHA	1,102,795.81
Loans Payable-Domestic DBP	<u>24,791,666.75</u>
Total	32,896,771.56

13. TRUST LIABILITIES (NON-CURRENT)

This account consists of the following:

TRUST LIABILITIES (NON-CURRENT)	2020	2019
Customers' Deposits Payable	1,983,544.35	202,660.89
	1,983,544.35	202,660.89

14. PROVISIONS

This account consists of the following:

PROVISIONS	2020	2019
Leave Benefits Payable	7,558,967.40	6,787,189.90
	7,558,967.40	6,787,189.90

15. SERVICE AND BUSINESS INCOME

This account consists of the following:

SERVICE AND BUSINESS INCOME	2020	2019
Other Service Income	1,317,270.00	1,300,262.80
Waterworks System Fees	90,269,170.08	84,743,544.00
Interest Income	60,921.04	81,418.50
Fines and Penalties-Business Income	1,341,586.53	1,481,695.36
Other Business Income	605,016.80	453,888.63
	93,593,964.45	88,060,809.29

16. OTHER NON-OPERATING INCOME

This account consists of the following:

OTHER NON-OPERATING INCOME	2020	2019
Miscellaneous Income	470,523.92	807,841.82
	21,369,292.26	18,101,508.05

17. PERSONNEL SERVICES

This account consists of the following:

PERSONNEL SERVICES	2020	2019
Salaries and Wages	12,510,043.50	11,639,861.85
Other Compensation	7,677,285.73	6,495,793.42
Personnel Benefit Contributions	1,803,085.99	1,661,536.32
Other Personnel Benefits	1,050,362.49	1,572,100.67
	23,040,777.71	21,369,292.26

18. MAINTENANCE & OTHER OPERATING EXPENSES

This account consists of the following:

MAINTENANCE & OTHER OPERATING EXPENSES	2020	2019
Traveling Expenses	326,938.50	939,027.47
Training and Scholarship Expenses	185,167.00	351,708.86
Supplies and Materials Expenses	1,880,645.64	1,994,769.36
Utility Expenses	434,015.40	359,292.25
Communication Expenses	115,021.49	106,324.25
Generation, Transmission and Distribution	20,512,913.71	20,207,942.10

MAINTENANCE & OTHER OPERATING EXPENSES	2020	2019
Expenses		
Confidential, Intelligence and Extraordinary Expenses	92,263.68	109,884.21
Professional Services	257,745.51	1,024,707.90
General Services	210,646.15	297,269.94
Repairs and Maintenance	8,980,233.10	8,509,608.28
Taxes, Insurance Premiums and Other Fees	2,285,688.12	1,917,534.54
Labor and Wages	3,215,109.47	2,705,720.72
Other Maintenance and Operating Expenses	991,834.43	1,384,462.90
	39,488,222.20	39,908,252.78

19. FINANCIAL EXPENSES

This account consists of the following:

FINANCIAL EXPENSES	2020	2019
Interest Expenses-LWUA	2,206,095.38	2,493,515.12
Bank Charges	6,150.00	10,800.00
	2,212,245.38	2,504,315.12

20. NON-CASH EXPENSES

This account consists of the following:

NON-CASH EXPENSES	2020	2019
Depreciation	13,126,411.76	12,368,811.02
Amortization	84,890.95	80,724.55
Impairment Loss-Loans and Receivables	277,350.98	179,607.57
	12,629,143.14	12,629,143.14