

**CIVIL AVIATION AUTHORITY OF THE PHILIPPINES**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010  
(In Philippine Peso)

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**1. GENERAL INFORMATION**

***Agency Profile***

The policy of the State is to provide safe and efficient air transport and regulatory services in the Philippines by providing for the creation of a civil aviation authority with jurisdiction over the restructuring of the civil aviation system, the promotion, development and regulation of the technical, operational, safety and aviation security functions under the civil aviation authority.

To implement the said policy, Republic Act No. 9497 or the Civil Aviation Authority Act of 2008 was issued creating the Civil Aviation Authority of the Philippines (CAAP) as an independent regulatory body with quasi-judicial and quasi-legislative powers and possessing corporate attributes. It is attached to the Department of Transportation and Communications (DOTC) for the purpose of policy coordination.

As cited under the Transitory Provisions of RA 9497, Section 85, Chapter XII, the Air Transportation Office (ATO) was abolished. All the powers, duties and rights vested by law and exercised by the ATO were transferred to CAAP. All assets, real and Personal property, funds and revenues owned by or vested in the different offices of the ATO, including all contracts, records and documents relating to the operations of the abolished agency and its offices and branches were, likewise, transferred to the Authority. Any real property owned by the national government or government-owned corporation or authority which is being used and utilized as office or facility by the ATO shall also be transferred and titled in favor of the Authority.

***Corporate Objectives***

The objectives of the Authority are as follows:

- a. The development and utilization of the air potential of the Philippines;
- b. The encouragement and development of an air transportation system properly adapted to the present and future of foreign and domestic commerce of the Philippines;
- c. The regulation of air transportation in such a manner as to support sound economic condition in such transportation and to improve the relations between air carriers;
- d. Ensuring the safety, quality, reliability, and affordability of air transport services for the riding public; and
- e. The encouragement and development of a viable and globally competitive Philippine aviation industry.

### **Organizational Structure**

The corporate powers of the Authority are vested in a board which is composed of seven (7) members, as follows:

- The Secretary of the Department of Transportation and Communications (DOTC) shall act as chairman ex-officio;
- The Director General of the Civil Aviation (DGCA) shall automatically be the vice-chairman of the Board;
- The Secretary of the Department of Finance (DOF);
- The Secretary of the Department of Foreign Affairs (DFA);
- The Secretary of the Department of Justice (DOJ);
- The Secretary of the Department of Interior and Local Government (DILG); and
- The Secretary of the Department of Labor and Employment (DOLE).

CAAP is headed by a Director General (DG), who is also the Chief Executive and Operating Officer responsible for all civil aviation in the Philippines and the administration of RA 9497. He shall be appointed by the President of the Philippines and shall have tenure of office of four (4) years, which may be extended for another non-extendible term of four (4) years and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission.

The DG has two (2) Deputy Director General to assist in handling the administrative, operational and other requirements of the Authority.

The Authority consists of the Authority Proper, Support Staff, the six (6) Services Group which include the Special Corporate Staff Group, Technical and Executive Staff Group, the Aviation Operations Service Group, the Aviation Administrative Service Group, Area Aerodrome Group, Aircraft Accident Investigation and Inquiry Board and the Flight Standards and Inspectorate Service.

With the creation of the Civil Aviation Authority, a new Airport Clustering Scheme was adapted grouping the airports nationwide into ten (10) Area Centers, to wit:

Area Center	Location	No. of Satellite Airports
Area 1	Laoag	12
Area 2	Plaridel	15
Area 3	Puerto Princesa	4
Area 4	Legaspi	7
Area 5	Iloilo	6
Area 6	Mactan	6
Area 7	Tacloban	10

Area Center	Location	No. of Satellite Airports
Area 8	Pagadian	9
Area 9	Cagayan de Oro	9
Area 10	Davao	7

### ***Fiscal Autonomy***

The Authority shall enjoy fiscal autonomy. All revenues earned by the Authority from the collection/levy of any and all such fees, charges, dues, assessments and fines it is empowered to collect/levy shall be used solely to fund the operations of the Authority. All monetary revenues collected shall accrue to the Authority and shall be deposited to its Bank Account. Funds collected by the Authority shall be retained effective March 23, 2008, date of effectivity of the CAAP Charter (Section 15 of the Implementing Rules and Regulations of RA 9497).

### ***Capitalization***

Under RA 9497, CAAP has an authorized capital stock of P50 billion which shall be fully subscribed by the Republic of the Philippines. The subscription of the National Government shall be paid as follows:

- a. The unexpended balances of the appropriations in the current General Appropriations Act and other acts in force upon approval hereof, pertaining to, held or used by ATO;
- b. The value of existing assets of ATO, which shall be determined by an independent and qualified appraisers within six (6) months from the effectivity of this Act, and after deducting the loans and other liabilities of ATO at the time of the takeover of the assets and property; and
- c. Such amounts as may be appropriated from time to time from the funds of the National Treasury, including any outlay from the infrastructure program of the National Government.

### ***Exemption from Taxes, Customs and Tariff Duties***

In accordance with Section 16 of RA 9497, the importation of equipment, machineries, spare parts, accessories and other materials including supplies and services used solely and exclusively in the operations of the Authority not obtainable locally shall be exempt from all direct and indirect taxes, wharfage fees and other charges and restrictions, the existence of pertinent laws to the contrary notwithstanding.

Likewise, all obligations entered into by the Authority and any income derived there from, including those contracted with private international banking and financial institutions, shall be exempt from all taxes, both principal and interest. The Authority is also exempt from the payment of capital gains tax, documentary stamp tax, real property estate tax and all other local government imposed taxes and fees.

## ***Principal Office***

The Authority shall have its principal office at MIA Road, Pasay City, Metro Manila, Philippines and may hold hearings on any proceedings at such time and places within the Philippines, as it may provide by order in writing.

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Financial Statements Presentation**

- 2.1 The Financial Statements have been prepared on a historical cost basis and transactions are recorded on Accrual Method of accounting for its income and expenses in accordance with generally accepted state accounting principles and standards in the Philippines.

Income is accounted for using the Accrual Method except for collection of fees and charges for licenses/permits/certificates and other services imposed under Department Order (DO) Nos. 94-762 s. 1993 where the Cash Basis Method is being used. Also, income are classified and recognized in accordance with the Department of Transportation and Communications - Department Order (DO) Nos. 94-762 s.1993, 98-1190, 99E-002 s. 1999 and 98-1178 s. 1999.

All expenses are recognized when incurred and reported in the financial statements in the period to which they relate.

- 2.2 The CAAP adopts a branch accounting system, which is commonly known as decentralized accounting system. Under this system, a complete set of books of accounts is kept and maintained by each Area Center to reflect the financial condition and activities of the satellite airports under its jurisdiction. The satellite airports are the airports under the Area Center, which do not maintain books of accounts but their transactions are collated and recorded in the Area Center.

Reciprocal accounts, such as, Due to Regional Offices (422) and Due from Central Office (141) are used in recording reciprocal transactions of the Central Office and the Area Centers.

- 2.3 Allowance for Doubtful Accounts is derived from computations based on percentage and Aging of Accounts Receivable as follows:

<u>Age of Accounts</u>	<u>Percentage</u>
1 -60 days	1%
61 - 180 days	2%
181 days – 1 year	3%
More than 1 year	5%

- 2.4 Supplies and materials purchased for stock purposes are recorded using the weighted average perpetual inventory system, also called as the moving average inventory method. Regular purchases are coursed through the inventory account and issuance thereof are recorded as they take place except

those purchased out of the cash advances of the Special Disbursing Officers that are charged directly to the appropriate expense accounts.

- 2.5 Petty Cash Fund (PCF) account is maintained under the imprest fund system. Petty cash fund issuances are recorded as a cash advance. Replenishments/liquidations are then charged to the appropriate expense account. The PCF is not used to purchase regular inventory for stock.
- 2.6 For assets under construction, all related expenses incurred during the construction of the project are capitalized and charged to Construction in Progress (CIP) account. Upon completion of the construction, the balance of CIP account is transferred to appropriate asset account. Those incurred after the construction are accounted as an operating cost.
- 2.7 All Property and Equipment classified as agency assets are carried at cost and are subject to depreciation, except land. These assets are depreciated using the straight line method with 10% residual value.
- 2.8 Accounts Payable are recognized and recorded in the books of accounts only upon acceptance of goods/inventory/other assets and rendition of services to the agency.
- 2.9 Accounts were classified to conform to new Chart of Accounts prescribed under the New Government Accounting System, which was implemented effective 18 June 2002 under COA circular No. 2002-02.
- 2.10 Accounting records of the Authority are maintained in Philippine peso. Income earned and expenses incurred which are denominated in foreign currencies are translated into Philippine peso at the exchange rate prevailing on the transaction dates in accordance with the paragraph 21 of PAS 21. These foreign currency monetary items will also be translated at the balance sheet date using the closing rate in accordance with paragraph 23 of PAS 21. The resulting gains or losses from the exchange differences are recognized in the statement of income and expenses.

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### 3. CASH AND CASH EQUIVALENTS

This consists of:

	<b>2010</b>	2009
Cash-Collecting Officer	<b>6,881,572</b>	6,510,595
Petty Cash Fund	<b>536,956</b>	378,353
Payroll Fund	<b>79,150</b>	333,897
Cash in Bank-Foreign Currency, SA	<b>193,488,368</b>	316,523,141
Cash in Bank-Local Currency, CA	<b>317,908,935</b>	331,024,853
Cash in Bank-Local Currency, SA	<b>415,868,197</b>	364,585,190
Cash in Bank-Local Currency, Time Deposit	<b>1,801,693,349</b>	1,720,891,339
Cash in Bank-Foreign Currency Time Deposit	<b>1,641,088,653</b>	932,762,475
	<b>4,377,545,180</b>	3,673,009,843

The account *Cash-Collecting Officers* represents undeposited collections from receivables, National Committee on Anti-Hijacking (NACAHT) Trust Fund, refund of cash advances and others not considered as income.

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#### 4. RECEIVABLES

This account consists of:

	2009
Accounts Receivable	
Less: Allowance for Doubtful Accounts	
Net Accounts Receivable	
Interest Receivable	
Due from National Treasury	
Due from Nat'l Gov't Agencies	
Due Fromm GOCC's	
Due from LGU's	
Due from Central Office	
Due from Regional Offices	
Due from Operating Units	
Receivables-Disallowances / Charges	
Other Receivables	

- a. *Accounts Receivable* pertains to amount due from customers for Operating Services by the Head Office and Area Centers, details follow:

	2010	2009
Head Office	<b>3,646,934,078</b>	3,571,322,584
Area 1	<b>44,171,941</b>	40,837,510
Area 2	<b>95,791,507</b>	81,040,525
Area 3	<b>42,161,036</b>	22,913,159
Area 4	<b>68,485,338</b>	51,970,327
Area 5	<b>560,213,650</b>	466,612,618
Area 6	<b>176,828,869</b>	65,413,725
Area 7	<b>109,521,845</b>	91,876,560
Area 8	<b>159,669,489</b>	142,549,173
Area 9	<b>195,591,986</b>	169,086,863
Area 10	<b>113,620,013</b>	569,368,138
	<b>5,212,989,752</b>	5,272,991,182

- b. *Due from Regional Offices* account represents unliquidated fund transfer from Head Office to Area Centers and Satellite Airports.
- c. *Due from LGUs* account pertain to fund transfers from the CAAP–Head Office and some Area Centers to the Provincial Government for land acquisition and construction in progress.

- d. *Receivables-Disallowances/Charges* pertain to audit disallowances/charges of public/private individuals/entities which became final and executory.
- e. *Due from National Treasury* pertains to collections of Bidders Bond and remuneration fees that were deposited with the National Treasury. These will be requested from DBM for refund.
- f. *Due from Operating Units* represents fund transfers from Area Center to Satellite airports subject to liquidation.

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## 5. ADVANCES TO OFFICERS AND EMPLOYEES

Advances to Officers and Employees of **P38,888,904** pertain to the balances of Cash Disbursing Officers and Due from Officers and Employees.

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## 6. OTHER CURRENT ASSETS

This consists of:

	2010	2009
Guaranty deposits	<b>430,302</b>	122,572
Other assets	<b>52,318</b>	52,318
	<b>482,620</b>	174,890

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## 7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accu. Dep'n.	Net Book Value
Land	187,896,195	-	187,896,195
Land Improvement	322,474,698	180,942,951	141,531,747
Runways/Taxiways	766,032,358	482,496,720	283,535,638
	<b>1,276,403,251</b>	<b>663,439,671</b>	<b>612,963,580</b>
Other Structures	1,161,824,134	636,935,314	524,888,820
Building	209,016,892	94,422,228	114,594,664
Electrification, Power & Energy Structures	4,173,345	2,023,157	2,150,188
	<b>1,375,014,371</b>	<b>733,380,699</b>	<b>641,633,672</b>
Firefighting Equipment & Accessories	449,294,288	350,791,729	98,502,559
Communication Equipment	273,231,127	77,546,403	195,684,724
Aircrafts and Aircraft Ground Equipment	36,745,203	1,550,068	35,195,135
Other Machineries and Equipment	33,298,015	21,370,970	11,927,045
Airport Equipment	422,256,793	192,998,193	229,258,600
Motor Vehicles	49,627,466	44,078,952	5,548,514
IT Equipment and Software	97,432,460	30,791,519	66,640,941
Furniture's and Fixtures	12,425,504	3,633,771	8,791,733
Office Equipment	23,322,659	5,572,572	17,750,087
Medical, Dental and Laboratory Equipment	3,725,250	646,454	3,078,796

	<b>Cost</b>	<b>Accu. Dep'n.</b>	<b>Net Book Value</b>
Technical and Scientific			
Machinery and Equipment	109,326	9,839	99,487
Other Transportation			
Equipment	26,000		26,000
Other Property, Plant & Equipment	172,278	144,958	27,320
	<b>1,401,666,369</b>	<b>729,135,428</b>	<b>672,530,941</b>
Construction in Progress- Agency Assets	18,018,589		18,018,589
Const. in Progress -Other Public Infra	346,798,021		346,798,021
	<b>364,816,610</b>		<b>364,816,610</b>
	<b>4,417,900,601</b>	<b>2,125,955,798</b>	<b>2,291,944,803</b>

The significant INFRA projects completed / purchases of PPE include:

- a) Construction of New Aviation Safety Bldg. at CAAP Compound in the amount of P29,656,382.37.
- b) Establishment of FSS Station Bldg. at Antique Airport in the amount of P8,068,524.00.
- c) Construction of 3-storey FSS Bldg. at Pagadian Airport in the amount of P6,708,195.74.
- d) Construction and trading Repair of existing RCAG Receiver Facility at RCAG Station, Tagaytay City in the amount of P1,149,793.33.
- e) Construction Renovation/Improvement of Manila ACC Complex at CAAP Compound Pasay City in the amount of P3,759,348.65.
- f) Reconstruction of Director General's office in the amount of P1,032,521.01.
- g) Establishment of AIS Automation in the amount of P50,000,000.00.
- h) Rehabilitation of Airfield Lighting System (ALS) at Butuan in the amount of P98,032,777.60.

## **8. DEFERRED ASSETS**

This consists of:

	<b>2010</b>	<b>2009</b>
Deferred Charges	<b>98,503,033</b>	302,773
Advances to Contractors	<b>3,294,980</b>	4,605,239
Deposits on Letter of Credit	<b>18,332,140</b>	18,332,140
Prepaid Insurance	<b>137,376</b>	502,078
Other Prepaid Expenses	<b>43,006,829</b>	56,718,407
	<b>163,274,358</b>	80,460,637



- a. *Deferred Charges* pertains to the payment to the International Civil Aviation Organization (ICAO) for the Trust Fund Project (PH/95/01) to provide assistance to CAAP in implementing an extensive training program in the field of flight safety. The project is a five-year Trust Fund Agreement with ICAO. The corresponding expense accounts will be taken up upon submission of the ICAO of the details of disbursements.
- b. *Advances to Contractors* pertain to advances for mobilization funds of contractors.
- c. *Deposits on Letters of Credit* pertain to Letters of Credit opened to import various spare parts, equipment, and etc.
- d. *Other Prepaid Expenses* consists of unused office supplies, accountable forms, fuel, oil, lubricants, drugs and medicines.

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## 9. OTHER ASSETS

This account consists of:

	2010	2009
Land Improvements	1,140,535,859	1,140,535,859
Land	1,119,585,100	1,119,585,100
Buildings	920,451,399	920,451,399
Office Equipment	266,406,325	266,406,325
Construction in Progress-Agency Assets	180,727,193	303,051,227
Due from Regional Offices	159,306,751	159,306,751
Communication Equipment	136,106,503	136,106,503
Due from National Government Agencies	109,619,420	109,619,420
Airport Equipment	99,385,690	99,385,690
Due from National Treasury	54,623,403	54,623,403
Other Current Assets	44,747,098	44,747,098
Advances to Officers and Employees	37,607,281	37,607,281
Cash in Bank-Local Currency, CA	34,756,639	35,515,494
Const. in Progress-Other Public Infra	25,767,024	98,711,725
IT Equipment & Software	19,662,589	19,662,589
Furniture & Fixtures	10,678,979	10,678,979
Deposits on Letters of Credit	9,741,461	9,741,461
Runways/Taxiways	4,027,000	4,027,000
Other assets-Unserviceable	2,671,828	2,671,828
Other assets-Area Centers	1,034,241,057	386,809,714
	<b>5,410,648,599</b>	<b>4,959,244,846</b>

This account pertains to the value of unserviceable assets awaiting final disposition. In addition, this includes dormant, undocumented, non-moving and unidentified assets previously reclassified from the PPE to this account pending verification. Details follow:

	2010	2009
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Head Office	<b>4,376,407,542</b>	4,572,435,132
Area 1	<b>313,011,066</b>	313,011,066
Area 2 & 3	-	-
Area 4	<b>7,200</b>	1,443,467
Area 5	<b>89,056,515</b>	-
Area 6	-	-
Area 7	<b>19,419,790</b>	19,419,790
Area 8	<b>52,935,392</b>	52,935,391
Area 9	<b>1,826,884</b>	-
Area 10	<b>557,984,210</b>	-
	<b>5,410,648,599</b>	4,959,244,846

## 10. ACCOUNTS PAYABLE

The account refers to unpaid obligations as of year end, details follow:

	<b>2010</b>	2009
Head Office	<b>80,705,738</b>	122,081,106
Area 1	-	784,332
Area 2	<b>426,114</b>	71,196
Area 3	<b>130,115</b>	-
Area 4	<b>11,411,997</b>	1,524,092
Area 5	<b>16,133,887</b>	10,437,818
Area 6	<b>4,287,860</b>	546,719
Area 7	<b>2,658,235</b>	238,669
Area 8	-	900,155
Area 9	<b>1,630,452</b>	999,500
Area 10	<b>10,434,516</b>	11,628,516
	<b>127,818,914</b>	149,212,103

## 11. DUE TO OFFICERS AND EMPLOYERS

This consists of:

	<b>2010</b>	2009
Head Office	<b>196,722,204</b>	213,434,716
Area 1	-	-
Area 2	<b>24,767,966</b>	46,792
Area 3	<b>21,755,748</b>	-
Area 4	<b>31,412,075</b>	1,664,184
Area 5	<b>2,263,228</b>	4,001
Area 6	<b>60,272,399</b>	(55,715)
Area 7	<b>1,146,813</b>	15,760
Area 8	<b>892,583</b>	-
Area 9	<b>2,764,503</b>	-
Area 10	<b>1,652,101</b>	9,554,321
	<b>343,649,620</b>	224,664,059

## 12. DUE TO OTHER GOVERNMENT AGENCIES

This account consists of:

	2010	2009
Due to National Treasury	<b>555,493,114</b>	1,104,773,569
Due to National Government Agencies	<b>59,159,357</b>	8,124,554
Due to Other Government Agencies	<b>48,512,624</b>	35,920,107
	<b>663,165,095</b>	1,148,818,231

- a. The balance of *Due to National Treasury* pertains to income as of June 30, 2008, the cut-off date of the transfer from ATO to CAAP which should have been credited to Government Equity as agreed by the DBM and CAAP as part of the subscription of the National Government to the Authority and pursuant to Section 15 of the Implementing Rules and Regulations (IRR) of RA 9497.
- b. *Due to Other Government Agencies* consists of the following:

	2010	2009
Due to BIR	<b>30,592,576</b>	14,799,528
Due to GSIS	<b>15,058,265</b>	18,255,894
Due to PAG-IBIG	<b>1,423,477</b>	1,533,541
Due to PHILHEALTH	<b>1,422,654</b>	1,302,802
Due to LGUs	<b>15,651</b>	27,414
Due to GOCCs	-	927
	<b>48,512,624</b>	35,920,107

## 13. DUE TO CENTRAL OFFICE

This consists of fund transfers to Area Centers subject to liquidation.

	2010	2009
Head Office	-	51,399,606
Area 1	<b>600,000</b>	99,825
Area 2	<b>6,987,053</b>	2,644,553
Area 3	-	279,590
Area 4	<b>(30)</b>	78,740
Area 5	<b>55,132,973</b>	23,347,583
Area 6	-	2,983,415
Area 7	-	105,840
Area 8	-	100,360
Area 9	-	8,389,074
Area 10	-	(109,863,343)
	<b>62,719,996</b>	(20,434,757)

#### 14. OTHER LIABILITIES

The account represents trust liabilities pertaining to deductions authorized by concerned CAAP officials and employees for payment of salary loans, insurance premiums, etc. of employees for remittance to various non-governmental agencies, such as, AMWSLAI, LBP, Manila Bankers, PHILAM, etc.

This consists of:

	2010	2009
Head Office	2,445,036	676,868
Area 1	52,415	29,043
Area 2	1,460,486	1,381,242
Area 3	264,865	848,211
Area 4	27,605	26,559
Area 5	359,418	214,080
Area 6	418,940	460,969
Area 7	(191,113)	(156,821)
Area 8	(314,165)	(203,554)
Area 9	414,224	-
Area 10	946,437	-
	<b>5,884,148</b>	<b>3,276,597</b>

#### 15. TRUST LIABILITIES

The account consists of:

	2010	2009
Guaranty deposits payable	30,743,248	25,736,424
Performance/bidders/bail bonds	9,934,834	13,533,737
	<b>40,678,082</b>	<b>39,270,161</b>

#### 16. DEFERRED LIABILITIES

These substantially consist of Head Office's credit memos pending identification of the payee. This account is used only for the CYs 2009 and 2010. The account's remaining balance of **P69,624,498.14** is subject to verification/identification in the current year 2011 to close the account. The account also includes advance payments from concessionaires in the total amount of **P108,512.50** for Area 3, 4 and 7.

#### 17. EQUITY

This pertains to the amount invested by the National Government in the form of net assets transferred by ATO and fund transferred/appropriated for the capitalization of CAAP. The twenty five percent (25%) of the total authorized capital stock of P50 billion should be subscribed and at least twenty five percent (25%) of which shall be paid.

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**18. INCOME**

This account consists of:

	2010	2009
Business Income	2,499,328,007	2,720,752,875
Service Income	1,033,236,430	962,766,152
Interest Income	68,006,930	49,786,933
Rent Income	61,248,684	83,202,932
Fines and Penalties	551,897	825,567
Other Income	750,000	
Miscellaneous Income	15,551,420	8,729,918
	<b>3,678,673,368</b>	<b>3,826,064,377</b>

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- a. *Business Income* pertains to operational charges, telecommunications charges, and other fees and charges for the use of aeronautical and air navigation facilities. This consists of:

Income from Communication Facilities	2,484,858,196
Other Business Income	14,197,785
Garbage Fees	272,026
	<b>2,499,328,007</b>

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- b. *Service Income* pertains to fees and charges for licenses, permits, certificates, landing and take-off/ terminal and other services. This consists of:

Toll and Terminal Fees	693,516,688
Landing and Parking Fees	267,453,003
Other Service Income	38,476,845
Other Permits and Licenses	15,100,000
Franchising and Licensing Fees	7,237,745
Clearance & Certification Fees	5,821,699
Comprehensive Examination Fees	2,596,022
Medical, Dental & Laboratories Fees	2,540,463
Permit Fees	335,500
Inspection Fees	158,465
	<b>1,033,236,430</b>

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- c. *Interest Income* pertains to interest earned for savings and current account for both peso and dollar deposits.

- d. *Rent Income* pertains to rental of land and floor areas within the vicinity of CAAP.

- e. *Fines and Penalties* pertain to the charges for delinquent account due at the interest rate of 1% compounded monthly from receipt of a demand letter. This consists of:

Fines and Penalties-Service	551,855
Fines and Penalties-Business	42

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**551,897**

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- f. *Other Income* pertains to grants/donation given by a congressman for the repair of Ozamis Airport.
- g. *Miscellaneous Income* pertains to income not falling under any of the following specific income account as enumerated above. This consists of:

Miscellaneous Income	13,543,447
Miscellaneous Income-Service	2,007,973
	<b>15,551,420</b>

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## 19. SALARIES AND WAGES

The account consists of the following:

	2010	2009
Salaries and Wages - Regular Pay	<b>517,985,416</b>	490,818,220
Salaries and Wages - Casual	<b>85,142,651</b>	73,960,764
Salaries and Wages - Contractual	<b>15,273,863</b>	25,432,258
Salaries and Wages - Emergency		20,000
	<b>618,401,930</b>	590,231,242

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## 20. PERSONNEL BENEFITS CONTRIBUTION

The account consists of the following:

	2010	2009
Life and Retirement Insurance Contributions	<b>69,040,239</b>	62,317,836
PHILHEALTH Contributions	<b>6,166,043</b>	3,308,860
ECC Contributions	<b>4,581,856</b>	3,256,200
PAG-IBIG Contributions	<b>4,204,252</b>	3,629,022
	<b>83,992,390</b>	72,511,918

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## 21. OTHER COMPENSATION

The account consists of the following:

	2010	2009
Overtime and Night Pay	<b>76,614,382</b>	57,598,050
Year End Bonus	<b>58,770,682</b>	52,556,539
Personnel Economic Relief Allowance	<b>51,774,291</b>	19,093,865
Other Bonuses and Allowances	<b>23,239,287</b>	47,141,230
Additional Compensation (ADCOM)	<b>15,265,356</b>	49,766,964
Cash Gift	<b>15,242,204</b>	19,952,651
Clothing / Uniform Allowance	<b>12,234,278</b>	12,069,553
Productivity Incentive Allowance	<b>7,455,255</b>	8,451,707

Hazard Pay	<b>5,327,955</b>	-
Honoraria	<b>2,947,402</b>	413,049
Representation Allowance (RA)	<b>2,291,884</b>	620,494
Transportation Allowance (TA)	<b>1,967,528</b>	510,206
Subsistence, Laundry and Quarter Allowance	<b>351,014</b>	164,250
Longevity Pay	<b>28,700</b>	120,189
	<b>273,510,218</b>	268,458,747

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## 22. OTHER PERSONNEL BENEFITS

The account consists of the following:

	<b>2010</b>	2009
Other Personnel Benefits	<b>98,102,760</b>	118,818,556
Terminal Leave Benefits	<b>77,201,947</b>	214,688,139
Retirement Benefits - Civilian	<b>1,386,934</b>	
Health Workers Benefits	<b>10,200</b>	23,850
	<b>176,701,841</b>	333,530,545

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## 23. PROFESSIONAL SERVICES

The account consists of the following:

	<b>2010</b>	2009
General Services	<b>103,207,136</b>	45,534,637
Security Services	<b>78,680,450</b>	79,583,521
Janitorial Services	<b>34,259,292</b>	29,534,036
Consultancy Services	<b>16,285,812</b>	21,158,533
Auditing Services	<b>4,150,383</b>	546,635
Legal Services	<b>1,216,883</b>	1,204,950
Other Professional Services	<b>13,687,395</b>	24,085,473
	<b>251,487,351</b>	201,647,785

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## 24. UTILITY EXPENSES

The account consists of the following:

	<b>2010</b>	2009
Electricity Expenses	<b>173,637,591</b>	155,514,831
Water Expenses	<b>13,668,916</b>	11,061,928
	<b>187,306,507</b>	166,576,759

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## 25. DEPRECIATION EXPENSES

The account consists of the following:

	2010	2009
Depreciation - Land Improvements	17,224,937	2,289,217
Depreciation - Runways/Taxiways	23,563,485	29,370,261
Depreciation - Other Structures	29,638,719	28,545,449
Depreciation - Office Buildings	7,062,385	4,337,938
Depreciation - Elect., Power & Energy Structures	342,971	399,801
Depreciation - Firefighting Eqipt. & Access.	14,899,601	5,709,686
Depreciation - Communication Equipment	23,514,139	23,534,179
Depreciation - Aircrafts & Aircrafts Ground Equipment.	133,209	242,198
Depreciation - Other Machineries & Equipment	1,976,821	785,529
Depreciation - Airport Equipment	35,240,708	24,650,684
Depreciation - Motor Vehicles	889,443	1,533,884
Depreciation - IT Equipment	3,509,289	2,889,548
Depreciation - Furniture & Fixtures	928,491	389,765
Depreciation - Office Equipment	2,277,734	1,019,580
Depreciation - Medical, Dental and Laboratory Equipment	327,614	266,863
Depreciation - Technical & Scientific Equipment	9,839	
Depreciation - Other Property Plant & Equipment	16,036	12,446
	<b>161,555,421</b>	<b>125,977,028</b>

## 26. REPAIRS AND MAINTENANCE

The account consists of the following:

	2010	2009
Repairs & Maintenance - Other Machineries & Eqipt.	22,912,857	14,792,018
Repairs & Maintenance - Runways / Taxiways	22,667,563	23,833,770
Repairs & Maintenance - Other Structures	21,188,445	20,388,346
Repairs & Maintenance - Firefighting Eqipt. & Access.	13,567,928	5,633,438
Repairs & Maintenance - Office Buildings	11,692,200	11,696,934
Repairs & Maintenance - Airport Equipment	6,054,058	10,505,474
Repairs & Maintenance - Motor Vehicles	4,428,426	4,949,872
Repairs & Maintenance - Communication Equipment	2,918,994	14,523,261
Repairs & Maintenance - Land Improvements	2,771,043	23,572,475
Repairs & Maintenance - Office Equipment	1,864,924	1,660,771



Repairs & Maintenance - IT Equipment & Software	<b>1,287,705</b>	2,623,721
Repairs & Maintenance - Power & Energy Structure	<b>637,976</b>	-
Repairs & Maintenance - Furniture & Fixtures	<b>588,830</b>	439,582
Repairs & Maintenance - Other property Plant & Equipt.	<b>504,565</b>	1,607,564
Repairs & Maintenance - Other Transportation Equipt.	<b>497,501</b>	-
Repairs & Maintenance - Machineries	<b>222,705</b>	498,991
Repairs & Maintenance - Leasehold Improvements	<b>69,581</b>	-
Repairs & Maintenance - Artesian Wells, Reservoirs	<b>43,538</b>	-
Repairs & Maintenance - Waterways and Others	<b>26,148</b>	-
Repairs & Maintenance - Technical & Scientific Equipt.	<b>830</b>	103,147
Repairs & Maintenance - Aircraft & Aircraft Ground Equipt.	<b>790</b>	5,159,431
Repairs & Maintenance - Irr., Canals and Laterals	<b>680</b>	-
Repairs & Maintenance - Medical Equipment	-	4,500
Repairs & Maintenance - Power and Energy Structure	-	245,967
	<b>113,947,287</b>	142,239,262

## 27. SUPPLIES AND MATERIALS

The account consists of the following:

	<b>2010</b>	<b>2009</b>
Gasoline, Oil and Lubricants Expenses	<b>43,574,835</b>	31,846,279
Other Supplies Expenses	<b>24,180,829</b>	19,485,375
Office Supplies Expenses	<b>22,526,254</b>	17,926,526
Accountable Forms Expenses	<b>5,536,286</b>	1,495,547
Medical, Dental and Laboratory Supplies Expenses	<b>695,081</b>	164,019
Food Expenses	<b>211,285</b>	223,992
Drugs & Medicines Expenses	<b>33,266</b>	447,577
Military & Police Supplies Expenses	<b>1,735</b>	-
Textbooks and Instructional Materials Expenses	<b>635</b>	300
	<b>96,760,206</b>	71,589,615

## 28. COMMUNICATION EXPENSE

The account consists of the following:

	2010	2009
Cable, Satellite, Telegraph and Radio Expenses	41,776,410	1,926,595
Telephone Expenses - Landline	9,354,095	10,561,629
Telephone Expenses - Mobile	1,539,812	1,278,111
Internet Expenses	1,465,574	35,811,819
Postage and Deliveries	1,342,470	2,479,395
	<b>55,478,361</b>	<b>52,057,549</b>

### 29. TRAVELLING EXPENSES

The account consists of the following:

	2010	2009
Traveling Expenses - Local	22,014,838	22,370,405
Traveling Expenses - Foreign	3,653,186	734,976
	<b>25,668,024</b>	<b>23,105,381</b>

### 30. DOUBTFUL ACCOUNT EXPENSES

The account consists of:

	2010	2009
Head Office		183,923,398
Area 1	297,453	1,571,308
Area 2	-	3,885,501
Area 3	1,389,482	-
Area 4	671,631	296,232
Area 5	-	-
Area 6	6,198,653	-
Area 7	-	-
Area 8	983,775	681,820
Area 9	-	-
Area 10	-	25,226,636
	<b>9,540,994</b>	<b>215,584,895</b>

### 31. TAXES, DUTIES AND PREMIUMS

The account consists of the following:

	2010	2009
Insurance Expense	4,568,215	2,953,477
Fidelity Bond Premiums	1,088,452	690,768
Taxes, Duties and Licenses	476,126	333,559
	<b>6,132,793</b>	<b>3,977,804</b>

### 32. INTELLIGENCE, EXTRAORDINARY AND MISCELLANEOUS EXPENSE

The account consists of the following:

	<b>2010</b>	2009
Intelligence Expense	<b>5,000,000</b>	-
Miscellaneous Expenses	<b>917,384</b>	1,282,568
Extraordinary Expenses	<b>130,472</b>	234,854
	<b>6,047,856</b>	1,517,422

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### **33. SUBSIDIES**

The account pertains to subsidies received from ARMM Cotabato for salaries and wages of ARMM Personnel at Jolo Airport for CY 2010.