

CIVIL AVIATION AUTHORITY OF THE PHILIPPINES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Agency Profile

The Civil Aviation Authority of the Philippines (CAAP) was created by virtue of Republic Act (RA) 9497, otherwise known as the Civil Aviation Authority Act of 2008 which was enacted on March 4, 2008. Under its Transitory Provisions (Section 85, Chapter XII), Air Transportation Office (ATO), created under RA 776, also known as the “Civil Aeronautics Act of the Philippines” was abolished and all its powers, duties and rights vested by law and exercised by the said agency was transferred to CAAP. Likewise, 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 similarly transferred to CAAP. 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 CAAP.

The mandate of CAAP is in line with the policy of the State to provide safe and efficient air transportation for the country as enunciated in Chapter I, Section 2 (Declaration of Policy) of RA 9497, to wit “*It is hereby declared the policy of the State 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 system, the promotion, development and regulation of the technical, operational, safety and aviation security functions under the civil aviation authority*”.

Chapter II, Section 4 (Organization of Authority) of its enabling law created 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), now Department of Transportation (DOTr) for the purpose of policy coordination.

CAAP is the administrator of the Flight Information Region (FIR) and the Authority managing the aviation sector of the Philippines.

Corporate Objectives

The objectives of the Authority are as follows:

- a. Development and utilization of the air potential of the Philippines;
- b. Encouragement and development of an air transportation system properly adapted to the present and future of foreign and domestic commerce of the Philippines;

- c. 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. Assurance of the safety, quality, reliability, and affordability of air transport services for the riding public; and
- e. Encouragement and development of a viable and globally competitive Philippine aviation industry.

Organizational Structure

The corporate powers of CAAP are vested in a board which is composed of eight members, as follows:

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

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 years, which may be extended for another non-extendible term of four years and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission (CSC).

The DG has two Deputy Director Generals (DDG). Prior to 2011, the two positions already existed to oversee the administrative and operational aspects of the Authority. In order for CAAP to realize its full corporate powers, and pursue the objectives of RA 9497, specifically Section 15 (please refer to the next page under '*Fiscal Autonomy*'), the need to create the position of Chief Financial Officer (CFO) became apparent. The Board of Directors, through Board Resolution No. 2011-006, Series of 2011, approved the creation of the CFO, who shall assume a co-terminus appointment with the appointing authority and the corresponding qualification standards and salary shall be at par/equivalent with that of the DDG.

A Table of Organization (TO), which was developed in consultation with CSC and the Department of Budget and Management (DBM) in 2009, is presently in effect in CAAP. An Organizational Restructuring Program (ORP) was initiated in 2012 with a targeted implementation in 2013.

The ORP is currently undergoing further rationalization and alignment to CAAP's Sustainability Programs as a result of its regained stature as a credible civil

aviation authority in the international civil aviation community. With the regaining of its Category 1 aviation safety status from the US Federal Aviation Administration (FAA) on April 10, 2014, CAAP has freed Philippine civil aviation from all restrictions that had hampered its growth and development since 2008, including the removal of the International Civil Aviation Organization (ICAO) Significant Safety Concerns (SSCs) in March 2013 and the delisting of the Philippine civil aviation from the European Union (EU) Aviation Safety List in July 2013. The ORP was submitted on January 6, 2016 to the Governance Commission for GOCCs (GCG) for approval. It was returned on March 11, 2016 by GCG, without action, enjoining CAAP to align its submission to the prescribed process and forms under GCG Memorandum Circular No. 2015-04, Reorganization, Rationalization and Personnel Planning in the GOCC Sector.

To further streamline the operations of the 81 airports under its management, CAAP implemented new Airport Clustering Scheme in 2013 and created 12 Area Centers from its previous 10, to wit:

Area Center	Location	No. of Satellite Airports
Area 1	Laoag	4
Area 2	Tuguegarao	5
Area 3	Plaridel	2
Area 4	Puerto Princesa	12
Area 5	Legaspi	6
Area 6	Iloilo	5
Area 7	Mactan	5
Area 8	Tacloban	9
Area 9	Zamboanga	8
Area 10	Laguindingan	5
Area 11	Davao	4
Area 12	Butuan	4

Fiscal Autonomy

Under Section 15 of the Implementing Rules and Regulations of RA 9497, 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, the date of effectivity of the CAAP Charter.

Exemption from Taxes, Customs and Tariff Duties

Under 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 therefrom, 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's principal office is located at MIA Road, Pasay City, Metro Manila, Philippines.

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 income and expenses in accordance with state accounting principles generally accepted 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 DOTC Department Order (DO) No. 94-762, s. 1993 where the Cash Basis Method is being used. Also, income are classified and recognized in accordance with the DOTC - 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 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

2.3 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.

- 2.4 Petty cash fund account is maintained under the imprest fund system. Replenishments/liquidations are then charged to the appropriate expense account.
- 2.5 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 accounts. Those incurred after the construction are accounted for as operating costs.
- 2.6 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 per cent residual value.
- 2.7 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 Authority.
- 2.8 Accounts were classified to conform to the new Chart of Accounts prescribed under the New Government Accounting System, which was implemented effective September 20, 2004 under COA Circular No. 2004-008.
- 2.9 The financial statements are presented in Philippine peso, the Authority's functional currency. 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 paragraph 21, PAS 21. These foreign currency monetary items will also be translated at the reporting date using the closing rate in accordance with paragraph 23, PAS 21. The resulting gains or losses from exchange differences are recognized in profit or loss.

3. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2016	2015
Cash in Bank-Local Currency, Time Deposit	7,359,912,567	5,310,577,875
Cash in Bank-Local Currency, Current Account	2,381,618,841	1,599,307,091
Cash in Bank-Foreign Currency Time Deposit	1,480,634,011	638,677,134
Cash in Bank-Local Currency, Savings Account	543,118,938	659,065,799
Cash in Bank-Foreign Currency, Savings Account	368,859,725	271,978,725
Cash-Collecting Officer	57,150,906	19,222,822
Petty Cash Fund	1,381,567	921,638
Payroll Fund	1,230,217	1,037,024
Cash-Disbursing Officer	479,898	305,141
	12,194,386,670	8,501,093,249

In a letter of advice to United Coconut Planters Bank (UCPB) dated May 6, 2015, special savings account 10-120-003118-7 was erroneously subjected for closing instead of special savings account 10-120-004916-7. In CY 2016, the latter account was used in recording interest income. As to the amount of interest recorded, no adjustment is necessary because the two accounts have the same principal amount of P200 million.

4. RECEIVABLES

This account consists of:

	2016	2015
Accounts Receivable	9,315,974,511	9,185,178,261
Less: Allowance for Doubtful Accounts	483,251,198	452,987,050
	8,832,723,313	8,732,191,211
Due from National Gov't Agencies	108,901,726	112,193,408
Receivables-Disallowances/Charges	91,520,733	63,573,364
Due from Local Government Units	42,696,826	42,647,176
Interest Receivable	14,610,025	8,295,719
Due from National Treasury	4,191,382	4,191,382
Due from GOCCs	130,461	130,461
Due from Officers and Employees	0	10,564
Other Receivables	29,435,728	15,017,518
	9,124,210,194	8,978,250,803

Accounts Receivable pertains to amount due from customers for Operating Services by the Head Office and Area Centers.

Receivables-Disallowances/Charges pertains to audit disallowances/charges of public/private individuals/entities which became final and executory.

Due from Local Government Units account pertains to fund transfers from the CAAP–Head Office and some Area Centers to various provincial government for land acquisition.

Interest Receivable pertains to interests earned but not yet received from twenty nine (29) time deposit accounts as follows:

Due from National Treasury pertains to collections of Area Center 11 - Davao of bidders bond and remuneration fees that were deposited with the National Treasury. These will be requested for refund from the Department of Budget and Management.

5. ADVANCES TO OFFICERS AND EMPLOYEES

The account pertains to the balances of unliquidated cash advances for local and foreign travels, and intelligence funds.

6. PROPERTY AND EQUIPMENT

This account consists of the following:

	Land and Land Improvements	Building and Other Structures	Furniture and Equipment	Construction in Progress	TOTAL
Cost:					
At January 1, 2016	2,352,779,078	1,817,081,426	3,709,081,199	957,911,454	8,836,853,157
Additions	426,753,760	57,640,589	415,987,583	400,529,610	1,300,911,542
Disposals	0	0	(2,096,827)	0	(2,096,827)
Adjustments	(252,404,292)	202,352,862	(156,314,097)	(27,674,409)	(234,039,936)
At December 31, 2016	2,527,128,546	2,077,074,877	3,966,657,858	1,130,766,655	9,901,627,936
Accumulated depreciation					
At January 1, 2016	1,098,498,551	1,003,811,888	1,437,569,833	0	3,539,880,272
Additions	87,915,310	71,223,513	263,081,322	0	422,220,145
Disposals	0	0	(1,606,991)	0	(1,606,991)
Adjustments	(99,005,706)	117,370,790	1,858,366	0	20,223,450
At December 31, 2016	1,087,408,155	1,192,406,191	1,700,902,530	0	3,980,716,876
Net carrying amount					
December 31, 2016	1,439,720,391	884,668,686	2,265,755,328	1,330,766,655	5,920,911,060
December 31, 2015					
Cost	2,352,779,078	1,817,081,426	3,709,081,199	957,911,454	8,836,853,157
Accumulated Depreciation/ Adjustment	1,098,498,551	1,003,811,888	1,437,569,833	0	3,539,880,272
Net carrying amount					
December 31, 2015	1,254,280,527	813,269,538	2,271,511,366	957,911,454	5,296,972,885

7. DEFERRED ASSETS

This consists of:

	2016	2015
Deferred Charges	13,653,122	97,249,941
Advances to Contractors	32,502,694	38,861,781
Deposit on Letters of Credit	18,332,140	18,332,140
Other Prepaid Expenses	60,417,660	54,255,301
Prepaid Insurance	1,280,839	0
Prepaid Rent	4,645,896	4,645,896
	130,832,351	213,345,059

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 by the ICAO of the details of disbursements.

Advances to Contractors pertains to advances for mobilization funds of contractors.

Deposits on Letters of Credit pertains to Letters of Credit opened to import various spare parts, equipment, and etc.

Other Prepaid Expenses consists of unused office supplies, accountable forms, fuel, oil, lubricants, drugs and medicines.

Prepaid Rent pertains to payment of lease of lot for the Proposed Remote Apron Parking Area for Disabled Aircraft at Tagbilaran City, Bohol for the entire three-year period.

8. OTHER ASSETS

This account consists of:

	2016	2015
Land Improvements	1,140,535,859	1,140,535,859
Land	1,045,829,501	1,045,829,501
Buildings	920,451,399	920,451,399
Office Equipment	266,406,325	266,406,325
Due from Regional Offices	254,895,140	254,895,140
Construction in Progress-Agency Assets	194,249,976	194,249,976
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	34,572,824	34,587,533
IT Equipment and Software	11,680,589	11,680,589
Furniture and Fixtures	10,678,979	10,678,979
Deposits on Letters of Credit	9,741,461	9,741,461
Const. in Progress-Other Public Infra	5,673,437	5,673,437
Runways/Taxiways	4,027,000	4,027,000
Other Assets-Unserviceable	2,667,277	2,667,277
Other Assets-Area Centers	300,550,121	300,546,176
	4,684,049,283	4,684,060,047

The amount of P4,681,382,005 pertains to dormant, undocumented, non-moving and unidentified assets pending verification and the balance of P2,667,278 represents unserviceable assets awaiting final disposition which include office building, office equipment, furniture and fixtures, firefighting equipment and accessories and motor vehicles.

9. ACCOUNTS PAYABLE

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

	2016	2015
Head Office	131,657,482	215,603,254
Area 1	8,359,433	9,789,686
Area 2	18,761,089	7,394,638
Area 3	2,126,196	4,251,618
Area 4	19,225,412	10,026,967
Area 5	16,424,862	12,653,050
Area 6	13,364,832	37,217,940
Area 7	2,626,559	13,061,424
Area 8	5,940,223	528,296
Area 9	1,047,210	1,026,009
Area 10	115,091	9,475,749
Area 11	78,192,426	75,114,275
Area 12	10,153,479	2,159,920
	307,994,294	398,302,826

10. DUE TO OFFICERS AND EMPLOYEES

The account refers to the amounts due to officers and employees of the agency which includes accrual of terminal leave benefits, overtime, salaries, and other claims pertaining to personal services.

11. DUE TO GOVERNMENT AGENCIES

This account consists of:

	2016	2015
Due to Bureau of the Treasury	6,313,798,318	2,041,457,588
Due to Other Government Agencies	136,234,973	138,335,848
	6,450,033,291	2,179,793,436

Due to Bureau of the Treasury pertains to unpaid dividends which represent 50 per cent of net profit from 2008 to 2015 relative to RA 7656, An Act Requiring Government-Owned and Controlled Corporations to Declare Dividends under

Certain Conditions to the National Government and for Other Purposes. Dividend computation is as follows:

	2016	2015	2014	2013	2012	2011	2010	2009	2008	Total
	(In Millions)									
Audited Net Income After Tax but Before Subsidy	4,249.76	3,276.25	2,466.34	2,085.31	1,925.71	1,402.51	1,417.67	1,240.60	943.31	
Add: Allowance for Doubtful Accts.	30.46	15.03	48.19	56.98	22.45	21.49	9.54	215.58	1.58	
Forex Loss					125.49		72.79	164.90		
Loss on Disposal	0.28									
Total	4,280.50	3,291.29	2,514.52	2,142.29	2,073.65	1,424.01	1,500.00	1,621.09	944.89	
Less: Forex Gain	119.91	79.74	13.24	19.85	0	44.88	0	0	0.62	
Dividends Base	4,160.59	3,211.55	2,501.29	2,122.44	2,073.65	1,379.12	1,500.00	1,621.09	944.27	
Multiply by Dividend rate	50%	50%	50%	50%	50%	50%	50%	50%	50%	
Dividends Declared	2,080.30	1,605.77	1,250.64	1,061.22	1,036.82	689.56	750.00	810.54	472.13	9,757.00
Payments made							374.84	810.26	177.88	1,362.98
Total Dividends Due	2,080.30	1,605.77	1,250.64	1,061.22	1,036.82	689.56	375.16	0.28	294.25	8,394.02

Under Section 15 of the Implementing Rules and Regulations of RA 9497, 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, the date of effectivity of the CAAP Charter. CAAP, however, being a Government Owned and Controlled Corporation (GOCC) is mandated by RA 7656 to declare and remit at least fifty per cent (50%) of its annual net earnings as cash, stock or property dividends to the National Government (NG). In January 2015, in light of the need for CAAP to invest in infrastructure and technology, particularly with the onset of the ASEAN Single Aviation Market (ASAM), CAAP has made known through a letter to the Department of Finance (DoF) dated February 18, 2013, its preference to defer the implementation of this provision of RA 7656 and, in the future through appropriate procedures, be exempted from this provision as a measure of achieving its sustainability objectives. The flexibility of managing its own revenues is a key factor to ensure CAAP's ability to exercise its regulatory mandate expediently and effectively.

Out of the P6.31 billion dividends due, P1.98 billion was remitted last May 15, 2017.

Due to Other Government Agencies consists of the following:

	2016	2015
Prior years' ATO transactions transferred to CAAP books	51,399,606	51,399,606
Funds received from DOT for asphalt paving of runway shoulder at Kalibo Airport	5,000,000	5,000,000
Funds from DOTr for the salaries of employees assigned at the Cotabato Airport under ARMM	2,741,011	2,741,011
Unremitted funds for Anti-Hijacking and Terrorism Campaign	10,561,934	1,751,615
Due to BIR	46,900,889	50,109,197
Due to GSIS	14,206,311	23,815,170
Due to Pag-IBIG	3,423,312	2,747,424
Due to PhilHealth	1,933,901	706,428
Due to LGUs	15,652	15,652
Due to GOCCs	2,252	0
Others	50,105	49,745
	136,234,973	138,335,848

12. TRUST LIABILITIES

The account consists of:

	2016	2015
Guaranty Deposits Payable	71,537,300	99,373,997
Performance/Bidders/Bail Bonds	25,237,913	24,401,285
	96,775,213	123,775,282

Guaranty Deposits Payable pertains to liability arising from cash received to guaranty performance which are refundable to the depositor.

Performance/Bidders/Bail Bonds pertains to liability arising from the receipt of cash bond to guarantee the performance of the contract.

13. DEFERRED CREDITS

The account's balance of P108,466,397 and P185,422,672 as of December 31, 2016 and 2015, respectively pertains to the Head Office's credit memos representing payments received through fund transfers from Airlines abroad for air navigation charges. The account is subject to verification/identification of payees to possibly close the account.

14. GOVERNMENT EQUITY

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 independent and qualified appraisers within six 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.

Out of the P50 billion authorized capital stock, the paid up capital amounted to P13.6 billion.

15. RETAINED EARNINGS

This account pertains to the accumulated earnings (losses) starting July 2008 onwards when CAAP was established and became operational.

Correction of prior years' income pertains to the following:

	2016	2015
Adjustments on Depreciation	(46,414,100)	(135,981,968)
Adjustment of Receivables/Income	5,007,790	5,391,790
Liquidation/Reimbursement of Cash Advances	(4,953,763)	(15,501,406)
Payment of Various Expenses	(41,719,125)	(13,577,084)
Reclassifications/Adjustments	(14,971,941)	129,411,008
Set-up of Accounts Payable	20,318,208	0
Payment of Accountable Forms/Supplies	0	(2,405)
	(82,732,931)	(30,260,065)

16. INCOME

This account consists of:

	2016	2015
Business Income	4,654,699,900	3,916,192,181
Service Income	2,926,440,562	2,482,476,577

	2016	2015
Rent Income	100,658,584	108,618,902
Interest Income	104,004,973	69,714,173
Fines and Penalties	3,642,418	4,387,326
Miscellaneous Income	56,111,171	73,759,169
	7,845,557,608	6,655,148,328

Business Income pertains to operational charges, telecommunications charges and other fees and charges for the use of aeronautical and air navigation facilities. The balances at December 31, 2016 and 2015 pertains substantially to income from communication facilities of P4,605,524,670 and P3,876,157,804, respectively.

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

	2016	2015
Toll and Terminal Fees	2,231,275,241	1,888,508,324
Landing and Parking Fees	481,683,553	416,759,428
Other Service Income	149,341,325	131,273,246
Clearance & Certification Fees	19,377,151	15,139,681
Franchising and Licensing Fees	12,763,784	13,787,642
Comprehensive Examination Fees	17,767,108	7,738,897
Medical, Dental & Laboratories Fees	9,619,998	8,593,220
Inspection Fees	4,494,353	636,138
Permit Fees	118,049	40,000
	2,926,440,562	2,482,476,577

Rent Income pertains to rental of land and floor areas within the vicinity of CAAP airports.

Interest Income pertains to interests earned from savings and current accounts for both peso and dollar deposits.

Fines and Penalties pertains to the charges for delinquent accounts at the interest rate of 1 per cent compounded monthly from receipt of a demand letter.

Miscellaneous Income pertains to income not falling under any of the following specific income accounts as enumerated above.

17. SALARIES AND WAGES

The account consists of the following:

	2016	2015
Salaries and Wages - Regular Pay	906,062,820	840,104,002
Salaries and Wages - Casual	875,556	1,535,591
	906,938,376	841,639,593

18. PERSONNEL BENEFITS CONTRIBUTION

The account consists of the following:

	2016	2015
Life and Retirement Insurance Contributions	107,641,516	98,262,152
PhilHealth Contributions	9,905,489	7,950,042
Pag-IBIG Contributions	3,683,969	2,842,925
ECC Contributions	3,102,967	2,900,806
	124,333,941	111,955,925

19. OTHER COMPENSATION

The account consists of the following:

	2016	2015
Overtime and Night Pay	137,522,544	141,728,211
Year-End Bonus	147,875,776	71,514,567
Personnel Economic Relief Allowance	61,236,660	57,298,496
Hazard Pay	27,187,164	38,732,841
Clothing / Uniform Allowance	15,666,600	12,543,000
Cash Gift	13,328,000	12,443,012
Representation Allowance	7,819,125	8,051,486
Transportation Allowance	7,329,625	7,440,909
Other Bonuses and Allowances	3,294,574	6,555,933
Honoraria	3,571,803	4,401,710
Longevity Pay	7,020,000	577,038
Subsistence, Laundry and Quarter Allowance	241,050	221,250
Productivity Incentive Allowance	875,000	75,000
	432,967,921	361,583,453

20. OTHER PERSONNEL BENEFITS

The account consists of the following:

	2016	2015
Terminal Leave Benefits	60,279,356	146,064,682
Technical Incentive Allowance	42,210,341	37,122,496
	102,489,697	183,187,178

21. PROFESSIONAL SERVICES

The account consists of the following:

	2016	2015
Security Services	211,545,758	200,490,846
General Services	179,700,197	181,848,079
Janitorial Services	112,334,352	109,737,663
Consultancy Services	56,594,349	62,568,260
Auditing Services	29,810,982	25,045,954
Legal Services	11,040	52,832
Other Professional Services	192,428,667	152,600,431
	782,425,345	732,344,065

22. UTILITIES

The account consists of the following:

	2016	2015
Electricity Expenses	298,007,304	295,031,742
Water Expenses	20,740,337	18,318,682
	318,747,641	313,350,424

23. REPAIRS AND MAINTENANCE

The account consists of the following:

	2016	2015
Repairs & Maintenance - Other Structures	61,415,063	55,604,561
Repairs & Maintenance - Office Buildings	27,566,044	34,931,489
Repairs & Maintenance - Runways / Taxiways	33,434,728	32,683,229
Repairs & Maintenance - Airport Equipment	9,268,690	24,239,682
Repairs & Maintenance - Other Machineries & Equipment	19,909,965	22,504,903
Repairs & Maintenance - Land Improvements	16,737,961	10,410,926
Repairs & Maintenance - Motor Vehicles	5,003,286	8,194,478

	2016	2015
Repairs & Maintenance - Office Equipment	1,088,830	3,495,915
Repairs & Maintenance - Other Property & Equipment	4,867,204	2,976,408
Repairs & Maintenance - Communication Equipment	4,195,482	2,528,984
Repairs & Maintenance - Firefighting Equipment & Accessories	403,630	1,923,440
Repairs & Maintenance - Aircraft & Aircraft Ground Equipment	0	1,054,248
	183,890,883	200,548,263

24. SUPPLIES AND MATERIALS

The account consists of the following:

	2016	2015
Gasoline, Oil and Lubricants	33,205,260	34,041,890
Office Supplies	30,007,974	26,011,847
Accountable Forms	12,258,999	11,906,036
Drugs and Medicines	540,220	462,149
Other Supplies and Materials	65,983,711	65,121,802
	141,996,164	137,543,724

25. TRAVELING

The account consists of the following:

	2016	2015
Traveling - Local	51,015,995	52,520,983
Traveling - Foreign	12,125,662	12,131,437
	63,141,657	64,652,420

26. COMMUNICATION

The account consists of the following:

	2016	2015
Cable, Satellite, Telegraph and Radio	40,619,160	42,718,903
Telephone - Landline	9,107,493	9,072,389
Internet	5,306,934	5,304,025
Postage and Deliveries	2,751,774	2,656,488
Telephone - Mobile	2,396,456	2,264,682
	60,181,817	62,016,487

27. RENT

The increase in the account pertains substantially to the rental of aircraft with automatic flight inspection system provision and services which shall be use for the certification of navigation aids facilities through periodic flight inspection and calibration to ensure the safety of the flying public.

28. REPRESENTATION

This account pertains to expenses for official meetings and conferences.

29. CONFIDENTIAL, EXTRAORDINARY AND MISCELLANEOUS

Under Joint Circular No. 2015-01 dated January 8, 2015 among the Commission on Audit, Department of Budget and Management, Department of Interior and Local Government, Governance Commission on GOCCs and Department on National Defense, confidential expenses may now be recognized in the agency books upon submission of the liquidation vouchers to the Office of the Chairman, COA instead of upon receipt of the Credit Notice.

30. OTHER MAINTENANCE AND OPERATING EXPENSES

This account pertains to the expenses not otherwise classified under the specific maintenance and other operating expense accounts. The significant increase was due to the liquidation of daily subsistence allowance given to authorized officers and employees.

31. GAIN (LOSS) ON FOREIGN EXCHANGE

This account pertains to the amount of gain or loss in the conversion of foreign currencies in accordance with the par. 23 of PAS 21. The significant increase was due to the inflation of year-end closing Peso per U.S. dollar rate from P47.166 in CY 2015 to P49.813 in CY 2016.

32. INCOME FROM GRANTS AND DONATIONS

This account pertains to the transfer of cost of 1 lot meteorological equipment from DOTr, motor vehicles from UNDP in CY 2016, and donation of three aircrafts from Department of Education in CY 2014.