

Republic of the Philippines
CATANDUANES STATE UNIVERSITY
Virac, Catanduanes

NOTES TO FINANCIAL STATEMENTS

Note 1 General Information / Agency Profile

The consolidated financial statements of Catanduanes State University were authorized for issue on February 14, 2022 as shown in the Statement of Management Responsibility for Financial Statements signed by Patrick Alain T. Azanza, SUC President III of the university.

The CSU's beginning dates back to June 18, 1961 when Republic Act 3398, which called for the establishment of Virac National and Agricultural Trade School (VNATS), was enacted. Ten years thereafter, Republic Act 6341 converted VNATS into Catanduanes State Colleges. CSC started its operations in 1972 upon the full implementation of RA 6341, which was amended by RA 6590, and later repealed by Presidential Decree 1437 on June 10, 1978.

Likewise, CAIC came into being under several issuances. On July 7, 1947, Panganiban Provincial High School was created through an unnumbered resolution. It was converted to Alicia Agricultural and Industrial School on May 17, 1952 under RA No.705. RA 1429 converted Alicia Agricultural and Industrial School to Catanduanes Agricultural and Industrial School (CAIS) on June 14, 1956. On September 19, 1971, by virtue of Republic Act 6130, CAIS was converted to Catanduanes Agricultural and Industrial College. Pursuant to Special Provision No. 2 of the CHED FY 1999 budget under the General Appropriations Act of 1999 (RA 8745) which mandated the integration of CHED supervised institutions to State Universities and Colleges (SUC), CAIC was integrated to the Catanduanes State Colleges on October 31, 1999.

On March 29, 2011, House Bill No. 4170, which called for the conversion of CSC into Catanduanes State University, was filed in the 15th Congress. President Benigno Simeon C. Aquino III, on October 19, 2012, finally signed Republic Act 10229 converting Catanduanes State Colleges into Catanduanes State University.

The Catanduanes State University assists in the provincial, regional and national development efforts through the delivery of instruction and extension services and the continuous pursuit of research activities consistent to provincial, regional and national development thrusts. It pursues the overriding philosophy of streamlining its offering to promote the socio-economic condition of the clientele it serves. In harmony with the national philosophy of the Commission on Higher Education and the philosophy of Higher Education in Region V, the institution shall endeavor to empower the people in its service area to become morally, socially and technologically upright; to become responsive to the needs of the community for the optimum and sustainable development of human and natural resources for higher productivity and global competitiveness.

Higher Education in this University is geared towards the pursuit of better quality of life for all its clientele, the people in its service area by emphasizing the acquisition of knowledge and formation of those skills necessary to make the individual productive member of the society. It shall accelerate the development of professionals that will search for new knowledge and provide leadership in the various disciplines through a dynamic and self-sustaining economy. Higher Education shall likewise be used to harness the productive capacity of the country's human resources towards international competition.

Through the spirit of cooperation, unity and hard work among school personnel, the students and community, CSU shall serve as a key instrument and active resource for spiritual, moral, social and sustainable economic development of the family and the community.

Note 2 Statement of Compliance and Basis of Preparation of Financial Statements

The consolidated financial statements have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method

NOTE 3 Summary of Significant Accounting Policies

- 3.1 The financial statements are prepared on an accrual basis in accordance with Philippine Public Sector Accounting Standards.

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of CSU Main and its satellite campus, CSU Panganiban.

All income and expenses are recognized when earned and incurred and reported in the financial statement in the period to which they relate. In recording tuition fees of students, upon enrollment, the School Fee (tuition) income account is credited in full, and at the end of the year, the unearned portion is credited to Other Deferred Credits which is reversed at the start of the year. The same procedure is done in the recording of income for all income generating projects/other business income of the University. Accounts receivables are set up and the general or specific income accounts are credited according to nature and classification.

- 3.2 Allowance for impairment was provided this year. A listing and ageing of receivable was made.

- 3.3 Petty Cash Fund (PCF) account is maintained under the Imprest System. All replenishments are directly charged to expense account. The PCF was not used to purchase regular inventory items for stock.
- 3.4 Payable accounts at the end of the year were recognized and recorded in the books of accounts when delivery of goods and rendition of services have been made. All unclaimed checks at yearend were reverted to Cash in Bank account and a Payable account was set-up.
- 3.5 Accounts were classified to conform to the Revised Chart of Accounts for National Government Agencies prescribed under COA Circulars 2013-002 and 2014-003.
- 3.6 Fundamental errors of prior years were corrected by using the Accumulated Surplus/ (Deficit) account. Errors affecting current year operation are charged to the current year's account.
- 3.7 Measurement uncertainty. The preparation of consolidated financial statements in conformity with PPSAS, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

I. STATEMENT OF FINANCIAL POSITION

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash in bank,

	2021	2020
Petty Cash	310,000.00	310,000.00
Cash in Bank - Local Currency	82,607,853.10	74,411,652.61
Cash-Treasury/Agency Deposit, Reg	765,616.20	606,332.81
	83,683,469.30	75,327,985.42

4.1 CSU maintains four (5) Petty Cash Funds broken down as follows:

a) General Fund – 100,000.00; 60,000.00 for CSU Main, 30,000.00 for Panganiban Campus and 10,000.00 for Postage and Courier expenditures of the Records Services Unit.

b) Fund 164 – 110,000.00 (60,000.00 and 20,000.00) for CSU Main and (30,000.00) for Panganiban Campus. The twenty thousand (20,000.00) PCF was established in 2020 for use of the drivers during their travel to mainland. Drivers are allowed/authorized to cash advance for payment of expenses like bill of lading, toll fee, emergency repair of vehicle and gasoline. This PCF shall not be used for payment of fare, travel allowance, hotel/lodging expenses and meal allowance of drivers

c) Fund 163 – 100,000.00 (70,000.00 and 30,000.00) for CSU Main and Panganiban campus respectively.

4.2 The balance of Cash in Bank, Local Currency consists mainly of collections of tuition and other school fees, sales generated from the Income Generating Projects of the university, and collections for special project/purpose (Trust Fund).

NOTE 5 – RECEIVABLES

	2021	2020
Accounts Receivable	9,372,891.84	11,383,299.23
Other Receivables	20,174,701.30	476,878.68
<i>Less - Allowance for Impairment</i>	<i>(571,419.21)</i>	<i>(540,431.91)</i>
Total Receivables - Current	28,976,173.93	11,319,746.00
Loans Receivable, Others	219,728.57	219,728.57
Due from NGAs	147,035.22	218,138.71
Total Receivables – Non Current	366,163.79	437,867.28

5.1 The balance of Accounts Receivable consists mainly of collectible from:

5.1.1 Tuition and other school fees – 2,984,872.68

The balance represents unpaid tuition and other school fees for current and previous school years for both college and graduate students.

5.1.2 Enhancement Fee – 1,248,434.95

5.1.2 Income Generating Projects and Dormitory Operation – 5,139,584.21

The Corporate Business Operations – the revenue generation arm of the Catanduanes State University, through the IGP Marketing Center, sells the various produce of its IGP projects, largely, to the faculty, staff and students of the university. CSU employees are allowed to purchase products on account and payment is made through salary deduction.

As part of the auxiliary service of the university to its students, it operates a dormitory that caters only to female students. A monthly rental of Php600 is charged to every student boarder. The facility can accommodate a maximum of 120 lodgers. In 2021, due to pandemic, the university did not earn income from its dormitory operation.

5.1.3 Other Receivables balance of 20,174,701.30 represents receivable from other funds (intra agency/fund receivable); these are payment of accounts made thru

payroll deductions that are yet to be remitted or transferred to other funds as of December 31, 2021, and from university employees, particularly faculty members who were granted scholarship to pursue a post graduate program/degree but failed to finish/complete the degree in violation of the provisions of the CatSU Policies Governing the Integrated Staff Development Program.

- 5.1.4 Loans Receivable – Others represents due from student borrowers who were granted interest free loans under the Student Financial Assistance Program (STUFAP) of the Commission on Higher Education (CHED).CHED allotted 432,000.00 for CSU and released the funds intended for the purpose in five tranches as follows:

	Date	Amount
1st batch	May 20, 2004	116,000.00
2nd batch	June 1, 2004	36,000.00
3rd batch	June 3, 2004	8,000.00
4th batch	June 14, 2004	72,000.00
5th batch	September 2004	200,000.00

A total of 78 and 24 students from CSU Main and Panganiban Campus, respectively, were granted financial assistance. The total amount disbursed or released to students was 431,998.00. To date, total loan repayments amount to 208,913.69. The agency allowed payment through salary deduction for CSU employees who signed as co-makers of students who availed of STUFAP loans.

- 5.5 Due from NGA's account represents receivable of Panganiban Campus to other NGA – 8,962.72, while the balance of 138,072.50 represents payment for procurement made to DBM Procurement Service. To date, the agency is yet to claim the ordered supplies due to unavailability of stocks

NOTE 6 – INVENTORIES

Inventory is measured at cost upon initial recognition. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the agency.

Perpetual Inventory Method was used in recording purchase of supplies and materials. Regular purchases were coursed through the inventory control account maintained in the General Ledger and issuances thereof were recorded as they took place except those purchased out of Petty Cash Funds which were charged directly to the appropriate expense account.

The cost of ending inventory of office supplies and materials and other inventory items were computed using the First in First Out (FIFO) method

	2021	2020
Merchandise Inventory	247,788.03	247,788.03
Office Supplies Inventory	591,093.21	1,132,179.80
Accountable Forms Inventory	-	23,250.02
Non-Accountable Forms Inventory	-	144,994.50
Medical, Dental & Laboratory Supplies Inventory	-	151,370.09
Fuel, Oil & Lubricants Inventory	-	206,611.16
Agricultural & Marine Supplies Inventory	110,942.60	8,300.00
Construction Materials Inventory	1,072,572.54	1,016,257.88
Other Supplies & Materials Inventory	182,371.42	23,803.27
Total	2,224,891.60	2,954,554.75

NOTE 7 – INVESTMENT PROPERTY and PROPERTY, PLANT and EQUIPMENT

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE. The characteristics of PPE are as follows:

- tangible items
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably.

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost. A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition. The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date. Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement After Recognition

After recognition, all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When significant parts of property,

plant and equipment are required to be replaced at intervals, the Agency recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

Depreciation

The Straight Line Method of depreciation was used in depreciating the Property Plant and Equipment; with estimated useful life ranging from three to thirty years. The Agency uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA. A residual value computed at five percent (5%) of the cost of asset is set. For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

	2021	2020
Investment Property, Buildings	40,643,683.23	40,643,683.23
Less - Accumulated Depreciation	5,928,699.44	4,641,649.52
Net Book Value	34,714,983.79	36,002,033.71
Land	1,871,923.92	1,871,923.92
Land Improvements - Aquaculture Structures	688,312.14	688,312.14
Other Land Improvements	85,779,577.05	34,377,948.09
Water Supply Systems	102,950.00	102,950.00
School Buildings	268,966,531.30	291,019,916.50
Other Structures	35,058,969.90	23,180,951.43
Machinery	13,312,586.90	12,498,870.90
Office Equipment	28,248,400.75	26,484,016.50
ICT Equipment	62,712,980.87	49,820,167.87
Agricultural, Fishery & Forestry Equipment	10,026,869.00	5,076,077.00
Communications Equipment	219,030.00	212,545.00
Medical, Dental & Laboratory Equipment	18,307,000.00	11,350,350.00
Sports Equipment	795,788.00	974,588.00
Technical & Scientific Equipment	34,061,915.97	26,963,158.97

Other Machinery and Equipment	18,034,551.86	12,624,254.87
Motor Vehicles	13,232,430.00	13,432,980.00
Furniture and Fixtures	1,063,498.76	877,422.76
Library Books	890,596.00	761,576.00
Other Property, Plant and Equipment	480,229.00	738,978.00
Construction in Progress - Land Improvements	-	13,481,365.26
Construction in Progress - Buildings & Other Structures	347,841,217.14	152,586,331.71
Less - Accumulated Depreciation	240,277,602.63	213,494,476.31
Net Book Value	701,417,755.93	465,630,208.61

- 7.1 Investment Property, Building – cost of CBO building and CSU Commercial Center which is being rented to stallholders, and the International Student House (CSU Hostel), the ground floor is leased to Land Bank of the Philippines.
- 7.2 Land represents the value of lots located at Calatagan, Virac, Catanduanes where the main office is located and CSC Panganiban where the annex office is located. Of the 149 parcels of land 83 are covered with transfer certificate of titles, 29 are with land patent while 37 lots are still without titles.
- 7.3 Land Improvement, Aquaculture Structures – cost of fishpond, fish cage and dikes located at Panganiban Campus.
- 7.4 Other Land Improvements – cost of constructions of land improvements such as road pavements, perimeter fences, athletic oval, canal system, covered path walks, tennis court, gate, service roads and others.
- 7.5 School Buildings account is consists of administration and academic buildings located at CSU Main and Panganiban Campus. It also includes CATNET buildings 1 and 2 valued at PhP5, 620,800.94 built at land owned by the Provincial PNP Command. Building 1 is currently occupied by the Department of Information and Communication Technology under usufruct; Building 2 is used as headquarters of the Virac Municipal Station

- 7.6 Other Structures – cost of structures such as Piggery Building, Goat Shed, MRF Building and the likes.
- 7.7 Machinery and Equipment accounts – costs of equipment such as desktop and laptop computers, printers, cameras, photocopiers, air-conditions, projectors, television sets, refrigerators, typewriters, public address system, ring binding machines, water pumps, grass cutters, egg incubator, farm tractors, weighing scales, generators, cellular phones and others which are used by the university in its operations.
- 7.8 Motor Vehicles. This account is consists of the school buses, vans, mini truck, cars and other service vehicles which are used by CSU in its operations.
- 7.9 Books. The balance of this account represents the amount of books and other reference materials that were issued to the university’s main library and the libraries of the colleges including Panganiban campus.

NOTE 8 – BIOLOGICAL ASSETS

8.1 Breeding Stocks – 750,130.00. This account includes group of animals maintained by the College of Agriculture - Main and Panganiban campus, such as carabao, bull, swine, sheep and goat for reproduction or breeding.

8.2 Livestock – 440,307.00 includes all the domestic animals raised by the College including those reared by the CBO for its income generating projects.

NOTE 9 – OTHER ASSETS

Other Assets balance of 46,502,403.30 is composed of advances and prepayments the details of which are as follows:

- a. Advances for Payroll – Fund 101 – 373,788.94, and Fund 164 – 64,000.00. This account includes stipend of TES student grantees and unclaimed wages and other benefits of employees.
- b. Advances to Officers and Employees – Fund 101 – 51,854.75 and Fund 164 – 5,260.00. The amount includes advances to employees of the University for Official Travel which were unliquidated as of the close of the period.
- c. Advances to Special Disbursing Officers - Fund 164 – 37,286.73, and Fund 163 – 6,162.60. The amount includes advances to accountable officers and employees of CSU for special purpose undertakings
- d. Advances to Contractors – Fund 101 – 45,609,083.19 and Fund 164 – 354,967.09. This amount represents the advance payment or mobilization fee paid to contractors

NOTE 10 – LIABILITIES

	2021	2020
Accounts Payable	18,606,054.41	19,708,669.77
Due to Officers and Employees	3,749,391.92	-
Tax Refunds Payable	452,641.90	-
Due to BIR	9,193,752.72	3,843,113.97
Due to GSIS	157,832.28	262,470.67
Due to Pag-IBIG	452,737.86	581,924.51
Due to Philhealth	24,415.18	697,672.90
Due to NGAs	32,966,145.96	7,748,243.57
Trust Liabilities	21,406,537.50	37,179,936.33
Guaranty/Security Deposits Payable	33,663,480.81	17,442,628.36

Other Deferred Credits	481,500.00	-
Other Payables	3,913,118.32	3,913,118.32
Total	91,377,778.40	91,377,778.40

This account is consist of current liabilities: payable accounts and inter-agency payables, outsourced funds from various National Government Agencies and other liabilities.

- 10.1 Accounts Payable account consists mainly of amount due to suppliers for goods delivered and services rendered which were charged from the allotment of the agency; salaries and wages of regular and contractual employees; other compensation such as pera, honoraria, overtime pay, hazard pay and other allowances due to the employees; personnel benefit contributions – government share; other personnel benefits – terminal leave; and payment for utilities, internets subscription, magazine and newspaper subscription, security services and claim for travels.
- 10.2 Inter-Agency Payables. These are obligations due to other government institutions such as BIR, HDMF and PHIC. Due to Philhealth and Due to Pag-Ibig accounts are premium and loan payments withheld from employees that are due for remittance.
- 10.4 Due to NGAs account represents the unexpended amount of funds received or transferred from various national government agencies such as Commission on Higher Education, Department of Science and Technology, Department of Agriculture – Bureau of Fisheries and Aquatic Resources, and Commission on Human Rights. Catanduanes State University received these funds for implementation of specific programs or projects.
- 10.5 Trust Liabilities – the balance of this account represents collections or receipts held by CSU in trust for specific purpose. Included in this account are the following:

Bidding Proceeds	1,252,732.06
SAFE/ESGPPA/TES	9,030,321.31
FCSC	1,366,825.00
Student Publication	1,018,350.00
Provident Fund	1,864,061.31
Student Teaching	91,645.00
Gym Deposit	11,000.00
Student Insurance	635,249.66
CHED - Abaca Propagules (Panganiban)	5,295,253.00
Others	841,100.16
Total	21,406,537.50

10.6 Other Payables account includes: collection for goods held on consignment by the Corporate Business Operations, unremitted deductions made from the salaries and wages of employees as payment for goods purchased on account, and payables to other funds due to erroneous deposits or disbursements. The following comprises this account:

CSU MPC	8,136.00
CASUNEA	500.00
CSU Panganiban - Tuition and OSF	1,605,660.00
DOLE - SPES	56,074.56
CBO - Books and ID	412,849.32
TECHNOGABAY	7,956.17
OTHERS (intra fund)	6,266,085.91
Total	8,357,261.96

STATEMENT OF FINANCIAL PERFORMANCE

NOTE 11 – SUBSIDY FROM NATIONAL GOVERNMENT

Total NCA received for 2021 – 614,801,243.00. Total remittance of taxes withheld thru Tax Remittance Advice amounted to 32,433,428.22

Total reverted lapsed NCA for 2021 – 27,527,963.64.

NCA Received -2021	614,801,243.00
Tax Remittance Advice Issued to BIR	32,433,428.22
Total	647,234,671.22
NCA Reverted	27,527,963.64
Replacement of Stale Checks	693,581.55
Subsidy from National Government	423,787,423.87

NOTE 12 – INCOME AND EXPENSES

12.1 Income and expenses recorded in the books of accounts amounted to 68,474,348.25 and 480,609,082.47 respectively, broken down as follows:

	Income	Expenses
General Fund	292,864.04	411,136,565.24
Utilization of Income	61,502,149.47	63,979,497.94
Revolving Fund - IGP	6,596,155.46	4,907,473.18
TLA	83,179.28	585,546.11
	68,474,348.25	480,609,082.47

12.2 The income of the university is comprised of:

- a. Service Income238,120.00
- b. Income from tuition and other school fees.....58,659,252.98
- c. Rent/Lease Income.....3,101,538.28

Includes income from use of government properties and facilities such as gymnasium, HRD building, and lease of stalls

- d. Sales Revenues.....4,133,888.82

(Gross sales: 4,590,291.46; cost of sales: 456,402.64)

These are income from sale of agricultural and fishery products and merchandise of the income generating projects of the university. It also includes revenue from photocopying services and ID production.

- e. Miscellaneous Income.....844,135.60

Pertains to liquidated damages collected by the agency from suppliers and contractors who failed to deliver goods and complete the work within the specified contract time.

- f. Other Business Income.....734,810.57

These are income from sale of agro/agri products from the College of Agri-Fisheries such as native chicken, ducks, goats, coconut, eggplant, and other agricultural products.

- g. Income from Grants in Donation in Kind762,602.00

This includes equipment purchased from DOST funded projects.

12.3 Expenses incurred for 2021 included:

12.3.1 Salaries and Wages – Regular and Contractual

CSU paid 165,268,802.03 for the salaries of its regular employees and 10,731,613.56 for its casual and contractual employees.

12.3.2 Other Compensation

- a. PERA.....a total of 10,337,810.69 were granted to all regular, contractual and casual employees of the university based on the guidelines set forth in Budget Circular 2009-3.
- b. RATA.....total allowances granted to authorized officials of the university based on the rules stated in National Budget Circular 546 amounted to 1,969,000.00
- c. Clothing/Uniform Allowance – CSU paid 2,322,000.00 for the clothing allowance of its regular and contractual employees. The rules and regulations prescribed under Budget Circular 2012-1 were used as bases in the grant of this allowance.

d. Other Bonuses and Allowances consist of the following:

MIDYEAR BONUS.....	14,625,692.00
ANNIVERSARY BONUS.....	3,920,000.00
PEI.....	2,078,500.00
CNA.....	10,776,545.64
SRI.....	3,527,000.00

CNA Incentives were granted as a result of the savings generated from cost-cutting measure identified in the Collective Negotiation Agreement which resulted from joint efforts of labor and management and system/productivity improvement based on the guidelines provided under Budget Circular 2019-5 dated November 7, 2019 .