



**Republic of the Philippines
CAGAYAN STATE UNIVERSITY
Carig, Tuguegarao City**

**NOTES TO FINANCIAL STATEMENTS
(Consolidated)**

1. GENERAL/AGENCY PROFILE

The Cagayan State University was established on June 11, 1978 by virtue of Presidential Decree 1436. It is mandate by its charter to provide better services in professional and technical training in the arts, sciences, humanities and technology. The main missions are academic, instruction, research, extension and production. The purpose of the University is to provide advanced education in the arts and sciences, gives professional and technical training; encourage and undertake research, conduct training and extension services; and encourage the application of knowledge. It is the vision of the University to become a model higher education institution in Region 2. Towards this, the CSU shall pursue an effective, efficient and responsive administration of instruction, research, extension and production programs. The University has seven (7) Campuses.

All Satellite Campuses were fully decentralized since April 1, 2003. Recording and preparation of Financial Statements are all done in the Satellite Campuses. Selective pre-audit and verification of financial reports are done by their respective COA Audit Team. Consolidation of Financial Statements are done in the Central Office.

2. BASIS OF FINANCIAL STATEMENT PRESENTATION

The Financial Statements prepared by the Cagayan State University is in accordance with the generally accepted state accounting principles & standards. This comprises the financial transactions of the whole University System. To achieve efficiency, accuracy, and timeliness of preparation and submission of financial reports, the University adopted the use of Electronic New Government Accounting System (E-NGAS) on November, 2006. All financial reports are generated thru the system, except the Satellite Campuses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1. The Agency uses accrual basis of accounting. All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except for transactions where accrual basis is impractical or when the law requires other methods.
- 3.2. Notice of Cash Allocation (NCA) is recorded in the Regular Agency (RA) books as well as income/receipts which the University is authorized to use. Collections from

tuition fees and other collections are deposited in a Special Trust Fund pursuant to RA 8292, and a separate set of book of accounts are kept and maintained.

- 3.3. Separate book of accounts are kept and maintained for the following:
 - 1) Income Generating Projects (Fund 161); and
 - 2) Trust funds (Fund (184)
- 3.4. The cash requirements of decentralized campuses are released thru funding checks.
- 3.5. The Modified Obligation System is used to record allotments received and obligations incurred. Separate registries are maintained to control allotments and obligations for each class of allotment.
- 3.6. The costs of ending inventory of office supplies and materials and other inventory items are computed using the Moving Average Method.
- 3.7. Supplies and Materials purchased for inventory purposes are recorded using the perpetual Inventory System.
- 3.8. Property, Plant and Equipment are carried at cost less accumulated depreciation.
- 3.9. The automatic depreciation entries were used for booking the depreciation of procured PPEs.
- 3.10. Payable accounts were recognized and recorded in the books of accounts only upon acceptance of the goods/inventory/other assets and rendition of services to the agency.
- 3.11. Accounts were classified to conform with the Chart of Accounts prescribed under the New Government Accounting System, which was implemented effective January 1, 2002 and updated last September 20, 2004.

4. CORRECTION OF FUNDAMENTAL ERRORS

Fundamental errors of prior years are corrected by using the Prior Year's Adjustment Account. Errors affecting the current year's operation are charged to the Current Year's Account.

5. CASH AND OTHER CASH ACCOUNTS

5.1. Cash on Hand

Cash - Collecting Officers	3,801,193.49
Cash - Disbursing Officers	2,947,301.57
Petty Cash Fund	106,070.00
Payroll Fund	290,695.31
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	7,145,260.37

5.2. Cash in Banks - Local Currency

Cash in Bank - Local Currency, Current Account	77,928,282.10
Cash in Bank - Local Currency, Savings Account	3,297,120.09
Cash in Bank - Local Currency, Time Deposits	664,776.81
	<u>81,890,179.00</u>

Cash in Bank, Local Currency, Checking Account consists mainly of inter-agency fund transfers to implement projects which are continuing in nature, and collections of fees from students, refunds of excess in cash advances, subsidy from other funds/campuses. Each Satellite Campus keeps and maintains separate Bank Accounts for each Fund.

Cash in Bank- Local Currency, Savings Account consists of Peso and US Dollar accounts. The Peso Savings account amounting to P500,000.00 represents average daily balance as a standard requirement for payroll thru the ATM. Likewise, a US dollar account was opened to accommodate foreign remittances of foreign students enrolled in the University. The prevailing rate at the time of recording was applied for the conversion to Peso.

6. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE ACCOUNTS

6.1. Receivable Accounts

Accounts Receivable	3,887,372.44
Due from Officers and Employees	3,561,209.85
Loans Receivable-Others	481,991.83
Advances to Officers and Employees	7,350.00
	<u>7,937,924.12</u>

6.2. Intra - Agency Receivables

Due from GOCCs	
Due from Central Office	134,293.73
Due from Operating Units	10,412.10
Due from Other Funds	1,681,535.69
	<u>1,826,241.52</u>

6.3. Other Receivables

Receivables - Disallowances/Charges	1,497,708.43
Other Receivables	963,974.84
	<u>2,455,683.27</u>

Due from Officers and Employees consist of cash advances for traveling expenses and petty operating expenses.

7. INVENTORIES

7.1. Materials

Raw Materials Inventory	0.00
Work-In Process Inventory	0.00
Finished Goods Inventory	0.00
Merchandise Inventory	5,899,368.50
	<u>5,899,368.50</u>

7.2. Supplies

Accountable Forms Inventory	99,500.00
Office Supplies Inventory	201,615.66
Medical, Dental and Laboratory Supplies Inventory	285,665.05
Agricultural Supplies Inventory	139,091.23
Textbooks and Instructional Materials Inventory	768,533.06
Other Supplies Inventory	717,136.61
	<u>2,211,541.61</u>

7.3. Agricultural, Fishery and Forestry Products

Livestock Inventory	2,848,442.50
Crops and Fruits Inventory	235,861.03
Other Agricultural, Fishery and Forestry Products Inventory	20,988.50
	<u>3,105,292.03</u>

Actual Inventories on Storeroom are current balances.

8. INVESTMENT IN SECURITIES

The amount of Php1,500,000.00 was drawn from Fund 101 allotted from the GAA as Investment Outlay disbursed on March 30, 2010 to avoid invalidity of the NCA which is only good for one month; deposited to Fund 161 on March 31, 2010, and recorded only on December 11, 2011. The Cashier failed to issue an official receipt hence, we did not notice the non recording of the amount not until we found out in the Bank Reconciliation Statement that there was an unrecorded deposit in the books of Fund 161.

The concept of the fund is to purchase books, for sale to the students for one (1) semester then to be repurchase from the students at the end of the semester and then to be resold for the following semesters, and so on...to date the full amount is still intact. We have not yet started with the implementation of the project pending the submission of a feasibility study.

9. PROPERTY PLANT AND EQUIPMENT

9.1. Land and Land Improvements

Land	32,446,496.15
Land Improvements	9,675,043.17
Electrification, Power and Energy Structures	913,772.00
	<u>43,035,311.32</u>

9.2. Buildings

Office Buildings	116,844,182.33
School Buildings	312,205,838.47
Other Structures	39,679,039.71
	<u>468,729,060.51</u>

9.3. Office Equipment, Furniture and Fixtures

Office Equipment	20,291,436.43
Furniture and Fixtures	39,323,738.74
IT Equipment and Software	82,896,959.29
Library Books	20,850,327.21

	<u>163,362,461.67</u>
9.4. Machineries and Equipment	
Machineries	3,190,286.50
Agricultural, Fishery and Forestry Equipment	3,358,273.00
Communication Equipment	68,304,063.34
Construction and Heavy Equipment	9,761,970.00
Firefighting Equipment and Accessories	941,682.50
Medical, Dental and Laboratory Equipment	15,187,949.79
Sports Equipment	2,756,784.00
Technical and Scientific Equipment	21,252,625.58
Other Machineries and Equipment	34,044,139.45
	<u>158,797,774.16</u>
9.5. Transportation Equipment	
Motor Vehicles	26,809,640.17
Watercrafts	236,990.44
	<u>27,046,630.61</u>
9.6. Other Property, Plant and Equipment	
Other Property, Plant and Equipment	9,793,100.45
9.7. Agency Assets	
Construction in Progress - Agency Assets	171,382,328.61
Total Property, Plant and Equipment	870,764,338.72
Less : Accumulated Depreciation	265,385,754.32
Net Book Value	<u>605,378,584.40</u>

Depreciation was recorded for the year using the automatic generation of depreciation from the E- NGAS.

The total PPE (Net of Accumulated Depreciation) includes unserviceable equipments & demolished buildings which are still in the Books of Accounts pending the submission of IIRUP. Attention shall be focused on the review and reconciliation of PPE for FY 2012.

10. OTHER ASSETS

Other Assets	
Work/Other Animals	5,772,447.97
Breeding Stocks	98,700.00
Items in Transit	976,493.86
Other Assets	85,908.32
	<u>6,933,550.15</u>

The Work Animals account does not include the newly branded animals due to lack of proper costing in the reports submitted by the campuses.

11. LIABILITIES

11.1. Payable Accounts

Accounts payable	5,348,100.12
Due to Officers and Employees	118,000.37
	<u>5,466,100.49</u>

11.2. Inter - Agency Payables

Due to BIR	8,477,076.01
Due to GSIS	2,121,705.21
Due to PAG-IBIG	98,871.96
Due to PHILHEALTH	156,049.87
Due to Other NGAs	19,091,689.70
Due to LGUs	1,778,380.73
Due to Other GOCCs	27,639.43
	<u>31,751,412.91</u>

11.3. Intra - Agency Payables

Due to Central Office	274,218.99
Due to Other Funds	1,084,820.82
	<u>1,359,039.81</u>

11.4. Other Liability Accounts

Guaranty Deposits Payable	117,553.00
Performance/Bidders/Bail Bonds Payable	490,905.40
Other Payables	34,938,458.95
	<u>35,546,917.35</u>

Most of the Accounts Payable accounts are valid claims for FY 2011. These consist of unpaid Salaries and Overload pay of employees, and payables to suppliers for MOOE.

Due to GSIS, Due to PAG-IBIG, Due to Philhealth and others represent dues deducted from employees' salaries which were unremitted as of December 31, 2011.

A significant amount for account-Due to BIR has not been reconciled to this date. Reconciliation of subsidiary balances for 2006 and below is on-going.

Other Payables account consists of Fiduciary Fees collected from students.

12. INCOME:

12.1. Subsidy Income:

Subsidy Income from National Government	371,986,603.65
Subsidy from Central Office	159,243,445.65
Subsidy from Other LGUs	15,000.00
Subsidy from Other Funds	7,454,583.24
Total Subsidy Income	538,699,632.54

12.2. Service Income:

Affiliation Fees	351,137.92
Athletic & Cultural Fees	2,477,998.45
Clearance & Certification Fees	1,047,460.00
Comprehensive Examination Fees	1,577,450.00
Diploma & Graduation Fees	6,791,929.50
Library Fees	4,536,934.50
Transcript of Records Fees	700,530.00
Other Services Income	7,939,044.34
Fines & Penalties - Service Income	260,351.52
Total Service Income	25,682,836.23

12.3. Business Income:

Income from Dormitory Operations	1,084,464.50
Rent Income	5,572,060.83
Sales Revenue	16,304,601.36
Cost of Goods Sold	(4,380,611.52)
Tuition Fees	29,100,834.47
Other Business Income	3,795,626.81
Total Business Income	51,476,976.45

12.4. Other Income:

Interest Income	106,526.85
Miscellaneous Income	133,947,905.83
Total Other Income	134,054,432.68

13. EXPENSES:**13.1. Personal Services:**

Salaries and Wages - Regular	202,752,276.73
Salaries and Wages - Part-time	13,296,940.01
Salaries and Wages - Casual	1,072,495.51
Salaries and Wages - Contractual	765,547.00
Personnel Economic Relief Allowance (PERA)	4,901,313.47
Additional Compensation (ADCOM)	13,671,945.35
Representation Allowance (RA)	310,450.00
Transportation Allowance (TA)	277,450.00
Clothing/Uniform Allowance	2,289,150.00
Subsistence, Laundry and Quarter Allowance	79,430.00
Productivity Incentive Allowance	2,567,500.00
Other Bonuses and Allowances	1,618,035.00
Honoraria	633,285.46
Longevity Pay	160,000.00
Overtime and Night Pay	624,985.15
Cash Gift	7,876,433.85
Year End Bonus	14,011,567.75
Life and Retirement Insurance Contributions	24,312,715.35
PAG-IBIG Contributions	1,012,468.48
PHILHEALTH Contributions	1,554,318.75
ECC Contributions	860,801.14

Retirement Benefits - Civilian	2,151,228.73
Terminal Leave Benefits	3,376,417.90
Other Personnel Benefits	7,898,303.60
Total Personal Services	308,075,059.23

13.2. Maintenance and Other Operating Expenses:

Travelling Expenses - Local	4,605,114.00
Travelling Expenses - Foreign	1,435,705.94
Training Expenses	1,018,934.80
Scholarship Expenses	4,939,172.52
Office Supplies Expenses	8,364,578.20
Accountable Forms Expenses	374,436.20
Animal/Zoological Supplies Expenses	840.00
Food Supplies Expenses	124,712.94
Drugs and Medicines Expenses	17,710.23
Medical, Dental and Laboratory Supplies Expenses	693,320.92
Gasoline, Oil and Lubricants Expenses	6,734,755.54
Agricultural Supplies Expenses	1,504,493.02
Textbooks and Instructional Materials Expenses	279,184.65
Other Supplies Expenses	6,784,983.44
Water Expenses	1,022,681.25
Electricity Expenses	13,127,513.92
Cooking Gas Expenses	49,989.36
Postage and Deliveries	81,717.91
Telephone Expenses - Landline	1,507,531.87
Telephone Expenses - Mobile	1,495,058.84
Internet Expenses	632,908.35
Cable, Satellite, Telegraph, and Radio Expenses	48,909.00
Membership Dues and Contributions to Organizations	198,679.00
Advertising Expenses	347,335.00
Printing and Binding Expenses	252,591.75
Rent Expenses	511,288.43
Representation Expenses	3,882,674.92
Storage Expenses	1,000.00
Transportation and Delivery Expenses	305,344.44
Subscriptions Expenses	177,827.00
Legal Services	177,877.00
Auditing Services	121,911.50
Consultancy Services	355,106.00
General Services	118,832.00
Janitorial Services	2,111,853.20
Security Services	1,942,876.70

Other Professional Services	31,486,237.74
Repairs and Maintenance - Land Improvements	29,019.75
Repairs and Maintenance - Runways/Taxiways	2,640.00
Repairs and Maintenance - Electrification, Power and Energy Structures	240,155.77
Repairs and Maintenance - Office Buildings	307,505.80
Repairs and Maintenance - School Buildings	1,881,699.60
Repairs and Maintenance - Other Structures	3,656,680.46
Repairs and Maintenance - Office Equipment	321,627.65
Repairs and Maintenance - Furniture and Fixtures	63,398.30
Repairs and Maintenance - IT Equipment and Software	73,273.70
Repairs and Maintenance - Machineries	36,617.24
Repairs and Maintenance - Agricultural, Fishery and Forestry Equipment	6,159.00
Repairs and Maintenance - Communication Equipment	22,210.00
Repairs and Maintenance - Construction and Heavy Equipment	193,576.00
Repairs and Maintenance - Other Machineries and Equipment	52,013.00
Repairs and Maintenance - Motor Vehicles	1,449,386.23
Repairs and Maintenance - Other Transportation Equipment	13,735.00
Repairs and Maintenance - Other Property, Plant and Equipment	167,311.94
Repairs and Maintenance - Artesian Wells, Reservoirs, Pumping Stations and Conduits	2,759.00
Subsidy to Operating Units	158,915,552.20
Subsidy to Other Funds	7,454,583.24
Extraordinary Expenses	90,000.00
Miscellaneous Expenses	116,640.00
Taxes, Duties and Licenses	107,613.96
Fidelity Bond Premiums	224,266.25
Insurance Expenses	669,795.77
Depreciation - Land Improvements	175,463.65
Depreciation - Electrification, Power & Energy Structures	25,893.41
Depreciation - Office Buildings	154,706.26
Depreciation - School Buildings	2,578,960.73
Depreciation - Other Structures	408,703.17
Depreciation - Office Equipment	1,142,017.23
Depreciation - Furniture and Fixtures	1,602,658.26
Depreciation - IT Equipment	8,278,295.60
Depreciation - Library Books	473,758.73
Depreciation - Machineries	70,924.77
Depreciation - Agricultural, Fishery and Forestry Equipment	17,839.07
Depreciation - Communication Equipment	999,568.48
Depreciation - Construction & Heavy Equipment	693,345.75
Depreciation - Firefighting Equipment and Accessories	8,926.80
Depreciation - Medical, Dental and Laboratory Equipment	1,088,279.66
Depreciation - Military & Police Equipment	148.50

Depreciation - Sports Equipment	196,814.52
Depreciation - Technical and Scientific Equipment	164,325.33
Depreciation - Other Machineries and Equipment	257,308.46
Depreciation - Motor Vehicles	1,254,879.79
Depreciation - Other Property, Plant and Equipment	988,311.32
Other Maintenance and Other Operating Expenses	79,162,771.45
Total Maintenance and Other Operating Expenses	<u>372,677,808.38</u>

13.3. Financial Expenses:

Bank Charges	<u>1,413.00</u>
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VITA M. BASSIG
 Chief AO-Finance/Comptroller