



Republic of the Philippines
DON HONORIO VENTURA TECHNOLOGICAL STATE UNIVERSITY
Bacolor, Pampanga

February 6, 2019

ATTY. USMIN P. DIAMEL
Director IV
Government Accountancy Sector
COA, Commonwealth Ave., Quezon City

Government Accountancy Office
Office of the Director
RECEIVED
By: *[Signature]*
Date: FEB 1 2019

Dear Sir:

We are submitting the following **DHVTSU** report:

1. Financial Statements for the year ended December 31, 2018; and
2. Budget and Financial Accountability Report for the year ended December 31, 2018.

Very truly yours,

[Signature]
JOSEPH IAN P. GUINTU
Accountant IV



Republic of the Philippines
DON HONORIO VENTURA TECHNOLOGICAL STATE UNIVERSITY
Bacolor, Pampanga

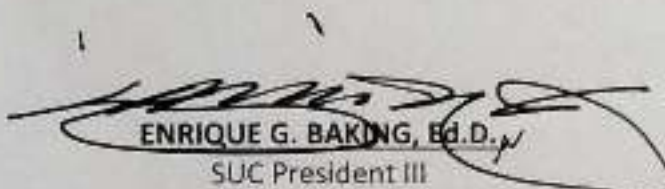
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DON HONORIO VENTURA TECHNOLOGICAL STATE UNIVERSITY (DHVTSU)** is responsible for all information and representations contained in the accompanying Statement of Financial Position as of December 31, 2018 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards (PPSAS) and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.


LUIS M. LANSANG, DPA
Chief Administrative Officer

Jan. 30, 2019
Date Signed


ENRIQUE G. BAKING, Ed.D.
SUC President III

Jan. 31, 2019
Date Signed

DON HONORIO VENTURA TECHNOLOGICAL STATE UNIVERSITY

Notes to Financial Statements

For the year ended December 31, 2018

(With Comparative Figures for C.Y. 2017)

1. General Information/Agency Profile

The **Don Honorio Ventura Technological State University (DHVTSU)** is located in the town of Bacolor, Pampanga and is known to be the oldest Vocational School in Far East Asia established in 1861 as Escuela de Artes y Oficios de Bacolor.

In 1905, it was named Bacolor Trade School and was again renamed Pampanga Trade school in 1909 popularly known as the “Trade School” or the “Poor Man’s College”. The secondary curriculum was offered in 1922 and the first batch graduated courses of Ironworks, Woodworks and Building Construction for boys and Domestic Science for girls.

By virtue of Republic Act 1388, the school was converted into a Regional School of Arts & Trades and was named Pampanga School of Arts & Trades (PSAT). Technical Education courses were offered in 1957.

In 1958, the school was named Don Honorio Ventura Memorial School of Arts & Trades (DHVMSAT) in honor of Don Honorio Ventura, a prominent son of Bacolor who was a statesman and philanthropist. The renaming was signed by then President Diosdado Macapagal.

By 1966, the teacher education curriculum leading to the degree of Bachelor of Science in Industrial Education was offered with concentration in Shopwork, Industrial Arts and Mathematics. The first batch of BSIE graduates were conferred their degrees in April, 1969.

Through the priceless assistance of former Solicitor General, Minister of Justice and Pampanga Governor Estelito P. Mendoza, the school was converted into a state college on May 5, 1978 by virtue of Presidential Decree 1373. It was then named Don Honorio Ventura College of Arts & Trades. One of its mandate is to provide quality education to its clientele not only in the province of Pampanga but also in neighboring provinces in Central Luzon. Hence, new curricular programs like Bachelor of Science in Architecture, Bachelor of Science in Engineering and Bachelor of Science in Mechanical Engineering were offered in response to its mission and vision of delivering quality technological education to its service sector especially the poor and under privileged families.

In June 2009, the 3rd District Pampanga Congressman Aurelio D. Gonzales Jr. committed his time and effort to pursue House Bill No. 6319. An act converting Don Honorio Ventura College of Arts & Trades (DHVCAT) into a university which took effect in December 9, 2009 hen

President Gloria Macapagal Arroyo signed Republic Act 9832 at DHVCAT now known as Don Honorio Ventura Technological State University, Pampanga's first state university.

The consolidated financial statements of DHVTSU were authorized for issue on **January 31, 2019** as shown in the Statement of Management Responsibility for Financial Statements signed by **Dr. ENRIQUE G. BAKING**, the University President.

2. Statement of Compliance and Basis of Preparation of Financial Statement

- 2.1. 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.
- 2.2. The consolidated 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.

3. Summary of Significant Accounting Policies

3.1. Basis of Accounting

The consolidated financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

3.2. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash deposited in authorized government banks.

3.3. Inventories

Inventories are purchased materials or supplies to be consumed or distributed in the rendering of services. Inventories are initially recorded at cost upon acquisition then eventually expensed when the materials or supplies are distributed or deployed for utilization or consumption in the ordinary course of operations of the DHVTSU.

3.4. Property, Plant and Equipment

3.4.1. Recognition

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

3.4.2. Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

The cost of the PPE includes the following:

- Its purchase price;
- Expenditure that is directly attributable to the acquisition of the items; and
- It meets the capitalization threshold of ₱15,000.00

3.4.3. 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, DHVTSU 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.

3.4.4. Depreciation

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

3.4.5. Initial Recognition of Depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of being operated in the manner

intended by management. For simplicity and to avoid proportionate computation, depreciation shall be 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 shall be charged on the succeeding month.

3.4.6. Depreciation Method

The straight line method of depreciation is used in depreciating the property, plant and equipment.

3.4.7. Estimated Useful Life

The DHVTSU uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA. The DHVTSU uses a residual value computed at five percent (5%) of the cost of the PPE.

3.4.8. Derecognition

DHVTSU derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.4.9. Fully Depreciated Property, Plant and Equipment

A PPE is said to be fully depreciated when the carrying amount is equal to zero or residual value. The cost of fully depreciated assets remaining in service and the related accumulated depreciation and accumulated impairment losses shall not be removed from the accounts.

3.5. Intangible Assets

3.5.1. Nature

To qualify as intangible asset, an item must possess the following elements:

- identifiability;
- control over a resource; and
- existence of future economic benefits or service potential

An intangible asset shall be recognized if, and only if:

- it is probable that expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the item can be measured reliably

3.5.2. Measurement

An intangible asset shall be measured initially at cost. If an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition shall be measured at its fair value as at that date.

3.5.3. Acquisition

Intangible assets can be acquired by:

- separate purchase or acquisition,
- as part of a business or entity combination,
- through a non-exchange transaction,
- by exchanges of assets, or
- by self-creation (internal generation)

3.5.4. Recognition of an Expense

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Expenditure on an intangible item that was initially recognized as an expense shall not be recognized as part of the cost of an intangible asset at a later date.

3.5.5. Measurement after Initial Recognition

After initial recognition, intangible assets should be carried at its cost less any accumulated amortization and any accumulated impairment losses.

3.5.6. Useful Life

Intangible assets are classified as having:

- Indefinite life – no foreseeable limit to the period over which the asset is expected to generate net cash inflows for, or provides service potential to, the entity; and
- Finite life – a limited period of benefit to the entity

An intangible asset with a finite useful life is amortized on a straight line method while an intangible asset with an indefinite useful life is not.

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. As a guideline, the finite useful life of intangible assets shall be 2 to 10 years. Amortization shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

3.5.7. Residual Value

The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless:

- there is a commitment by a third party to acquire the asset at the end of its useful life; or
- there is an active market for the asset, and: (1) residual value can be determined by reference to that market; and (2) it is probable that such a market will exist at the end of the asset's useful life.

3.5.8. Impairment

An entity is required to test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment by comparing its recoverable service amount or its recoverable amount, as appropriate, with its carrying amount: (a) annually; and (b) whenever there is an indication that the intangible asset may be impaired.

3.5.9. Derecognition

An intangible asset shall be derecognized (a) on disposals (including disposal through a non-exchange transaction); or (b) when no future economic benefits or service potential are expected from its use or disposal.

3.6. Changes in Accounting Policies and Estimates

The DHVTSU recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy were applied prospectively if retrospective application is impractical.

The DHVTSU recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The DHVTSU correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.7. Budget Information

The annual budget is prepared on a cash basis and is published in the government website.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) was prepared since the budget and the financial statements were not prepared on comparable basis. The SCBAA was presented showing the original and final budget and the actual amounts on comparable basis to the budget.

3.8. Employee Benefits

The employees of DHVTSU are member of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The DHVTSU recognizes the undiscounted amount of short term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

The DHVTSU recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.

3.9. 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. Items requiring the use of significant estimates include the useful life of capital assets, estimated employee benefits.

Estimates were based on the best information available at the time of preparation of the consolidated financial statements and were 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.

4. Changes in Accounting Policies

- 4.1. Accounts were classified to conform with the conversion from the Philippine Government Chart of Accounts under the New Government Accounting System to the Revised Chart of Accounts for National Government Agencies under COA Circular No. 2014-003 dated April 15, 2010.

5. Prior Period Adjustments

5.1. The DHVTSU has determined that prior period adjustment to accumulated surplus/ (deficit) comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Adjustment on recorded accounts receivable	₱ (18,000.00)	₱ (111,154.50)
Collections of receivables previously recorded as impaired	24,850.00	0.00
Condemned equipment	0.00	(433,040.93)
Correction of prior year recorded transaction	(10,000.00)	6,965,872.00
Correction of recorded depreciation of various equipment	0.00	698,411.81
Demolition of various infrastructure	(8,977,508.81)	(5,446,369.49)
Purchase of various equipment (USC Donations)	137,800.00	266,290.25
Refund of assessment fee	0.00	(11,250.00)
Refund of prior year excess cash advance	0.00	37,600.00
Refund of prior year scholarship allowance	0.00	234,425.00
Refund of prior year salary	6,270.00	0.00
Refund of Porac and Sto. Tomas Campus unutilized subsidy funds for C.Y. 2016	(586,815.07)	(555,430.79)
Remittance to Bureau of the Treasury	(422,785.03)	(180,278.71)
Cancelled and Stale checks (prior year transactions)	21,738.62	2,205.00
Unclaimed incentives, cash gift, and year-end bonus for C.Y. 2016	0.00	21,030.20
Unclaimed tax refund for C.Y. 2017	28,767.29	0.00
Unclaimed wages of student laborer for C.Y. 2017	16,980.00	0.00
Total	₱ (9,778,703.00)	₱ 1,488,309.84

6. Cash and Cash Equivalents

6.1. Cash and cash equivalents consist of cash on hand and cash in authorized government banks which comprises the following amounts:

	<u>2018</u>		<u>2017</u>
Cash Collecting Officer	₱ (138,640.00)	₱	(6,900,710.60)
Petty Cash	10,947.37		17,273.10
Cash in Bank-Local Currency, Current Account	78,345,467.57		235,865,821.04
Cash in Bank-Local Currency, Current Account (SHSVP)	159,794.60		6,932,525.27
Total Cash and Cash Equivalents	₱ 78,377,569.54	₱	235,914,908.81

6.2. The negative balance in the Cash Collecting Officer account of (138,640.00) was due to the delay in the recognition of collection caused by the lack of advice from the Dr. Yanga's College Inc. of their deposit to the account of DHVTSU. Said amount will be recorded as collection on the first collection day of January 2019.

6.3. The balance in the Petty Cash account was the remaining balance after liquidation of the total amount granted to the Petty Cash Custodian. Computation as follows:

Initial amount of the Petty Cash	₱ 50,000.00
Amount liquidated as of December 31, 2018	39,052.63
Remaining balance as of December 31, 2018	₱ 10,947.37

6.4. Cash in Bank – Local Currency, Current Account are cash in bank balances on Fund 164 (Income) from collection of tuition fees, receivables and income generating projects of the university; and Fund 184 (Trust Fund) from collection of University Student Council (USC) fees, Industrialist (school publication) fees, college fees and funds from scholarship programs of various private sectors, Municipal and Congressional Scholarships, and Government-funded Scholarships like CHED, DOST, PVAO, OWWA.

6.5. Cash in Bank – Local Currency, Current Account (SHSVP) represents deposits made by Department of Education (DepEd) as voucher payments for the Senior High School Voucher Program.

7. Receivables

7.1. This account comprises the following amounts:

		<u>2018</u>		<u>2017</u>
Loans and Receivable Accounts	₱	24,473,333.54	₱	27,912,597.99
Other Receivables		2,212,344.56		2,212,344.56
Total Receivables	₱	26,685,678.10	₱	30,124,942.55

7.2. Loans and Receivables accounts represent uncollected rentals of various stall lessees of the University, uncollected tuition fee and collectibles from students who availed of the CHED Educational Assistance (Safe Loan and STUFAP).

7.3. Other Receivables pertains to Due from Officers and Employees which includes undeposited collections, unclaimed salaries, wages, and scholarship grants which are reported lost due to robbery last October 18, 2015. Said amount are still accountable to the University Cashier.

8. Inventories

8.1. Inventories are purchased materials or supplies to be consumed or distributed in the rendering of services. Inventories are initially recorded at cost upon acquisition then eventually expensed when the materials or supplies are distributed or deployed for utilization or consumption in the normal course of operations of the DHVTSU.

9. Other Current Assets

9.1. This account comprises the following amounts:

		<u>2018</u>		<u>2017</u>
Advances for Payroll	₱	6,205,330.00	₱	242,230.00
Advances to Contractors		637,275.89		9,728,152.69
Guaranty Deposits		847,253.70		785,979.96
Total Other Current Assets	₱	7,689,859.59	₱	10,756,362.65

9.2. Advances for payroll includes unclaimed wages of student laborers, incentives and scholarship allowances as of December 31, 2018. The payroll is expected to be fully liquidated on January 2019.

- 9.3. Advances to contractors represent 15% mobilization fee granted to them which will be credited when payment is made for every progress billing for recoupment of advances.
- 9.4. Guaranty deposits are payments to electric companies that are refundable on the date as specified in the contract.

10. Property, Plant and Equipment

10.1. This account comprises the following amounts:

	Carrying Book Value December 31, 2017	Acquisition / Addition	Adjustment	Disposal	Depreciation Expense	Carrying Book Value December 31, 2018
Land	₱ 2,310,750.00					₱ 2,310,750.00
Other Land Improvements	32,335,204.78	18,760,874.60			(5,446,442.77)	45,649,636.61
Water Supply System	0.00	466,000.00			(13,189.17)	452,810.83
Power Supply System	2,764,397.92				(276,699.76)	2,487,698.16
Communication Networks	0.00	14,203,092.61			(449,764.60)	13,753,328.01
Buildings	55,741,248.34				(2,080,161.33)	53,661,087.01
School Buildings	373,466,395.65	194,015,894.67	(1,429,320.73)	(8,977,508.81)	(15,671,003.06)	541,404,457.72
Hospital and Health Centers	0.00	8,560,261.00			(135,537.46)	8,424,723.54
Other Structures	163,244,547.70	73,966,834.58			(5,751,903.94)	231,459,478.34
Office Equipment	4,909,753.11	2,212,921.60			(1,854,974.88)	5,267,699.83
Information and Communication Technology Equipment	45,386,163.86	19,415,383.98			(6,840,379.50)	57,961,168.34
Communication Equipment	2,526,857.12				(526,450.73)	2,000,406.39
Medical Equipment	216,939.98				(31,819.12)	185,120.86
Sports Equipment	490,934.42				(46,995.15)	443,939.27
Technical and Scientific Equipment	17,947,577.82	25,965,770.00			(4,807,872.40)	39,105,475.42
Other Machineries and Equipment	128,271,647.55	12,975,680.00			(15,221,991.31)	126,025,336.24
Motor Vehicles	6,381,538.70	1,936,218.00			(1,726,898.78)	6,590,857.92
Furniture and Fixtures	5,196,137.36	496,441.40			(576,687.74)	5,115,891.02
Books	4,078,274.94				(824,288.80)	3,253,986.14
Construction in Progress	66,987,620.87	247,302,622.70	(296,570,564.46)			17,719,679.11
Total	₱ 912,255,990.12	620,277,995.14	(297,570,564.46)	(8,977,508.81)	(62,283,060.50)	₱ 1,163,273,530.76

	Cost	Accumulated Depreciation	Carrying Book Value December 31, 2018
Land	₱ 2,310,750.00	₱ 0.00	₱ 2,310,750.00
Other Land Improvements	84,168,805.61	(38,519,169.00)	45,649,636.61
Water Supply Systems	466,000.00	(13,189.17)	452,810.83
Power Supply Systems	3,026,872.00	(539,173.84)	2,487,698.16
Communication Networks	14,203,092.61	(449,764.60)	13,753,328.01
Buildings	65,382,239.33	(11,721,152.32)	53,661,087.01
School Buildings	637,188,347.05	(95,783,889.33)	541,404,457.72
Hospital and Health Centers	8,560,261.00	(135,537.46)	8,424,723.54
Other Structures	253,708,585.95	(22,249,107.61)	231,459,478.34
Office Equipment	15,014,829.97	(9,747,130.14)	5,267,699.83
Information and Communication Technology Equipment	80,280,686.42	(22,319,518.08)	57,961,168.34
Communication Equipment	5,568,733.30	(3,568,326.91)	2,000,406.39
Medical Equipment	333,800.00	(148,679.14)	185,120.86
Sports Equipment	494,852.00	(50,912.73)	443,939.27
Technical and Scientific Equipment	60,431,860.00	(21,326,384.58)	39,105,475.42
Other Machineries and Equipment	173,763,807.54	(47,738,471.30)	126,025,336.24
Motor Vehicles	16,695,353.39	(10,104,495.47)	6,590,857.92
Furniture and Fixtures	6,840,480.22	(1,724,589.20)	5,115,891.02
Books	4,509,941.00	(1,255,954.86)	3,253,986.14
Construction in Progress	17,719,679.11	0.00	17,719,679.11
Total	₱ 1,450,668,976.50	₱ (287,395,445.74)	₱ 1,163,273,530.76

10.2. Property, plant and equipment are tangible items that 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. Property, plant and equipment includes: land and buildings, infrastructures and equipment, furniture, books and motor vehicles. Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method over the useful life of the asset with a residual value of five percent (5%).

10.3. Significant increase in the amount/value of property, plant and equipment is due to the construction of various buildings and structures, purchase of various machinery and equipment, furniture, fixtures, and books for use in the administrative and academic operations of the university.

11. Intangible Assets

11.1. Intangible assets amounting to ₱795,760.26 included in the statement of financial position composes of Statistical Package for Social Sciences (SPSS) – Statistics Base Authorized User License with Plagiarism Detector and Grammarly Software amounting to ₱648,000.00, a computer software which the university acquired and installed at the Research Laboratory of the Graduate School. This software has an indefinite life, thus, it has no foreseeable limit to the period over which it is expected to generate net cash inflows for, or provides service potential to the university.

11.2. It also includes Perpetual License for IBM SPSS Statistics Base and IBM SPSS Amos amounting to ₱147,760.26, also a computer software acquired and installed at the Research and Development Service Office.

12. Financial Liabilities

12.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Payables	₱ 5,903,176.38	₱ 44,213,393.48
Other Payables	17,890,926.09	17,446,927.15
Total Financial Liabilities	₱ 23,794,102.47	₱ 61,660,320.63

12.2. Payables pertains to accounts payable which are unpaid obligations as of December 2018 to suppliers and contractors for rendering service and for purchase of goods and services in connection with the University’s operation which are expected to be paid in less than a year. The significant decline in Payables is due to the fiscal management efforts of the University in preparing itself for the “cash-based budgeting” to be strictly implemented the following accounting period. Said budgeting scheme eradicates the presence of Payables at the end of each accounting period; such being the case, the university started to make the corresponding adjustments in its manner of processing its payables.

12.3. For the year 2018, Other Payables account was used to reclassify the expense account for the unclaimed payroll (wages of student laborers, incentives and scholarship allowances of students) to recognize expenses for the year 2018. Also included herewith are collections from trust funds such as The Industrialist and the University Student Council (USC) and funds from scholarship programs of various government sectors and private sectors.

13. Inter-Agency Payables

13.1. This account comprises the following amounts:

Accounts	<u>2018</u>	<u>2017</u>
Due to BIR	₱ 2,379,692.05	₱ 2,000,438.92
Due to GSIS	(5,359.82)	1,924.83
Due to Pag-IBIG	0.00	300.00
Due to PhilHealth	0.00	0.00
Due to Other NGAs	4,070,843.50	4,070,843.50
Total Inter-Agency Payables	₱ 6,445,175.73	₱ 6,073,507.25

13.2. Due to BIR taxes from employees on December 31, 2018 to be remitted on January 2019.

13.3. Due to GSIS are premiums remitted for the month of December 2018 and an adjustment on the employee deductions will made on January 2019.

13.4. Due to Other NGA's are educational assistance granted by CHED to students in the form of loans payable two (2) years after the students' graduation.

14. Trust Liabilities

14.1. Trust Liabilities are amount held in trust to the University for specific purposes. This account comprises the following amounts:

		<u>2018</u>		<u>2017</u>
CHED DARE TO Research Grant	₱	5,566,888.80	₱	0.00
DA Assessment of Farmers		446,400.00		0.00
DILG Citizen Satisfaction Index System		127,614.63		56,601.25
DOST CEST Region III		544,465.00		0.00
DOST Grant in Aid (Project DUCK)		719,950.00		0.00
DOST Grant in Aid (Training on Upholstery)		220,000.00		220,000.00
DOST Solar Power System		0.00		588,000.00
DOST Starbooks		0.00		590.74
Rotary Club of Villa de Bacolor Livelihood Global Grant		264,966.80		0.00
Total Inter-Agency Payables	₱	7,890,285.43	₱	865,191.99

14.2. For the calendar year 2018, there was an influx of research projects being initiated by the University and other government agencies. This coincided with the boost in the efforts of Research Unit of the University to bring about research outputs from the employees of the University. This is to strengthen the culture of research of the University since research is one of its core functions.

15. Deferred Credits/Unearned Income

15.1. Other deferred credits are unearned income from students' tuition and other fees for the S.Y. 2016-2017.

16. Accumulated Surplus/(Deficit)

16.1. Accumulated surplus/deficit is the results of the continuous operation of the agency. It is used to recognize the cumulative results of normal and continuous operations of the university including prior period adjustments, effect of changes in accounting policy and other capital adjustments.

17. Service and Business Income

17.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Service Income		
Registration Fee	₱ 1,025,870.00	₱ 3,896,887.50
Clearance and Certification Fee	1,054,820.00	972,740.00
Verification and Authentication Fees	36,750.00	37,200.00
Fines and Penalties-Service Income	42,085.47	158,850.38
Other Service Income	8,856,685.82	6,845,751.00
Business Income		
School Fees	185,411,340.15	188,327,414.78
Seminar/Training Fees	4,628,887.50	4,489,702.00
Rent/Lease Income	923,673.29	1,090,233.50
Income from Hostels/Dormitories and Other Like Facilities	214,400.00	116,350.00
Interest Income	215,306.45	493,821.47
Fines and Penalties-Business Income	19,445.00	61,800.00
Other Business Income	1,125,691.25	1,947,105.75
Total Service and Business Income	₱ 203,554,954.93	₱ 208,437,856.38

17.2. Service income includes collections from fees imposed to suppliers for late delivery, fees collected for the issuance of certifications and clearances, authentications of certificates, and processing of various school documents.

17.3. Business income includes collections from tuition and other fees; fees collected for attendance in short course trainings and seminars; income generating projects; fees collected for the use of hostels, rent/lease of stalls; fees imposed to students for late enrolment; and interest earned from bank deposits.

18. Personnel Services

18.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Salaries and Wages	₱ 212,200,964.19	₱ 173,964,807.53
Other Compensation	64,922,025.46	53,274,238.47
Personnel Benefit Contributions	20,363,742.72	18,200,540.27
Other Personnel Benefits	5,284,954.85	6,367,003.57
Total Personnel Services	₱ 302,771,687.22	₱ 251,806,589.84

18.2. Personnel services are expenses incurred for payment of salaries, wages and other compensation for the services rendered by employees occupying regular plantilla positions, contractual, casual and part-time instructors. It also includes personnel benefit contributions such as government's share in premium contributions to GSIS, Pag-IBIG, PhilHealth and ECC and other personnel benefits such as payment for the total creditable services of retirees and money value of the accumulated leave credits.

18.3. Salaries and Wages

18.3.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Salaries and Wages-Regular	₱ 155,334,592.33	₱ 144,083,378.95
Salaries and Wages-Casual/Contractual	56,866,371.86	29,881,428.58
Total Salaries and Wages	₱ 212,200,964.19	₱ 173,964,807.53

18.3.2. The Universal Access to Quality Tertiary Education Act (RA 10931) and the aftermath of K-12 program has significantly increased the number of students and brought about the surge and influx of college freshmen, transferees and returnees. This being the case, the need for additional teaching and non-teaching manpower arises in order to cater the needs of the students. Many newly hired employees have caused the increase in the salaries and wages expense of the University.

18.3.3. The action of the University to promote some of its employees under the “Job Order” status to “Casual” status has also contributed in the increase of this expense account.

18.4. Other Compensation

18.4.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Personnel Employee Relief Allowance	₱ 8,466,818.13	₱ 7,403,818.73
Representation Allowance	1,568,125.00	1,616,625.00
Transportation Allowance	1,219,125.00	897,625.00
Clothing/Uniform Allowance	2,220,000.00	1,745,000.00
Subsistence Allowance	75,921.18	89,075.00
Laundry Allowance	15,968.07	12,139.81
Honoraria	2,722,403.76	883,482.04
Hazard Pay	490,118.06	492,502.36
Longevity Pay	0.00	10,000.00
Overtime Pay	4,558,191.54	1,102,234.94
Year End Bonus	10,664,467.80	19,039,017.45
Cash Gift	1,783,500.00	1,718,000.00
Other Bonuses and Allowances	31,137,386.92	18,264,718.14
Total Other Compensation	₱ 64,922,025.46	₱ 53,274,238.47

18.4.2. The research strengthening efforts of the University has led it to seek the services of various professionals and experts thereby increasing the expense for honoraria for the year.

18.4.3. The increase in students has led the schedule of classes to be extended until the weekends therefore the need for some of the personnel of the university specifically under the general services, security, library and medical offices to serve beyond the basic five-day workweek. This led to the granting of overtime for these employees. In terms of the faculty overtime, the thrust of the university in terms of accreditation and ISO Certification has contributed to the amount incurred for overtime.

18.5. Personnel Benefit Contributions

18.5.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Retirement and Life Insurance Premiums	₱ 17,461,111.73	₱ 15,465,869.47
Pag-IBIG Contribution	575,000.00	684,800.00
PhilHealth Contribution	1,794,045.43	1,622,912.50
Employees Compensation Insurance Premiums	533,585.56	426,958.30
Total Personnel Benefit Contributions	₱ 20,363,742.72	₱ 18,200,540.27

18.6. Other Personnel Benefits

	<u>2018</u>	<u>2017</u>
Terminal Leave Benefits	₱ 2,081,213.36	₱ 1,373,274.17
Other Personnel Benefits	3,203,741.49	4,993,729.40
Total Other Personnel Benefits	₱ 5,284,954.85	₱ 6,367,003.57

19. Maintenance and Other Operating Expenses

19.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Traveling Expenses	₱ 1,562,371.06	₱ 1,148,680.29
Training and Scholarship Expenses	19,027,379.03	14,041,656.11
Supplies and Materials Expenses	22,976,266.02	19,107,140.51
Utilities Expenses	16,119,895.28	13,232,857.88
Communication Expenses	2,358,870.72	2,283,069.71
Awards/Rewards and Prizes	4,011,416.67	2,770,688.33
Confidential, Intelligence and Extraordinary Expenses	288,173.94	307,848.65
Professional Services	24,523,303.67	23,182,912.27
General Services	10,445,141.21	10,481,594.05
Repairs and Maintenance	10,093,054.74	19,217,273.99
Taxes, Insurance Premiums and Other Fees	6,609,309.04	6,423,963.85
Labor and Wages	363,229.89	740,479.10
Other Maintenance and Operating Expenses	9,943,878.50	9,834,520.12
Total Maintenance and Other Operating Expenses	₱ 128,322,289.77	₱ 122,772,684.86

19.2. Maintenance and other operating expenses includes transportation and per diems incurred by employees; expenses incurred during trainings; scholarship granted to employees in pursuit further learning/study; expenses for supplies and materials issued to end-users for the university's operations; food expenses, instructional materials expenses and fuel expenses incurred for the university's related activities.

19.3. It also includes expenses for the electricity and water consumed, telephone and internet services used in connection with the university's operations; awards/rewards given in recognition of any professional achievements; expenses incidental to the performance of official functions; janitorial and security services contracted by the university; repairs and maintenance of various infrastructure and equipment; premiums paid for the fidelity bond and insurance; advertising, publication and subscription expenses; expenses incurred for official entertainments; membership fees/contributions to authorized professional organizations; and donations to other institutions.

19.4. Traveling Expenses

19.4.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Traveling Expenses-Local	₱ 1,110,836.43	₱ 926,494.00
Traveling Expense-Foreign	451,534.63	222,186.29
Total Traveling Expenses	₱ 1,562,371.06	₱ 1,148,680.29

19.5. Training and Scholarship Expenses

19.5.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Training Expenses	₱ 5,577,768.00	₱ 2,749,585.64
Scholarship/Grants Expenses	13,449,611.03	11,292,070.47
Total Training and Scholarship Expenses	₱ 19,027,379.03	₱ 14,041,656.11

19.6. Supplies and Materials Expenses

19.6.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Office Supplies Expenses	₱ 533,401.50	₱ 3,914,766.37
Accountable Forms Expenses	42,225.00	986,660.00
Food Supplies Expenses	3,089,792.72	2,953,840.07
Drugs and Medicines Expenses	970,319.50	501,701.65
Medical, Dental & Laboratory Supplies Expenses	292,097.00	203,323.00
Fuel, Oil and Lubricants Expenses	735,874.03	643,757.96
Semi-Expendable Machinery and Equipment Expenses	3,418,553.58	205,472.00
Semi-Expendable Furniture, Fixtures and Books Expenses	608,000.00	0.00
Other Supplies and Materials Expenses	13,286,002.69	9,697,619.46
Total Supplies and Materials Expenses	₱ 22,976,266.02	₱ 19,107,140.51

19.6.2. This account is used to recognize the cost or value of office supplies such as bond paper, ink, and small tangible items like staple wire remover, puncher, stapler and other similar items issued to end-users for government operations. The decline in the office supplies account was due to the collective efforts of the university employees to practice cost-cutting measures as part of its contribution to the national government's campaign for austerity.

19.7. Utilities Expenses

19.7.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Water Expenses	₱ 5,108,002.67	₱ 3,240,985.49
Electricity Expenses	11,011,892.61	9,991,872.39
Total Utilities Expenses	₱ 16,119,895.28	₱ 13,232,857.88

19.8. Communication Expenses

19.8.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Telephone Expenses	₱ 722,135.52	₱ 650,571.48
Internet Subscription Expenses	1,636,735.20	1,632,498.23
Total Communication Expenses	₱ 2,358,870.72	₱ 2,283,069.71

19.9. Awards/Rewards and Prizes

19.9.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Awards/Rewards Expenses	₱ 4,011,416.67	₱ 2,770,688.33

19.10. Confidential, Intelligence and Extraordinary Expenses

19.10.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Extraordinary and Miscellaneous Expenses	₱ 288,173.94	₱ 307,848.65

19.11. Professional Services

19.11.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Consultancy Services	₱ 590,000.00	₱ 0.00
Legal Services	0.00	105,000.00
Other Professional Services	23,933,303.67	23,077,912.27
Total Professional Services	₱ 24,523,303.67	₱ 23,182,912.27

19.11.2. The consultancy expense was incurred due to the ISO Certification efforts of the University in compliance with the requirements to meet the criteria to obtain the Performance Based Bonus for the year.

19.12. General Services

19.12.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Security Services	₱ 4,472,677.95	₱ 5,012,146.26
Other General Services	5,972,463.26	5,469,447.79
Total General Services	₱ 10,445,141.21	₱ 10,481,594.05

19.13. Repairs and Maintenance

19.13.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Repairs and Maintenance-Land Improvements	₱ 0.00	₱ 509,343.00
Repairs and Maintenance-Infrastructure Assets	244,741.50	2,921,142.11
Repairs and Maintenance-Buildings and Other Structures	8,941,119.66	14,171,076.38
Repairs and Maintenance-Machinery and Equipment	515,687.28	1,341,732.72
Repairs and Maintenance-Transportation Equipment	391,506.30	273,979.78
Total Repairs and Maintenance	₱ 10,093,054.74	₱ 19,217,273.99

19.14. Taxes, Insurance Premiums and Other Fees

19.14.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Taxes, Duties and Licenses	₱ 670,616.70	₱ 237,509.53
Fidelity Bond Premiums	198,434.59	241,253.94
Insurance Expenses	5,740,257.75	5,945,200.38
Total Taxes, Insurance Premiums and Other Fees	₱ 6,609,309.04	₱ 6,423,963.85

19.15. Labor and Wages

19.15.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Labor and Wages	₱ 363,229.89	₱ 740,479.10

19.16. Other Maintenance and Operating Expenses

19.16.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Advertising Expenses	₱ 63,061.60	₱ 112,836.00
Printing and Publication Expenses	17,250.00	208,500.00
Representation Expenses	6,762,529.64	6,801,064.88
Rent/Lease Expenses	307,900.00	680,000.00
Membership Dues and Contributions to Organizations	2,669,793.98	1,604,040.24
Subscription Expenses	122,343.28	393,079.00
Donations	1,000.00	35,000.00
Total Other Maintenance and Operating Expenses	₱ 9,943,878.50	₱ 9,834,520.12

20. Non-Cash Expenses

20.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Depreciation	₱ 62,283,060.50	₱ 51,461,149.16
Impairment Loss	0.00	1,172,738.00
Total Non-Cash Expenses	₱ 62,283,060.50	₱ 52,633,887.16

20.2. Depreciation expenses are non-cash expenses used to record the periodic allocation of cost of assets to period in which the assets are used. All depreciation expenses were computed in accordance with the prescribed policy on depreciation and charged to corresponding expense items.

20.3. Depreciation

20.3.1. This account comprises the following amounts:

	<u>2018</u>	<u>2017</u>
Depreciation-Land Improvement	₱ 5,446,442.77	₱ 5,237,079.25
Depreciation-Infrastructure Assets	739,653.53	138,748.36
Depreciation-Building and Other Structures	23,638,605.79	20,223,222.34
Depreciation-Machinery and Equipment	29,330,483.09	23,760,106.25
Depreciation-Transportation Equipment	1,726,898.78	1,508,820.17
Depreciation-Furniture, Fixtures and Books	1,400,976.54	593,172.79
Total Depreciation	₱ 62,283,060.50	₱ 51,461,149.16

21. Net Financial Assistance/Subsidy

21.1. Subsidy Income from National Government includes NCAs received, TRAs issued and unused NCAs reverted. This account comprises the following amounts:

Total NCAs received from the Department of Budget and Management (DBM)	₱ 439,232,144.00
Total Tax Remittance Advices (TRAs) issued to BIR	21,777,510.61
Total Unused NCAs reverted	(40,507,093.90)
Net Financial Assistance/Subsidy	₱ 420,502,560.71