

AGRICULTURAL TRAINING INSTITUTE
Regional Training Center -MIMAROPA

NOTES TO FINANCIAL STATEMENTS

All Funds

As of December 31, 2018

(in Pesos)

1. GENERAL AGENCY PROFILE

The financial statements of **AGRICULTURAL TRAINING INSTITUTE RTC-MIMAROPA** were authorized for issue on January 24, 2019 as shown in the Statement of Management Responsibility for Financial Statements signed by Mr. PAT ANDREW B. BARRIENTOS, Training Center Superintendent II.

The Agricultural Training Institute, the extension manager of the Department of Agriculture had taken strides to improve, harmonize and lately, strengthen the extension system nationwide. With the synchronized activities and services of the concerned of the concerned agencies under the leadership of ATI, a unified implementation of AFMA (Agriculture and Fisheries Modernization Act) is anticipated.

And to develop quality standard extension delivery mechanism and approaches, ATI RTC-MIMAROPA improved governance in extension delivery system approaches through:

- ✓ Using ICT Based Knowledge through information education communication (IEC) materials such as prints and videos and e-Extension Services such as e-farming (Farmer's Contact Center); e-learning (On line Courses); Techno Gabay Program; NM Rice Web & Mobile
- ✓ The strong advocacy for the recent technologies thru trainings on Upland Rice, Organic Agriculture, HVCD Program
- ✓ Promotion of Coffee & Rubber Production in the region.

OUR STAKEHOLDERS

- ✓ Extension Workers and service providers;
- ✓ Farmers, fishers and entrepreneurs;
- ✓ Officers and members of cooperatives;
- ✓ Teachers and students;
- ✓ Rural women and youth;
- ✓ Men in uniforms, rebel returnees, OFWs, inmates, among others who want to engage in agricultural livelihood activities;
- ✓ Disabled people & indigenous people were also included

The Management and Personnel Staff of the Center

The Agricultural Training Institute (ATI) at Barcenaga, Naujan Oriental Mindoro is the Regional Training Center (RTC) for Region IV-MIMAROPA and covers the provinces of Oriental and Occidental Mindoro, Romblon, Marinduque and Palawan.

The ATI IV- MIMAROPA consists of twenty-five (25) dedicated staff work harmoniously for the empowerment of Agricultural extension workers, farmers, rural

based organizations and the youth. Headed by the Mr. Pat Andrew B. Barrientos, Center Director, different sections are designed and served as the pillars in educating our clients.

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2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

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

Change in accounting treatment

- ✓ Accounts were converted from National Standard Coding System to the Unified Accounts Code Structure (UACS) prescribed under COA-DBM-DOF Joint Circular No. 2013-1 dated August 6, 2013 and COA-DBM-DOF Joint Circular No. 2014-1 dated November 7, 2014.

3.2 Changes in accounting policies and estimates

The Agricultural Training Institute RTC-MIMAROPA 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 Agricultural Training Institute RTC-MIMAROPA recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The Agricultural Training Institute RTC-MIMAROPA] correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a) Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b) 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.

Property, Plant and Equipment

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:

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

An item of PPE is recognized as an asset if:

1. It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
2. 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:

1. its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
2. expenditure that is directly attributable to the acquisition of the items; and
3. 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 ATI RTC- MIMAMOPA 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. PPSAS 17.23
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.

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 operating in the manner intended by management.

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.

Depreciation Method

The straight line method of depreciation is adopted unless another method is more appropriate for agency operation.

Estimated Useful Life

The ATI RTC-MIMAROPA uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

The ATI RTC-MIMAROPA uses a residual value equivalent to at least five percent (5%) of the cost of the PPE.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

Derecognition

The ATI RTC-MIMAROPA 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.

4. **SUBSEQUENT EVENTS**

- Non-adjusting events after the balance sheet date which are so significant that non-disclosure would affect the ability of the users of the financial statements to make proper evaluation and decisions have to be disclosed by stating the nature of the event and an estimate of its financial effects.
- Information received after the balance sheet date about conditions that existed at that date has to be stated to update the disclosures made.

5. **PRIOR PERIOD ADJUSTMENTS**

The ATI-RTC MIMAROPA has determined that fundamental errors of prior years are corrected by adjusting directly to Accumulated Surplus (Deficit) account. Errors affecting the current year's operations are charged to the current year's accounts.

6. **CASH AND CASH EQUIVALENTS**

| Account Name | 2018 | 2017 |
|--|---------------------|----------------------|
| Cash on Hand | 19,500.00 | 0.00 |
| Petty Cash | 10,000.00 | 15,000.00 |
| Cash in Bank- Local Currency | 6,758,898.16 | 10,209,865.61 |
| Total Cash and Cash Equivalents | 6,788,398.16 | 10,224,865.61 |

The account *Petty Cash* represents unused Petty Cash Fund balance at the end of the year.

6.1 Cash on Hand

| Account Name | 2018 | 2017 |
|----------------------------|-----------|------|
| Cash – Collecting Officers | 19,500.00 | 0.00 |

Cash on Hand amounting to ₱19,500.00 represents collections of income from Assessment Center on the last working day of December 2018. It was deposited in January 2019.

6.2 Cash in Bank – Local Currency

| Account Name | 2018 | 2017 |
|--|--------------|---------------|
| Cash in Bank-Local Currency, Current Account | 6,758,898.16 | 10,209,865.61 |

This account represents:

| Particulars | Amount |
|----------------|---------------------|
| Revolving Fund | 892,843.74 |
| Trust Fund | 5,866,054.42 |
| Total | 6,758,898.16 |

Trust Fund consists of unused balance of fund transfer from Fund 101 to Trust Fund, collection of income from Assessment Center and collection of fee from the sale of bidding documents. The unused balance from fund transfer will be remitted to the National Treasury on March 2019.

7. RECEIVABLES

| Account Name | 2018 | 2017 |
|--------------------------|----------------------|----------------------|
| Inter-Agency Receivables | 12,858,610.13 | 7,959,846.01 |
| Other Receivables | 4,836,739.27 | 8,792,586.67 |
| Total Receivables | 17,695,349.40 | 16,752,432.68 |

7.1 Inter-Agency Receivable

| Account Name | 2018 | 2017 |
|---|----------------------|---------------------|
| Due from National Government Agencies (NGAs) | 814,001.01 | 814,001.01 |
| Due from Local Government Units (LGUs) | 2,772,661.67 | 1,147,124.00 |
| Due from Non-Government Organizations/People's Organizations (NGOs/POs) | 9,271,947.45 | 5,998,721.00 |
| Total Inter-Agency Receivable | 12,858,610.13 | 7,959,846.01 |

Due from NGAs represents the following:

- a. Fund transfer to DA-Palawan Agricultural Experiment Station for the conduct of:

| | |
|--|----------------------------|
| <i>Cashew Production & Processing - PAES</i> | ₱ 202.01 |
| <i>School on the Air for HVCDP Program</i> | 122,800.00 |
| <i>Municipal Wide Technical Briefing for RBOs and IPS Orientation/Awareness</i> | 180,000.00 |
| <i>Joint Smallholders Training on Organic-Based Vegetable Production and Management in Palawan</i> | 270,000.00 |
| Total | ₱ <u>573,002.01</u> |

- b. It also includes fund transfer to Mindoro State College of Agriculture and Technology (MinsCAT) for the conduct of *Training on Community Based Mushroom* amounting to ₱240,999.00. Total Due to NGAs balance is **₱814,001.01**.

Due from LGUs consists of unliquidated fund transfers to various local government units.

Due from NGOs/POs pertains to livelihood assistance extended to various farmer associations and financial assistance to learning sites.

7.2 Other Receivables

| Account Name | 2018 | 2017 |
|-------------------|--------------|--------------|
| Other Receivables | 4,836,739.27 | 8,792,586.67 |

Other Receivables represent fund transfer from MDS 101 to Trust Fund for the implementation of various trainings and programs of ATI RTC MIMAROPA.

8. INVENTORIES

| Accounts | All Funds | | | |
|--|---|---|---|---|
| | Inventories carried at the lower of cost and net realizable value | Inventories carried at fair value less cost to sell | Inventory write-down recognized during the year | Reversal of Inventory write-down recognized during the year |
| Inventory Held for Consumption | | | | |
| Carrying Amount, January 1, 2018 | 624,821.95 | | | |
| Additions/Acquisitions during the year | 10,043,256.23 | | | |
| Expensed during the year except write-down | 9,735,591.02 | | | |
| Write-down during the year | | | | |
| Reversal of Write-down during the year | | | | |
| Carrying Amount, December 31, 2018 | 932,487.16 | | | |
| Inventory of Semi-Expendable Machinery & Equipment Expenses | | | | |
| Carrying Amount, January 1, 2018 | - | | | |
| Additions/Acquisitions during the year | 691,886.85 | | | |
| Expensed during the year except write-down | 691,886.85 | | | |
| Write-down during the year | | | | |
| Reversal of Write-down during the year | | | | |
| Carrying Amount, December 31, 2018 | - | - | - | - |

9. PROPERTY, PLANT AND EQUIPMENT

| | Land | Land Improvements | Infrastructure Assets | Buildings and Other Structures | Machinery and Equipment | Transportation Equipment | Furnitures, Fixtures and Books | Construction in Progress | TOTAL |
|--|------------------|-------------------|-----------------------|--------------------------------|-------------------------|--------------------------|--------------------------------|--------------------------|----------------------|
| Carrying Amount, January 1, 2018 | 61,120.00 | 28,290.27 | 237,223.70 | 9,833,291.88 | 2,926,844.65 | 789,880.00 | 423,687.59 | 6,904,466.10 | 21,204,804.19 |
| Additions/Acquisitions | | | | 9,598,957.41 | 1,008,017.00 | 2,235,139.29 | 35,972.00 | 910,729.59 | 13,788,815.29 |
| Total | 61,120.00 | 28,290.27 | 237,223.70 | 19,432,249.29 | 3,934,861.65 | 3,025,019.29 | 459,659.59 | 7,815,195.69 | 34,993,619.48 |
| Disposals | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation (As per Statement of Financial Performance) | 0.00 | (2,845.25) | (23,858.40) | (493,189.09) | (752,253.95) | (276,177.77) | (44,401.54) | 0.00 | (1,592,726.01) |
| Impairment Loss (As per Statement of Financial Performance) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Carrying Amount, December 31, 2018 (As per Statement of Financial Position) | 61,120.00 | 25,445.02 | 213,365.30 | 18,939,060.20 | 3,182,607.70 | 2,748,841.52 | 415,258.05 | 7,815,195.69 | 33,400,893.47 |
| Gross Cost (Asset Account Balance per Statement of Financial Position) | 61,120.00 | 29,950.00 | 251,141.10 | 21,596,926.40 | 6,159,314.67 | 3,509,139.29 | 551,683.60 | 7,815,195.69 | 39,974,470.75 |
| Less: Accumulated Depreciation | 0.00 | (4,504.98) | (37,775.80) | (2,657,866.20) | (2,976,706.97) | (760,297.77) | (136,425.55) | 0.00 | (6,573,577.28) |
| Allowance for Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Carrying Amount, December 31, 2018 (As per Statement of Financial Position) | 61,120.00 | 25,445.02 | 213,365.30 | 18,939,060.20 | 3,182,607.70 | 2,748,841.52 | 415,258.05 | 7,815,195.69 | 33,400,893.47 |

10. INTER-AGENCY PAYABLES

| Account Name | 2018 | 2017 |
|------------------------------------|------------------|-------------------|
| Due to BIR | 61,815.00 | 373,706.82 |
| Due to GSIS | 0.00 | 0.00 |
| Due to Pag-IBIG | 0.00 | 0.00 |
| Due to Philhealth | 0.00 | 0.00 |
| Total Inter-Agency Payables | 61,815.00 | 373,706.82 |

Due to BIR consists of taxes withheld from payment to various suppliers for the month of December 2018. It was remitted in January 2019.

11. **INTRA AGENCY-PAYABLES**

| Account Name | 2018 | 2017 |
|------------------------|------------|------------|
| Due to Operating Units | 338,422.62 | 338,422.62 |

Due to Operating Units represents fund transfer from ATI Central Office for commitments to EHRDP Scholars.

12. **TRUST LIABILITIES**

| Account Name | 2018 | 2017 |
|------------------------------------|------------|------------|
| Guaranty/Security Deposits Payable | 447,011.13 | 690,446.60 |

Guaranty/Security Deposits Payable represents 10% retention from the progress billings for the Concreting of Road Pavement and Storm Drainage System of ATI-RTC MIMAROPA.

13. **OTHER PAYABLES**

| Account Name | 2018 | 2017 |
|----------------|--------------|--------------|
| Other Payables | 5,504,920.86 | 9,480,318.47 |

Other Payables represents unliquidated fund transfer from Fund 101 to Trust Fund, collection of income from Assessment Center and collection of fee from the sale of bidding documents.

14. **OTHER MAINTENANCE AND OPERATING EXPENSES**

Other maintenance and operating expenses of **P49,515.00** include expenses for rental of chairs for training, cost of conduct of Rural Based Organization Consultation and cost of stencil and smoke emission test of motor vehicles of the agency.

15. **ACCUMULATED SURPLUS/DEFICIT**

Prior period adjustments amounting to **P5,398,331.03** represents net effect of various adjustments that were made on the prior year's transaction affecting the other accounts. Majority of these adjustments are due to transactions such as liquidation of prior year cash advances and re-issuance of payments for stale checks.

16. ALLOTMENTS, OBLIGATIONS AND BALANCES

| Category | Allotment | Obligations | Disbursements | Unpaid Obligations |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| PS | 13,615,716.59 | 13,583,060.37 | 13,286,522.92 | 296,537.45 |
| MOOE | 67,163,571.00 | 65,116,494.39 | 54,204,738.19 | 10,911,756.20 |
| CAPITAL OUTLAY | 13,142,515.32 | 12,291,591.48 | 6,159,467.80 | 6,132,123.68 |
| TOTAL | 93,921,802.91 | 90,991,146.24 | 73,650,728.91 | 17,340,417.33 |

Unpaid obligations include due and not yet due and demandable obligations to be paid in the first quarter of 2019.

17. SOURCES OF FUNDS

The total allotment during the year of **₱93,921,802.91** was received from **Agricultural Training Institute Central Office** thru Advice of Sub-Allotment (ASA).