

Republic of the Philippines
City of San Carlos
Negros Occidental
OFFICE OF THE CITY MAYOR

Budget Message



October 10, 2018

THE SANGGUNIANG PANLUNGSOD
San Carlos City, Negros Occidental

Thru: **HON. RENATO Y. GUSTILO**
City Vice – Mayor & Presiding Officer

Gentlemen and Ladies:

I have the honor to submit the proposed **CY 2019 Annual Budget** for both the General Fund and Operation of Economic Enterprises of the City of San Carlos pursuant to Section 318 of RA 7160.

We have worked on this budget with thoroughness and attention to detail, determined that in every aspect, this document shows the thrusts and priorities of this Administration. It is the result of a careful deliberation with all concerned offices/departments and other stakeholders to make resource allocation and policy decisions more transparent, participative and democratic. This budget reflects our commitment to maintaining the highest level of government services by wisely using our resources to meet the community's needs.

The programs, projects and activities in this proposed budget are incorporated in the CY 2019 Annual Investment Plan and are aligned with the 0+10 Socio-economic Agenda which are the key budget priorities of the President, namely:

0. Law and Order – Stamp out criminality, drugs, smuggling, kidnapping, address traffic crisis, honor sanctity of contracts
1. Continue and improve on current macroeconomic policies – Strengthen tax collection and administration, reduce tax evasion, corruption and smuggling
2. Reform the tax system – Make it more progressive, equitable, and globally competitive – including indexation to inflation of tax brackets for personal and corporate income taxes (TRAIN 1 and 2)
3. Accelerate infrastructure spending with at least 5% of GDP spending target; address bottlenecks in the PPP program
4. Strongly attract foreign, besides local, direct investments by: a) easing constitutional restrictions and other PH laws; b) enhance ease of doing business (cut red tape); and c) enforce law and order

5. Pursue agricultural development, focusing on farm-level productivity, via support to small farmers; improving market access, and fostering agricultural value chain; broader rural and regional development strategy that includes promoting tourism
6. Address bottleneck in land reforms management, including security of land tenure to make project bankable; thereby attracting investment in rural areas
7. Strengthen basic education, focus on communication skills, math and logical thinking; provide scholarships for tertiary education, and address skills-jobs matches
8. Promote Science and Technology and Creative Arts to enhance innovative and creative capacities – needed for self-sustaining inclusive development and participation in global knowledge economy
9. Expand and improve CCT indexing grants to inflation while tightening its administration
10. Step up implementation of RPRH (Responsible Parenthood and Reproductive Health) law to enable couples, especially the poor, to have informed choice on the number and spacing of children they can properly care and provide for.

POLICY THRUSTS FOR CY 2019

The welfare of our people is still our main agenda. Provision of the basic needs and services to the citizens of San Carlos City is our chief concern especially in the areas of health, education, water, home lots, housing, livelihood, sanitation and environment, infrastructure, sports development, disaster preparedness among others.

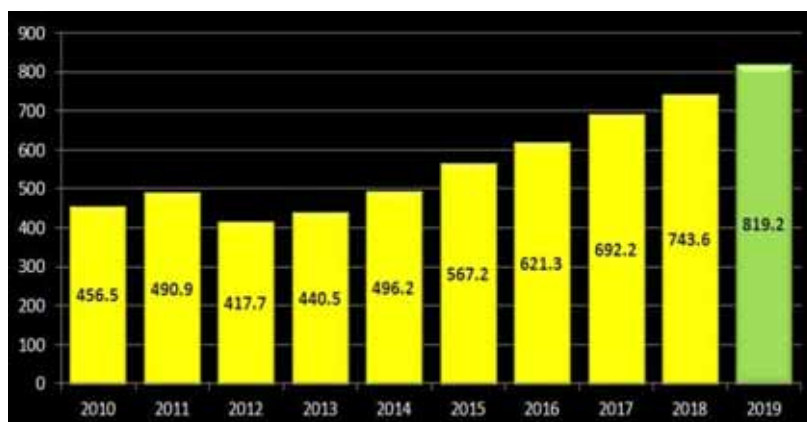
We continue to enhance health services, hospital facilities and other social services by allocating a substantial amount for healthcare programs. We maintain programs for sanitation and environmental protection, rehabilitation and restoration efforts so that our constituents will enjoy better facilities and a healthier environment. Improved health benefits ensure that individuals stay healthy and productive, resulting in improved capacities to access higher income.

We exert more efforts to create employment and alternative livelihood opportunities among the poor and boost fishery and agricultural productivity to promote food self-sufficiency. We move to effectively implement programs that help the poorest. We want our marginalized residents in the rural and urban areas to be the focus of our investments.

FISCAL TARGETS

The estimated revenues for CY 2019 is **₱1,073,475,524.00**. Per Local Budget Memorandum (LBM) No. 77 dated May 15, 2018, our Internal Revenue Allotment (IRA) share is **₱819,199,524.00**, which is still our highest source of revenue equivalent to **76.31%** of our total income. There is an increase of **10.17%** in our IRA share as compared to CY 2018. Local sources is projected at **₱254,276,000.00** or **23.69%** of our total resources.

**COMPARATIVE IRA SHARES
(2010 – 2019)**

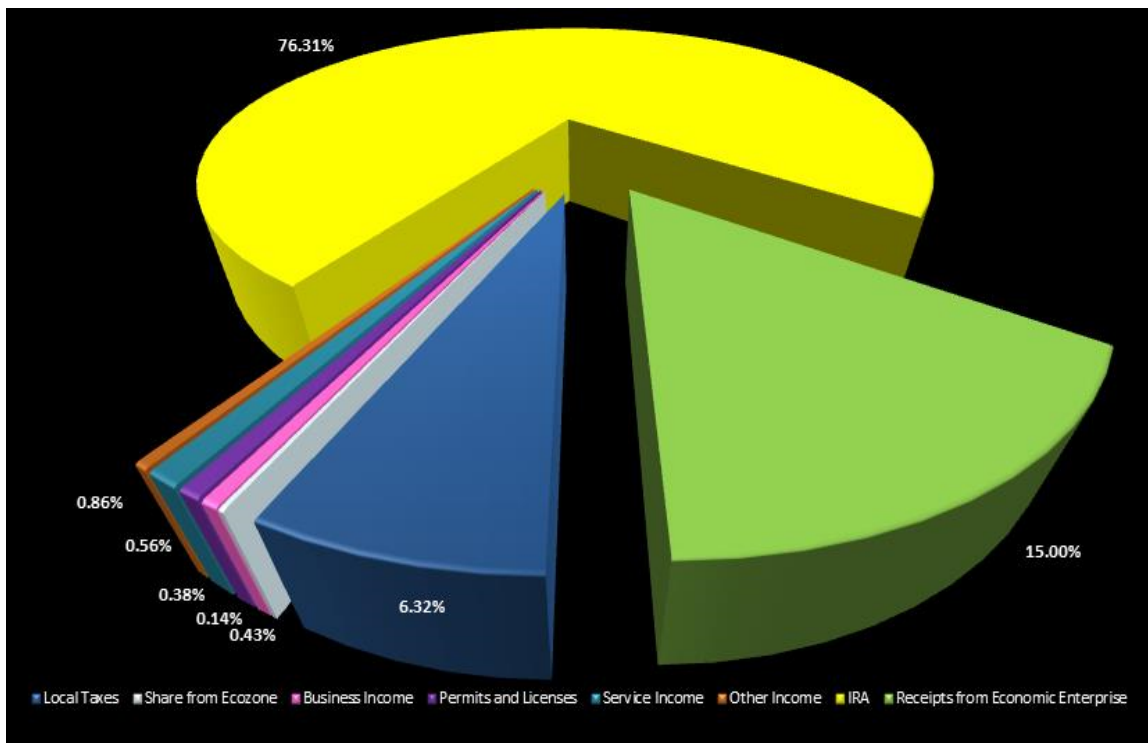


DISTRIBUTION BY TYPE OF REVENUE

The following table shows the different sources of estimated income of the city:

**SOURCES OF INCOME
CY 2019**

Internal Revenue Allotment	P-819,199,524.00	76.31%
Tax Revenue	67,852,000.00	6.32%
Fees, Permits & Licenses	6,038,000.00	0.56%
Business & Service Income	13,816,000.00	1.29%
Share from Ecozone	1,500,000.00	0.14%
Other Income	<u>4,030,000.00</u>	<u>0.38%</u>
Total Income – GENERAL FUND	P 912,435,524.00	85.00%
Receipts from Economic Enterprises (Subsidy Not Included)	<u>161,040,000.00</u>	<u>15.00%</u>
TOTAL INCOME	<u>P1,073,475,524.00</u>	<u>100.00%</u>



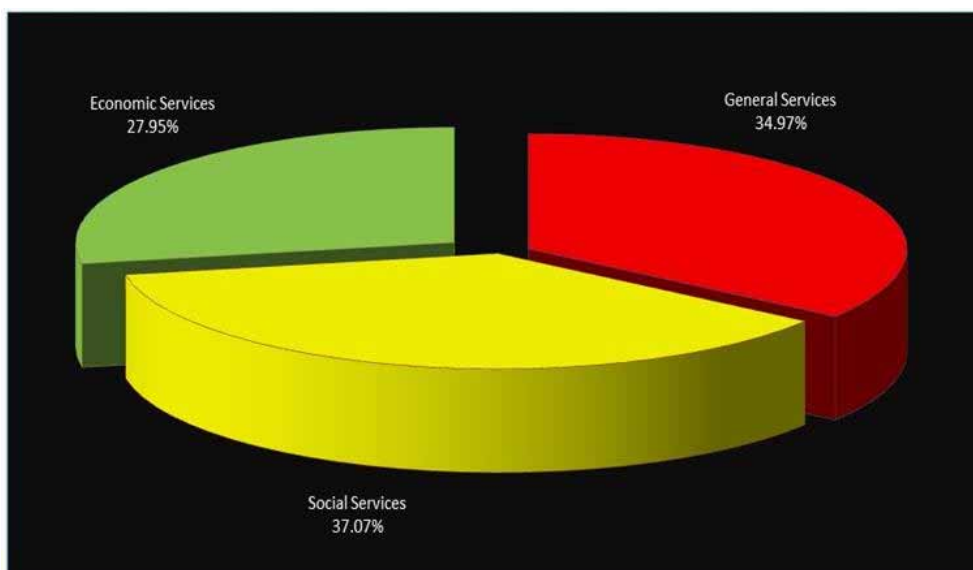
We will make more efforts in strengthening our local economy and making our taxes and fees collection more efficient. One measure currently underway to increase revenue is the implementation of a new revenue code where licenses and tax rates were re-evaluated to update with existing business license practices. We shall make and implement strategic policies to boost collection.

Efficient and successful collection of projected revenues is vital to support and implement our budget. This will ensure that the programs and projects are sufficiently funded.

DISTRIBUTION BY SECTOR OF THE EXPENDITURE PROGRAM

The distribution by sector of the proposed expenditure program, CY 2019 for the General Fund is shown below:

<u>SECTOR</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
General Services	319,104,738.20	34.97%
Social Services	338,262,886.80	37.07%
Economic Services	<u>255,067,899.00</u>	<u>27.95%</u>
TOTAL	<u>912,435,524.00</u>	<u>100.00%</u>



The total amount appropriated for the proposed expenditures of the General Fund and Special Accounts as found in CY 2019 Annual Budget has not exceeded total estimated income. In the proposed appropriation of such amount, allocation has been first made for the provision of the basic services and facilities enumerated in Section 17(b) of the Code before applying the same for other purposes.

DISTRIBUTION BY MAJOR EXPENSE CLASS

Personal Services

The total proposed appropriation for Personal Services – General Fund has been set at **₱332,307,487.00** (representing 36.42% of the budget) which is within the Forty-five Percent (45%) salary limitation set by the Code and its implementing DBM Local Budget Circular No. 75 dated July 12, 2002.

A total appropriation of **₱18,170,520.00** under Other Personnel Benefits in each department is provided in anticipation for the salary increases under the Fourth Tranche of Salary Standardization Law IV.

Maintenance and Other Operating Expenses

The amount of **₱237,345,570.80** has been set aside for MOOE, representing 22.11% of the budget.

A Ten Percent (10%) Reserve from the allotment release of the Maintenance and Other Operating Expenses (MOOE) of every office is being observed to answer for contingencies and/or generate savings and implement an economy measure.

Capital Outlays

A total appropriation of **₱74,659,490.20** is proposed for Capital Outlay --- Capital Outlays (Loans Outlay – CLDO), **₱2,000,000.00**; Various Projects and Capital Outlays – Peace and Order Fund, **₱1,000,000.00**; Various Projects and Capital Outlays of the CED – Building and Street Lighting **₱10,000,000.00**; Various Projects and Capital Outlays of the Office of the City Agriculturist **₱950,000.00**; Various Projects and Capital Outlays of the City Environment Management Office **₱100,000.00**; Construction of Annex Building of the City Engineering Department **₱40,000,000.00**; and for Various Development Projects and Other Capital Outlays, **₱20,609,490.20**, the details of the above-cited objects of expenditures shall be submitted for your review and approval.

The total amount of **₱312,806.80** appropriated for discretionary purposes of the undersigned has not exceeded Two Percent (2%) of our actual next preceding year's receipts from basic real property tax.

Full provision of **₱253,305,067.00** has been made for all statutory and contractual obligations.

Total proposed appropriation for mandatory aid to component barangays has been set at **₱36,000.00** which is in conformity with the requirement of the Code that at least **₱1,000.00** per barangay be appropriated for the purpose. However, additional amount of **₱240,000.00** and **₱500,000.00** are proposed to be appropriated for Aid to Barangay Council, to be shared equitably, and Aid to Three (3) Most Depressed Barangays, respectively.

A lumpsum amount of **₱53,873,777.00** which is equivalent to Five Percent (5%) of the total estimated revenue from regular sources inclusive of special accounts has been set aside as annual appropriation for the City Disaster Risk Reduction Management Fund for unforeseen expenditures arising from the occurrence of calamities; of which 30% is allocated as Quick Response Fund, a standby fund for relief and recovery programs to normalize situation and living conditions of people in areas stricken by disasters, calamities, epidemics or complex emergencies and 70% is appropriated for Pre-Disaster Preparedness as well as Post-Disaster Activities.

The total appropriation for development projects has been set at **₱165,000,000.00** which is equivalent to 20.14% of the city's initial CY 2019 Internal Revenue Allotment (IRA) as appropriated by Congress.

There is a proposed appropriation of **₱990,000.00** for ABC Federation Fund; **₱1,000,000.00** for Katarungang Pambarangay and another **₱3,278,000.00** for Barangay Tanods.

There is also a proposed initial appropriation of **₱5,000,000.00** intended for the Hospitalization Assistance Program for the city's indigents.

An appropriation of **₱670,000.00** is intended for the SCC Anti-Drug Abuse Council in line with the President's call to fight drug addiction and substance abuse. Drug testing is made compulsory for all employees of the LGU.

A total amount of **₱53,859,454.35** is proposed to be appropriated for Gender and Development (GAD) related projects/programs/activities, in compliance with RA 7192, Executive Order No. 273 to institutionalize GAD in government, PCW-DILG-DBM-NEDA JMC No. 2016-01, etc.

An appropriation of **₱9,124,355.24** for the Office of the Senior Citizens Affairs and for Persons With Disabilities is set aside to address the concerns of older persons and persons with disabilities

which is at least one percent (1%) of the total annual appropriations anchored on the provisions of various laws and administrative issuances.

An amount of **₱8,191,995.24** is appropriated for the strengthening and implementation of the programs, projects and activities of the Local Council for the Protection of Children (LCPC) in compliance with Section 15 of RA 9344.

The special provisions in the General Appropriations Act on the use of the Internal Revenue Allotment have been strictly observed.

All procurement activities of the city shall be implemented in accordance with the provisions of the RA 9184 otherwise known as the Government Procurement Reform Act.

OPERATION OF ECONOMIC ENTERPRISES

The following table presents a summary of projected revenues of local economic enterprises:

	Internally Generated Income	Subsidy from General Fund	Total
City Hospital	94,150,000.00	48,463,199.00	142,613,199.00
City Waterworks Department	40,990,000.00	10,000.00	41,000,000.00
Public Market & Slaughterhouse Department	18,500,000.00	0.00	18,500,000.00
Public Transportation Terminal Division	7,400,000.00	0.00	7,400,000.00
TOTALS	161,040,000.00	48,473,199.00	209,513,199.00

Proposed Total Expenditures:

	Personal Services	Maintenance & Other Operating Expenses	Capital Outlay	Total
City Hospital	90,694,359.00	49,168,840.00	2,750,000.00	142,613,199.00
City Waterworks Department	15,773,751.00	22,961,660.00	2,264,589.00	41,000,000.00
Public Market & Slaughterhouse Department	10,696,558.00	5,419,435.00	2,384,007.00	18,500,000.00
Public Transport Terminal Division	2,264,802.00	4,911,941.00	223,257.00	7,400,000.00
TOTALS	119,429,470.00	82,461,876.00	7,621,853.00	209,513,199.00

The creation of these local economic enterprises is based on their sustained financial viability to support its operations while delivering quality goods and services to the general public. The City

Hospital is subsidized by the General Fund, however, the transfer shall not be used to fund the PS requirements of the said economic enterprise.

CONCLUSION

Through the years of working together, we have adopted a number of innovations and changes in the city's governance that brought us ahead of our peers. Our effort to advance and change continues. As your Mayor, I am obligated to keep these measures for us to move forward with the end goal of having a stable and good fiscal management plan that will maintain and enhance the city's economy.

This budget handles our needs today and plans for tomorrow. It represents our best efforts to meet the needs of our growing community in a timely and fiscally responsible manner. Our administration is committed to investing in our future, maintaining core services and meeting our obligations to our employees, ensuring public safety and meeting the needs of our community. We will continue working together so that the city remains on a path toward future financial sustainability and effectively implement programs that will support the marginalized sector of our society and attain a comfortable life for all.

I am confident that we are on the right track. And I am resolute to stay on this track, to continue building on what we have accomplished.

Gentlemen and ladies of the city council, this is our financial program presented for your review and approval.

There is still much to be done. Let's work together for a better San Carlos!

Vamos! San Carlos!

GERARDO P. VALMAYOR, JR.

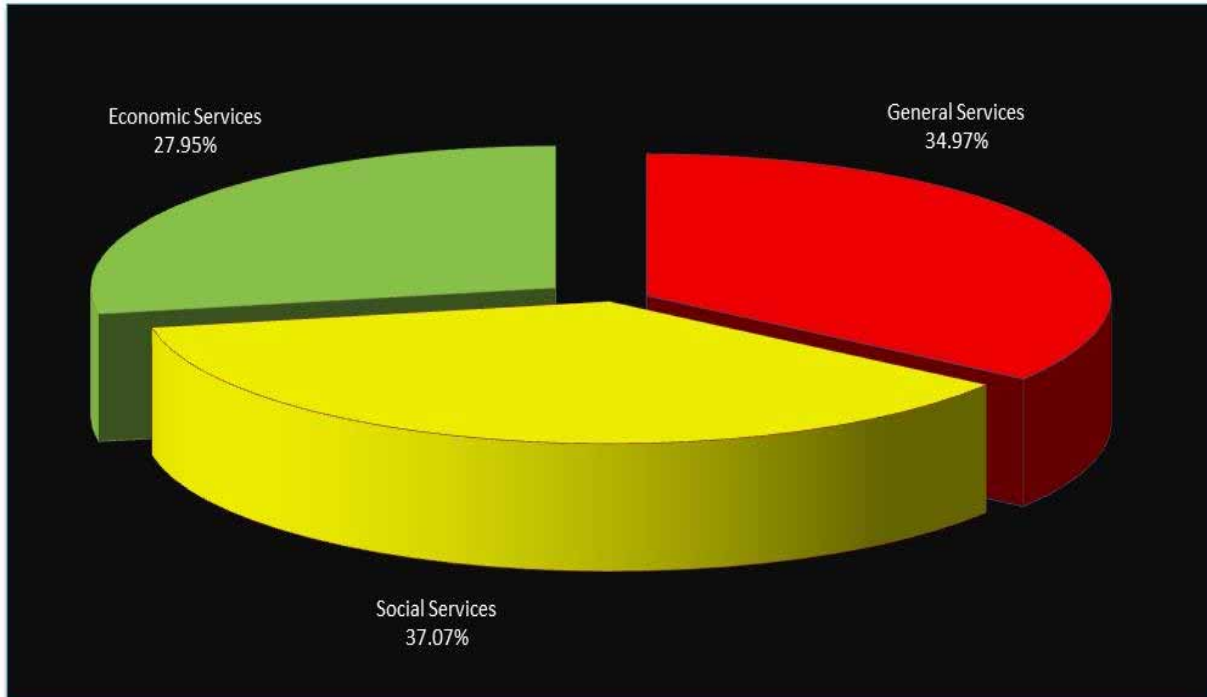
City Mayor

EXPENDITURE PROGRAM

GENERAL FUND

(Distribution by Sector)

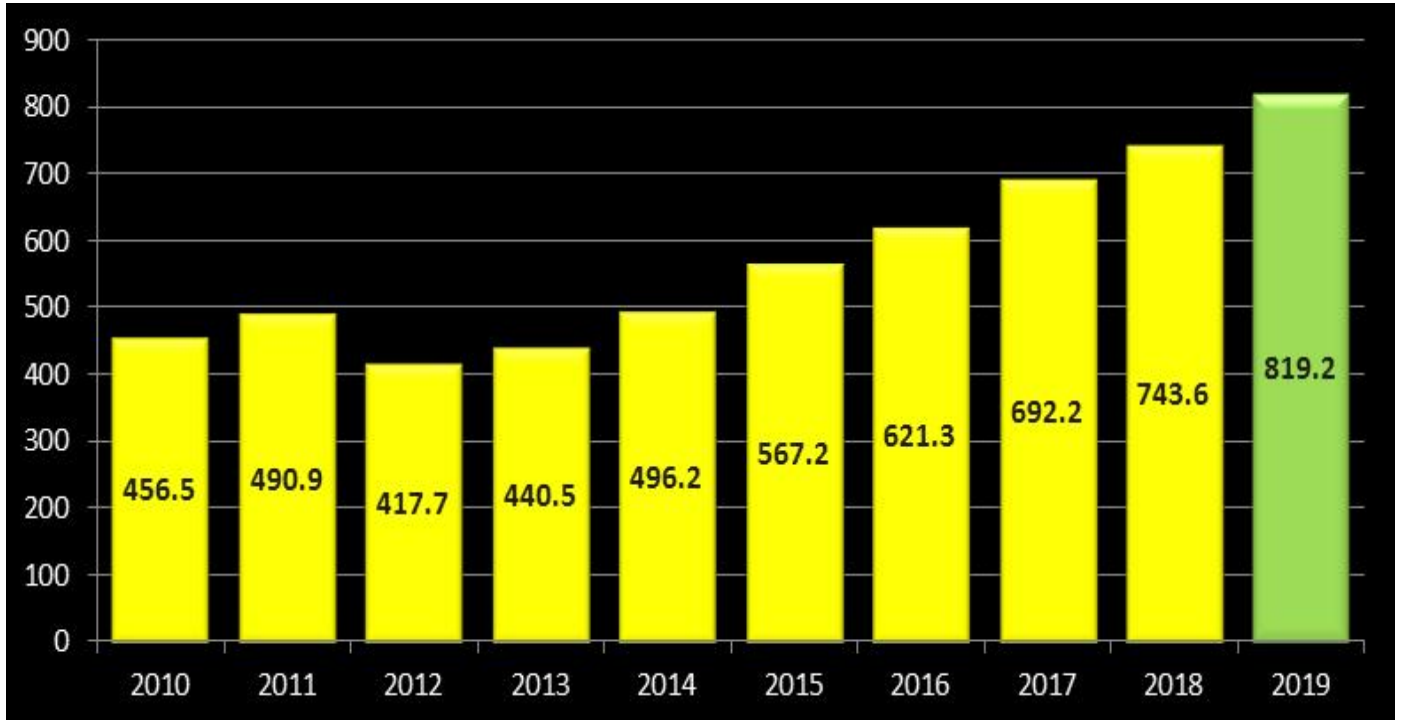
CALENDAR YEAR 2019



<i>SECTOR</i>	<i>AMOUNT</i>	<i>PERCENTAGE</i>
General Services	319,104,738.20	34.97%
Social Services	338,262,886.80	37.07%
Economic Services	255,067,899.00	27.95%
TOTAL	912,435,524.00	100.00%

INTERNAL REVENUE ALLOTMENT (IRA) (COMPARATIVE)

San Carlos City, Negros Occidental



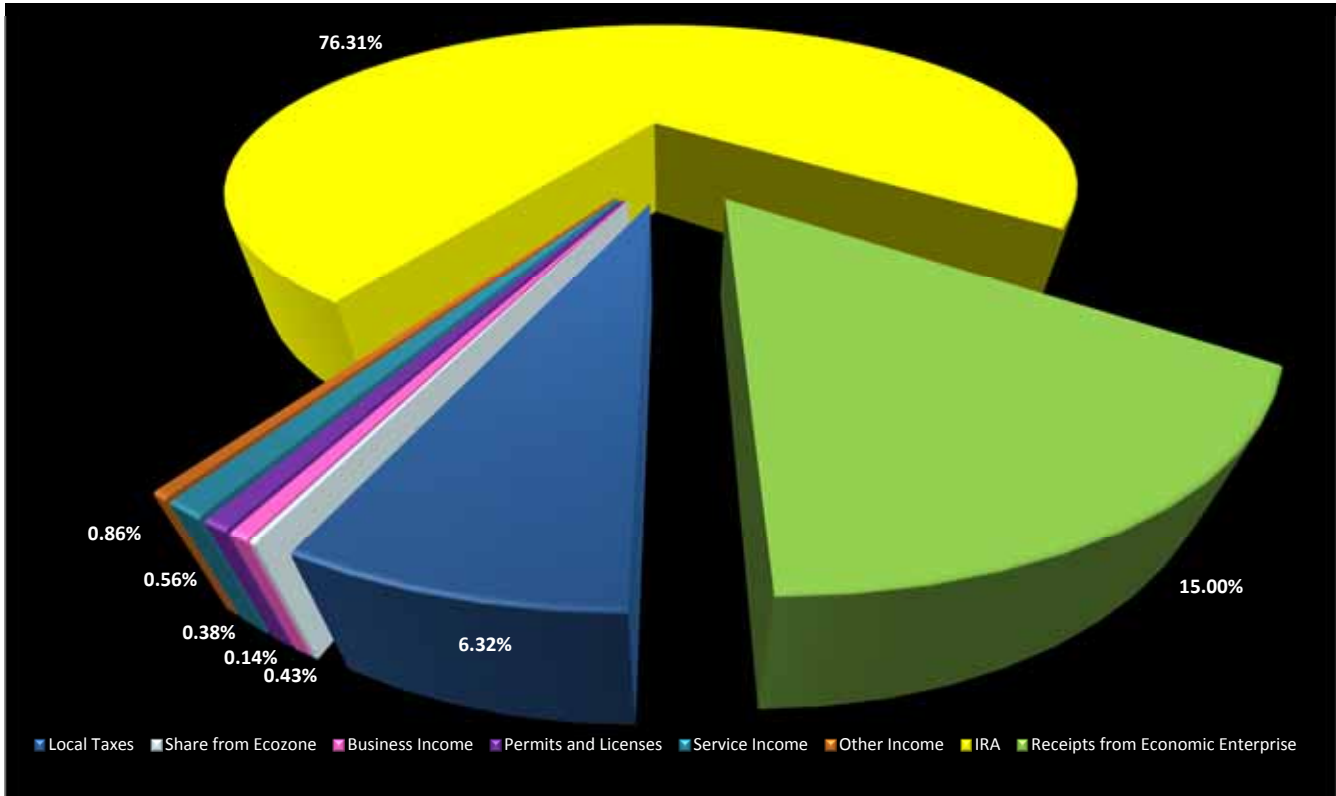
ACTUAL INITIAL

<u>CALENDAR YEAR</u>	<u>AMOUNT</u> <i>In Million Pesos</i>	<u>IRA ALLOCATION</u>
2019	819,199,524.00	INITIAL
2018	743,608,741.00	ACTUAL
2017	692,238,638.00	ACTUAL
2016	621,335,977.00	ACTUAL
2015	567,267,286.00	ACTUAL
2014	496,295,181.00	ACTUAL
2013	440,562,998.00	ACTUAL
2012	417,743,734.00	ACTUAL
2011	490,966,111.00	ACTUAL
2010	456,529,898.00	ACTUAL

CITY BUDGET AND MANAGEMENT OFFICE

SOURCES OF INCOME

CALENDAR YEAR 2019



	<u>AMOUNT</u>	<u>PERCENTAGE</u>
IRA (Final Allocation)	₱ 819,199,524.00	76.31%
Income from Local Sources		
Tax Revenue:		
Tax Revenue (<i>Net of SEF & Share from National Wealth</i>)	67,852,000.00	6.32%
General Income:		
Permits and Licenses	₱ 6,038,000.00	0.56%
Service Income	9,226,000.00	0.86%
Business Income	4,590,000.00	0.43%
Share from Ecozone	1,500,000.00	0.14%
Other Income (<i>Including Receipts from Loan Payment</i>)	4,030,000.00	0.38%
Total General Income	<u>25,384,000.00</u>	
Total Income - General Fund	₱ <u>912,435,524.00</u>	
Income from Economic Enterprises (<i>Subsidy from General Fund/Dev't. Fund, excluded</i>):		
City Hospital Department	₱ 94,150,000.00	
City Waterworks Department	40,990,000.00	
Public Market and Slaughterhouse Dept.	18,500,000.00	
Public Transport Terminal Office	7,400,000.00	
Total Income - Economic Enterprises	<u>161,040,000.00</u>	15.00%
GRAND TOTAL	₱ <u><u>1,073,475,524.00</u></u>	<u>100%</u>

SUMMARY

<u>SOURCES</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>
IRA	₱ 819,199,524.00	76.31%
Local Sources	<u>254,276,000.00</u>	23.69%
TOTAL	₱ <u><u>1,073,475,524.00</u></u>	<u>100.00%</u>

SUBMITTED:
 THE LOCAL FINANCE COMMITTEE
 BY :

SANDRA LUZ B. BRIONES
 City Gov't. Assistant Department Head I
 Officer in Charge - CBMO