



Republic of the Philippines
CITY OF MALABON
Metropolitan Manila

OFFICE OF THE CITY MAYOR

BUDGET MESSAGE

**THE HONORABLE MEMBERS
SANGGUNIANG PANLUNGSOD
CITY OF MALABON**

DEAR SIRS / MESDAMES;

This is to respectfully submit to the Honorable Members of the Sangguniang Panlungsod the City Government's **PROPOSED ANNUAL GENERAL FUND BUDGET for BY 2012** for enactment.

A. INTRODUCTION

The Annual General Fund Budget was prepared after a thorough deliberation with all concerned departments / offices and interested citizens in keeping the City Government's thrust for transparency and accountability.

The Local Development Council Executive Committee, together with non-government organizations, private sector associations, and the general public, played significant roles in the city's pre-budget preparation. They took part in the review and formulation of the 2012 Annual Development Plan (ADP) and Annual Investment Program (AIP) which was enacted under Resolution No. 101 - 2011, dated July 19, 2011.

Local Budget Memorandum No. 65 dated July 27, 2011 was issued by the Department of Budget and Management (DBM) to inform all local government units of their Internal Revenue Allotment (IRA) allocation and prescribe guidelines in the preparation of the BY 2012 local budgets.

Under this memorandum, a significant decrease of four percent (4%) in our IRA allocation was prescribed. The City's Internal Revenue Allotment for 2012 is FOUR HUNDRED SIXTY THREE MILLION NINE HUNDRED THREE THOUSAND NINE HUNDRED SIXTY ONE PESOS (₱ 463,903,961.00) compared to FOUR HUNDRED EIGHTY TWO MILLION NINE HUNDRED EIGHTY TWO THOUSAND EIGHT HUNDRED TWENTY SEVEN PESOS (₱ 482,982,827.00) allocation for 2011. Nevertheless, striving not to be IRA dependent, the Local Finance Committee has recommended to the undersigned a reasonable income and ceilings of spending.

A balanced General Fund Budget for FY 2012 is composed of the Sources of Financing and Expenditures Program, both amounting to NINE HUNDRED SEVENTY ONE MILLION TWO HUNDRED NINETY ONE THOUSAND FIVE HUNDRED EIGHTY TWO PESOS (₱ 971,291,582.00). It means a per capita spending of ₱ 2,543.62, a moderate increase compared to the past year's per capita of ₱ 2,436.41. The Sources of Financing and Expenditures Program are illustrated in Exhibits 1 and 2.

EXHIBIT 1
SOURCES OF REVENUE
(in Million Pesos)

Tax Revenues	₱ 328,863,000.00	33.86%
Non -Tax Revenues	173,504,621.00	17.86%
Shares from National Tax Collections (IRA)	463,903,961.00	47.76%
Extra Ordinary Receipts/ Grants/ Aids	5,020,000.00	0.52%
	₱ 971,291,582.00	100.00%

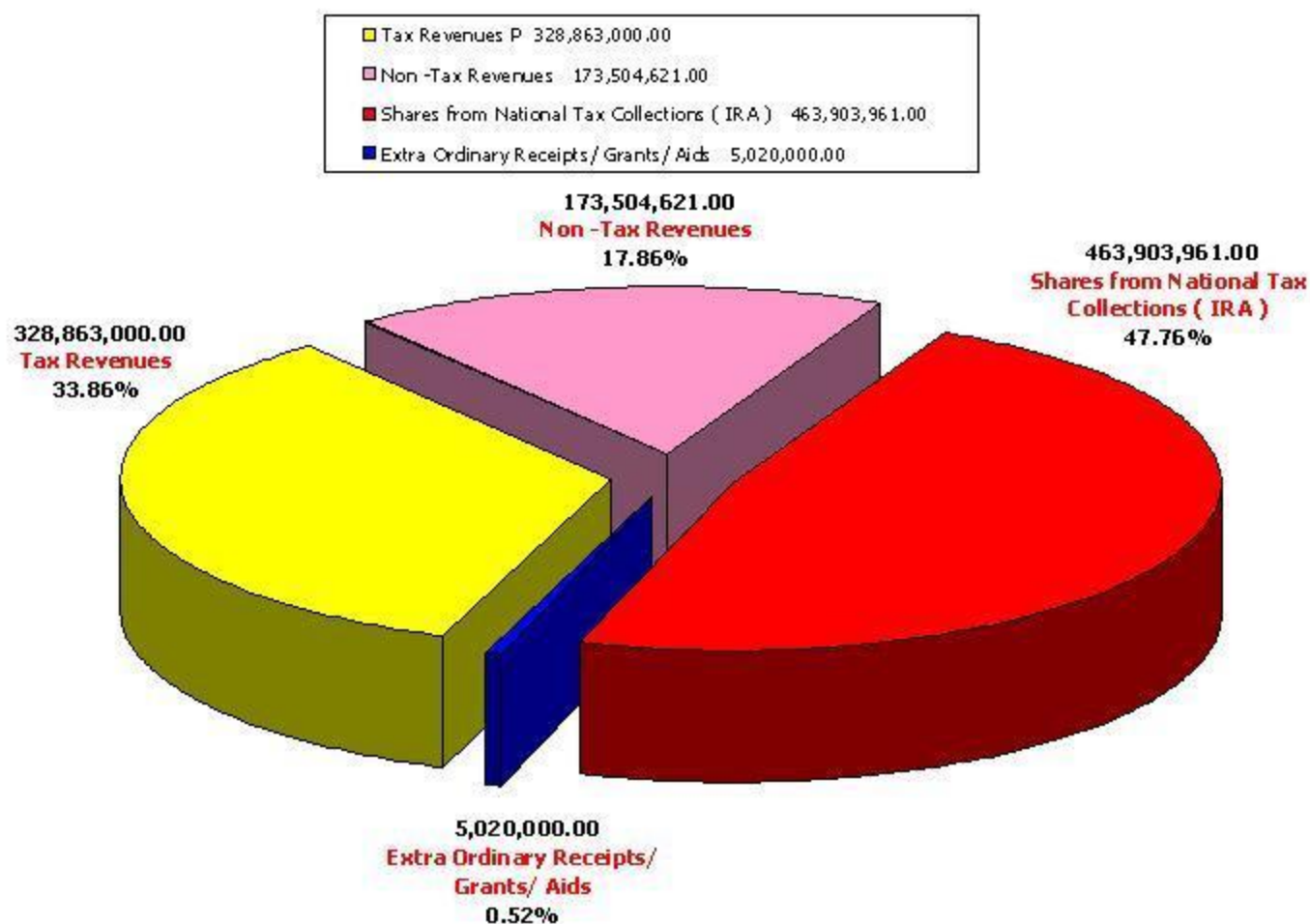
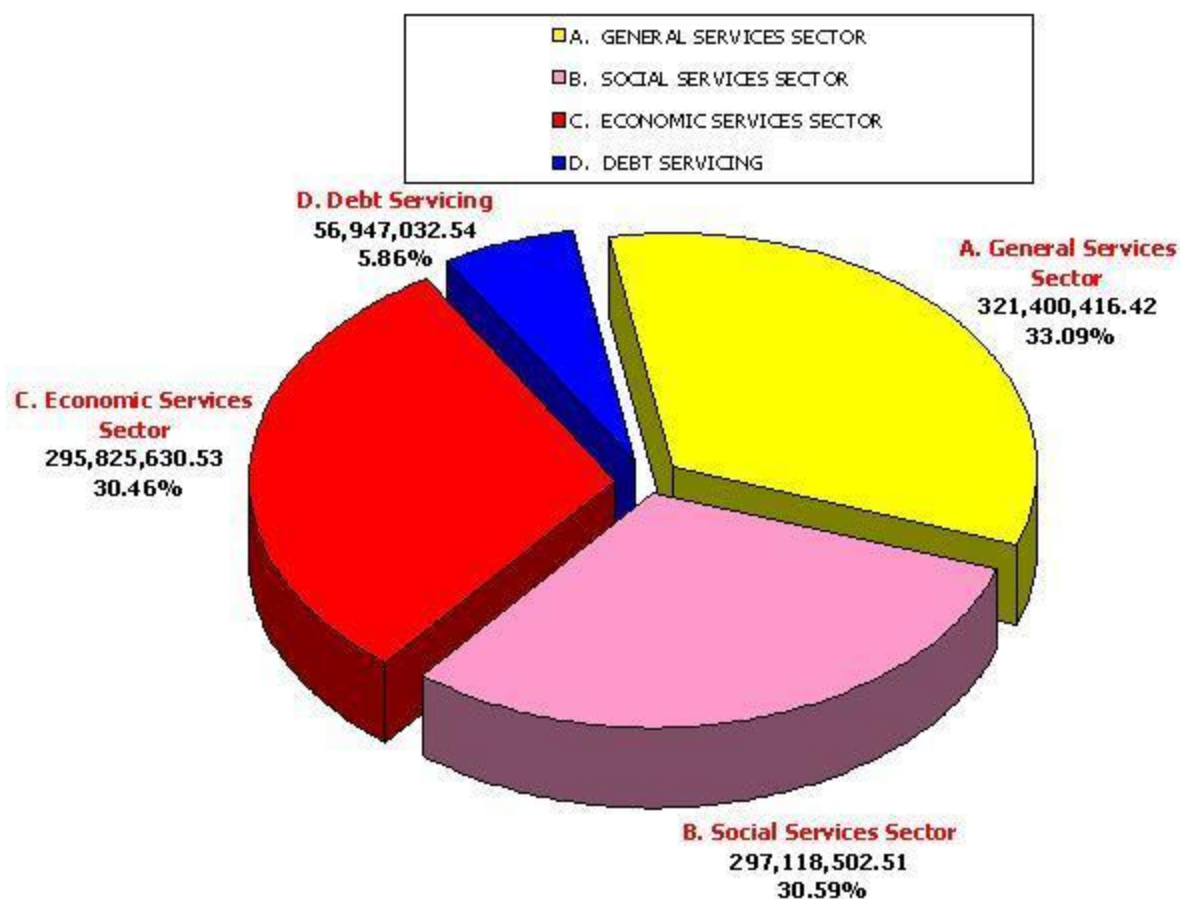


EXHIBIT 2
EXPENDITURES PROGRAM
(in Million Pesos)

SECTORAL ALLOCATIONS

A. GENERAL SERVICES SECTOR	₱	321,400,416.42	33.09%
B. SOCIAL SERVICES SECTOR		297,118,502.51	30.59%
C. ECONOMIC SERVICES SECTOR		295,825,630.53	30.46%
D. DEBT SERVICING		56,947,032.54	5.86%
	₱	971,291,582.00	100.00%



GENERAL SERVICES

The General Services Sector deals with the development administration, control and regulatory functions of local machinery over the affairs and activities of the City Government.

The Sub-sectors/services which are covered by the General / Institutional Development Sector are as follows;

- Civil Service and Professional Regulations ;
- Development Planning, Policy Formulation and Statistical Services;
- Financial and Fiscal Management ;
- Legislative Services ; and
- Organization and Management.

SOCIAL SERVICES

The Social Services Sector reflects the desire of the Local Government to provide basic services to its constituents.

This involves the following sub-sectors:

- Education and Manpower Skills Development ;
- Health ;
- Social Services and Welfare ;
- Housing ;
- Sports and Recreation ; and
- Public Order and Safety

ECONOMIC SERVICES

The Economic Services Sector covers local investment, cooperative formulation, infrastructure facilities and regulations, transportation system and promotion of local tourism.

These are being handled by the following sub - sectors ;

- Employment and Livelihood
- Cultural Preservation and Enrichment
- Building Regulation

- Trade and Industry
- Transportation
- Infrastructure
- Environmental and Natural Resources

DEBT SERVICING

Allocations appropriated for repayment of loans did not exceed the total debt servicing ceiling as provided under Section 324 (b) of the Local Government Code.

B. GOALS and OBJECTIVES

With limited resources, this administration shall prioritize the utilization of its available funds towards the achievement of its target objectives:

- Good Governance
- Sustainable Economic Growth
- Peaceful Community
- Clean Environment
- Productive and Healthy Citizenry

The City's Six (6) Point Agenda :

- Education, Housing and other Social Services
- Employment, Livelihood and Local Investment
- Modern Infrastructure
- Health and Environment
- Public Order and Safety
- Fiscal Administration

C. FISCAL POLICIES

Revenue – generating measures are as follows ;

- Tax Amnesty Program
- Public Auction

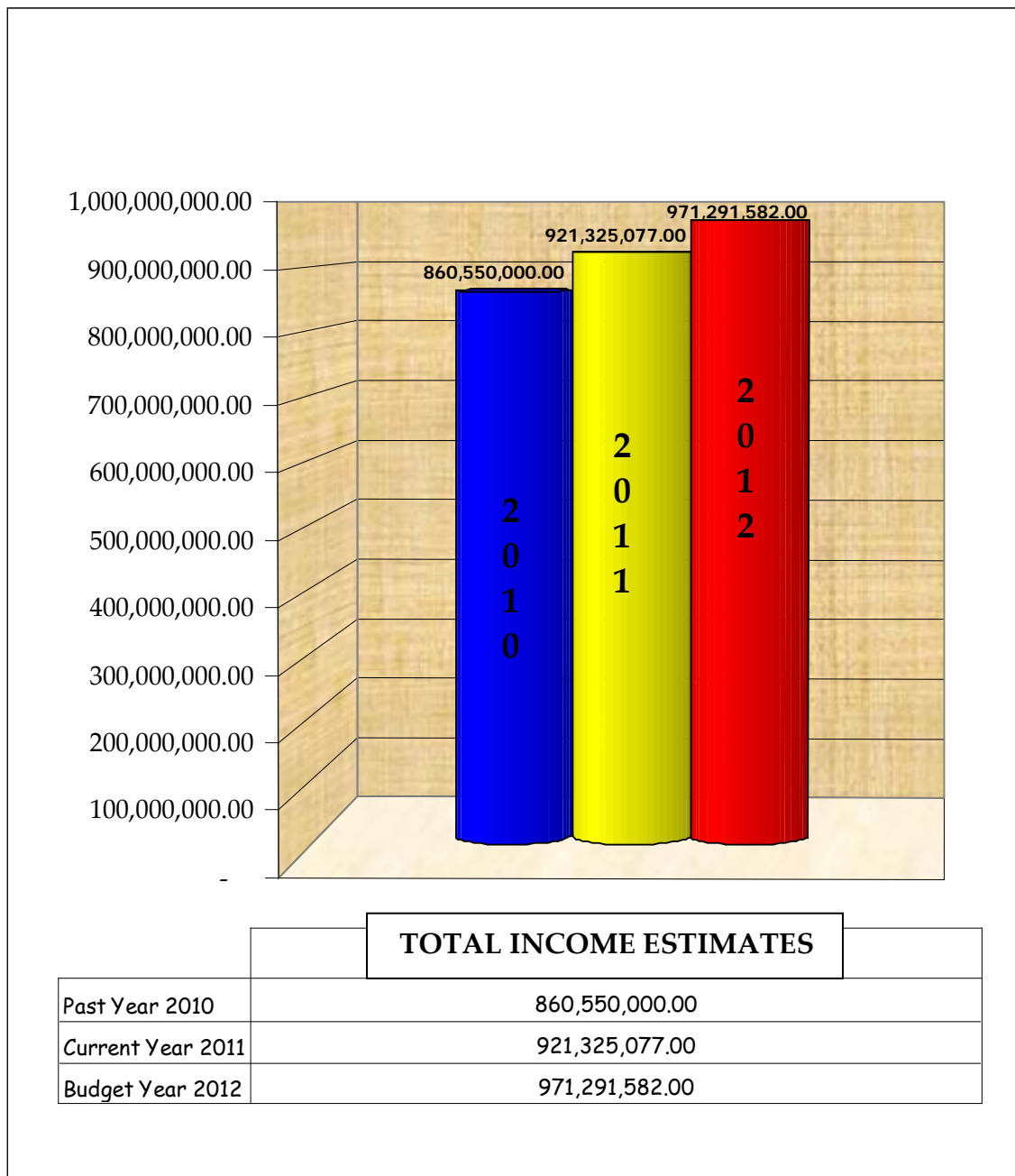
- Revenue Amendment and Enhancement Program
- Income Generation and Monitoring Program
- System Procedures Upgrading Program
- Tax Collection Efficiency Program

Notwithstanding the 4% reduction of Internal Revenue Allotment (IRA) allocation of the city, the Local Finance Committee has positively projected the total target revenue at NINE HUNDRED SEVENTY ONE MILLION TWO HUNDRED NINETY ONE THOUSAND FIVE HUNDRED EIGHTY TWO PESOS (₱ 971,291,582.00) for this budget year.

A comparative trend of Income Estimates for three consecutive years are illustrated on Exhibit 3.

EXHIBIT 3

INCOME ESTIMATES
(Comparative Trend - in Million Pesos)



D. DISTRIBUTION BY MAJOR EXPENSE CLASS

OBJECT OF EXPENDITURES	AMOUNT (₱)	% TO TOTAL
Personal Services (P.S.)	315,897,291.17	32.523%
Maintenance & Other Operating Expenses (M.O.O.E.)	78,320,479.73	8.064%
Financial Expenses (F. E.)	34,286,077.81	3.530%
Capital Outlay (C. O.)	8,170,818.75	0.841%
Non – Office Expenditures (N. O.)	190,384,423.66	19.601%
Statutory & Contractual Obligations (S.C.O.)	344,232,490.88	35.441%
T O T A L	971,291,582.00	100.000%

Personal Services

The total appropriations for Personal Services, which is ₱ 315,897,291.17 or 32.523% of the total budget, includes the provision for LBC No.97, “Implementation of the Third Tranche Monthly Salary Schedule for Local Government Personnel “, dated May 11, 2011.

Said amount does not exceed the PS Cap Limitation as mandated under Section 325 (a) and 331 (b) of the code.

Maintenance and Other Operating Expenses

To be able to sustain the various maintenance and operating expenditures of the city, the total allocation of ₱ 78,320,479.73 or 8.064% of the total appropriations was provided for M.O.O.E.

Financial Expenses

For the accrued interest of the existing loans, ₱ 34,286,077.81 or 3.530% of the budget was allocated.

Capital Outlay

Consistent with the approved Annual Investment Program (AIP), the allocation for Capital Outlay is ₱ 8,170,818.75 or 0.841% of the total budget.

Non – Office Expenditures

The expendable appropriations of ₱ 190,384,423.66 or 19.601% of the total budget was allocated for various programs, projects and activities of the departments / offices.

Statutory and Contractual Obligations

The amount of ₱ 344,232,490.88 or 35.441% of the total appropriations was provided for the city's prior years obligations, payment of utilities, and all budgetary requirements as mandated under Sec. 324 of R.A. 7160 (Local Gov't. Code) and R.A. No. 9019 (City Charter).

F. CONCLUSION

Honorable Members of the Sangguniang Panlungsod, submitted before you is the city government's response to the institutional, economic, social and environmental needs of our constituents.

For your consideration, support and enactment.

Thank you very much.

HON. CANUTO S. ORETA
City Mayor