



REPUBLIC OF THE PHILIPPINES
OFFICE OF THE CITY MAYOR
 CITY OF NAGA
 AN MAOGMANG LUGAR



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October 2014

The Honorable Members
 Sangguniang Panlungsod
 Naga City

Thru: **Hon. NELSON S. LEGACION**
 City Vice Mayor and Presiding Officer

Ladies and Gentlemen:

I am submitting herewith the 2015 Executive Budget of the city government amounting to P834,689,694.14, an 11% increase over this year's P751,377,318.00 budget. This proposal reflects our continuing initiatives to promote inclusive growth in Naga City through various interventions consistent with our HELP UR CITY development agenda.

CHANGES ON BUDGET PRESENTATION

In conformity with directives of the Department of Budget and Management regional office, we have instituted some minor changes in presentation in the executive budget:

- Programs and projects and lump sum appropriations under Special Purpose Appropriations which are clearly within the mandate of particular offices are properly chargeable against offices were transferred to those offices.
- Offices operationalized thru executive orders or by virtue of national issuances but with no ordinance creating them were attached to either the City Mayor's Office or the Office of the City Administrator.
- No beginning balance. This is based on the argument that at the time the budget was being prepared, there is yet no surplus declared thus no basis for the recognition of a beginning balance.

The SPA programs and projects transferred to offices are:

OFFICE	ATTACHED UNITS AND ABSORBED SPA PROGRAMS/PROJECTS
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1. City Mayor's Office	a. Local Disaster Risk Reduction Management Office b. Sports Development Program
2. Sangguniang Panlungsod	a. Philippine Councilor's League (NMYL)
3. Office of the City Administrator	a. JMR Good Governance Center b. i-Governance Program Office c. i-Serve Program Office d. Building Maintenance Office e. Arts, Culture and Tourism Office f. City Publication Office g. City Parks and Recreational Facilities Management Office
4. City Health Office	a. Naga City Health Board b. Naga City AIDS Council c. Naga City Community College
5. Housing and Settlements Development Office	a. Naga City Urban Development and Housing Board b. Bayadnihan Program Fund c. Naga City Urban Poor Federation
6. City Social Welfare and Development Office	a. Sanggawadan b. Paskohan sa Barangay c. Child Friendly City Support Fund d. Senior Citizens Services e. School for Special Children f. School for Early Education g. Solo Parents Office h. Persons with Disability Program i. Resource Center for the Blind
7. City Agriculture Office	a. SARIG Program b. Naga City Agriculture and Fishery Council
8. Metro PESO	a. SPES Program b. Community-Based Employment Program c. Angat Kabuhayan Livelihood Program d. Manpower Skills Development Program e. Local/Overseas Jobs Fair f. Creative Industries Development Activities g. Entrepreneurial Management Skills Training
9. Education, Scholarship and Sports Office	a. Iskolar kan Ciudad Program b. Sports Development Office

REVENUE SOURCES

The proposed budget builds on our robust revenue targets for 2015 helped in no small way by the significant contributions of our various economic enterprises including the recently managed Bicol Central Station. We anticipate an increase of P31.434 million in tax revenues, P13.542 million in various non-tax revenues, and P24.138 million from our economic enterprises. That translates to 14%, 40%, and 29% respectively in revenue increases or a consolidated increase of P69.114 million over the last year for internally generated revenue sources.

On the other hand, national assistance by way of internal revenue allotment will increase by 13% from P367.723 million this year to P417.921 million in 2015 or an additional P49.198 million.

All in all, we are projecting total revenue of P834.690 million, up by P83.312 million (11%) from this year's P751.377 million, the latter inclusive of a beginning balance of P35 million.

Note that this year's budget is unlike past budget is unlike past budgets which had beginning balances right upon submission to the Sangguniang Panlungsod. We are now relying exclusively on projected collections and receipts from 2015. As explained by the DBM, since no surplus has yet been declared at the time the proposed budget is submitted for consideration, there is no basis for the recognition of a beginning balance. We will just submit supplemental budgets next year for any declared 2015 surplus.

A comparative statement of receipts for 2015-2015 can be found in the succeeding pages.

EXPENDITURES

Of the total budget, 29% or P238.387 million will go to general administration services, 19% or P154.642 million for social services, 20% or P163.924 million for economic services, 11% or P88.814 million for local economic enterprises and 23% or P188.920 million for special purpose appropriations and mandatory allocations for local development and calamity funds.

Personal services accounts for 38% of the proposed 2015 budget or P320.195 million, an increase of 5.17% or P15.738 million over the current year's level. Maintenance and other operating expenses is 33% of the total at P274.489 million, a 100.85% increase or P137,828,349.23 over this year's level. The spike in the proposed MOOE appropriation is accounted for by the transfer of certain Special Purpose Appropriation programs and projects to various offices. This includes lump sum allocation for fuel and electricity under SPA.

Capital outlay makes up 6% of the total proposal at P51.085 million or nearly double this year's allocation of P27.487 million. Capital expenditures will further be bolstered by the local development fund at P83.384 million, up by 13% from this year's P73.544 million. Special Purpose Appropriation shrunk from this year's P171.678 million to just P63.398 million after the migration of certain SPA appropriations to offices. Finally, our local disaster risk reduction management fund gets an allocation of P41.597 million, a 16% increase over this year's P35.815 million.

A comparative summary of 2014-2015 appropriations, by sector and expense class, is attached for your perusal.

This Executive Budget includes the target outputs for 2015 of the various programs and projects of our departments and offices with their proposal funding. We encourage your review of the same during the budget hearings and welcome any recommended adjustments for our consideration.

ADDITIONAL DEVELOPMENT PROJECTS

On top of this budgetary proposal, we will also submit for consideration by the City Development Council and this honorable body important development projects to be financed thru a mix of internally generated funds and borrowings. The initial list includes the following:

1. Establishment of a new public cemetery with Balatas-Magsaysay by-pass road.
(Note: Cemetery already approved by SP, expropriation filed for two lots, additional lots awaiting response to our offer to buy. Road was included in the project given the)
2. Installation of additional traffic lights and IP cameras.
3. Upgrading of the Naga City Abattoir
4. Procurement of additional garbage trucks and heavy equipment
5. Construction of additional storm drainage
6. Establishment of Abella terminal
7. Continuing improvement of the Naga City People's Mall

The concerned departments, offices and committees are already preparing their respective studies for the above projects. The exact financing requirement will be presented during the CDC meeting. We welcome any additional proposals from this honorable body. The final list of projects will depend on their alignment with our HELP UR CITY agenda, our borrowing capacity, the endorsement of the CDC, and approval by the Sangguniang Panlungsod.

Thank you very much.

Very truly yours,


JOHN G. BONGAT
City Mayor