



Republic of the Philippines
DEPARTMENT OF FINANCE

DOF-LOCAL FINANCE CIRCULAR NO. 1-2000

January 19, 2000

- TO** : All Regional Directors, Bureau of Local Government Finance; District Treasurers of the Metropolitan Manila; Provincial, City and Municipal Treasurers and others concerned
- SUBJECT** : Certification of Borrowing and Debt Service Capacities of Provinces, Cities and Municipalities

Section 403 of the Local Government Code Implementing Rules and Regulations mandated the Department of Finance (DOF) to render technical assistance to any local government unit (LGU) in the availment of credit facilities, flotation of bonds, contracting of loans and issue such guidelines as may be necessary for the purpose. Section 43(c) of Executive Order 127 specifically assigns the Bureau of Local Government Finance (BLGF), among others, the responsibility of developing and promoting plans and programs for the improvement of credit utilization schemes at the local levels. prcd

Accordingly and for purposes of enhancing access to credits and other forms of indebtedness through providing proper and reliable evaluation of maximum borrowing and debt service capacities of Provinces, Cities and Municipalities, all requests/ applications for certification of maximum borrowing and debt service capacities referred to the Bureau of Local Government Finance shall be supported by the following requirements:

- Statement of Actual Income and Expenditures for the past three (3) years duly signed by the Local Accountant.
- Certification from the Local Treasurer of the IRA received (gross and net) for the past three (3) years.
- Certification from the Local Assessor of the Taxable Assessed Value for the past three (3) years and the dates of the last successful conduct of the general revision of real property assessments.
- Certification of existing loans with the following details:
 - Kind of Loan and Other Obligations
 - Purpose of Loan and Other Obligations
 - Lending Agencies
 - Date of Approval and Maturity
 - Terms and Conditions
 - Amortization
 - Remaining Balance of Loans and Other Obligations
- COA Annual Audit Report for the past three (3) fiscal years.

The BLGF shall issue the Certificates of Maximum Borrowing and Debt Service Capacities upon compliance of the abovementioned requirements.

All BLGF Regional Directors and District Treasurers of the Metropolitan Manila are hereby instructed to disseminate the contents of this Circular to all Provincial, City and Municipal Treasurers and the Office of the Local Chief Executives within their respective jurisdictions.

All concerned are enjoined to comply strictly and be guided accordingly.

(SGD.) **JOSE T. PARDO**
Secretary