



DEPARTMENT OF FINANCE  
**BUREAU OF LOCAL GOVERNMENT FINANCE**

# **BLGF REVENUE AND CASH FLOW FORECASTING**



# Concepts and Terminologies on Revenue Projections



## Fiscal Capacity

- 3 to 6 years projection
- LGU will use this for LDIP and CDP (outside of eSRE)
- Every November

## Performance / Annual Targets

- 1 year projection
- Treasurers (as member of LFC) to agree
- Annual Target Report
- Use for Treasurers' Performance Standards and LGU FSS
- Every May

## Income Target Approved by LFC and LCE

- Manually encoded in the eSRE System
- 1year projection
- Displayed in SRE, SRS and BESF Reports
- Approved by the LFC and LCE

## Cash Flow Forecasting

- Can be used as alternative forecasting technique
- Seasonality index can be identified on a quarterly basis
- Every May

# Performance / Annual Targets



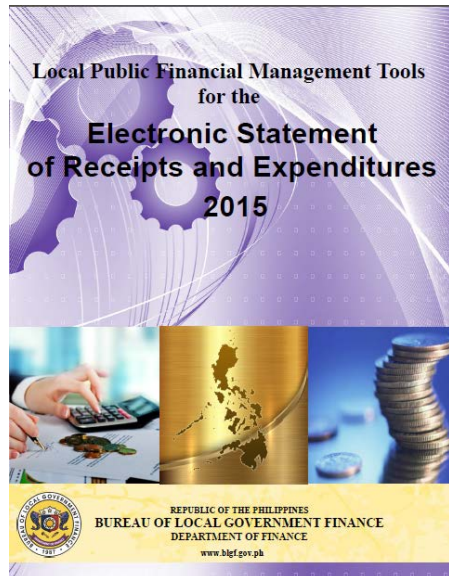
**BASIS: DOF Department No. 06-2015 (Performance Standards for Local Treasurers and Assistant Treasurers)**

A regular, output-oriented and performance-based appraisal system is necessary towards effective supervision of local treasury operations in the local governments by the Department.

# BLGF Fiscal Capacity Model (Medium-Term Revenue Forecast)



**BASIS: BLGF Memorandum Circular No. 16-2015 dated 19 June 2015 (Local Public Financial Management Tools for the Electronic Statement of Receipts and Expenditures)**



BLGF implementation of the Manual for the Local Public Financial Management Tools for the electronic Statement of Receipts and Expenditure



# BLGF Fiscal Capacity Model (Medium-Term Revenue Forecast)

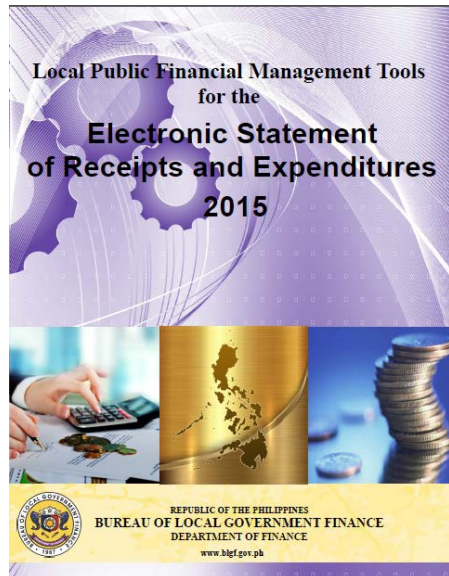
## Three-step process:

- Forecast annual growth rates for each of the local revenue items, for each LGU type — province, city, and municipality.
- Forecast the annual growth rates for each revenue category by individual LGU.
- Apply the annual growth rates for each revenue category, by individual LGU, on the actual base year (time =  $t$ ) LGU revenue estimates as stored in the SRE database to come up with the forecast revenue in year  $t+1$ . The forecast in year  $t+1$  becomes the base year for forecasting  $t+2$ , and so on, for multi-year forecasts.

# Cash Flow Forecasting



**BASIS: BLGF Memorandum Circular No. 16-2015 dated 19 June 2015 (Local Public Financial Management Tools for the Electronic Statement of Receipts and Expenditures)**



BLGF implementation of the Manual for the Local Public Financial Management Tools for the electronic Statement of Receipts and Expenditure

# Cash Flow Forecasting

## Template: Base Input Sheet



LGU Name		Philippines		Historical Quarterly and Annual Data						
Forecast Year		2009								
Year	Qtr	Quarterly RPTax	Annual RPTax	Quarterly BTax	Annual BTax	Quarterly F & C	Annual F & C	Quarterly Eco Ent	Annual Eco Ent	
2005	1	10,952,590,443		8,432,042,160		3,010,986,410		1,685,478,410		
	2	15,900,228,015		12,531,362,260		4,225,818,813		3,559,707,595		
	3	18,531,713,931		16,344,868,038		5,143,853,305		5,228,708,611		
	4	25,696,902,902	71,081,435,290	21,525,127,735	58,833,400,193	6,583,571,410	18,964,229,938	7,732,633,701	18,206,528,318	
2006	5	11,768,704,120		10,059,104,651		3,611,733,913		1,967,898,621		
	6	17,685,470,631		14,503,586,936		4,992,698,775		4,062,218,501		
	7	19,710,139,433		17,385,830,437		6,041,921,061		5,695,125,633		
	8	27,012,572,604	76,176,886,788	24,583,760,134	66,532,282,159	7,874,272,927	22,520,626,676	8,570,143,106	20,295,385,860	
2007	9	12,602,706,936		11,865,304,589		3,822,903,570		2,319,044,609		
	10	17,599,241,383		16,940,593,090		5,388,580,449		4,567,265,963		
	11	21,224,678,916		21,783,522,728		6,850,035,761		7,241,581,236		
	12	27,387,321,204	78,813,948,438	26,129,648,046	76,719,068,453	8,391,255,959	24,452,775,740	9,997,233,085	24,125,124,893	
2008	13	12,980,172,718		12,806,043,644		4,162,577,483		2,442,954,138		
	14	18,336,369,178		17,934,841,251		5,956,414,610		4,969,673,517		
	15	21,892,906,126		22,601,833,914		7,569,892,299		7,342,924,536		
	16	29,798,860,242	83,008,308,264	28,880,088,090	82,222,806,899	9,658,804,872	27,347,689,264	10,295,613,560	25,051,165,752	
INSTRUCTIONS	Cells shaded yellow requires manual inputs									
	1	Input LGU name in Cell C1								
	2	Input forecast year in Cell C2								
	3	Input quarterly collections for RPT, BT, F & C, and EcoEnt in Columns C, E, G, and I								
Columns D, F, H, and J in red fonts are automatically calculated										
Want to use historical growth rate for RPT forecast				0						
		- Input "1" for "Yes", "0" for "No"								
Additional Inputs for RPT	Taxable Value of Real Property	Basic Tax Rate	SEF Rate							
	2008	2009	2009							
	4,143,230,286,407	1.11%	1.00%							
INSTRUCTIONS	Input: Taxable value of real property, the basic tax rate and the SEF rate									
	The RPT collectible will be automatically calculated and reflected in the initial annual forecast									

- In most instances this is kept at **zero** since the RPT forecasts is better based on the Assessed values \* RPT rate.
- In certain instances the user might want to compare RPT forecast based on historical trends with that based on assessed values

# Cash Flow Forecasting

## Template: Quarterly Forecast



LGU Name	Philippines					
Forecast Year	2009					
Revenue Item	Q1	Q2	Q3	Q4	Annual	Chk
Real Property Tax	14,067,068,984	19,892,149,029	22,896,818,180	30,566,122,849	87,422,159,043	OK
Tax on Business	14,826,847,975	20,449,051,250	24,919,328,354	31,776,691,584	91,971,919,163	OK
Fees and Charges (Regulatory fees + Service Income or User Charges)	5,146,640,998	6,963,393,034	8,392,563,813	10,415,919,324	30,918,517,168	OK
Income from Economic Enterprises (Business Income)	2,855,752,804	5,571,634,878	8,023,002,210	11,455,073,448	27,905,463,339	OK

The template automatically converts the final annual forecasts into final quarterly forecasts.



# Thank you!



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