



Republic of the Philippines
DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE
8th Floor EDC Building, BSP Complex, Roxas Boulevard, 1004 Manila
www.blgf.gov.ph | central@blgf.gov.ph | +63 2 527 2780 / 527 2790

BLGF MEMORANDUM CIRCULAR NO. 004.2019
01 March 2019

TO : All BLGF Central and Regional Directors: All Provincial, City and Municipal Treasurers and Assessors; and Others Concerned

SUBJECT : Department Order (DO) No. 075.2018, entitled "Establishing the Local Government Unit (LGU) Fiscal Sustainability Scorecard (FSS) in the Bureau of Local Government Finance (BLGF)"

For the information and guidance of all concerned, attached herewith is the copy of Department Order (DO) No. 075.2018, entitled "Establishing the Local Government Unit (LGU) Fiscal Sustainability Scorecard (FSS) in the Bureau of Local Government Finance (BLGF)", dated 20 December 2018, signed by the Secretary of Finance.

All BLGF Regional Directors are hereby instructed to widely and immediately disseminate this Circular to all concerned.

Be guided accordingly.

Niño B. Alvina
NIÑO RAYMOND B. ALVINA
Executive Director

11403



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

Doc. ID No. 2018-011297

DEPARTMENT ORDER NO. 075-2018

**ESTABLISHING THE LOCAL GOVERNMENT UNIT (LGU) FISCAL SUSTAINABILITY
SCORECARD (FSS) IN THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)**

- 1.0 LEGAL BASES.** This Department Order (DO) is issued to establish the LGU Fiscal Sustainability Scorecard as the official LGU fiscal and financial performance evaluation system of the DOF, through the BLGF, under the following legal bases:
- 1.1 *Executive Order (EO) Nos. 127, 127-A and 292* mandate the Department of Finance (DOF) to be responsible for the formulation, institutionalization and administration of fiscal policies, in coordination with other concerned subdivisions, agencies and instrumentalities of the government, and to supervise the revenue operations of all LGUs;
 - 1.2 *EO No. 127* mandates the BLGF to assist in the formulation and implementation of policies on local revenue administration and fund management, and to exercise administrative, technical supervision and coordination over the treasury and assessment operation of local governments;
 - 1.3 *Department of Budget and Management - Department of the Interior and Local Government - DOF - National Economic Development Authority (DBM-DILG-DOF-NEDA) Joint Memorandum Circular (JMC) No. 2015-1*, dated 24 February 2015, sets the LGU Public Financial Management (PFM) Reform Roadmap and Implementation Strategy to attain the Philippine Development Plan's goal of inclusive growth and poverty reduction, to promote good governance and strong PFM at the local levels, and to enjoin the DOF, particularly the BLGF, to lead in capacitating LGUs in resource mobilization, revenue generation and related treasury and assessment enhancement tools;
 - 1.4 *Sec. 12.3 and Sec. 12.4 of DILG-NEDA-DBM-DOF JMC No. 1 Series of 2016*, dated 18 November 2016, requires the DOF, through the BLGF, to provide the following performance measurements systems: (i) Local Government Financial Performance Management System; (ii) Local Government Fiscal Sustainability Scorecard; (iii) Local Treasurers Performance Standards; and (iv) Creditworthiness Rating Index; and to mainstream them into local PFM, and harmonize and complement them through the LGU Integrated Financial Tool (LIFT);
 - 1.5 *DBM-DOF-DILG JMC No. 2018-1*, dated 12 July 2018, enjoins the adoption of the modified format for the Statement of Receipts and Expenditures (SRE) of LGUs and the updated guidelines in the preparation and submission thereof;

A

- 1.6 *DOF DO No. 23-08*, dated 29 July 2008, prescribes the New Income Brackets for the Re-Classification of Provinces, Cities and Municipalities and amending for the purpose *DOF DO No. 20-05*, dated 29 July 2005;
- 1.7 *DOF DO No. 08-2011*, dated 11 February 2011, specifies the adoption of the Statement of Receipts and Expenditures (SRE) as the official reporting system on local government fiscal and financial operations and providing the rules and regulations therefor;
- 1.8 *DOF DO No. 034-2014*, dated 26 May 2014, provides for the amendment of Sections 3, 8 and 9 of the *DO No. 08-2011* dated 11 February 2011 by stipulating the submission of timely and/or accurate SRE reports;
- 1.9 *Sec. 219 of the LGC* which states that the provincial, city or municipal assessor shall undertake a general revision of real property assessment within two (2) years after the effectivity of the Code and every three (3) years thereafter; and
- 1.10 *Sections 1 and 2 of the DOF DO No. 059.2015*, dated 28 May 2015, requires the electronic submission of the Quarterly Reports on Real Property Assessments (QRRPA) module in the electronic SRE system.

2.0 RATIONALE AND OBJECTIVES. In order to improve the revenue collection efficiency of all LGUs, optimize their income generation mandates under the LGC, enjoin good fiscal governance at all levels, and promote openness and transparency in local fiscal and financial management, the LGU Fiscal Sustainability Scorecard (FSS), hereinafter referred to as "LGU FSS", is hereby established to be the regular evaluation and assessment tool for LGUs in order to: (1) regularly assess individual LGU fiscal and financial performance; (2) provide comprehensive metrics and data analytics on local finance; (3) support credit financing assessment; (4) assist in local and national policy formulation; and (5) encourage the development of appropriate rewards system.

3.0 SCOPE AND DATA SOURCE OF THE LGU FSS. The LGU FSS shall cover all provinces, cities and municipalities, and shall be regularly developed and updated by the BLGF as part of its regular programs to build and sustain good fiscal governance by LGUs. The primary data source shall be the eSRE and QRRPA modules under the LGU Integrated Financial Tools (LIFT) System being maintained by the BLGF for all LGUs. Additional official references shall be considered in regard to benchmarks and reporting compliance requirements, such as population data and growth rate, SMV ordinance, among others.

4.0 POLICY GUIDELINES. The following policy guidelines shall be observed:

- 4.1 The SRE, as the official financial management reporting prescribed by the DOF to monitor LGUs' financial performance, shall be used as the key data source in computing and analyzing the LGU FSS.
- 4.2 The Local Government Financial Performance Management System (LGFPMMS) prescribed by the BLGF under Memorandum Circular (MC) No. No. 16-2015, dated 19 June 2015, shall serve as a guide in establishing a fiscal and financial performance framework in processing the LGU FSS (*See Annex A*).



- 4.3 Quantitative parameters shall be designed to gauge the fiscal and financial performance assessment of LGUs which shall include indicators assessing the revenue, expenditures, debt and investment, and financial management capacity. Qualitative parameters, on the other hand, shall be used to measure the behavioral and other non-financial indicators, which shall include compliance with reportorial duties and responsibilities as required by the DOF and BLGF; and
- 4.4 In setting the baselines and benchmarks, the LGU level, i.e. province, city and municipality, income classification or income bracketing, and similar other clustering mechanisms shall be considered in the performance evaluation.

5.0 PARAMETERS FOR EVALUATION

- 5.1 The LGU FSS shall consist of two (2) indicators: (1) the Financial (Quantitative) Indicators, which shall constitute 90 percent of the total score, and (2) the Non-Financial (Qualitative) Indicators, which shall constitute the remaining 10 percent.
- 5.2 There shall be three (3) key result areas (KRAs) for the Financial (Quantitative) Indicators, namely: (i) Revenue Generation Capacity, (ii) Local Collection Growth and (iii) Expenditure Management. For Non-Financial (Qualitative) Indicators, the focus shall be on reportorial compliance on the (i) eSRE, (ii) SMV and (iii) QRRPA.
- 5.3 To measure the outputs and outcomes of local treasurers under Financial (Quantitative) Indicators, the following sub-KRAs on local revenue generation and fund management shall be measured:
 - 5.3.1 Revenue Generation Capacity. The total weight of this indicator shall be distributed to the six (6) sub-KRAs following the formula below:
 - a. *Regular Income Level* is the sum of locally sourced income (excluding the Special Education Fund [SEF]), current year's IRA, other shares from national tax collections, and interest income;
 - b. *Local Revenue Level* refers to locally generated revenues, which shall include real property tax (basic), business tax, other taxes, regulatory fees, service/user charges, and receipts from economic enterprises;
 - c. *Local Revenue Growth* is the actual growth of locally generated revenues. It shall be the main driver of revenue performance to ensure stable or progressive collection growth and to be used as evidence of sustainability for each local revenue source;
 - d. *Dependence on Locally Sourced Income* is the percent share of local revenues (excluding Other Receipts) to the total regular income;
 - e. *Dependence on Internal Revenue Allotment (IRA)* is the percent share of IRA to the total regular income; and
 - f. *Dependence on Other Shares from National Tax Collection* is the percent share of receipts from other shares from national taxes to the total regular income.



5.3.2 Local Collection Growth. The total weight of this indicator shall be distributed to the two (2) sub-KRAs, which shall be the main drivers of own-source revenue performance, following the formula below:

- a. *Tax Revenues* is the sum of collections from real property tax (excluding SEF), other tax and tax on business; and
- b. *Non-Tax Revenue* is the sum of collections from regulatory fees, user/service charges and income from economic enterprise.

5.3.3 Expenditure Management. This Indicator focuses on the expenditure profile and utilization of funds, including those covered by mandatory obligations and governed by statutory limitations under the LGC. The total weight of this Indicator shall be distributed to four (4) sub-KRAs following the below parameters:

- a. *Expenditure per Capita* is the amount spent by the LGU per constituent for various expenditure classes;
- b. *Use of IRA for Local Development Projects*. Sec. 287 of the LGC: each LGU shall appropriate in its annual budget no less than twenty percent (20%) of the annual IRA for development projects;
- c. *Limitation on Expenditure on Personal Services*. Sec. 325a of the LGC: the total appropriations, whether annual or supplemental, for personal services of the LGU for one (1) fiscal year shall not exceed forty-five percent (45%) in the case of first to third class provinces, cities, and municipalities, and fifty-five percent (55%) in the case of fourth class or lower, of the total annual income from regular sources realized in the next preceding fiscal year; and
- d. *Limitation on Debt Service*. Sec. 324B of the LGC: the amount of appropriations for debt servicing shall not exceed twenty percent (20%) of the regular income of the LGU concerned.

5.4 For Non-Financial (Qualitative) Indicators, the following sub-KRAs shall be measured with regard to reportorial duties and responsibilities of local treasurers and assessors, as required by the DOF and the BLGF, and the statutory requirement of the LGC in regard to updating local revenue bases, as follows:

5.4.1 Submission of Timely and Accurate eSRE Reports in relation to DOF DO No. 8-2011, as amended;

5.4.2 Regular Updating of SMV and Conduct of General Revision of Property Assessments, as required by DOF-DILG JMC Nos. 2010-01 and 2010-02; and

5.4.3 Submission of Timely and Accurate QRRPA, as prescribed under DO No. 059.2015 dated 28 May 2015.

5.4 In the case of municipalities, the Non-Financial (Qualitative) Indicator shall only pertain to Submission of Timely and Accurate eSRE Reports in relation to DOF DO No. 8-2011, as amended;



- 5.5 The rating scheme for the abovementioned KRAs shall be based on statistical baselines and standards according to LGU level and income bracketing or classifications;
- 5.6 The detailed sub-KRAs for both financial and non-financial indicators, including the prescribed parameters, benchmarks and rating system, are provided in **Annex B** hereof; and
- 5.7 The prescribed templates for the LGU FSS are provided in **Annex C** (Provinces and Cities) and **Annex D** (Municipalities) hereof.

6.0 RATING. There shall be six (6) rating levels based on the consolidated weighted scores from all performance indicators using the below point rank and final rating scheme:

Score	Final Rating	Remarks
>= 80 but <= 100	A: Excellent	All revenue and expenditure indicators are very strong; very high compliance to reportorial requirements and directives of the DOF and the BLGF.
>= 70 but < 80	B: Very Good	Most of the revenue and expenditure indicators are met very satisfactorily; compliance to reportorial requirements are high.
>= 60 but < 70	C: Good	Most of the revenue and expenditure indicators are above average performance, minimum level of compliance to reportorial requirements are mostly met.
>= 50 but < 60	D: Average	Revenue and expenditure indicators have not significantly changes and are generally on the average; compliance to reportorial requirements are not all achieved.
>= 40 but < 50	E: Needs Improvement	Almost all of the key revenue and expenditure indicators need to be improved and validated; minimum reportorial requirements are not generally complied with.
< 40	F: Poor	All revenue and expenditure indicators are way below the benchmarks; key reportorial requirements, mainly the SRE, are not submitted and complied with.

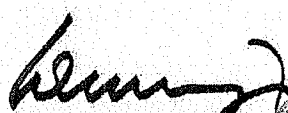
7.0 COVERAGE OF RATING PERIOD. The fiscal performance evaluation for LGUs shall be undertaken by the BLGF annually for every full fiscal year or from January 1 to December 31 of the immediately preceding year.

8.0 RESPONSIBILITIES OF THE BLGF. The BLGF, as the policy and technical arm of the DOF in supervising the revenue operations of LGUs, shall implement this Order and be responsible for the following:

- 8.1 Undertake the LGU FSS and complete the evaluation no later than every September 30 of the current year;
- 8.2 Issue the necessary implementing guidelines and procedures through appropriate office orders or circulars;
- 8.3 Conduct periodic review of the parameters used in the LGU FSS and make the necessary adjustments on the sub-KRAs, maximum score, weights, and corresponding rating to ensure statistical robustness of the models, subject to the approval of the Undersecretary for Revenue Operations Group;

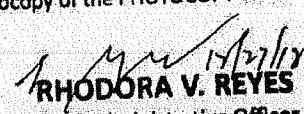


- 8.4 Analyze the results of the LGU FSS and publish an annual report therefor;
 - 8.5 Sign, approve, and disseminate the official LGU FSS results;
 - 8.6 Post and publish electronically the individual LGU FSS results;
 - 8.7 Use the individual LGU FSS as basis in evaluating further the treasury and assessment operations of the LGUs; and
 - 8.8 Use and recommend individual LGU FSS as component of performance-based grant system and awards of other government agencies.
- 9.0 REPEALING CLAUSE.** All Department orders, memoranda, circulars or other issuances or parts thereof that are inconsistent herewith are hereby deemed repealed and/or modified accordingly.
- 10.0 EFFECTIVITY.** This Department Order shall take effect fifteen (15) days after its publication in the Official Gazette and the UP Office of the National Administrative Register or in a newspaper of general circulation in the Philippines.


CARLOS G. DOMINGUEZ
Secretary of Finance
DEC 20 2018



CERTIFIED
☒ Photocopy of the ORIGINAL on file
☐ Photocopy of the ORIGINAL DUPLICATE on file
☐ Photocopy of the PHOTOCOPY on file


RHODORA V. REYES
Chief Administrative Officer
Central Records Management Division
DEPARTMENT OF FINANCE

LOCAL GOVERNMENT FINANCIAL PERFORMANCE MONITORING SYSTEM (LGFPMS) INDICATORS

The LGFPMS of the BLGF serves provides the LGU fiscal and financial performance evaluation framework, covering twenty (20) financial and service delivery indicators, grouped as follows:

1. **Revenue Indicators (8):** These are indicators that reflect revenue generation capacity, and measure revenue stability, predictability of local revenues, and degree of local government control over local revenues;
2. **Expenditure Indicators (6):** These are indicators that reflect expenditure rigidity and define the degree of flexibility in allocating resources for different purposes;
3. **Debt and Investment Capacity Indicators (5):** These are indicators that define the extent to which the LGU service debt obligations and consider the importance of capital expenditures and capacity to attract long-term financing for investments; and
4. **Financial Management Capacity Indicator (1):** This indicator compares revenues with expenditures, and describes the LGU efficiency in financial resources management.

The specific indicators and ratios under the LGFPMS are listed as follows:

Group	No.	Specific Indicator
Revenue Indicators	1	Revenue Level
	2	Revenue Growth
	3	Per Capita Locally Sourced Income (LSI) and Special Education Fund (SEF)
	4	Per Capita Growth in LSI
	5	% LSI to Total Revenue
	6	% Annual Regular Income (ARI) to Total Revenue
	7	Ratio of Total Revenue Office Operations Cost to Total Revenues Collected (TROOC)
	8	Real Property Tax Accomplishment Rate (RPTAR)
Expenditure Indicators	9	Per Capita Total Expenditures
	10	Personal Services Expenditure Ratio Codal (PSERC)
	11	Total Personal Services Expenditure Ratio (TPSER)
	12	Total Debt Service Expenditure Ratio (DSER)
	13	Social Services Expenditure Ratio (SSER)
	14	Economic Services Expenditure Ratio (ESER)
Debt and Investment Capacity Indicators	15	Debt Service Ratio (DSR)
	16	Gross Operating Surplus to Debt Service Ratio (GOSDSR)
	17	Debt to Net Asset Ratio (DNAR)
	18	Capital Investment Expenditures to Total LGU Revenue Ratio (CIETRR)
	19	Net Operating Surplus to Total LGU Revenue Ratio (NOSTRR)
Financial Management Capacity Indicator	20	Uncommitted Cash Balance to Total Expenditure Ratio (UCBTER)

The LGU FSS also looks into the overall fiscal performance of LGUs according to four (4) basic typologies using the combined financial performance indicators and service delivery indicators to describe the profile of LGU revenue and expenditure patterns, and to measure improved constituency welfare via improved service delivery using local finance data, as follows:

Type 1: Good Revenue; Good Expenditure;

Type 2: Good Revenue; Poor Expenditure;

Type 3: Poor Revenue; Good Expenditure; and

Type 4: Poor Revenue; Poor Expenditure.

**Detailed Financial and Non-Financial Indicators, Key Result Areas (KRAs),
Parameters, Benchmark and Scoring System for the LGU FSS**

A. Financial (Quantitative) Indicators – 90%. The following KRAs and scores shall be used:

No.	KRA	Score
1	Revenue Generation Capacity	60
2	Local Collection Growth	10
3	Expenditure Management	20
Total		90

- 1. Revenue Generation Capacity (60 points).** The total weight of this KRA shall be distributed to six (6) sub-KRAS, namely: (i) Regular Income Level, (ii) Local Revenue Level, (iii) Local Revenue Growth, (iv) Dependence on Locally Sourced Income, (v) Dependence on IRA, and (vi) Dependence on Other Shares from National Tax Collection.

1.1. Regular Income Level (5 points)

Parameter	Rating	Weight
Mean + 50%	Very Good	5
Mean + 25%	Good	4
Mean	Fair	3
Mean - 25%	Needs Improvement	2
Mean - 50%	Poor	1
Maximum Score		5

1.2. Local Revenue Level (10 points)

Parameter	Rating	Weight
Mean + 50%	Very Good	10
Mean + 25%	Good	8
Mean	Fair	6
Mean - 25%	Needs Improvement	4
Mean - 50%	Poor	2
Maximum Score		10

1.3. Local Revenue Growth (20 points)

Parameter	Rating	Weight
Actual Growth	>20%	20
	>10%	15
	>5%	10
	>0%	5
	<0%	0
Maximum Score		20

1.4. Dependence on Locally Sourced Income (10 points)

Parameter	Rating	Weight
P ≥ 20%; C ≥ 50%	Very Good	10
P ≥ 15% but < 20%; C ≥ 40% but < 50%	Good	8
P ≥ 10% but < 15%; C ≥ 30% but < 40%	Fair	6
P ≥ 5% but < 10%; C ≥ 20% but < 30%	Needs Improvement	4
P ≥ 0% but < 5%; C ≥ 0% but < 20%	Poor	2
Maximum Score		10

1.5. Dependence on IRA (10 points)

Parameter	Rating	Weight
P < 75%; C < 50%	Very Low	10
P ≥ 75% but < 80%; C ≥ 50% but < 60%	Low	8
P ≥ 80% but < 85%; C ≥ 60% but < 70%	Fair	6
P ≥ 85% but < 90%; C ≥ 70% but < 80%	High	4
P ≥ 90%; C ≥ 80%	Very High	2
Maximum Score		10

1.6. Dependence on Other Shares from National Tax Collection (5 points)

Parameter	Rating	Weight
<10%	Very Low	5
>=10% but <15%	Low	4
>=15% but <30%	Fair	3
>30%	High	2
Maximum Score		10

2. **Local Collection Growth (10 points).** The total weight of this KRA shall be distributed to the two (2) KRAs, namely: (i) Tax Revenues, and (ii) Non-Tax Revenues.

2.1. Tax Revenues (5 points)

Parameter	Rating	Weight
Actual Growth	>20%	5
	>10%	4
	>5%	3
	>0%	2
	<0%	0
Maximum Score		5

2.2. Non-Tax Revenues (5 points)

Parameter	Rating	Weight
Actual Growth	>20%	5
	>10%	4
	>5%	3
	>0%	2
	<0%	0
Maximum Score		5

3. **Expenditure Management (20 points).** This KRA focuses on the expenditure profile of LGUs and measures utilization of funds according to statutory limitations. The total weight of this indicator shall be distributed to the four (4) sub-KRAs, namely: (i) Expenditure per Capita, (ii) Use of IRA for Local Development Projects, (iii) Limitation on Expenditure for Personal Services and (iv) Limitation on Debt Service.

3.1. Expenditure Per Capita (5 points)

Parameter	Rating	Weight
Mean + 50%	Very High	5
Mean + 25%	High	4
Mean	Fair	3
Mean - 25%	Low	2
Mean - 50%	Very Low	1
Maximum Score		5

3.2. Use of IRA for Local Development Projects (5 points)

Parameter	Rating	Weight
> 20%	Passed	5
< 20%	Failed	0
Maximum Score		5

3.3. Limitation on Expenditure on Personal Services (5 points)

Parameter	Rating	Weight
<= 45% (H); <=55% (L)	Passed	5
>= 45% (H); >=55% (L)	Failed	0
Maximum Score		5

3.4. Limitation on Debt Service (5 points)

Parameter	Rating	Weight
<= 20%	Passed	5
> 20%	Failed	0
Maximum Score		5

B. Non-Financial (Qualitative) Indicators – 10%. The following KRAs and scores shall be used:

No.	KRA	Score
4	Submission of Timely and Accurate eSRE	4
5	Regular Updating of SMV and Conduct of General Revision of Property Assessments	3
6	Submission of Timely QRRPA	3
Total		10

1. Submission of Timely and Accurate eSRE (4 points)

Parameter	Rating	Weight
Timely and No Rejection	Compliant	4
Timely with Rejection; or No Rejection but not Timely	Non-Compliant	2
No Report Submitted	No Report	0
Maximum Score		4

2. Regular Updating of SMV and Conduct of General Revision of Property Assessments (3 points)

Parameter	Rating	Weight
SMV is Current and Effective	Compliant	3
SMV is Outdated by at Least 3 Years	Non-Compliant	0
Maximum Score		3

3. Submission of Timely QRRPA (3 points)

Parameter	Rating	Weight
Complete according to form	Compliant	3
Incomplete according to form	Non-Compliant	1.5
No Report Submitted	No Report	0
Maximum Score		3

C. Adjustments for Municipal FSS. In the case of municipalities, the Non-Financial (Qualitative) Indicator shall only pertain to Submission of Timely and Accurate eSRE Reports, in relation to DOF DO No. 8-2011, as amended, which shall have a weight of 10 points.

D. Summary of Indicators. Below is the summary of the two (2) indicators and six (6) KRAs:

For Provinces and Cities				
KRAs		Maximum Score	Weight	Maximum Weighted Score
A. Financial (Quantitative) Indicators	1. Revenue Generation Capacity	60	90%	90 points
	2. Local Collection Growth	10		
	3. Expenditure Management	20		
B. Non-Financial (Qualitative) Indicators	4. SRE Compliance	40	10%	10 points
	5. SMV Updating	30		
	6. QRRPA Compliance	30		
Total			100%	100 points

For Municipalities				
KRAs		Maximum Score	Weight	Maximum Weighted Score
A. Financial (Quantitative) Indicators	1. Revenue Generation Capacity	60	90%	90 points
	2. Local Collection Growth	10		
	3. Expenditure Management	20		
B. Non-Financial (Qualitative) Indicators	4. SRE Compliance	10	10%	10 points
Total			100%	100 points

LGU Fiscal Sustainability Scorecard for Provinces and Cities¹

NAME OF PROVINCE/CITY/MUNICIPALITY

INCOME CLASSIFICATION

Key Result Area	Indicator	Max Score	Year 1		Year 2		Year 3	
			Rating	Score	Rating	Score	Rating	Score
1. Revenue Generation Capacity (60 points)	1.1 Regular income level ²	5						
	1.2 Local revenue level ³	10						
	1.3 Local revenue growth	20						
	1.4 Dependence on locally sourced income ⁴	10						
	1.5 Dependence on IRA	10						
	1.6 Dependence on Other Shares from National Tax Collection	5						
2. Local Collection Growth (10 points)	2.1 Tax Revenues	5						
	2.1.1 Real property tax (Basic)							
	2.1.2 Tax on Business							
	2.1.3 Other Taxes							
	2.2 Non-Tax Revenues	5						
	2.2.1 Regulatory Fees							
	2.2.2 User/Service Charges							
	2.2.3 Econ. Enterprise							
3. Expenditure Management (20 points)	3.1 Total Expenditure Per Capita ⁵	5						
	3.2 Use of IRA for Local Development Projects ⁶	5						
	3.3 Limitation on Expenditure for Personal Services ⁷	5						
	3.4 Limitation on Debt Service ⁸	5						
SUB-TOTAL: QUANTITATIVE INDICATORS (90%)		90						
4. Submission of Timely and Accurate Statement of Receipts and Expenditures, per DO 8-2011, as amended		4						
5. Regular Updating of Schedule of Market Values and Conduct of General Revision of Property Assessment per Sec. 219 of the Local Government Code and DOF-DILG Joint Memorandum Circular No. 2010-01		3						
6. Submission of Timely and Accurate Quarterly Report on Real Property Assessment (QRRPA)		3						
SUB-TOTAL: QUALITATIVE INDICATORS (10%)		10						
OVERALL SCORE ⁹		100						
OVERALL RATING								

DATA SOURCES: LGU Treasurer's Electronic Statement of Receipts and Expenditures (BLGF run date of _____),
 LGU Assessor's Quarterly Reports on Real Property Assessment for the applicable years, and approved LGU Schedule of Market Values

¹ Rating scheme for KRAs 1.1, 1.2, 1.4, 1.5 and 1.6 was based on performance according to income classification in relation to average performance of LGUs within the same income classification. NI = Needs Improvement

² Total regular income is the sum of locally sourced income (excluding SEF), current year's IRA + other shares from national tax collection. Other income/receipts were not considered due to reporting errors.

³ Total revenues collected from real property tax (basic), business tax, other taxes, regulatory fees, user charges, and income from economic enterprise.

⁴ % share of local revenues (excluding Other Receipts) to total regular income

⁵ Based on _____ Census, with _____ % projected annual growth for FY _____

⁶ At least 20% of IRA should be utilized for local development projects (LGC Sec. 287)

⁷ Not to exceed 45% of the annual regular income realized in the next preceding fiscal year for 1st - 3rd income class LGUs or 55% for 4th or lower income class LGUs (LGC Sec. 325a)

⁸ Expenditures for debt servicing not to exceed 20% of the regular income for the fiscal year (LGC Sec. 324a)

⁹ Based on the weighted score for all quantitative (KRAs 1, 2 & 3) and qualitative (KRAs 4, 5 & 6) indicators: 100% = 90% Quantitative KRAs + 10% Qualitative KRAs

* Re-computed based on the latest FY _____ report per BLGF run date of _____

Annex A - Detailed Report

LGU Name:

Income Class:

FY Covered:

2010 Population

2015 Population

Indicator/Item	Year 1	+/- YoY	Year 2	+/- YoY	Year 3	+/- YoY
1 Regular Income						
Locally Sourced Income						
% Share to Regular Income						
Internal Revenue Allotment (Current)						
% Share to Regular Income						
Other Shares from Nat'l Tax Collection						
% Share to Regular Income						
2 Local Revenue						
Tax Revenues						
Real property tax (Basic)						
Tax on Business						
Other Taxes						
Non-tax Revenues						
Regulatory Fees						
User/Service Charges						
Income from Econ. Enterprise						
3 Internal Revenue Allotment - Current						
4 Other Shares from Nat'l Tax Collection						
Share from Economic Zone						
Share from EVAT						
Share from National Wealth						
Share from PAGCOR/PCSO/Lotto						
Share from Tobacco Excise Tax						
5 Total Expenditures (with SEF)						
General Public Services						
per Capita						
Economic Services						
per Capita						
Social Services						
per Capita						
Education						
per Capita						
Health						
per Capita						
Labor						
per Capita						
Housing						
per Capita						
Debt Service						
6 Total Expenditures per Capita						
Population/Projected Population						
7 Utilization of IRA for Local Development Projects						
20% Expenditure						
8 Personal Services (PS)						
PS-to-Total Expenditures Ratio						
9 Total Debt Service						
Debt-to-Regular Income Ratio						

Notes on Rating System Used in the Preliminary Scorecard:

Regular Income and Locally Sourced Income were assessed according to Income Class, with the following scale:

- Very Good = 50% higher than the average value
- Good = 25% higher than the average value
- Fair = Average
- Needs Improvement = 25% lower than the average value
- Poor = 50% lower than the average value

(Dependence on locally sourced Income was assessed using the same scale but on per LGU type basis.)

IRA Dependence was assessed according to LGU Type

- Very Low = Less than 50%
- Low = Greater than 50% but less than 60%
- Fair = Average dependence for municipalities: 60%-70%
- High = Greater than 70% but less than 80%
- Very High = Greater than 80%

Total Expenditure per Capita was assessed according to LGU Type

- Very High = 50% higher than the average value
- High = 25% higher than the average value
- Fair = Average
- Low = 25% lower than the average value
- Very Low = 50% lower than the average value

Use of IRA for Local Dev't Projects: PASSED = Ratio is greater than or equal to 20%; else, FAILED

Limitation on PS Expenditure: PASSED : <=45% for 1st - 3rd Class LGUs, <=55% for 4th to lower Income class LGUs; else, FAILED

Debt Service Ratio: PASSED : Expenditures for debt servicing is less than or equal to 20% of Regular Income; else, FAILED

LGU Fiscal Sustainability Scorecard for Municipalities¹

NAME OF PROVINCE/CITY/MUNICIPALITY

INCOME CLASSIFICATION

Key Result Area	Indicator	Max Score	Year 1		Year 2		Year 3	
			Rating	Score	Rating	Score	Rating	Score
1. Revenue Generation Capacity (60 points)	1.1 Regular Income level ²	5						
	1.2 Local revenue level ³	10						
	1.3 Local revenue growth	20						
	1.4 Dependence on locally sourced Income ⁴	10						
	1.5 Dependence on IRA	10						
	1.6 Dependence on Other Shares from National Tax Collection	5						
2. Local Collection Growth (10 points)	2.1 Tax Revenues	5						
	2.1.1 Real property tax (Basic)							
	2.1.2 Tax on Business							
	2.1.3 Other Taxes							
	2.2 Non-Tax Revenues	5						
	2.2.1 Regulatory Fees							
	2.2.2 User/Service Charges							
	2.2.3 Econ. Enterprise							
3. Expenditure Management (20 points)	3.1 Total Expenditure Per Capita ⁵	5						
	3.2 Use of IRA for Local Development Projects ⁶	5						
	3.3 Limitation on Expenditure for Personal Services ⁷	5						
	3.4 Limitation on Debt Service ⁸	5						
SUB-TOTAL: QUANTITATIVE INDICATORS (90%)		90						
4. Submission of Timely and Accurate Statement of Receipts and Expenditures, per DO 8-2011, as amended		10						
SUB-TOTAL: QUALITATIVE INDICATORS (10%)		10						
OVERALL SCORE ⁹		100						
OVERALL RATING								

DATA SOURCE: LGU Treasurer's Electronic Statement of Receipts and Expenditures (BLGF run date of _____)

¹ Rating scheme for KRAs 1.1, 1.2, 1.4, 1.5 and 1.6 was based on performance according to income classification in relation to average performance of LGUs within the same income classification. NI = Needs Improvement

² Total regular income is the sum of locally sourced income (excluding SEF), current year's IRA + other shares from national tax collection. Other income/receipts were not considered due to reporting errors.

³ Total revenues collected from real property tax (basic), business tax, other taxes, regulatory fees, user charges, and income from economic enterprise.

⁴ % share of local revenues (excluding Other Receipts) to total regular income

⁵ Based on _____ Census, with _____ % projected annual growth for FY _____

⁶ At least 20% of IRA should be utilized for local development projects (LGC Sec. 287)

⁷ Not to exceed 45% of the annual regular income realized in the next preceding fiscal year for 1st - 3rd income class LGUs or 55% for 4th or lower income class LGUs (LGC Sec. 325a)

⁸ Expenditures for debt servicing not to exceed 20% of the regular income for the fiscal year (LGC Sec. 324a)

⁹ Based on the weighted score for all quantitative (KRAs 1, 2 & 3) and qualitative (KRAs 4, 5 & 6) Indicators: 100% = 90% Quantitative KRAs + 10% Qualitative KRAs

* Re-computed based on the latest FY _____ report per BLGF run date of _____

Annex A - Detailed Report

LGU Name:

Income Class:

FY Covered:

2010 Population

2015 Population

Indicator/Item	Year 1	+/- YoY	Year 2	+/- YoY	Year 3	+/- YoY
1 Regular Income						
Locally Sourced Income						
% Share to Regular Income						
Internal Revenue Allotment (Current)						
% Share to Regular Income						
Other Shares from Nat'l Tax Collection						
% Share to Regular Income						
2 Local Revenue						
Tax Revenues						
Real property tax (Basic)						
Tax on Business						
Other Taxes						
Non-tax Revenues						
Regulatory Fees						
User/Service Charges						
Income from Econ. Enterprise						
3 Internal Revenue Allotment - Current						
4 Other Shares from Nat'l Tax Collection						
Share from Economic Zone						
Share from EVAT						
Share from National Wealth						
Share from PAGCOR/PCSO/Lotto						
Share from Tobacco Excise Tax						
5 Total Expenditures (with SEF)						
General Public Services						
per Capita						
Economic Services						
per Capita						
Social Services						
per Capita						
Education						
per Capita						
Health						
per Capita						
Labor						
per Capita						
Housing						
per Capita						
Debt Service						
6 Total Expenditures per Capita						
Population/Projected Population						
7 Utilization of IRA for Local Development Projects						
20% Expenditure						
8 Personal Services (PS)						
PS-to-Total Expenditures Ratio						
9 Total Debt Service						
Debt-to-Regular Income Ratio						

Notes on Rating System Used in the Preliminary Scorecard:

Regular Income and Locally Sourced Income were assessed according to Income Class, with the following scale:

- Very Good = 50% higher than the average value
- Good = 25% higher than the average value
- Fair = Average
- Needs Improvement = 25% lower than the average value
- Poor = 50% lower than the average value

IRA Dependence was assessed according to LGU Type

- Very Low = Less than 50%
- Low = Greater than 50% but less than 60%
- Fair = Average dependence for municipalities: 60%-70%
- High = Greater than 70% but less than 80%
- Very High = Greater than 80%

Use of IRA for Local Dev't Projects: PASSED = Ratio is greater than or equal to 20%; else, FAILED

Limitation on PS Expenditure: PASSED : <=45% for 1st - 3rd Class LGUs, <=55% for 4th to lower Income class LGUs; else, FAILED

Debt Service Ratio: PASSED : Expenditures for debt servicing is less than or equal to 20% of Regular Income; else, FAILED

(Dependence on locally sourced income was assessed using the same scale but on per LGU type basis.)

Total Expenditure per Capita was assessed according to LGU Type

- Very High = 50% higher than the average value
- High = 25% higher than the average value
- Fair = Average
- Low = 25% lower than the average value
- Very Low = 50% lower than the average value