



**BLGF MEMORANDUM CIRCULAR NO. 010.2024**

June 19, 2024

TO : All BLGF Central and Regional Directors

SUBJECT : Performance Areas for Regional Top Performing Provinces, Cities, and Municipalities in Strengthening Local Government Finance

This Memorandum Circular (MC) is issued to provide guidelines to the BLGF Regional Offices (ROs) on the set parameters for the recognition of **Regional Top Performing Provinces, Cities, and Municipalities in Strengthening Local Government Finance**, with the objective of encouraging all Local Government Units (LGUs) to continuously improve local revenue generation through appropriate collection strategies and innovations that are in accordance with the 1991 Local Government Code (LGC), and pursuant to existing rules and regulations.

The performance measures shall be selected from the following Performance Areas (PAs): (1) **Highest Locally-Sourced Revenues (LSR)**; (2) **Collection Efficiency of LSR**; (3) **LSR Growth Rate**; (4) **LSR per Capita**; (5) **Local Development Fund (LDF) Disbursement Rate**; (6) **Compliance with BLGF Reportorial Requirements**; (7) **Special Education Fund (SEF) Budget Disbursement Rate**; and (8) **Innovative Use of Non-Traditional Collection Strategies**.

This MC shall set the parameters and system on the regular performance appraisal of local treasurers on local government fiscal management, with the parameters structured as follows:

1. **PA No. 1 – Highest LSR.** This PA measures the actual nominal LSR collections of the LGUs. LSR was computed as the sum of four major local revenue sources, namely: (i) real property tax<sup>1</sup> (RPT), (ii) tax on business and other taxes, referred as “business tax,” (iii) regulatory fees and service/user charges, referred as “fees and charges,” and (iv) receipts from economic enterprises<sup>2</sup>. Only the major local revenues were considered thus, Other Receipts were excluded.
2. **PA No. 2 – Collection Efficiency of LSR.** This PA measures the actual local collections *vis à vis* the annual targets given by this Bureau in RPT, business tax, fees and charges, and receipts from economic enterprises.

**Formula:** Collection Efficiency = (Collections/Targets) x 100%

3. **PA No. 3 – LSR Growth Rate.** This PA measures the efforts of the LGUs in ensuring stable and progressive growth in local revenue collections. Growth is measured based on the nominal increase in the immediately preceding fiscal year's collections in all local revenue areas.

**Formula:** Revenue Growth = [(Current LSR/Previous Year's LSR) – 1] x 100%

<sup>1</sup> RPT refers to Basic and Special Education Fund.

<sup>2</sup> Refers to the gross income of LGUs without deducting the corresponding expenditures for the operations of the local economic enterprise.

4. **PA No. 4 – LSR per Capita.** This PA measures the LSR collections of the LGUs per resident based on the population data of Philippine Statistics Authority (PSA).

**Formula:** LSR per Capita = LSR / Population

5. **PA No. 5 – LDF Disbursement Rate.** This PA measures the disbursement rate of the 20% of LGU's annual National Tax Allotment (NTA), commonly known as 20% LDF, in financing the LGU's priority development projects, as embodied in its duly approved local development plans.

**Formula:** LDF Disbursement Rate = Expenditures / 20% LDF

6. **PA No. 6 – Compliance with BLGF Reportorial Requirements.** This PA measures timely compliance with reportorial duties and responsibilities, namely, the **Statement of Receipts and Expenditures (SRE)** as required under Department of Finance (DOF) Order No. 08-2011 and amended by DOF Order Nos. 034-2014 and 052-2022, and the **Statement of Indebtedness, Payments and Balances (SIPB)** as required by DOF Local Finance Circular No. 1-2012.

7. **PA No. 7 – SEF Budget Disbursement Rate.** This PA measures the efficient disbursement of SEF for priority programs and projects in the operation and maintenance of public schools.

**Formula:** SEF Budget Disbursement Rate = Education Expenditures / SEF Budget Appropriation


8. **PA No. 8 – Innovative Use of Non-Traditional Collection Strategies.** This PA credits the innovation and non-traditional collection strategies of local treasurers. The strategies must be legal and included in the plans and programs of the local treasurer that may include, but not limited to the following: (i) tax clearance as requirement for renewal of business permits, (ii) one-stop-shop systems, (iii) local tax caravans, (iv) use of social and tri-media for tax information campaign, (v) use of electronic banking to facilitate payment, (vi) awards/tokens for top and prompt taxpayers, (vii) linkage with other local projects, etc. (viii) linkage with other local projects, etc.

The BLGF ROs shall undertake the recognition of top performing provinces, cities, and municipalities **every three (3) years** using the average of three (3) preceding fiscal years data from the **LGUs' final and approved SRE reports** submitted by Local Treasurers to the BLGF.

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

For strict compliance.



  
**CONSOLACION Q. AGCAOILI**  
Executive Director