



Republic of the Philippines
Province of Surigao del Sur
Municipality of San Agustin

OFFICE OF THE SANGGUNIANG BAYAN SECRETARY

TRANSMITTAL LETTER

January 8, 2026

HON. MANUEL O. ALAMEDA
Provincial Vice Governor
TSP, Capitol hills, Telaje, Tandag City
Surigao del Sur

Thru: **MR. EDGAR G. PEREZ, II, LLB**
Secretary to the Sangguniang Panlalawigan



Dear Hon. Alameda:

Respectfully submitting herewith the Appro. Ordinance of the Municipality of San Agustin, to wit:

1. Mun. Ord. No. 13, s.2025: **"AN ORDINANCE INSTITUTIONALIZING THE RING-FENCING OF FUNDS TO ENSURE THE SUSTAINABLE OPERATION AND MANAGEMENT OF THE LGU-MANAGED WATER SYSTEM AND OTHER ECONOMIC ENTERPRISE FACILITIES OF THE MUNICIPALITY OF SAN AGUSTIN, SURIGAO DEL SUR."**

for review and appropriate action of the Sangguniang Panlalawigan pursuant to the provisions of the Local Government Code of 1991 and its implementing rules and regulation.

Thank you very much.

Very truly yours,


MARIO T. PONTILLO, JR.
Secretary to the Sangguniang Bayan



Republic of the Philippines
Province of Surigao del Sur
Municipality of San Agustin

Refer To: Committee on Finance and Appropriation/Ways and Means and Taxation

OFFICE OF THE SANGGUNIANG BAYAN

EXCERPT FROM THE MINUTES OF THE 20th REGULAR SESSION OF THE 13TH SANGGUNIANG BAYAN OF SAN AGUSTIN, SURIGAO DEL SUR HELD AT THE MUNICIPAL BUILDING, SAN AGUSTIN, SDS ON DECEMBER 16, 2025.

Noted

PRESENT

HON. ALEX L. DE GUZMAN
Municipal Vice Mayor
(Presiding Officer)



Hon. Randy J. Barro
Hon. Roberto G. Layson
Hon. Clifford R. Corvera
Hon. Julius O. Corvera
Hon. Ceferino L. Plaza Jr.
Hon. Pamfilo S. Otagan
Hon. Cherry Joy G. Corvera

SB Member
SB Member
SB Member
SB Member
SB Member
Ex-Officio/LnB President
Ex-Officio/SK Fed. President

ABSENT

Hon. Pastor R. Climaco Jr.
Hon. Conchito C. Simplicio
Hon. Charlo P. Campos

SB Member (OL)
SB Member (OL)
SB Member (OL)

Municipal Ordinance No. 13
Series of 2025

AN ORDINANCE INSTITUTIONALIZING THE RING-FENCING OF FUNDS TO ENSURE THE SUSTAINABLE OPERATION AND MANAGEMENT OF THE LGU-MANAGED WATER SYSTEM AND OTHER ECONOMIC ENTERPRISE FACILITIES OF THE MUNICIPALITY OF SAN AGUSTIN, SURIGAO DEL SUR.

Introduced by:

Hon. Clifford R. Corvera

WHEREAS, Republic Act No. 7160, otherwise known as the Local Government Code of 1991, grants the Sangguniang Bayan the authority to enact resolutions and ordinances necessary for the efficient and sustainable management of local resources;

WHEREAS, JMC No. 02 Series of 2024 of the DENR, NEDA, DILG, and DBM, with subject "Guidelines for the Setting-up and Operation of Public Utilities: Local Water Supply and Sanitation (WSS) Services" dated September 23, 2024, which specifies the importance of the Ring-fencing in the financial sustainability of the Economic Enterprise;

WHEREAS, the Municipality of San Agustin owns and operates the LGU-managed Water System, Municipal Slaughterhouse, Memorial Park, Overland Transport Terminal, Public Market, and Other Economic Enterprise Facilities that provide basic services to its constituents;

WHEREAS, the revenue generated from the LGU-managed Water System, Municipal Slaughterhouse, Memorial Park, Overland Transport Terminal, Public Market, and Other Economic Enterprise Facilities is vital for the management, operation, maintenance, improvement, and expansion of basic services;



Date: _____
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WHEREAS, to ensure the financial viability and sustainability of the LGU-managed Water System, Municipal Slaughterhouse, Memorial Park, Overland Transport Terminal, Public Market, and Other Economic Enterprise Facilities, it is necessary to "RING-FENCE" the funds generated and allocated for their management, operation, maintenance, improvement, and expansion, preventing their diversion to other purposes;

WHEREAS, in essence, ring-fencing is a legal and financial strategy used to isolate, protect, segregate, and manage the activities, assets, liabilities, revenues, and costs generated by specific parts of an enterprise's operations;

WHEREAS, ring-fencing the funds promotes financial transparency, accountability, and long-term sustainability of the LGU-managed Water System, Municipal Slaughterhouse, Memorial Park, Overland Transport Terminal, Public Market, and Other Economic Enterprise Facilities, ensuring uninterrupted and quality service delivery to the residents;

WHEREAS, institutionalizing a ring-fencing scheme shall have a clear path in preparing, updating, and achieving a business plan that complies with government budgeting, accounting, and auditing guidelines to ensure financial self-liquidation as a primary principle for a non-profit enterprise;

NOW, THEREFORE, BE IT ENACTED AS IT IS HEREBY ENACTED BY THE SANGGUNIANG BAYAN OF SAN AGUSTIN BY VIRTUE OF THE POWERS VESTED IN IT BY LAW, IN SESSION ASSEMBLED, that:

SECTION 1. TITLE OF THE ORDINANCE. This Ordinance shall be known as the "*Ring-Fencing the Funds Generated from and Allocated for the Operation and Management of the LGU-Managed Water System and Other Economic Enterprise Facilities of the Municipality of San Agustin, Surigao Del Sur*".

SECTION 2. PURPOSES. The purposes for which this Ordinance is being enacted are the following:

- a. To ensure the conduct of Financial Self-Sufficiency Evaluation (FSSE) every five (5) years.
- b. To determine whether the Economic Enterprise is proceeding towards self-sustainability or 100% cost recovery.
- c. To determine the true cost of operating the economic enterprise.
- d. To achieve realistic preparation of the business plan.

SECTION 3. DECLARATION OF POLICY. It is the policy of the Municipality that all developments in this jurisdiction will conform to the laws of nature and national and local laws relating to water.

SECTION 4. DEFINITIONS OF TERMS. As used in this Ordinance, the following words and phrases shall have the following meanings:

- a. Municipality - refers to the Municipality of San Agustin.
- b. Ring-fencing - is a financial and management arrangement whereby activities and financial accounts associated with a particular business are separated from the general accounts of the entity.

SECTION 5. DECLARING ALL FUNDS FROM THE ECONOMIC ENTERPRISE UNDER THE RING-FENCED ARRANGEMENT. All revenues generated from and funds allocated for the management, operation, and maintenance of the LGU-managed Water System, Municipal Slaughterhouse, Memorial Park, Overland Transport Terminal, Public Market, and Other Economic Enterprise Facilities shall be RING-FENCED and used solely for their intended purpose.

SECTION 6. CREATION OF ACCOUNTS. The Municipal Treasurer, Municipal Budget Officer, and concerned departments shall create a separate account exclusively for the (i) Water System and Other Economic Enterprise Facilities, (ii) Municipal Slaughterhouse, (iii) Memorial Park, (iv) Public Market, (v) Overland Transport Terminal, and other economic services to ensure proper financial tracking and reporting.

SECTION 7. REALIGNMENT OR TRANSFER OF FUNDS ALLOCATION. That no portion of the ring-fenced funds shall be realigned or transferred to fund other municipal projects, programs, and activities unless otherwise expressly authorized by the Sangguniang Bayan through a separate resolution or ordinance.

SECTION 8. FUND MOVEMENT AND LIMITATION. The ring-fenced funds shall not be utilized or obligated for temporary funding releases that will later be returned for those outside the operational expenditures unless otherwise expressly authorized by the Municipal Mayor through an Executive Order.

SECTION 9. PERSONNEL ARRANGEMENT AND RESTRICTIONS. That all existing financial obligations chargeable against the economic enterprise fund, including personal services that have been charged to, or incurred from the revenue collections of the economic enterprise, shall be transferred to or shall be set out in the obligations to give financial margins in managing its fund for its daily operation and management, subject to the existing rules and regulations and municipal ordinances.

SECTION 10. FISCAL COLLECTIONS FOR THE WATER SYSTEM. The financial record shall be strictly maintained, and the *ANNUAL EXPENDITURES* shall be allocated through a weighted percentage of the revenue generated from the Water System as follows:

1) Total Unbundled Water Bill Revenue

(a)	Bulk Water Supply Fee	70.00%
(b)	Water Meter Replacement Fund	3.00%
(c)	Meter Calibration & Cleaning Fee	2.00%
(d)	Operation & Maintenance Charges	20.00%
(e)	Improvement & Recovery Fund	5.00%

2) Total Unbundled Residential & Institutional New Service Connection Fees

For Residential & Institutional		1/2" dia	3/4" dia
(a)	Operation & Maintenance Fee	16.00%	10.00%
(b)	Water Meter Assembly Fee	71.20%	77.20%
(c)	Security Deposit (One-Month)	12.80%	12.80%

3) Total Unbundled Commercial & Industrial New Service Connection Fees

For Commercial & Industrial		1" dia	1-1/4" dia	1-1/2" dia
(a)	Operation & Maintenance Fee	6.39%	4.35%	3.67%
(b)	Water Meter Assembly Fee	60.89%	51.13%	49.36%
(c)	Security Deposit (One-Month)	32.72%	44.52%	46.97%

- 4) Other Unbundled Fees and Charges collected shall be deemed part of the Operation and Maintenance Fund, such as the Service Reconnection Fee, the Service Pipeline Laying, including Excavation and Backfilling Fee, the Water Meter Transfer or Reinstallation Fee, and the Penalties.

SECTION 11. FISCAL COLLECTIONS FOR THE MUNICIPAL SLAUGHTERHOUSE. The fiscal collections for the fees collected from the Municipal Slaughterhouse shall be allocated through the following scheme under the MOA with NMIS and compliance with Municipal Ordinances on sharing from Ante-Mortem and Post-Mortem Inspection Fees, as follows:

- | | | |
|---|-----|---|
| (a) Monthly Remittance to NMIS RTOC through the ePESO account at any Land Bank of the Philippines (LBP) Branches or directly to the Bureau of Treasury (BTr) immediately upon issuance of LTO under Rule 11.3 of RA No. 10536 | 25% | from the total revenue generated from Ante-Mortem & Post-Mortem Inspection Fees |
| (b) Improvement & Maintenance of Slaughterhouse Facilities, Capability Building of the Meat Inspection Officers, and Strengthening of the LMIS of the LGU under Rule 11.4 of RA No. 10536 | 75% | from the total revenue generated from Ante-Mortem & Post-Mortem Inspection Fees |
| (c) Support for Livestock Development Fund | 5% | from the total revenue generated |

SECTION 12. FISCAL COLLECTIONS FOR THE OVERLAND TRANSPORT TERMINAL. The fiscal collections for the fees collected from the San Agustin Overland Transport Terminal shall be deposited into a separate account of the LGU as a Trust Fund. Collections will be used exclusively for administrative expenses and funding of small repair and maintenance works.

SECTION 13. FISCAL COLLECTIONS FOR THE PUBLIC MARKET. The fiscal collection for the fees collected from the Public Market shall be deposited into a separate account of the LGU as a Trust Fund. Collections will be used exclusively for administrative expenses and funding of small repair and maintenance works.

SECTION 14. FISCAL COLLECTIONS FOR THE MEMORIAL PARK. The fiscal collection of fees from Memorial Park shall be deposited into a separate account for the LGU as a Trust Fund. The collections will be used exclusively for administrative expenses and the funding of small repair and maintenance works.

SECTION 15. FISCAL COLLECTIONS FOR OTHER ECONOMIC SERVICES. The fiscal collections from rentals of the Gymnasium, Covered Court, Stalls, Ambulant Vendors, Municipal Ground Spaces, and other rental fees shall be deposited into the Overland Transport Terminal Account. Collections will be used as standby funds of the economic enterprise office for the procurement of items and equipment in support of the activities of this LGU.

SECTION 16. IMPLEMENTING RULES AND REGULATIONS. The Municipal Mayor, through the concerned offices, may create the Implementing Rules and Regulations (IRR) relative to this Ordinance within six (6) months after the approval of this Ordinance.

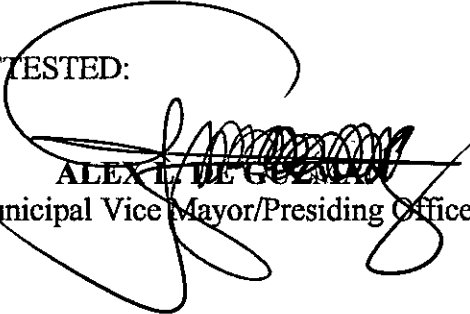
SECTION 17. EFFECTIVITY. This ordinance shall take effect immediately.

ENACTED this 16th day of December 2025 at the Municipality of San Agustin, Province of Surigao del Sur by unanimous votes of Sangguniang Bayan Members present.

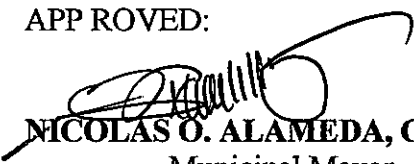
CERTIFIED CORRECT:


MARIO T. PONTILLO, JR.
Secretary to the Sangguniang Bayan

ATTESTED:


ALEX L. DE GUZMAN
Municipal Vice Mayor/Presiding Officer

APPROVED:


NICOLAS O. ALAMEDA, CE, MPA
Municipal Mayor

Date of Approval: JANUARY 7, 2026