

Title: Municipality of San Miguel, Bulacan v. Hon. Oscar C. Fernandez, et al.

Facts:

- Donation and Use:** On October 27, 1947, Carlos Imperio donated several lots (Lots Nos. 1, 2, 3, 4 and 5, Block 11) to the Municipality of San Miguel, Bulacan.
- Civil Case No. 604-B:** Plaintiffs Margarita D. Vda. de Imperio et al. filed a lawsuit against the Municipality claiming the donation should be revoked.
- Trial Court Ruling:** On April 28, 1978, the Court of First Instance of Bulacan ruled in favor of the plaintiffs, ordering:
 - Partial revocation of the Deed of Donation for the specified lots.
 - Reconveyance of the lots to the plaintiffs.
 - Payment of P64,440.00 in back rentals collected from 1970-1975.
 - Restoration of property ownership to the plaintiffs.
 - Payment of P3,000.00 for attorney fees plus costs of the suit.
- Appeal and Finality:** The municipality's appeal was dismissed for late filing, and this dismissal was affirmed by the Court of Appeals and subsequently by the Supreme Court (G.R. No. 59938).
- Execution:** Private respondents sought a writ of execution, which was granted by the respondent judge. The alias writ of execution was issued due to non-opposition.
- Motion to Quash:** Petitioner municipality filed a Motion to Quash the execution arguing that public funds are exempt from execution. The motion was denied.
- Order for Arrest:** Respondent judge ordered the arrest of the treasurers for non-compliance with the money judgment.

Issues:

- Execution of Judgment against Municipal Funds:** Whether the funds of the Municipality of San Miguel, Bulacan, could be used to satisfy the judgment considering these are public funds.
- Compliance with Legal Appropriation:** Whether the payment could be made without a lawful appropriation or specific statutory authority.
- Enforcement Procedure:** Whether the procedure outlined in Section 15, Rule 39 of the New Rules of Court was adhered to.

Court's Decision:

- Exemption from Execution:** Funds classified as public funds and held by municipal

treasurers cannot be levied upon for execution of a money judgment. This highlights the rule that public funds are held in trust for public purposes and should not be seized to settle municipal liabilities.

2. **Requirement of Lawful Appropriation:** No money shall be paid out of the treasury without a lawful appropriation or specific statutory authority as per Presidential Decree No. 477, Sec. 2(a). The Sangguniang Bayan must pass an ordinance to authorize such payment, which was not shown in this case.

3. **Non-compliance with Rule 39:** The writ of execution and enforcement, as per Section 15, Rule 39, must follow stipulated steps which were not adhered to in the current scenario, thereby invalidating the ordered execution.

The Court granted the petition, setting aside the orders for execution and the alias writ of execution, and enjoined respondents from implementing the writ of execution.

Doctrine:

1. **Public Funds Immunity:** Public funds are not subject to execution unless expressly permitted by statute. This principle ensures the financial stability and operational continuity of municipal governments.

2. **Legal Appropriation Prerequisite:** Payments from the municipal treasury require a corresponding lawful appropriation, emphasizing the legislative oversight over municipal expenditures.

Class Notes:

- **Public Funds Exemption:** Essential for understanding limitations on executing judgments against government entities.

- **PD No. 477 (Local Fiscal Administration):** Requires lawful appropriation for disbursements, highlighting the principle of checks and balances.

- **Rule 39, Sec. 15, New Rules of Court:** Outlines steps for enforcing money judgments, ensuring compliant procedures.

- **Case Reference:** Municipality of Paoay v. Manaois, and Tantoco v. Municipal Council of Iloilo reinforce that municipal properties and funds are protected from execution.

Historical Background:

The context of this case occurs within the post-World War II reconstruction period in the Philippines where various donations of properties were nullified or reassigned. It reflects stricter governance in local financial administration established during Marcos' regime

aimed at reinforcing fiscal control and preventing misuse of governmental funds.