

School Districts—Division of—Inclusion of Indebtedness Consisting of Bonded Indebtedness and Warrant Indebtedness Within One Bond Issue.

Upon a division of a school district, the whole amount of indebtedness consisting of outstanding bonds and outstanding warrants may be included in one bond issue, provided that the resolution authorizing the funding of the warrants fully sets out the division of the district and the distribution of the indebtedness, and also sets out the amount and character of the indebtedness represented by outstanding warrants and that represented by outstanding bonds, and the total amount of indebtedness assumed by reason of both warrant and bonded indebtedness.

Miss May Trumper,
Superintendent of Public Instruction,
Helena, Montana.

My dear Miss Trumper:

You have submitted to this office a letter from Miss Laura M. Carter, County Superintendent of Schools of Musselshell County, Montana, in which letter she has asked whether bonds issued under the provisions of Subdivision 6 of Section 405 of Chapter 76, Laws of 1913, on a division of a district and a distribution of indebtedness as provided for in Subdivision 4 of this section, could also include warrants issued to adjust indebtedness represented by warrants issued by the original district before division for the purpose of paying current expenses of the school, and which warrants were authorized to be funded under the provisions of Chapter 97 of the Laws of 1921, and have requested the view of this office with reference thereto.

As there has been an adjustment of indebtedness between the districts, which were formerly one, and all of the warrants issued for current expenses, prior to July 1, 1921, were authorized to be funded under the provisions of Chapter 97 of the Laws of 1921, I can see no reason for having two bond issues in this case, one covering the indebtedness represented by outstanding bonds and the other represented by indebtedness covering outstanding warrants, but am of the opinion

that the whole amount can be included in one bond issue, provided that the resolution authorizing the funding of these warrants fully sets out the division of the district and the distribution of the indebtedness, and also sets out the amount and character of the indebtedness represented by outstanding bonds and that represented by outstanding warrants, and the total amount of indebtedness assumed by reason of both warrant and bonded indebtedness.

The new district, however, should, on the sale of its bonds and the settlement of its obligation with the old district, insist that the old district cancel the original warrants issued by it in the amount assumed by the new district.

The foregoing is based on the assumption that the district is within its 3 per cent limit of assessed valuation for 1921.

Very truly yours,

WELLINGTON D. RANKIN,
Attorney General.