

School Districts, Contracts. Limitation, Constitutional.

A school district let a contract for the erection of a school building to cost \$18,000. Bonds were issued in the sum of \$12,100, and warrants for the balance were provided for. Held, that since the district might incur an indebtedness of only \$12,332.77, without exceeding the constitutional limitation, warrants could be drawn only against building fund on hand.

January 6th, 1914.

Hon. Paul Babcock,
County Attorney,
Plentywood, Montana.

Dear Sir:

I have your letter of the 24th ultimo, setting forth that School District No. 20 of Sheridan County has made a contract for the construction of a school house. The contract price being approximately eighteen thousand dollars, and the contract reading sixty five per cent cash and thirty-five per cent school warrants. It appears that the assessment roll of 1913 discloses that the assessed valuation of taxable property within the district was four hundred and ten thousand, seven hundred and fifty-nine dollars. You asked for an opinion as to the legality of the contract and the validity of the warrants to be issued, in case the school house is built under and according to the contract. I gather from your letter that the district is bonded for the sum of twelve thousand one hundred dollars, but whether or not the district was bonded in this amount for the purpose of constructing the school house in question is not disclosed by you. However, for the purpose of this opinion, I am presuming that the bonds were issued for this purpose. The amount for which the contract was let is immaterial, the test being as to whether or not the district may legally expend the full sum called for by the contract. Under the provisions of Sec. 6 of Art. XIII of the Constitution, the district if free from debt could lawfully issue bonds in

the sum of \$12,332.77. Since bonds have been issued in the sum of \$12,100, the amount realized on their sale could lawfully be applied to the payment of the contract price. As to the unpaid balance remaining, it would be lawful for the district to issue warrants only against any moneys which it might have in the building fund, and if such fund be inadequate to liquidate the unpaid balance of the contract price, warrants in excess thereof, and the difference between the bond issue and the amount for which the district might have bonded itself, would be clearly illegal and void, for that would represent indebtedness of the district in excess of the three per cent limitation fixed by the constitution.

Very truly yours,

D. M. KELLY,
Attorney General.