

School Districts, Refunding Bonds Authority For. Bonds, Refunding by School Districts. Refunding Bonds, Issued by School District. Current Expenses, Refunding Bonds For.

No authority exists for a school district to issue bonds to take up warrants for debts incurred for current expenses.

December 23, 1915.

Hon. Jesse G. Henderson,
County Attorney,
Shelby, Montana.

Dear Sir:

I am in receipt of your letter of the 14th instant, submitting the question

as to the right and authority of a school district to issue refunding bonds to take up the outstanding warrants issued by the district for current and other expenses?

It appears from the statement of facts that the school district in question is now indebted in the sum of \$3,000, and that about \$800 of this indebtedness is in warrants issued for building purposes. The only authority given a school district to issue bonds, is that found in Section 2015, Chapter 76, Laws of 1913, which has reference only to building and furnishing school houses, and purchasing land necessary therefor, and in Section 2030, which has reference to refunding bonds for the purpose of taking up previously issued bonds. The bonds referred to in Section 2028 of said Chapter, has reference to debts contracted prior to the passage of the law, as referred to in Section 2025 et seq. of said Chapter. Not any authority exists in a district to issue bonds to meet current expenses. Hence, no authority exists to issue bonds to take up warrants which were issued for current expenses, for this would be an accomplishment by indirection that for which no authority of law exists. It is probably true that this school district might legally issue bonds for the building of the school house, and the purchasing of the school site therefor, etc., as authorized by Section 2015, even though the school house has already been built, if the same has not been paid for, for such bonds would be in effect creating a building fund, but in that event the bonds could only be issued by the authority of the electors of the district. If the district desires to do this we will willingly give what assistance we are able in outlining a method of procedure and the question to be submitted. However, if this were done, the district would still be in debt some \$2,000.

I understand that the conclusions here reached, relative to the authority of the district to issue refunding bonds, are substantially the same as the conclusions reached by you.

Yours very truly,
J. B. POINDEXTER,
Attorney General.