

**High Schools—Levies—Grade Schools—Surplus—Deficit
—Registered Warrants.**

Registered warrants outstanding at the close of the school year June 30, 1931, are not an exclusive obligation on levies made under sections 1202 and 1203, R.C.M. 1921; they are obligations of the district to be paid out of future revenues, however received.

Surplus in general fund at close of school year June 30, 1931, should be taken into account in estimating levies for succeeding year whether high school or grade school expenditures.

Mr. H. O. Vralsted,
County Attorney,
Stanford, Montana

July 2, 1931.

My dear Mr. Vralsted:

You have written me regarding the finances of districts maintaining high schools. You state that you have a surplus in the general fund in one district and a deficit in another amounting to several thousand dollars.

First, you wish to know whether the high school fund is entitled to receive any part of the surplus, and, second, whether any part of the indebtedness should be charged to the high school fund or whether it should be borne by the levies for the support of the grades below the high school.

The new high school code has not created a new entity out of a school district. Its purpose is to definitely divide the cost of conducting the grades below the high school from the cost of conducting grades included in the high school, which requires not only keeping separate accounts for each department but requires different and separate levies for the maintenance of each department. Each department is required to prepare separate itemized budgets setting forth in detail its financial needs.

Heretofore, each district maintaining a high school shared in the county-wide levy for high school purposes. It could, if it saw fit, also

use a part of its general and special levies to support its high school. The surplus in the general fund at this time must be taken into account in fixing the amount of money necessary to meet the budget requirements. A surplus should not be used as an excuse for extravagance but to reduce the total amount necessary to be met by tax levies, whether on the district or on the county as a whole. The money does not belong to either department. It is the accumulation of funds of the district and can be used at this time for any school activities for which the board is authorized to expend money.

As to the warrants outstanding, they are the obligations of the district to be paid out of future tax collections. They are not the obligation of the department of the school below the high school chargeable only to the general or special levies under sections 1202 and 1203. There is no definite requirement that these deficits should be charged to any particular source of revenue. As before stated, they are the obligations of the district and the district must pay them out of revenue received from direct levies or apportionments. They are no more the obligation of the levies for grade purposes than of the levies made for high school purposes. Hereafter the high school activities must be paid for by a county-wide levy.

In regard to equalization of this indebtedness, part of which, no doubt, has been incurred for maintaining the high school, the board should make provision in the budget for each department for some part of the total deficit which in their judgment would best equalize it as between the school district and the county-wide levies.

Very truly yours,

L. A. FOOT,

Attorney General.