

973.

APPROVAL, DEFICIENCY BONDS OF NEW BLOOMINGTON VILLAGE
SCHOOL DISTRICT, \$10,000.

COLUMBUS, OHIO, January 29, 1920

Industrial Commission of Ohio, Columbus, Ohio.

974.

DISAPPROVAL, DEFICIENCY BONDS, GRAND PRAIRIE TOWNSHIP RU-
RAL SCHOOL DISTRICT, MARION COUNTY, IN AMOUNT OF \$13,50

COLUMBUS, OHIO, January 29, 1920.

Industrial Commission of Ohio, Columbus, Ohio

Re deficiency bonds of Grand Prairie township rural school district in the amount of \$13,500, being 3 bonds of \$1000 each and 7 bonds of \$1500 each.

GENTLEMEN:—The financial statement attached to the transcript of the above bond issue discloses that \$6926.00 of the total deficiency for the current fiscal school year of the district is listed as outstanding unfunded indebtedness existing July 1, 1919 consisting of two items, one of \$4360.00 due on a demand note to the City National bank, and one of \$2566.00 due on a demand note to the Marion County bank.

Upon inquiry I have been informed by the prosecuting attorney of Marion county that this first note of \$4360.00 was to secure money to purchase wagons to convey pupils and to construct certain permanent improvements to one or more of the school buildings of the district.

I know of no section of the General Code under authority of which a board of education can contract for the purchase of wagons to convey pupils and for the permanent improvement of school buildings except the money for the payment of such contract be in the treasury available for the payment of such contract price. It seems that the board of education, regardless of the provisions of the Code, purchased wagons and contracted for the improvement of its buildings, and in order to meet these bills when due borrowed money from the City National bank upon a demand note.

It has been the holding of this department that the term "unfunded indebtedness" as used in House Bill No. 567, (108 O. L. 709), passed June 18, 1919, includes only valid obligations incurred in accordance with the provisions of the General Code, and in harmony with that holding I am of the opinion that the item described in said financial statement as \$4360.00 due on a demand note to the City National bank is not such an obligation as comes within the meaning of the term "unfunded indebtedness" and that therefore the board of education was without authority to issue deficiency bonds for the purpose of paying said note.

I am therefore of the opinion that the board of education of Grand Prairie township rural school district was without authority to authorize the issuance of deficiency bonds for an amount sufficient to include the item of \$4360.00 above referred to and advise you not to accept the same.

The other items of unfunded indebtedness and deficiency in operating funds of the school district as set forth in the financial statement are such as can properly be considered in determining the deficit in the funds of said district for the present fiscal