

2727.

DISAPPROVAL, REFUNDING BONDS OF NORTON TOWNSHIP RURAL SCHOOL DISTRICT, SUMMIT COUNTY, OHIO, IN AMOUNT OF \$17,500.

COLUMBUS, OHIO, December 22, 1921.

Department of Industrial Relations, Industrial Commission of Ohio, Columbus, Ohio.

Re: Refunding bonds of Norton Township Rural School District, Summit county, in the amount of \$17,500.

GENTLEMEN:—It appears from the transcript proceedings submitted to my examination that the above bonds were issued under authority of sections 5656 et seq. of the General Code to refund indebtedness of the school district.

From a careful examination of this transcript I am unable to approve the validity of said bonds for the following reasons:

1. The transcript fails to show that the board of education in compliance with the requirements of section 5658 of the General Code determined by resolution that the indebtedness to be refunded was an existing, valid and binding obligation of the school district. This requirement of section 5658 of the General Code referred to is mandatory, and the board of education is without authority to issue bonds under the provision of sections 5656 et seq. G. C. until such requirement is complied with.

2. The statement contained in the transcript of the indebtedness to be refunded fails to show affirmatively that all of the items of such indebtedness are valid obligations of the district; in fact, the items listed in such statement as constituting the indebtedness of the district indicate that at least a part of such items are not valid obligations.

The items listed are as follows:

| | |
|--|-------------|
| "No. 1.—Financial statement of Nortown Township Rural School District, March 1st, 1921. | |
| Tuition fund, overdraft..... | \$4,420 69 |
| Contingent fund, overdraft..... | 2,032 50 |
| Building fund, overdraft..... | 880 24 |
| No. 2.—Unfunded indebtedness on March 1st, 1921, 3 notes aggregating \$11,000.00 due People's Savings Bank Company, Akron, Ohio. \$1,000.00 due Arthur Underlich. Cash on hand July 1st, 1921..... | |
| | \$1,763 48 |
| Total deficiency | \$17,578 03 |

Doubtless a part of such items are valid obligations, although that fact does not affirmatively appear. It is practically certain, however, that some of such items are not valid obligations of the district, for instance the items of overdraft in the several funds of the school district.

I know of no provision of the General Code which justifies the overdraft in any of the funds of the school district.

I therefore advise that you decline to purchase the bonds.

Respectfully,

JOHN G. PRICE,
Attorney-General.