

**OPINION  
48-115**

February 13, 1948           (OPINION)

EDUCATION

RE: Insurance on Buildings - Proceeds

Your letter of February 11 addressed to the attorney general has been received and contents of same have been noted. You request our opinion on the following proposition:

About four years ago the Alsen School burned down. The insurance after payments of bonds amounts to approximately \$12,000.00. In addition there is a reserve of approximately \$3,000.00 so that the fund available for building purposes is in the neighborhood of \$15,000.00. The school board desires to build, but whether they can do so will depend on the amount of money they can raise.

You ask whether it is possible to bond on the basis of 100% of the assessed valuation or on a 50% basis. On this question is is our opinion the 50% base must be used.

You state further that in 1946 an election was held at which the increase of the debt limit for bonding purposes was voted upon and carried by 94 in favor and 13 against. The result of the election was, of course, sufficient to authorize an increase in the debt limit.

I assume that the notes on the poll book show substantially the question submitted on the ballot as follows: "Shall Alsen Special School District increase the limitation of bonded indebtedness of the said school district five percent in excess of the present legal limitation of five percent of the assessed valuation of the taxable property of the said school district."

Since no action has as yet been had for the issuance of bonds on the authority of said election, the school district may proceed as provided by statute to issue bonds provided, of course, that such bond issue together with other indebtedness of the district shall not exceed 10% of the assessed valuation of all taxable property in the district on a 50% base of such valuation.

NELS G. JOHNSON

Attorney General