



OFFICES OF THE

JOHN C. DANFORTH  
ATTORNEY GENERAL

ATTORNEY GENERAL OF MISSOURI  
JEFFERSON CITY

November 27, 1974

OPINION LETTER NO. 342

Honorable Bud Fendler  
Representative, District 104  
527 Hoffmeister  
St. Louis, Missouri 63125

Dear Representative Fendler:

This is in response to your request for an opinion from this office as follows:

"A large sum of money is laying dormant in a bank, and was the direct result of a bond issue for the construction of new engine houses, remodeling of existing houses, and the purchase of new equipment, and will not be used for the next few years. Can a transfer of funds be made from the bond issue money to an operating fund by the Mehlville Fire District Board? This money would then be replaced within 60 or 90 days. In that time, the transferred money would be used as general revenue money, covering every day operating expenses. If this transaction is possible, would it is necessary to return the original bond issue money with interest at the current rate, or an interest rate to cover the lost interest-on-savings amount? Or can the money be returned, interest free? Is there any possible way to use the bond issue money, on a loan basis, for a definite period of time with repayment determined prior to withdrawal?

"The Mehlville Fire District has to make a loan (\$250,000.) this money has to be put in

Honorable Bud Fendler

their general revenue to pay their last quarters expenses, Oct. Nov. & Dec. They have \$500,000.00 in a bank drawing 6% interest. This money was collected from a bond issue and will remain there for a few years. The loan will cost them 12% interest. Can they transfer these funds?"

As we understand your question, it involves money derived by the Mehlville Fire District from the sale of bonds issued for the construction of a new engine house, remodeling of existing houses, and the purchase of new equipment. You inquire whether these funds may be used for operating funds by the Mehlville Fire District Board for current operating expenses.

Section 108.180, RSMo, provides as follows:

"When any bonds shall have been issued by any county, city, incorporated town or village, school district, or other political corporation or subdivision of the state, as provided under the constitution and laws of this state for the incurring of indebtedness, or for refunding, extending, unifying the whole or any part of their valid bonded indebtedness, the proceeds from the sale thereof and all moneys derived by tax levy, or otherwise, for interest and sinking fund provided for the payment of such bonds, shall be kept separate and apart from all other funds of such governmental unit, so that there shall be no commingling of such funds with any other funds of such county, city, incorporated town or village, school district, or other political corporation or subdivision of the state; provided, that in no case shall the proceeds derived from the sale of any such bonds be used for any purpose other than that for which such bonds were issued, nor shall such interest and sinking fund be used for any purpose other than to meet the interest and principal of such bonds; provided further, that any bonds or money remaining in the interest and sinking fund of any such county, city, incorporated town or village, school district, or other political corporation or subdivision

Honorable Bud Fendler

of the state, after the extinction of the indebtedness for which such bonds were issued, shall be paid into the general revenue fund of such county, city, incorporated town or village, or other political corporation or subdivision, and into the building fund of such school district."

It is the opinion of this office that under the above statute funds derived from the sale of fire protection district bonds together with proceeds of taxes collected are required to be deposited in a special fund separate and apart from general revenue funds of the district and cannot be used for any purpose other than the purpose for which the bonds were issued or to meet the interest and principal of such bonds.

Yours very truly,



JOHN C. DANFORTH  
Attorney General