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SEP 13 2002
OPINION NUMBER 02-0221

8-1 BONDED - Indebtedness
8-A BOND ISSUE - Political subdivisions

Mr. Leroy A. Martin
Secretary Treasurer
Lafourche Parish Drainage District #1
150 West 214 St.
Galliano, LA 70354

Surplus funds attributable to general obligation bonds should be, if practicable, returned to the taxpayers. If that is not practical, the funds should be used for a purpose similar to that for which the bonds were issued.

Dear Mr. Martin:

On behalf of the Lafourche Parish Drainage District #1 (the "District"), you requested the opinion of this office concerning the permissible use of monies remaining after the payment in full of the general obligation bonds of the District. You advised that in 2002, the Lafourche Parish tax rolls showed an increase in taxes for the District to the extent that there were sufficient monies to pay the outstanding balance of the District's general obligation bonds. The last bond was retired on March 20, 2002, leaving a surplus of over \$19,000. Your question is whether these funds can be used for the District's regular duties to provide drainage, such as cleaning canals and buying and maintaining equipment to accomplish these tasks.

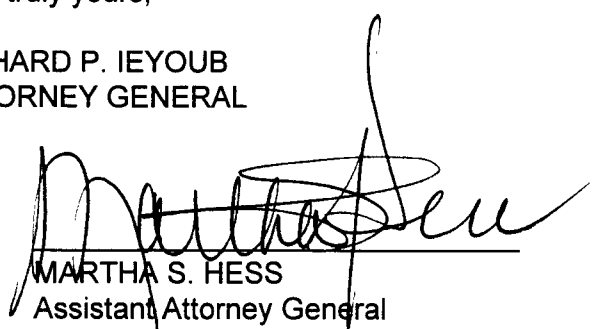
It has been the long-standing opinion of this office that surplus funds attributable to a general obligation bond issue should be, if practicable, returned on a pro rata basis to the taxpayers. If the expenses of a pro rata return make such an alternative impractical, the funds should be transferred to the general fund to be used for a purpose similar to that for which the bonds were authorized. Since the bonds were issued for capital construction, the surplus, if not returned to the taxpayers, should be used for a capital purpose. Use of the funds for maintenance of the system would not be a similar purpose and thus would not be an acceptable use. Ops.Atty.Gen. 83-707; 88-281; 88-407; 88-566; 93-294; 94-200

Trusting this adequately responds to your request, we remain

Very truly yours,

RICHARD P. IEYOUNG
ATTORNEY GENERAL

BY:


MARTHA S. HESS
Assistant Attorney General

RPI:MSH:jv