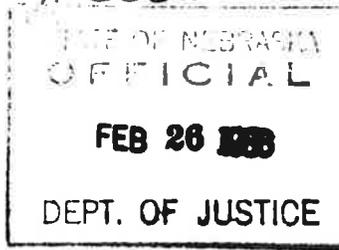


DEPARTMENT OF JUSTICE

STATE OF NEBRASKA

TELEPHONE 402/471-2682 • STATE CAPITOL • LINCOLN, NEBRASKA 68509

#86022



ROBERT M. SPIRE  
Attorney General  
A. EUGENE CRUMP  
Deputy Attorney General

February 11, 1986

DATE: February 11, 1986

SUBJECT: Bond Fund Interest

REQUESTED BY: Michael J. Owens  
Hamilton County Attorney

WRITTEN BY: Robert M. Spire  
Attorney General

Bernard L. Packett  
Assistant Attorney General

QUESTION: When a city deposits funds with a county treasurer for the purpose of retiring bonds issued by the city, and all of the bonds are not presented for payment, who is entitled to the interest earned on the unpaid funds?

CONCLUSION: The bond fund.

In your letter you have given an example where a city made a refunding bond issue. The funds from that issue were deposited in banks of the city issuing the bonds where interest was earned. Two years later the earlier bonds were called and the money at the banks was deposited with the county treasurer to pay off the called bonds. Not all of the bond holders have surrendered their bonds for payment and the money for that purpose has remained invested by the county treasurer. The question being who is entitled to the income from the remaining invested funds.

Section 23-1601 (Reissue 1983) provides in part: "It shall be the duty of the county treasurer to receive all money . . . which is by law directed to be paid to him or her."

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Mr. Michael J. Owens  
February 11, 1986  
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Under the provisions of §10-102 (Reissue 1983), a city is required to remit to the county treasurer "at least ten days before maturity of any bonds or coupons heretofore or hereafter made payable at . . . the office of any county treasurer, sufficient money out of the tax collected for the purpose, for the redemption of such bonds and coupons."

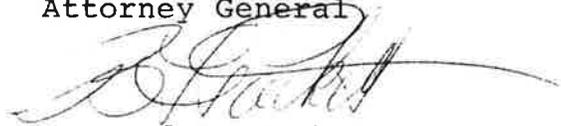
Since the money delivered by the city to the county treasurer for the retirement of the bonds is money "which is by law directed to be paid to him or her," we then look to subsection (3) of §23-1601 which provides:

The county treasurer shall at the direction of the city or village invest the bond fund money collected for each city or village located within each county. Such bond fund money shall be invested by the county treasurer and any investment income shall accrue to the bond fund. The county treasurer shall notify the city or village when the bonds have been retired.

From the above it is therefore our opinion that the income from funds held by a county treasurer for the retirement of bonds issued by a city accrue to the bond fund.

Very truly yours,

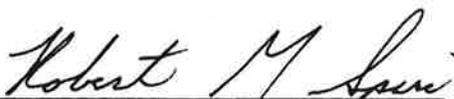
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APPROVED:

  
Attorney General