



FILE

Subject

*Health, Public Hospital
Administration and
Operations*

Copy to

STATE OF KANSAS

Office of the Attorney General

State Capitol Bldg. (913) 296-2215 Topeka, Kansas 66612

VERN MILLER
Attorney General

July 15, 1974

Opinion No. 74- 225

F. G. Williams
Business Manager
Arkansas City Memorial Hospital
216 West Birch
Arkansas City, Kansas 67005

Dear Mr. Williams:

We have your letter of June 2, inquiring as to any provision in the Kansas statutes which allows a municipal, county or district hospital exemption from the cash basis law if it follows the accounting procedure of the American Hospital Association.

K.S.A. 75-1121 empowers the auditor of state to prescribe accounting systems and forms. In April, 1960, he recommended for use by small hospitals an accounting system designed by the American Hospital Association, then contained in two volumes titled "Bookkeeping Procedure and Business Practices for Small Hospitals, Section 2, 1956," and "Uniform Chart of Accounts and Definitions for Hospitals, 1959," both of which were then available from the Kansas Hospital Association in Topeka, Kansas. K.S.A. 75-1120 provides in part as follows:

"There is hereby authorized and there shall be a standardized system of fiscal procedure, accounting and reporting for all municipalities of the state of Kansas . . . Provided further, That any municipality may use or adopt such forms as it shall deem best suited for its particular needs so long as all necessary information is shown on such forms."

The accrual method is permissible, so long as sufficient supplementary information is furnished in order to provide not only adequate accounting, but assurance of compliance with the cash

F. G. Williams
July 15, 1974
Page Two

basis law. There is no exemption from the cash-basis law for municipal hospitals, however.

If you should have further questions, please do not hesitate to call upon us.

Yours very truly,



VERN MILLER
Attorney General

VM:JRM:jsm

cc: R. G. Henley
Office of State Auditor
State Capitol
Topeka, Kansas 66612