



STATE OF KANSAS

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July 25, 1985

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ATTORNEY GENERAL OPINION NO. 85- 87

John J. Gillett
Wilson County Attorney
Wilson County Courthouse
Room 201
Fredonia, Kansas 66736

Re: Counties and County Officers -- Hospitals and
Related Facilities -- County Hospitals, Procedure
to Establish; Petition and Election; Bonds

Synopsis: No portion of the proceeds of general obligation
bonds issued under the provisions of K.S.A. 1984
Supp. 19-4603 and 19-4606 may be used as operating
capital for a county hospital. Cited herein:
K.S.A. 10-117, K.S.A. 1984 Supp. 19-4603, 19-4606.

* * *

Dear Mr. Gillett:

You request our interpretation of K.S.A. 1984 Supp. 19-4603
and 19-4606. Specifically, you ask whether any portion of the
proceeds of general obligation bonds issued under the
provisions of the aforesaid statutes may be used as "operating
capital" for a county hospital. We assume that the term
"operating capital" refers to items such as salaries,
utilities and other monthly overhead of the hospital.

K.S.A. 1984 Supp. 19-4603 prescribes the procedure for
establishing a county hospital and authorizes the issuance of
general obligation bonds

"for the purpose of constructing,
purchasing, leasing or otherwise acquiring
a hospital building or buildings,
equipping the same, and acquiring the

necessary site or sites therefor, or for any or all such purposes and for the purpose of paying a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774 and amendments thereto."

K.S.A. 1984 Supp. 19-4604(b) provides that after a hospital has been established, the county commission may issue additional general obligation bonds

"for the purposes of constructing, purchasing or leasing and equipping a new hospital separate and apart from an existing hospital, or an additional hospital, or constructing and equipping an addition to an existing hospital, or equipping and improving an existing hospital, or acquiring the necessary site or sites therefor or for any or all such purposes and for the purpose of paying a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774 and amendments thereto."

Neither of the above-quoted statutes authorize the use of bond proceeds for operating capital of a county hospital. Additionally, K.S.A. 10-117 prohibits diversion of bond proceeds to any purpose other than that for which they were authorized:

"Any person who shall appropriate, use, or aid or abet in appropriating or using any of the funds procured by the sale of bonds by a municipality for any other purpose than that for which such bond issue was intended . . . shall be deemed guilty of a misdemeanor, and on conviction thereof shall be fined in a sum not less than one hundred nor more than one thousand dollars, and in addition thereto may be imprisoned in the county jail for not less than three months nor more than twelve months, and shall also be liable in a civil action to the municipality issuing the bonds for the amount so misappropriated or used."

Accordingly, it is our opinion that no portion of the proceeds of general obligation bonds issued under the provisions of K.S.A. 1984 Supp. 19-4603 and 19-4606 may be used as operating capital for a county hospital.

Very truly yours,

ROBERT T. STEPHAN
ATTORNEY GENERAL OF KANSAS

Terrence R. Hearshman
Assistant Attorney General

RTS:TRH:JSS:crw