



STATE OF KANSAS

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February 25, 1981

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ATTORNEY GENERAL OPINION NO. 81- 56

The Honorable Robert G. Frey
Majority Leader
Kansas House of Representatives
Room 381-W, Capitol Building
Topeka, Kansas 66612

Re: Bonds and Warrants--Cash Basis Law--Application to
Year-End Transactions

Taxation--Budget Law--Application to Year-End
Transactions

Synopsis: Where a Kansas county delivers a written order for the purchase of an item of equipment to a vendor on December 15, 1980, and the order provides that payment in full will be made upon delivery of the equipment, an indebtedness has been created and is chargeable to the applicable fund in the 1980 budget year, even though the equipment is not delivered until January 20, 1981. Cited herein: K.S.A. 10-1101, 79-2925.

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Dear Representative Frey:

You request our interpretation of the cash-basis law (K.S.A. 10-1101 et seq.) and the budget law (K.S.A. 79-2925 et seq.) relative to the following hypothetical example:

"On December 15, 1980 a Kansas county places an order for an item of road maintenance equipment. The order is signed, and the order is delivered to vendor on December 15, 1980. The agreed price is \$5,000, and the order provides that payment in full will be made upon delivery of the equipment. The equipment is delivered on January 20, 1981."

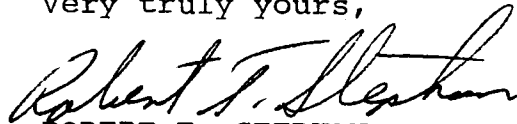
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The questions you raise are as follows:

- "1. Must the subject county consider the transaction as of December 15, 1980, in determining whether it is in compliance with the provisions of K.S.A. 10-1113 on that date?
- "2. Must the county consider the transaction as an item chargeable to its 1980 budget, or to its 1981 budget, in determining its compliance with the provisions of K.S.A. 79-2935?"

It is well settled that the cash-basis law must be construed with the budget law. Shouse v. Cherokee County Commissioners, 151 Kan. 458, 462 (1940). In the situation you described, the critical date is December 15, 1980, for purposes of both the cash-basis law and the budget law. As of that date, the indebtedness has been created, even though the debt will not become due until the equipment is subsequently delivered. In our opinion, the indebtedness created is chargeable to the applicable fund in the 1980 budget year, and is an encumbrance on said fund as of December 15, 1980, for purposes of applying the cash-basis law.

Very truly yours,



ROBERT T. STEPHAN
Attorney General of Kansas



Terrence R. Hearshman
Assistant Attorney General

RTS:BJS:TRH:jm