



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL
2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA

ROBERT T. STEPHAN
ATTORNEY GENERAL

September 17, 1992

Cash basis definition
of "municipality"
amended in 1994 -
might change this
opinion.

ATTORNEY GENERAL OPINION NO. 92- 121

Steven K. Hirsch
Decatur County Attorney
P.O. Box 296
Oberlin, Kansas 67749

Re: Agriculture -- Conservation Districts -- Power to
Enter into a Lease-Purchase Agreement

Bonds and Warrants -- Cash-Basis Law --
Definitions; Municipality and Governing Body

Synopsis: The Decatur county soil conservation district
does not have the authority to enter into a
lease-purchase agreement that exceeds the current
budget year. Cited herein: K.S.A. 2-1903;
2-1907b; 2-1908; 10-1101; 10-1116b.

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Dear Mr. Hirsch:

As Decatur county attorney, you request our opinion as to
whether or not the soil conservation district is an entity
which can enter into a lease-purchase agreement.

Municipalities are subject to the cash-basis law as set forth
at K.S.A. 10-1101 et seq. There is an exception to the
cash-basis law for lease-purchase agreements if the
lease-purchase agreement "specifically state[s] that the
municipality is obligated only to pay periodic payments or
monthly installments under the agreement as may lawfully be
made from (a) funds budgeted and appropriated for that purpose

during such municipality's current budget year or (b) funds made available from any lawfully operated revenue producing source." K.S.A. 10-1116b(3).

Since the cash-basis law applies to municipalities we must see if the soil conservation district is a municipality.

"'Municipality' shall be construed and held to mean county, township, city, municipal university, school district, community junior college, drainage district, and any other similar political subdivision or taxing district of the state." K.S.A. 10-1101.

Next, we look to the definition of a soil district to see if it fits within the definition of a municipality.

"'District' or 'conservation district' means a governmental subdivision of this state, and a public body corporate and politic, organized in accordance with the provisions of this act, for the purposes, with the power, and subject to the restrictions hereinafter set forth." K.S.A. 2-1903(a).

Attorney General Opinion Nos. 76-320 and 77-352 have held that the definition of a municipality means a "political subdivision which has the power to levy taxes." Since the county has the authority to decide the amount of the levy and to actually levy the taxes (K.S.A. 2-1907b) the soil conservation district is not a taxing subdivision or a municipality within the meaning of the cash-basis law as set out in Attorney General Opinion No. 76-320.

Furthermore, the definition of "governing body" in the cash-basis section requires the board to have "authority under the laws of this state to create indebtedness against the municipality." K.S.A. 10-1101(b). However, the soil conservation district empowering statute specifically states:

"The supervisors of any district shall not contract debts or obligations in the name of the district beyond the current appropriation made available to the district by the committee or federal

grants or other financial sources."
K.S.A. 2-1908(1).

Therefore, the soil conservation district cannot enter into a lease-purchase agreement under the cash-basis law because they do not fit within the definition of municipality or governing body within that law and therefore cannot take advantage of the lease-purchase exception. This is compounded by the fact that the soil conservation district statutes specifically prohibit any debt or obligation beyond the current budget year. K.S.A. 2-1908(1). Based on this analysis it is the opinion of this office that the Decatur county soil conservation district is not authorized to enter into a lease-purchase agreement that exceeds the current budget year.

Very truly yours,



ROBERT T. STEPHAN
ATTORNEY GENERAL OF KANSAS



Mary Jane Stattelma
Assistant Attorney General

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