

**19-3516. Issuance, sale, registration and terms of revenue bonds; fixing of service rates and charges; deposit and use of revenues; sinking fund; liens; annual audits; bids, when; exceptions; lease purchase agreements; finance leases.** (a) Any water district board may issue and sell revenue bonds to finance the cost of acquisition, construction, reconstruction, alteration, repair, improvement, extension or enlargement of any such water supply and distribution system. The board shall fix by resolution such rates, fees and charges for the services furnished by such water supply and distribution system as may be reasonable and necessary and provide for the manner of collecting and disbursing such revenues subject to the limitations hereinafter contained.

Revenues derived from the operation of any such water supply and distribution system shall be deposited in a responsible bank within the county in which the greatest portion of such water district is located and the deposits shall be governed by article 14 of chapter 9 of the Kansas Statutes Annotated and shall not be used except for the purpose of: (1) Paying wages and salaries of all officers and employees; (2) paying the cost of operation; (3) paying the cost of maintenance, extension and improvement of such water supply and distribution system; (4) providing an adequate depreciation fund; and (5) creating reasonable reserves for such purposes. All revenues over and above those necessary for the above enumerated purposes shall be placed in a reserve fund which, together with any moneys not currently needed which have been set aside for the purposes described in (4) and (5) above, may be invested in accordance with the provisions of K.S.A. 10-122, and amendments thereto, or K.S.A. 10-131, and amendments thereto. Such reserve fund shall be used solely for improving, extending or enlarging the district's water system or for the retirement of revenue bonds issued hereunder and the payment of interest thereon. Such revenue bonds are hereby made a lien on the water supply and distribution system and on the revenues produced from such water supply and distribution system but shall not be general obligations of the issuing water district. Such revenue bonds shall not be taken into account or in any way be a limitation upon the power of the water district to issue bonds for any other purpose. All revenue bonds issued under this act shall be signed by the chairperson of the issuing water district board and attested by the secretary and shall contain recitals stating the authority under which such bonds are issued; that they are issued in conformity with the provisions, restrictions and limitations of that authority; that such bonds are to be paid by the issuing water district from the revenues derived from the rates, fees or charges herein mentioned and not from any other fund or source; that the same have been registered in the office of the county clerk of the various counties in which the issuing water district is located and in the office of the treasurer of the state of Kansas, respectively; and that such bonds are negotiable. All such bonds, when registered and issued, as herein provided, shall import absolute verity, and shall be conclusive in favor of all persons purchasing such bonds, that all proceedings and conditions precedent have been had and performed to authorize the issuance thereof. The provisions of K.S.A. 10-112, and amendments thereto, shall not apply to any bonds issued under this act.

(b) Revenue bonds issued under this act shall mature not later than 40 years after the date of the bonds; may be subject to redemption prior to maturity, with or without premium, at such times and upon such conditions as may be provided by the water district board; and shall bear interest at a rate not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto. The board may sell such bonds in such manner and for such price as it determines will best effect the purposes of this act. In no case where revenue bonds are issued under this act shall the total amount received therefrom be in excess of the actual cost of the plan or program which includes, in addition to all expenses incurred in the acquiring of a water supply and distribution system, all expenses incurred prior to and including the bond election, the no-fund warrants outstanding under the provisions of K.S.A. 19-3505a, and amendments thereto, and unpaid at the time such revenue bonds are issued and all costs of operation and maintenance of such water supply and distribution system estimated to be necessary for a period of two years immediately following the acquisition of such system and the amount necessary to pay the salaries of the water district board due from the date the first member of the first board is elected. Whenever any such water district board has sufficient revenues to pay the operational and maintenance cost and the board members' salaries, then such expenses shall be paid out of such revenues and any surplus funds remaining from the sale of revenue bonds shall be transferred to the revenue bond sinking fund of the water district. No water district or county in which a portion of such water district lies shall have any right or authority to levy taxes to pay any of the principal of or interest on any such bonds or any judgment against the issuing water district on account thereof, and the provisions of K.S.A. 10-113, and amendments thereto, shall not apply to any bonds issued hereunder. All water district boards created by this act by appropriate resolution shall make provisions for the payment of such bonds by fixing rates, fees and charges, for the use of all services rendered by such water district, which rates, fees and charges shall be sufficient to pay the wages and salaries of all officers and employees and the costs of operation, improvement and maintenance of the water supply and distribution system; to provide an adequate depreciation fund and an adequate sinking fund to retire such bonds and pay the interest thereon when due; and to create reasonable reserves for such purposes. Such fees, rates or charges shall be sufficient to allow for miscellaneous and emergency or unforeseen expenses. The resolution of the water district board authorizing the issuance of revenue bonds may establish limitations upon the issuance of additional revenue bonds payable from the revenues of the district's water supply and distribution system or upon the rights of the holders of such additional bonds and may provide that additional revenue bonds shall stand on a parity as to the revenues of the water district and in all other respects with revenue bonds previously issued on such conditions as specified by the board in such resolution. Such resolution may include other agreements, covenants or restrictions deemed necessary or advisable by the district board to effect the efficient operation of the district's system and to safeguard the interests of the holders of the revenue bonds and to secure the payment of the bonds and the interest thereon.

(c) The water district board shall cause an audit to be made annually by a licensed municipal public accountant or by a certified public accountant of the operations of any water supply and distribution system created hereunder for which revenue bonds have been issued by any water district, and, if the audit discloses that proper provision has not been made for all of the requirements of this section, the water district board shall proceed promptly to cause rates to be charged for the water supply and distribution services rendered which will adequately provide for the requirements set out herein. Within 30 days after the completion of such audit, a copy of the audit shall be filed with the county clerks of the various counties in which such water district is located, and such audit shall be open to public inspection.

(d) The water district board, by a majority vote of the members thereof, may contract for repairs, alterations, extensions or improvements of the water supply and distribution system and issue revenue bonds to pay the cost thereof without submitting to a vote of the electors of such water district the proposal to contract for the making of such repairs, alterations, extension and improvements and to issue revenue bonds to pay the costs thereof. All contracts for any construction of all or part of the water system, or for repairs, extensions, enlargements or improvements to any such water supply and distribution system created under this act, the cost of which exceeds \$25,000 shall be awarded on a public letting by the water district board to the lowest responsible bidder, and in the manner provided by K.S.A. 19-214, 19-215 and 19-216, and amendments thereto, except that the required notice of letting contracts shall be seven days if the cost does not exceed \$100,000 and 30 days if the cost exceeds \$100,000. Whenever the board finds that an unforeseen occurrence or condition has created a public exigency requiring immediate delivery of materials or performance of services, it may declare an emergency and shorten or entirely dispense with the bidding procedure.

(e) Where goods for use by the water district can be more advantageously acquired by lease-purchase or financing leases than by full initial payment of the purchase price or conventional leasing that is neither a sale nor creates a security interest, the water district board, by a majority vote of the members thereof, may approve the use of lease-purchases or financing leases or authorize the general manager to make such determinations and approvals within any limitations designed by the board.

**History:** L. 1951, ch. 240, § 16; L. 1957, ch. 192, § 10; L. 1970, ch. 64, § 66; L. 1975, ch. 170, § 5; L. 1977, ch. 54, § 31; L. 1983, ch. 49, § 71; L. 1984, ch. 106, § 1; L. 1985, ch. 101, § 1; L. 1987, ch. 103, § 2; L. 1998, ch. 47, § 1; July 1.