



STATE OF KANSAS

Office of the Attorney General

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CURT T. SCHNEIDER
Attorney General

July 28, 1975

ATTORNEY GENERAL OPINION NO. 75- 308

Mr. Gerald E. Williams
City Attorney of Lenexa
Court Square Building
110 South Cherry
Olathe, Kansas 66061

Re: Cities--Budgets--Reimbursed Federal Aid

Synopsis: When budgeted funds are expended for a program for which federal aid has been approved but not received, said federal aid when received shall be credited to the budget of the year in which received, and shall not be treated as a reimbursement for the budget year in which the expenditures were made for which the aid is reimbursement.

* * *

Dear Mr. Williams:

You inquire concerning the proper crediting of reimbursements received by the City of Lenexa from the federal government on federal grants. At a recent meeting of city clerks, you advise, it was suggested by a guest speaker that reimbursement on a federal grant must be credited to the budget of the year in which it is received, and may not be credited to the preceding budget year in which the city had expended its funds while awaiting receipt of the grant. As an example, you cite the instance in which the police department applies for a grant in June, which is approved in August. Upon receipt of approval, the city employs additional officers for the fall of the calendar year, spending budgeted funds to do so, with the understanding that the budget will be reimbursed by the federal grant. The question arises whether, when the funds are received in the next calendar year, they may be credited back against the expenditures when the officers were first hired.

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K.S.A. 1974 Supp. 12-1663 speaks to this question:

"[W]here a public agency spends from budgeted funds and later is reimbursed by federal aid, such expenditure from budgeted funds shall be a reimbursed expense and * if received after the budget year, shall increase the current budget to the same amount unless the budget had anticipated and included the reimbursement as income." [* - said federal aid.]

Despite the rather garbled wording of the statute, its effect is to provide that when, as in the instance you cite, the city spends from budgeted funds in anticipation of federal aid which has been approved but not received, that expenditure shall be a "reimbursed expense," and the federal aid when received, if after the budget year in which the expenditures were made, shall be treated as an increase in the current budget, i.e., the budget of the year in which received. Thus, it is mandatory that the federal aid be allotted to the budget of the year in which the aid is received, and not credited to the year in which the expenditures were made in reimbursement of which the aid is received.

Yours very truly,



CURT T. SCHNEIDER
Attorney General

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