



STATE OF KANSAS

## Office of the Attorney General

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**Curt T. Schneider**  
Attorney General

October 23, 1975

ATTORNEY GENERAL OPINION NO. 75-406

Mr. William H. Sears  
Moore and Sears  
330 North Buckeye Street  
Abilene, Kansas 67410

Re: Cities--Improvement Funds--Negative Cash Balances

Synopsis: When a negative cash balance exists in an improvement fund upon completion of the improvement, said negative cash balance may not be transferred to the city bond and interest fund pursuant to K.S.A. 12-6a16, but may be disposed of only by crediting sufficient monies to the improvement fund to remove the negative balance.

\* \* \*

Dear Mr. Sears:

I have your letter of October 16, 1975, in reference to Opinion No. 75-65, issued under date of February 12, 1975, to Mr. R. G. Henley, Director, Municipal Audit Program.

You advise that there is now a negative cash balance in the Paving District No. 33 improvement fund in question, and you inquire whether this negative balance may be transferred to the bond and interest fund pursuant to K.S.A. 12-6a16. That section states thus:

"A separate fund shall be created in the city treasury for each improvement or combination of improvements and such fund shall be identified by a suitable title. The proceeds from the sale of bonds and

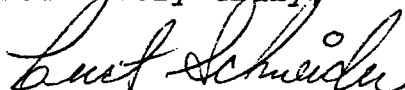
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temporary notes and any other moneys appropriated thereto by the governing body shall be credited to such fund. Such fund shall be used solely to pay the costs incurred in the making of the improvement, and upon the completion of the improvement, the balance thereof (if any) shall be transferred and credited to the city bond and interest fund."  
[Emphasis supplied.]

This provision authorizes the balance, if any, remaining in an improvement fund upon completion of the improvement, to be transferred to the city bond and interest fund. However, in this instance, there remains no balance in the fund to be transferred. There exists only a negative cash balance, and the sole result of transferring this negative balance to the city bond and interest fund would be to require this latter fund to absorb the indebtedness remaining in the improvement fund. The statute authorizes transfer of balances when they exist upon completion of the fund. It does not authorize transfer of negative balances, or indebtedness, to another fund, however.

I know of no means whereby the existing negative cash balance may be disposed of other than by the crediting of sufficient monies to said fund to remove the negative balance.

Yours, very truly,



CURT T. SCHNEIDER  
Attorney General

CTS:JRM:kj

cc: Mr. R. G. Henley, Chief  
Municipal Audit Section  
Department of Administration  
11th Floor - State Office Building  
Topeka, Kansas 66612