



STATE OF KANSAS

Office of the Attorney General

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Curt T. Schneider
Attorney General

December 20, 1977

ATTORNEY GENERAL OPINION NO. 77-393

Mr. David K. Martin
City Attorney
6090 Woodson Road
Shawnee Mission, Kansas 66202

Re: Cities--Idle Funds--Investment

Synopsis: When a city deposits idle funds in a savings and loan association, interest earned on the account becomes a part thereof at the time said interest is credited, and at that time must be considered as a part of the account subject to the limitation that the amount of the investment shall not exceed the maximum amount for which the account is insured by the Federal Savings and Loan Insurance Corporation.

* * *

Dear Mr. Martin:

K.S.A. 17-5002(b) provides in pertinent part thus:

"The governing body of any municipal . . . corporation . . . is hereby authorized to invest its funds not immediately required for the purposes for which the funds were collected or received in shares or savings deposits of each of any one or more state or federally chartered savings and loan associations, which are located in the investing municipality . . . No such investment shall be made in any one savings and loan association

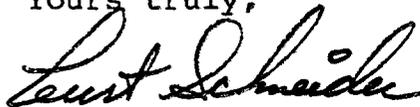
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of more than the amount such investment is insured by the federal savings and loan insurance corporation." [Emphasis supplied.]

You advise that on November 15, 1977, the City of Mission invested \$100,000 of its idle funds with a savings and loan association, the maximum amount insured by the F.S.L.I.C., and the question has arisen whether the statutory investment maximum applies to interest earned on such savings deposits or shares.

The underscored language provides that idle funds of the investing municipality which are invested in a savings and loan association shall not exceed the maximum amount for which the investment is insured by the Federal Savings and Loan Association. When interest is credited to the account, the accumulated and credited interest becomes a part of the city's invested idle funds, and becomes, when credited, subject to the statutory limitation. If, e.g., the interest is not credited until the end of a specified period, such as ninety days, it is at the time of crediting that the interest becomes a part of the account to be considered subject to the statutory maximum investment amount, in my opinion.

Yours truly,



CURT T. SCHNEIDER
Attorney General

CTS:JRM:kj