



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

GENERAL GOVERNMENT  
DIVISION

JUL 15 1974

B-178349

The Honorable Bob Dole  
United States Senate

Dear Senator Dole:

Your February 18, 1974, letter requested that we comment on matters raised by Mr. C. F. Allen, concerning the use of revenue sharing funds by Kansas City, Kansas, for a city ambulance program. He contended that the city used its revenue sharing funds for an ambulance program that voters had rejected.

To obtain data on the program and to determine whether the city complied with the State and Local Fiscal Assistance Act of 1972 (Revenue Sharing Act) and Department of the Treasury regulations, we reviewed city records, procedures, and ordinances. We also reviewed State laws and discussed the matter with State and city officials and with Mr. Allen.

The city's ambulance program, specifically an Emergency Medical Care (EMC) program, is envisioned as mobile units with intensive emergency care capabilities to be provided by the city in addition to the regular services of private ambulance companies when intensive care is not required. Ambulances operated by the city under the program are required to be specially constructed and equipped to provide life support to patients with life-threatening conditions. But ambulances operated by private companies need be constructed and equipped only to provide safe transportation and reasonable care of persons in less serious condition.

The city had authorized spending \$250,000 of revenue sharing funds for the EMC program to cover salaries, equipment, and training for the year starting about January 1, 1974. By March 1974, about \$44,500 had been spent.

DID THE VOTERS REJECT THE PROGRAM?

Representatives of the city's fire department stated in interviews with the news media that the ambulance program would be started if voters approved a proposition to reduce the firemen's workweek and increase taxes to hire additional firemen. In a newspaper advertisement the firemen's union, with the fire chief's approval, showed that the program was a part of this proposition. The mayor stated, in publicized interviews, however, that the city planned to use revenue sharing funds to start the program regardless of whether the voters approved the tax levy. Although the voters rejected the tax levy on April 3, 1973, this was not necessarily a rejection of the EMC program because it was not specifically included in the ballot.

CITY COMPLIANCE WITH THE ACT

We observed one potential compliance problem. The act and regulations require that a recipient government provide for spending revenue sharing funds in accordance with the same laws and procedures that apply to spending its own revenues. In explaining the act, the Joint Committee on Internal Revenue Taxation stated that these requirements included procedures or ordinances applicable to budgeting.

In authorizing the expenditures for the EMC program, the city generally followed its customary ordinances and procedures. However, the city did not, as required by Kansas statutes for budgeting its own funds, give advance public notice and hold a public hearing on the authorization. City officials said the ordinances authorizing the expenditures were enacted at regular public meetings and that the planned use of the funds was published in the local newspaper. They said that a public hearing was not held because another Kansas statute provides that Federal aid may be spent without regard to the normal budgetary process.

On May 16, 1974, the attorney general of Kansas issued opinion No. 74-150 which supported the position of city officials. The opinion was in response to a request from the attorney of Ottawa County, Kansas, on the county's use of revenue sharing funds. It concluded that under Kansas Statute, K.S.A. 12-1663, passed in 1967, revenue sharing funds need not be budgeted before expenditure and the public hearing requirement is not applicable. The opinion stated that K.S.A. 12-1663 was intended to facilitate spending Federal funds and avoid the need to hold such monies to await the succeeding budget year before their expenditure.

B-178349

We are referring this possible conflict between the Revenue Sharing Act and Kansas Law to the Director, Office of Revenue Sharing, for his consideration and resolution.

Sincerely yours,

**John D. Heller**

John D. Heller  
Acting Director