

AUDITOR OF STATE BULLETIN 96-025
NOVEMBER 4, 1996

TO: ALL PUBLIC LIBRARIES
ALL INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: LIBRARY INTEREST ALLOCATION

The question recently arose as to the proper method of crediting a library's investment earnings. The purpose of this Auditor of State Bulletin is to explain the proper method of crediting investment earnings on library funds. This Bulletin supersedes all previous Auditor of State Bulletins or memoranda on the issue of library interest allocation.

The allocation of interest on library funds is governed by Ohio Rev. Code § 135.21, which states in pertinent part:

All other investment earnings, except as provided in § 135.351 of the Revised Code and by resolution adopted pursuant to § 3315.01 of the Revised Code, shall be credited to the general fund of the county, municipal corporation, township, taxing district, assessment district, or other local authority to which the principal sum thereof belongs.

In 1994, an Auditor of State Assistant Deputy Auditor wrote a letter expressing his opinion that library interest may be credited to any fund pursuant to a resolution of the library board of trustees. It has come to our attention that the letter was widely circulated among libraries and thus, the allocation method suggested therein was adopted by many libraries.

Due to the previous position taken by this Office that interest may be credited to funds other than the general fund, libraries will not be cited for fiscal year 1996 for distributing interest to funds other than the general fund pursuant to library board resolutions. However, in fiscal 1997, libraries should begin crediting interest to the general fund as required by Ohio Rev. Code § 135.21. Libraries failing to credit interest to the general fund will be subject to non-compliance citations for fiscal year 1997.

If you have any questions pertaining to this bulletin, please contact the Auditor of State's Legal Division at (614) 752-8683 or (800) 282-0370.