

AUDITOR OF STATE BULLETIN 99-013

June 25, 1999

TO: ALL PUBLIC LIBRARIES
INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: LIBRARY INTEREST ALLOCATION AND
H.B. 674 (Eff. 3/30/99)

The purpose of this bulletin is to inform public libraries of Am. Sub. House Bill 674 which amended public library interest allocation requirements. H.B. 674 amended Ohio Rev. Code § 135.21 and created Ohio Rev. Code § 3375.391.

Prior to the enactment of H.B. 674, Ohio Rev. Code § 135.21 required all public libraries to credit all investment earnings to the library's general fund. H.B. 674 amended the requirement in § 135.21 to credit investment earnings to the general fund by adding an exception for resolutions adopted by libraries pursuant to Ohio Rev. Code § 3375.391. H.B. 674 created § 3375.391, which states:

The board of library trustees of any free public library district may adopt a resolution requiring the treasurer of the district to credit the earnings made on the investment of the principal of the moneys specified in the resolution to the fund from which the earnings arose or any other fund of the district as the board specifies in its resolution.

This section does not apply to the earnings made on the investment of any bond retirement fund or sinking fund.

H.B. 674 uses the term "free public library district," which is not specifically defined in the Revised Code. Based upon the lack of a specific definition of the term, and the intent of H.B. 674 to affect all public libraries, the Auditor of State's Office has interpreted "free public library district" to include all public libraries. Therefore, if a resolution is adopted by the library board of trustees pursuant to Ohio Rev. Code § 3375.391, all investment earnings, except those on a bond retirement fund or a sinking fund, should be credited in accordance with the resolution. Any investment earnings on a bond retirement fund or sinking fund should be credited to the general fund pursuant to Ohio Rev. Code § 135.21.

If no resolution is adopted by the library board of trustees pursuant to Ohio Rev. Code § 3375.391, all investment earnings must be credited to the library's general fund.

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.