

*of any State, county, school district, or other subdivision or municipality, with respect to which payment of interest is required under State law.'"*  
(Italics the writer's.)

It thus appears that deposits of public funds made by or on behalf of any State or a subdivision thereof upon which interest is required under State law are specifically excepted from the provisions prohibiting any member bank of the Federal Reserve System from paying interest on demand deposits. Your request concerns county, township and school funds. Section 2716 of the General Code, which is part of the County Depository Act, provides for the payment of interest at not less than two per cent per annum on the average daily balance on inactive deposits and not less than one per cent on active deposits.

Section 3323, General Code, provides that township depositories shall pay not less than two per cent on the average daily balance. Section 7605, General Code, provides that depositories of school funds shall pay not less than two per cent for the full time such funds or any part thereof are on deposit. It thus appears that in regard to the political subdivisions concerned, "payment of interest is required under State law."

In the light of the foregoing, it is my opinion that the Banking Act of 1933 (Glass-Steagall Act) does not prohibit a member bank of the Federal Reserve System from paying interest upon demand deposits of counties, townships or school districts where the depository contracts were entered into under the respective depository statutes of Ohio which require the payment of interest upon such deposits.

Respectfully,  
JOHN W. BRICKER,  
*Attorney General.*

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1209.

DISAPPROVAL, BONDS OF ROCKY RIVER VILLAGE SCHOOL DISTRICT, CUYAHOGA COUNTY, OHIO—\$6,000.00.

COLUMBUS, OHIO, July 28, 1933.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

GENTLEMEN:

Re: Bonds of Rocky River Village School Dist., Cuyahoga County, Ohio, \$6,000.00.

I have examined the transcript relative to the above purchase of bonds, which comprise part of an issue dated March 3, 1930, in the aggregate amount of \$187,000, issued for the purpose of erecting a fireproof school building.

This transcript discloses that these bonds have been authorized pursuant to favorable vote of more than 55% of the electors at the November, 1929, election on the question of issuing bonds in this aggregate amount "for the purpose of erecting and furnishing a schoolhouse" and levying a tax to meet the interest and

principal requirements of such bonds outside of the fifteen mill limitation for a maximum period of twenty-five years. The certificate as to the weighted average submitted by the clerk of the district to the board of education on August 5, 1929, allotted \$179,500 of the proceeds of this issue for the construction of a fireproof schoolhouse, and \$7,500 for furnishing a schoolhouse. The weighted average appears to have been computed erroneously as twenty-five years instead of as twenty-four years in accordance with the provisions of Section 2293-9, General Code. The average annual levy throughout the life of the bonds required to meet the interest and principal requirements of the issue as computed by the county auditor in accordance with the provisions of Section 2293-19, General Code, was calculated upon a maximum maturity of twenty-five years.

Section 2293-10, General Code, authorizes the transfer of a portion of the amount allotted to any class under Section 2293-9 to a class with a longer maturity under certain circumstances as therein set forth, but no authority is contained in the Uniform Bond Act for transferring the entire amount allotted to a given class to another class, thus changing the purpose of the issue. This last mentioned section provides, *inter alia*:

“The amount expended from the proceeds of the bonds for any purpose or purposes falling within any class shall not exceed the amount allotted in said schedule to said class; provided, however, that whenever the bond issuing authority deems such transfer to be necessary for the carrying out of the purpose of the bond issue, then such authority may transfer any unexpended portion of the amount allotted to any class from the class to which it was originally so allotted to any class with a longer maturity and, upon such transfer, the amount expended for any purpose or purposes falling within the class to which such transfer has been authorized may include the amount so transferred; but no transfer may be made from any class to a class with a shorter maturity.”

Section 2293-26, General Code, providing for the passage of an ordinance or resolution authorizing bonds, is in harmony with the principle that when bonds are authorized pursuant to vote of the elections, the purpose of the issue should be in accordance with the purpose as authorized by the electors; it is therein provided that such ordinance or resolution shall fix “their purpose in accordance with the prior resolution or ordinance of the taxing authority”. The prior resolution referred to in Section 2293-26, General Code, is obviously, in the case of a voted issue, the resolution provided in Section 2293-19, General Code, declaring the necessity of the issue, which resolution shall fix the purpose of the issue.

The transcript in question discloses that \$7,500 was available from the general fund for the purpose of defraying the cost of furnishing and equipping the school building in question. This fact, however, does not in my judgment authorize the issuance of bonds pursuant to authority of the electors for a purpose other than authorized by the electors, nor does it correct an error in having computed the weighted average of this issue as twenty-five years when it should have been twenty-four years, when the average levy was computed on the twenty-five year basis and such maximum maturity was submitted to and voted upon by the electors. This view is strengthened by a consideration of the case of *State, ex rel. vs. Reas*, 125 O. S. 578, which concerned a matter of a discrepancy in the maximum maturity of an issue of bonds voted upon by the electors and which case held that the Uniform Bond Act must be strictly and not liberally construed.

In view of the foregoing, it is accordingly my opinion that you should not purchase these bonds.

Respectfully,

JOHN W. BRICKER,  
*Attorney General.*

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1210.

APPROVAL, NOTES OF RACINE-SUTTON RURAL SCHOOL DISTRICT,  
MEIGS COUNTY, OHIO—\$8,692.00.

COLUMBUS, OHIO, July 29, 1933.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

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1211.

APPROVAL, NOTES OF WINCHESTER VILLAGE SCHOOL DISTRICT,  
ADAMS COUNTY, OHIO—\$13,466.00.

COLUMBUS, OHIO, July 29, 1933.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

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1212.

APPROVAL, NOTES OF SALT CREEK RURAL SCHOOL DISTRICT, MUS-  
KINGUM COUNTY, OHIO—\$3,473.00.

COLUMBUS, OHIO, July 29, 1933.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*

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1213.

APPROVAL, NOTES OF WINDSOR RURAL SCHOOL DISTRICT, MOR-  
GAN COUNTY, OHIO—\$11,285.00.

COLUMBUS, OHIO, July 29, 1933.

*Retirement Board, State Teachers Retirement System, Columbus, Ohio.*