

## CHAPTER 118

## DEPOSITORIES OF PUBLIC FUNDS

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**118.01 DEPOSITORY BONDS.** Any bank or trust company authorized to do a banking business in this state, designated as a depository of county, city, village, borough, town, or school district funds as provided by law may, in lieu of the corporate or personal surety bond required to be furnished to secure such funds, deposit with the treasurer of the municipality making such designations, such bonds, certificates of indebtedness, or warrants, except bonds secured by real estate, as are legally authorized investments for savings banks under the laws of the state, or the bonds of any of the insular possessions of the United States, or the bonds of any state, or its agency, the payment of the principal and interest of which, or either, is provided for otherwise than by direct taxation, or notes secured by first mortgages of future maturity, upon which interest is not past due, on improved real estate free from delinquent taxes, within the county wherein the bank or trust company is located, or within counties immediately adjoining such county in the state of Minnesota. The total in amount of such collateral computed at its market value shall be at least ten per cent more than the limit of deposit which would be permitted if a corporate or personal surety bond was furnished. The depository may in its discretion furnish both a bond and collateral aggregating the required amount. Any collateral so deposited shall be accompanied by an assignment thereof to the municipality designating such depository, which assignment shall recite that such depository shall pay over to the treasurer or his order on demand or, if a time deposit, when due, free of exchange or any other charges, all moneys deposited therein at any time during the period such collateral shall be so deposited and to pay the interest thereon when due at the agreed rate; and that, in case of any default upon the part of the depository, the governing body of the municipality making the designation shall have full power and authority to sell such collateral, or as much thereof as may be necessary to realize the full amount due the municipality and to pay over any surplus to the depository or its assigns. A depository may in its discretion deposit collateral of a value less than the total designation and may from time to time, during the period of its designation, deposit additional collateral and make withdrawals of excess collateral or substitute other collateral for that on deposit or any part thereof. Authority is vested in the treasurer to return the collateral to the depository when the trust so created is terminated and he shall, in the case of a reduction of the deposit, permit the depository to withdraw the excess portion thereof. All interest on the collateral so deposited when collected shall be paid to the depository so long as it is not in default. Before any collateral is deposited with the treasurer it shall first be approved by the same authority that designated the depository, but no such authority shall be necessary for the withdrawal of collateral. The closing of a depository shall be deemed a default upon the part of the depository and no demand upon the part of the municipality or its treasurer shall be necessary to establish such default. If a depository shall close, any time deposit placed therein shall immediately become due and payable. If both bond and collateral are furnished by a depository, all or any part of the collateral may be withdrawn without in any way impairing the full force and effect of the bond unless it shall contain a provision that the collateral shall not be withdrawn without the consent of the surety thereon. If a corporate surety bond is furnished

by a depository, it shall be in a penal sum not to exceed the amount designated as the limit of deposit therein, notwithstanding any other provisions of law to the contrary. At no time shall the treasurer maintain a deposit in any depository against collateral in excess of 90 per cent of the market value thereof. Any provision of law authorizing any county, city, village, borough, town, or school district to designate banks as depositories shall be construed to include trust companies authorized to do a banking business. All bonds furnished under the provisions of this section shall be approved by the governing body of the municipality making such designation and filed in the office of the county auditor as provided by section 127.07, and all collateral deposited under the provisions of this section shall be approved by the governing body of the municipality making such designation and after such approval deposited with the treasurer of such municipality, unless the governing body of such municipality shall by resolution fix and determine some other place for the safe-keeping of such collateral. Such collateral shall not be redeposited in the bank or trust company furnishing the same.

[1925 c. 173 s. 1; 1929 c. 370 s. 1; 1933 c. 41 s. 1] (1973-1)

**118.02 EFFECT OF EXISTING CONTRACTS.** Nothing in sections 118.01 to 118.03 shall be construed as modifying or impairing any existing contract or obligation, but authority is hereby conferred upon any governing body or other authority authorized to designate depositories to terminate any existing contract with any depository by mutual consent and to make a new designation under the terms hereof for the unexpired period of the designation.

[1925 c. 173 s. 2] (1973-2)

**118.03 SECTIONS 9.08 AND 9.11 SUPERSEDED IN PART.** The provisions of sections 9.08 and 9.11, so far as inconsistent with the provisions of sections 118.01 to 118.03 and except as they relate to state depositories, are hereby superseded, amended, and qualified to conform to the provisions thereof.

[1925 c. 173 s. 3] (1973-3)

**118.04 SECTION 9.11 SUPERSEDED IN PART.** The provisions of section 9.11, so far as they relate to state depositories, are superseded by sections 9.04, 9.05, 9.07, and 9.08.

[1925 c. 265 s. 5] (1973-4)

**118.05 DEPOSITORIES IN CITIES OF THE FIRST CLASS; SECURITIES IN LIEU OF BONDS.** The common council of any city in this state, including any city operating under a home rule charter adopted pursuant to the Constitution of the State of Minnesota, Article 4, Section 36, having a population of more than 50,000, may, when any bank authorized to do business in this state shall be designated as provided by law as a depository of the moneys of such city, in lieu of a corporate or personal bond provided by law to secure such deposit and in addition to any bonds or securities which now by law may be substituted in lieu of such corporate or personal bond, furnish or deposit with the city treasurer of such city, or officer having the custody of the moneys of such city, bonds of the United States government in an amount equal to the maximum amount of money at any time to be deposited with such bank; provided, that such bonds must have a market value of at least par, be approved by the common council or city council of such city, and be accompanied by proper assignment, to the end that such depository so depositing and assigning such securities shall and will safely keep and pay over to the city treasurer, or officer having the custody of the moneys of such city, or his order, on demand, free of exchange, all moneys deposited therein at any time while such bonds shall be so deposited, with interest thereon at the rate agreed upon; and, provided, that, in case of default on the part of such depository, the common council or city council of such city shall have full power and authority, to sell such bonds or so much thereof as may be necessary to realize the full amount of funds so deposited in such depository together with interest thereon and to pay the balance, or over-plus, if any, to the depository entitled thereto. Authority is given to the treasurer, or officer having the custody of the moneys of such city, to return these bonds to the depositor so depositing them when the trust so created is terminated and to exchange, upon application, any other bonds of the United States for the bonds so deposited of equal value of any of the bonds herein permitted to be deposited.

The interest on such bonds so deposited and furnished shall when paid be turned over to the bank so depositing the same so long as it is not in default.

[1925 c. 202] (1973-5)

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## 118.06 DEPOSITORIES OF PUBLIC FUNDS

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11943-202-1  
~~118.06 DEPOSITS PROHIBITED IN TAX-DELINQUENT BANKS.~~ No public moneys belonging to the State of Minnesota, or any county, town, city, village, borough, school district, or other governmental subdivision therein, shall be deposited or kept in any bank in this state while any taxes assessed against any of the shares of stock of such bank shall be or remain delinquent. All public moneys now or hereafter on deposit in any bank the tax on whose shares, or any of them, is now or shall hereafter become delinquent shall forthwith, or immediately upon such delinquency, be withdrawn by the officers having control thereof and no public moneys shall thereafter be deposited in such bank so long as such delinquency continues.

[1927 c. 381 s. 1] (1973-6)

11943-202-2  
~~118.07 NATIONAL BANKS; AGREEMENT TO PAY TAXES DUE ON SHARES OF STOCK.~~ No such public moneys shall be kept or deposited in any national bank in this state unless such bank shall have filed with the commissioner of taxation an agreement to pay all taxes that may during the years 1927 and 1928 be levied and assessed against the shares of stock in such bank under the laws of the State of Minnesota as they existed at the close of the 1927 session of the legislature, together with such evidence of authorization from the holders of shares of stock in such bank as the commissioner shall require.

No public officer shall deposit any public moneys in any national bank not holding a certificate showing that such bank has complied with the provisions of this section.

[1927 c. 381 s. 2] (1973-7)

**118.08 CERTAIN BANKS MAY BE DEPOSITORIES.** In every case where a bank, which is eligible under the provisions of section 118.06, merges or consolidates with another bank under the charter of either, such consolidated bank shall, so long as all taxes levied and assessed against its shares under the laws of this state subsequent to such consolidation are paid as required by law, be eligible to receive deposits of public moneys under section 118.06.

[1929 c. 262] (1973-8)

**118.09 TREASURER TO BE REIMBURSED FOR LOSSES.** Where the treasurer of any town, village, or city of the fourth class shall reimburse such town, village, or city for loss of funds of the town, village, or city on deposit in any bank which becomes insolvent such town, village, or city shall reimburse the treasurer for the money so paid when a majority of the electors voting thereon at the annual town meeting or at any regular or special village or city election vote so to do; provided, that the notice of such annual meeting or election shall specify that such matter will be considered thereat.

[1931 c. 35; 1931 c. 279] (1973-9)

**118.10 DEPOSITORIES INSURED UNDER FEDERAL ACT EXCUSED FROM GIVING SECURITY TO EXTENT OF INSURANCE COVERAGE.** No bank or trust company authorized to do a banking business in this state, designated as a depository of state, county, village, borough, town, or school district funds, and cities howsoever organized, as provided by law, the deposits of which bank or trust company are insured in whole or in part under the provisions of the act of Congress of the United States of June 16, 1933, creating the federal deposit insurance corporation and the temporary federal deposit insurance fund, shall be required to furnish any corporate or personal surety bond, or deposit any collateral in lieu of bond, to secure such funds, in so far as such funds shall constitute "insured deposit liabilities" of such bank or trust company within the provisions of that act of Congress. Nothing in this section shall be construed to release any bank or trust company from furnishing surety bond or collateral for all deposits in excess of the insurance afforded by the national banking act.

[Ex. 1934 c. 62 s. 1] (1973-10)

**118.11 LIMITATION OF DEPOSITS DEPENDENT ON CAPITAL AND SURPLUS; APPLICATION.** No designation of a bank or trust company as a depository of state, county, town, city, village, borough, or school district funds and no deposit of such funds in such designated depository shall be limited by the amount of the capital or surplus of such depository, but the authority designating such depository may nevertheless fix the limit of deposit to be made therein and shall require security therefor as provided by law.

This section shall apply to all cities, villages, and boroughs, however organized.

[1935 c. 318 ss. 1, 2] (1973-12) (1973-13)

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DEPOSITORIES OF PUBLIC FUNDS 118.15

*Am 1913-77-*

**118.12 DEPOSIT OF TOWN AND SCHOOL DISTRICT FUNDS WITH COUNTY TREASURER IN CERTAIN CASES.** When the town board of any town or the school board of any school district in this state by a unanimous resolution deems it advisable such town board or school board may invest such amount of funds in such town or school treasury as will not in the opinion of such board be needed by such town or school district during the fiscal year in any of the bonds of any county, city, town, village, school district, drainage or other district created pursuant to law for public purposes in Minnesota, Iowa, Wisconsin, North Dakota, and South Dakota, or in the bonds of any city, county, town, village, school district, drainage or other district created pursuant to law for public purposes in the United States, containing at least 3,500 inhabitants; provided, that the total bonded indebtedness of any such municipality or district shall not exceed ten per cent of its assessed valuation.

[1937 c. 250 s. 1] (1973-14)

**118.13 INVESTMENT OF FUNDS.** Any town board or school district board investing such surplus funds in such authorized securities as provided in section 118.12 shall deposit such securities for safe-keeping with the county treasurer of the county wherein such town or school district is located. Such county treasurer shall give a receipt for each and all of such securities to the town board or school district board, as the case may be, and such county treasurer shall keep such securities for safe-keeping until such time as such town board or school district board shall adopt a resolution requesting the county treasurer to turn such securities or any of them over to the treasurer of such town or school district.

[1937 c. 250 s. 2] (1973-15)

**118.14 NEED NOT BE COVERED BY BONDS.** The funds of the town or school district invested in such securities and deposited with the county treasurer by the town board or school board, as provided in section 118.12, shall not be included within the amount of money for which such town treasurer or school treasurer is required by law to give a bond to the town or school district.

[1937 c. 250 s. 3] (1973-16)

**118.15 DEPOSIT OF ST. LOUIS COUNTY FUNDS.** In all counties in this state now or hereafter having an area of more than 5,000 square miles and an assessed valuation of more than \$200,000,000, exclusive of money and credits, it shall be the duty of the county treasurer to place all moneys of the county belonging to the various funds on deposit in banks situated within the respective individual commissioner districts to which the moneys and funds are either allocated or for whose specific needs and benefit such moneys and funds are used. The county and its proper disbursing officers shall draw warrants and vouchers upon the funds in the banks located in each such commissioner districts.

[1937 c. 430 s. 1] (1973-17)