

CHAPTER 427

DEPOSITORIES, CITY AND VILLAGE FUNDS

Sec.		Sec.	
427.01	Deposit of public funds	427.07	Withdrawal of funds
427.02	Depositories	427.08	Depositories of village funds
427.03	Duty of treasurer; exemption from liability	427.09	Treasurer may select depository
427.04	Failure to designate	427.10	Treasurer not liable, when
427.05	Duty of council; interest	427.11	Interest on funds
427.06	Money, how deposited; checks, how drawn	427.12	Warrant as check on city depository

**427.01 DEPOSIT OF PUBLIC FUNDS.** The council of any village or of any city of the fourth class may designate as a depository of city or village funds such national, state, or private banks as it may deem proper. Each shall give bond to the municipality in at least double the amount authorized to be deposited therein, to be approved by the council, conditioned to repay all sums deposited therein upon proper demand therefor and for the performance of such other duties as the council may require. The council from time to time may require the city or village treasurer to deposit all or any part of the public funds in his hands in such banks and to withdraw the same when so directed. No deposit shall be made for a time extending beyond the term of the council then in office and all the terms and conditions of deposit shall be set forth in the resolution designating the several depositories, which resolution shall be filed with the clerk or recorder. The treasurer shall not be liable on his bond for any money so deposited by direction of the council and lost through the failure, bankruptcy, or other default of the bank. All interest accruing upon these deposits shall belong to the city or village.

[R. L. s. 774] (1841)

**427.02 DEPOSITORIES.** The council of any city in this state, but not including cities when governed under a charter adopted under and pursuant to the Constitution of the State of Minnesota, Article 4, Section 36, and sections 410.03 to 410.25, and 441.01 to 441.09, and all acts supplemental thereto, in which charter the matter of designating depositories for city funds and the protection thereof is provided for, or in which charter it shall hereafter be provided for, shall have the power and authority to designate or redesignate at the beginning of each calendar year, or from time to time, the banks or other legal depositories of any city in which the treasurer of the city shall deposit and keep the moneys of the city, designating in each instance the maximum amount which may at any time be kept in any one of these depositories, which maximum amount shall in no case exceed 25 per cent of the paid-up capital and surplus of the depository, unless the depository shall deposit with the treasurer of the city United States government bonds to secure the deposit of the funds of the city; and, in that event, the amount so deposited shall not exceed the amount of the United States government bonds so deposited. The council of each city shall, at all times, designate depositories in the city, or elsewhere in the United States, sufficient for the depository of all funds which are likely to be in the hands of the treasurer of the city at any one time and shall, so far as consistent with the best interest of the city, designate these depositories in the city and require from these depositories good and sufficient bonds payable to the city in a penal sum not to exceed the amount designated as the limit of deposit therein, and conditioned for the safe-keeping and payment of funds so deposited, or, in lieu thereof, good and sufficient collateral as provided for by sections 118.01 to 118.03.

[1907 c. 17 s. 1; 1933 c. 179; 1935 c. 124 s. 1] (1927)

**427.03 DUTY OF TREASURER; EXEMPTION FROM LIABILITY.** The treasurer of each city where depositories have been designated in accordance with sections 427.02 to 427.07 shall keep the funds of the city as far as possible in the

depositories so designated and when so deposited the treasurer and the sureties on the official bond of such treasurer shall be exempt from all liability for the loss of any such funds so deposited as provided in sections 427.02 to 427.07, if such loss is caused by the failure, bankruptcy, or any other act of default of such depository.

[1907 c. 17 s. 2] (1328)

**427.04 FAILURE TO DESIGNATE.** The failure of the council of any city to designate depositories, as provided in sections 427.02 to 427.07, shall not exempt or relieve the treasurer of the city or the sureties on his official bond from any liability.

[1907 c. 17 s. 3] (1329)

**427.05 DUTY OF COUNCIL; INTEREST.** The council of any city authorized under sections 427.02 to 427.07 to designate depositories shall exercise all possible care to secure safe depositories for the funds of the city and to obtain the highest rate of interest possible consistent with safety for such moneys. All interest received in any way for the use or keeping of moneys or on account of the same shall be the property of the city and credited to the current expense fund of the city.

[1907 c. 17 s. 4] (1330)

**427.06 MONEY, HOW DEPOSITED; CHECKS, HOW DRAWN.** All moneys of any city kept in accordance with sections 427.02 to 427.07 in any depository designated by the council of the city shall be kept and deposited in the name of the city and the depository shall have no authority to pay out this money except upon checks drawn upon the depository signed by the city treasurer and countersigned by the city comptroller or recording officer of the city.

[1907 c. 17 s. 5] (1331)

**427.07 WITHDRAWAL OF FUNDS.** The treasurer of any city, who has city funds deposited in accordance with sections 427.02 to 427.07, shall, when notified so to do by the sureties on his official bond or by the council of the city, withdraw all funds from any designated depository and it shall be the duty of the city comptroller or other recording officer of such city to countersign all checks for such withdrawal. The city treasurer shall thereupon, upon such withdrawal, notify the council of the city thereof and thenceforth the city treasurer shall deposit no more funds in the depository until authorized so to do by the council of the city. Upon this withdrawal, it shall be the duty of the council of the city to proceed forthwith to redesignate, in accordance with the provisions of sections 427.02 to 427.07.

[1907 c. 17 s. 6] (1332)

**427.08 DEPOSITORIES OF VILLAGE FUNDS.** When any village treasurer shall so request in writing it shall become the duty of the village council to designate one or more state or national banks or trust companies as depositories of village funds and thereafter the treasurer shall deposit all village funds therein. Such designation shall be in writing and set forth the terms and conditions upon which the deposits are made, be signed by the president of the village council and the village clerk or recorder, and filed with the clerk or recorder. Such depositories, not exceeding four in number, shall be authorized to accept deposits of village funds in an amount not exceeding \$2,000 in each depository without furnishing a bond or other security therefor.

[1931 c. 216 s. 1; 1933 c. 62 s. 1] (1049-1)

**427.09 TREASURER MAY SELECT DEPOSITORY.** When a village council so requested shall fail to act, as provided in section 427.08, within 30 days after request is filed with the clerk or recorder the treasurer may select one or more depositories, not exceeding four in number, for the safe-keeping of village funds and deposit village funds therein to the extent of not more than \$2,000 in each depository so selected without requiring security therefor.

[1931 c. 216 s. 2; 1933 c. 62 s. 2] (1049-2)

**427.10 TREASURER NOT LIABLE, WHEN.** The village treasurer, in the absence of negligence, shall not be liable for the loss of moneys while so deposited within the limits above specified occasioned by the closing or insolvency of a designated depository.

[1931 c. 216 s. 3; 1933 c. 62 s. 3] (1049-3)

# MINNESOTA STATUTES 1953

3365

## DEPOSITORIES, CITY AND VILLAGE FUNDS 427.12

**427.11 INTEREST ON FUNDS.** All interest received on funds deposited under the provisions of sections 427.08 to 427.10 shall be credited to the respective village funds.

[1931 c. 216 s. 4; 1933 c. 62 s. 4] (1049-4)

**427.12 WARRANT AS CHECK ON CITY DEPOSITORY.** When a disbursement is made by order or warrant in any city of the second, third, or fourth class, however organized, the order or warrant for the disbursement shall be so drawn that when signed in an appropriate place by the treasurer or other officer to whom it is directed, it becomes a check on the city depository.

[1953 c 319 s 6]