



OLR RESEARCH REPORT

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MUNICIPAL TREASURERS

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You asked for a description of municipal treasurers' statutory responsibilities.

SUMMARY

The statutes detail responsibilities only for treasurers of towns with a town meeting form of government. A city treasurer's responsibilities are generally outlined in the city's charter. In the case of Middletown, the city charter incorporates town treasurers' statutory powers and duties, stating the city's treasurer has and may exercise "all the powers and duties prescribed for Treasurers of Towns and Cities by the General Statutes and additional powers and duties as may be prescribed by the Common Council" (Middletown City Charter, Chapter 4, § 4).

The statutes also grant certain powers and responsibilities to all municipal treasurers. By law, "municipalities" are towns, cities, boroughs, consolidated towns and cities, and consolidated towns and boroughs (CGS §§ 7-148(a)).

The law allows all municipal treasurers, upon the approval of the appropriate budget-making authority, to invest the proceeds received from the sale of bonds or other funds. Additionally, for example, the law requires municipal fiscal officers to keep a separate dog fund account of animal license fees received from the town clerk and all receipts from, and expended by, the municipal animal control officer in his or her duties (CGS §§ 22-334 and -347).

TOWN TREASURERS' STATUTORY RESPONSIBILITIES

By law, a town treasurer must receive, account for, and invest town funds. Any taxpayer from the town may inspect its financial record, which must be presented to each annual town meeting after the treasurer validates and the selectmen adjust it. The treasurer is, ex officio, treasurer of municipal trust funds. The treasurer may appoint a deputy who must, in the treasurer's absence or disability, perform all his or her duties.

The statutes authorize the treasurer to pay any obligation through a national or state bank and trust company, on the proper municipal authority's order. The treasurer may do so by authorizing the bank to debit the municipality's account (CGS § 7-80). (The state Supreme Court has ruled that a treasurer has no implied power to make a note binding on the town, *Town of East Hartford v. American National Bank*, 49 Conn. 539 (1882).)

By law, the treasurer may only pay a municipality's orders when signed by a majority of the selectmen. A treasurer who violates this provision is subject to a fine of up to \$100 (CGS § 7-83).

Town treasurers must keep a record of all town orders presented for payment, whether he or she makes the payment. The record must show to whom the orders were given and the amounts, dates, and numbers. The treasurer must make a sworn report to the town at its annual meeting of all outstanding town orders, with the (1) names of the people to whom they were given and (2) amount, date, number, and interest owed (CGS § 7-84).

A municipal treasurer may at any time give notice to all people holding orders, which the selectmen have drawn on the treasurer, to present them for payment by a certain day. The notice must:

1. set the day, which must be at least 30 days after the notice date;
2. be advertised for three weeks successively in a newspaper with circulation in the municipality; and
3. be posted on signposts or at some other exterior place near the town clerk's office.

Order holders will not earn interest after the notice's deadline, if they fail to present the order for payment by the deadline (CGS § 7-85).

The law also lays out the process by which a treasurer may be removed from office upon a written complaint to the state's attorney, investigation, and superior court hearing that determines the treasurer is guilty of misconduct, willful and material neglect of duty, or incompetence (CGS § 7-81).

MUNICIPAL TREASURERS' INVESTMENT OF PUBLIC FUNDS

Municipal finance laws allow the treasurer of any municipality, upon the approval of the appropriate budget-making authority, to invest the proceeds received from the sale of bonds, notes or other obligations, or other funds, in the obligations of any state, or any political subdivision, authority, or agency thereof, if they are rated within one of the top two rating categories of any rating service that is recognized nationally or by the banking commissioner (CGS § 7-400(2)). Similarly, treasurers may invest in the obligations of the state of Connecticut, or any regional school district, town, city, borough, or metropolitan district in the state if the obligations are rated within one of the top three rating categories of any rating service that is recognized nationally or by the banking commissioner (CGS § 7-400(3)).

Finally, treasurers may invest these funds in the obligations of the United States, including obligations of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all the federal land banks, all the federal intermediate credit banks, the Central Bank for Cooperatives, The Tennessee Valley Authority, or any other agency of the United States government (CGS § 7-400(1)(A)).

They may also invest in shares or other interests in a custodial arrangement, pool, investment company, or investment trust, if (1) the portfolio is limited to the United States obligations described above; (2) the municipal corporation or authority only purchases and redeems shares or other interests in the investment company or investment trust through the use of, or the custodian of the custodial arrangement or pool is, a Connecticut or federal bank or an out-of-state bank with a branch in the state, and (3) other conditions are met regarding delivery of collateral, management of the custodial pool or arrangement, and credit rating of the investment company or investment trust (CGS § 7-400(1)(B)).

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