

Can a town fire department open a town bank account without approval of the treasurer?

No. If the fire department is a municipal fire department, i.e., it is a department of the town, then its finances must be handled by the town treasurer. This rule applies even if the fire department receives money through a coin drop or other fundraiser. While the fire department may have raised the money, it is still “town” money. Therefore, the selectboard remains the only entity with legal authority over those funds, and is the only body that may authorize expenditures of those monies. This rule applies to other departments of the town, including libraries and cemeteries. While the selectboard, or the trustees or commissioners, respectively, may have authority to spend the money, the town treasurer must control it.

In order to open a bank account, a social security number or a federal tax identification number is required. It is important for town treasurers to maintain strong controls on the use of the town’s tax ID number. One way to do this is to contact local banks to inform them that the only person authorized to open an account on behalf of the town is the treasurer. It would also be wise to make other town officials and employees aware of this rule. In the event someone questions the town’s expenditures on a certain matter, the treasurer should be able to account for that money.

- Brian Monaghan, Staff Attorney, VLCT Municipal Assistance Center

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