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## **Memorandum**

**DATE:** November 6, 2003  
**TO:** Bruce Walden  
**FROM:** Jack Waaler  
**RE:** Statutory Bond Requirements/Suggested Ordinance

Section 3.1-10-30 of the Illinois Municipal Code requires that all municipal officers, excepting only Aldermen, before entering upon the duties of their office shall execute a bond with security to be approved by the Corporate Authorities. The particular bond that has to be filed should be in a sum directed by a resolution or ordinance and conditioned upon the faithful performance of the duties of the office and payment of all money received by the officer. The Mayor's bond must be at least \$3,000, and the Treasurer's bond must be an amount of money that is at least 3 times that of the Federal Census population.

My fault, but I believe that Urbana has not followed this statute in the last 35 years. Instead, Ron has protected the City by purchasing insurance which covers not only all City officials, but also employees. The insurance currently protects us against theft up to \$300,000 per employee, with a \$5,000 deductible. What Ron has instituted is certainly superior protection of public funds, and it would seem that Council approval of individual bonds would be a useless act. Useless or not, however, the statute still requires it, so I suggest that we use our Home Rule powers to officially substitute the insurance against theft of public funds for the statutory requirement. To that end, I have drafted the enclosed ordinance which basically just has the City Council declaring that the insurance coverage such as we have now is deemed sufficient compliance with the Illinois Municipal Code requirements regarding bonds. Then we can continue to do what we have been doing in the past.

ORDINANCE NO. 2003-11-129

AN ORDINANCE REGARDING BONDS FOR CITY OFFICIALS

WHEREAS, the Illinois Municipal Code provides that all officers of the City, excepting Alderpersons, shall provide a bond conditioned upon "the faithful performance of the duties of the office and the payment of all monies received by the officer according to the law and the ordinances of the City", with security thereon, "to be approved by the corporate authorities,"; and

WHEREAS, the City of Urbana, following a more modern practice of protecting the City against misappropriation of public funds, has purchased insurance coverage protection against theft covering all city employees, including elected and appointed officials; and

WHEREAS, the Urbana City Council deems the insurance coverage protection against misappropriation of public funds is a better method of protecting public funds against theft than the somewhat obsolete provisions of the Illinois Municipal Code; and

WHEREAS, it is within the Home Rule powers of the City of Urbana to provide for its government and affairs;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, that:

1. That the City of Urbana City Council hereby finds and determines that the insurance coverage against theft of public funds in an amount of not less than \$300,000.00 (with a deductible of not greater than \$5,000.00) for each official of the City of Urbana, whether elected or appointed, is sufficient compliance with the Illinois Municipal Code requirements regarding bonds for all City officers subject, however, to the exceptions set forth in paragraph 2 below, and further finds that such

insurance coverage is sufficient security to protect the City from a misappropriation of public funds.

2. The above provisions shall not apply, however, to the position of the department head for financial matters, whether such department head be titled as Treasurer, Comptroller, or Director of Finance, or some other term. Such officer must be covered by insurance coverage against theft of public funds in an amount of not less than \$1 million with a deductible of not greater than \$5,000.00, and such coverage is hereby declared by the Urbana City Council to be sufficient security to protect the City from misappropriation of public funds.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_  
Tod Satterthwaite, Mayor