

SURETY BOND REQUIREMENTS

Under state statute 75 ILCS5/4-9, municipal libraries of less than 500,000 population are required to carry a surety bond or insurance coverage that is at least equal to 10% of the library's operating fund. Further, libraries are required to provide a copy of the insurance certificate when the annual IPLAR or annual report is submitted to the Illinois State Library.

Library funds are covered under the City of Elmhurst Crime Policy but the coverage amount is less than the required 10%. The City will have their insurance company issue a separate surety bond in the amount of \$1,000,000 which will cover the 10% requirement. The cost for the additional coverage will be approximately \$1,000 and the bond renews yearly.

(75 ILCS 5/4-9) (from Ch. 81, par. 4-9)

Sec. 4-9. In townships and in cities, villages and incorporated towns having a population of 500,000 or less, the board of trustees shall require the treasurer of such board or such other person as may be designated as the custodian of the moneys paid over to such board to give a bond to be approved by such board and in such amount, not less than 10% of the total funds received by the library in the last fiscal year, conditioned that he will safely keep and pay over upon the order of such board all funds received and held by him for such board of trustees. For a library in a city, village, incorporated town or township, the board of library trustees may designate the treasurer of the corporate authority, or the supervisor in the case of a township, as the custodian of the library fund, and the bond given by the treasurer or the supervisor shall satisfy the bond requirements of this section when properly endorsed. The cost of any surety bond shall be borne by the library. As an alternative to a personal bond on the treasurer or custodian of funds, the board of trustees may require the treasurer or custodian to secure for the library an insurance policy or other insurance instrument that provides the library with coverage for negligent or intentional acts by library officials and employees that could result in the loss of library funds. The coverage shall be in an amount at least equal to 10% of the average amount of the library's operating fund from the prior 3 fiscal years. The coverage shall be placed with an insurer approved by the board. The cost of any such coverage shall be borne by the library. The library shall provide the Illinois State Library a copy of the library's certificate of insurance at the time the library's annual report is filed. (Source: P.A. 103-592, eff. 6-7-24.)