

Legislation Text

File #: 15-19323, Version: 1

Set the Finance Officer's Faithful Performance Bond Amount

Action:

Adopt a resolution to set the Finance Officer's faithful Performance Bond Amount in accordance with state law and authorize the payment of the premium for a bond with coverage in that amount.

Staff Resource(s):

Teresa Smith, Finance
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Explanation

- NC General Statute Section 159-29(a) requires the finance officer of a unit of local government to "give a true accounting and faithful performance bond" in favor of the local government for which the individual serves as a finance officer.
- Effective as of January 1, 2023, the governing board must fix the amount of a finance officer's faithful performance bond to equal or exceed the greater of (1) \$50,000, or (2) an amount equal to 10 percent of the unit or authority's "annually budgeted funds," up to a cap of \$1,000,000.
- For the city, the cap for the finance officer's faithful performance bond is \$1,000,000.
- A faithful performance bond is a surety bond that creates obligations between (1) the finance officer, (2) the bonding company, and (3) a unit of local government.
- Through the faithful performance bond, the bonding company agrees to pay up to a certain amount of money to the unit of government in the event that (1) the finance officer fails to "faithfully perform" the duties of his or her office or honestly account for all monies which may come under the finance officer's control, and (2) the action or inaction of the finance officer causes a loss to the government.

Fiscal Note

Funding: Risk Management Loss Mitigation Fund

Attachment(s)

Resolution