



**THE KENTON COUNTY BOARD OF  
EDUCATION**

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Dr. Henry Webb, Superintendent of Schools

**KCSD ISSUE PAPER**

**DATE:**

May 26, 2022

**AGENDA ITEM (ACTION ITEM):**

Consider/Approve: Bank and Bond of Depository

**APPLICABLE BOARD POLICY:**

4.2 Depositories

**HISTORY/BACKGROUND:**

According to KRS 160.570, "each board of education shall appoint a bank, trust company or savings and loan association to serve as its depository." Negotiations with the current depository, First Financial Bank, were conducted and is recommended to serve as the district's depository for the two year period July 1, 2022 – June 30, 2024

Additionally, KRS 160.570 states that "it shall be the duty of each local board of education, on the advice of the Superintendent, to determine the penal sum of depositories". First Financial Bank will hold as collateral a penal sum for the Board's funds. The penal sum for First Financial Bank is calculated at 103% of the Board of Education's current daily deposits. First Financial Bank has executed a bond for the faithful performance of these duties.

**FISCAL/BUDGETARY IMPACT:**

None

**RECOMMENDATION:**

Approval of First Financial Bank as the depository institution for the district and approve the penal sum of 103% for the bond of depository at First Financial Bank for fiscal years 2023 and 2024.

**CONTACT PERSON:**

Susan Bentle

\_\_\_\_\_  
Principal

  
\_\_\_\_\_  
District Administrator

  
\_\_\_\_\_  
Superintendent

COMMONWEALTH OF KENTUCKY  
Department of Education  
Office of District Support Services

Bond of Depository for Public School Funds

The undersigned, **First Financial Bank** of Hebron Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the **Kenton County Board of Education**, in the penal sum of **103 percent of the current daily balances in each account as they may fluctuate throughout the life of the bond** that it, as depository of the **Board of Education**, shall well and truly discharge the duties of said office according to law, account for, to the proper authorities, and pay over to all parties legally entitled thereto on proper warrants all funds that may come into its hands as Depository of the Board of Education aforesaid for a maximum of 2 years, beginning **July 1, 2022**.

As collateral for this undertaking the undersigned hereby pledges **Federal Government Agency Obligations, including but not limited to FNMA, FHLMC, and FHLB as defined in KRS 41.240(4)(a), KRS 66.480, and K702 KAR 3:090\*\* as well as FLHBank Letters of Credit** in an amount equal to or exceeding **103 percent of the current daily balances in each account as they may fluctuate throughout the life of the bond**, deposited in escrow with the **Federal Reserve Bank of Boston, Boston, Massachusetts**, hereinafter referred to as the Escrow Agent, evidenced by the safekeeping receipt filed in the offices of the local board of education, provided, however, that at no time shall the amount of collateral be reduced without the execution of a new bond which shall have prior approval by the Kentucky Department of Education, Division of School Finance, Frankfort, Kentucky.

The undersigned, the Depository, hereby reserves the right unto itself, (1) to detach and collect for its own use and benefit all coupons of said bonds as they mature; (2) to substitute for any of said bonds, other United States Government bonds, **Federal Government Agency Obligations**, and/or Kentucky School Revenue Bonds of the same face or par value; (3) to terminate all liability under this bond and escrow deposit by giving thirty (30) days notice, in writing, of its intention to do so to the chairperson of the **Kenton County Board of Education**, by registered mail, addressed to such chairperson at **Kenton County Board of Education** and to the chairperson of the Kentucky Board of Education, by registered mail, addressed to such chairperson at Frankfort, Kentucky. Within the thirty days, the Depository shall make statements with the board, pay over all funds in its hand to the board, and exhibit to the Escrow Agent a copy of the settlement, duly receipted by the secretary and chairperson of the board. The Board of Education shall cancel this bond only by giving thirty (30) days notice in writing, of its intention to do so, to the Depository, by registered mail, and to the chairperson of the Kentucky Board of Education by registered mail.

It is further conditioned that liability of this bond is not to be effectual until Federal Deposit Insurance protection is exhausted.

IN WITNESS WHEREOF, the undersigned has caused its corporate name to be subscribed and its corporate seal to be affixed hereof, this 17th day of May, 2022.

Name of Bank First Financial Bank

By (Bank Official) [Signature] Title VP, Public Funds

By (Bank Official) [Signature] Title Treasury Manager

We hereby certify to the Commissioner of Education that the bond appearing hereon is a true copy of the bond executed and delivered by the Depository of this Board of Education, and it was approved by the \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

Chairperson \_\_\_\_\_ Secretary \_\_\_\_\_

\* Should agree with penal sum.

\*\* This collateral shall consist of United States Government Bonds, Kentucky School Revenue Bonds, and/or Federal Government Agency Obligations.

\*\*\* May not be less than penal sum.

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