



DEPARTMENT OF FINANCE

LISA LEWIS, DIRECTOR

STEPHANIE BONNETT, ASSISTANT FINANCE OFFICER

FREDA HOLDERMAN, ACCOUNTING SUPERVISOR

TO: Board Members

FROM: Lisa Lewis, Director of Finance *Lewis*

DATE: June 4, 2025

RE: Pledge of Collateral (*fka Bond of Depository*)

Beginning in FY 2021-22, the “Bond of Depository” has been replaced with the “Pledge of Collateral.” Key changes include:

- **No more penal sum calculation** – Districts now submit a Pledge of Collateral showing coverage equal to total deposits, either through secured funds or a surety bond. If a surety bond is used, the premium may be paid by the board or the bank, per KRS 160.570(2). If the board pays, the bank must provide at least 2% interest on average balances.
- **Collateral requirements** – Banks must pledge collateral as outlined in KRS 41.240 and 66.480, ensuring all public funds are covered. The depository sets the pledged amount, enters it in SEEK, and submits it to KDE by July 1 with commissioner approval.
- **Agreement documentation** – The signed Pledge of Collateral Agreement between the district and bank must be kept on file locally and protects the district in case of bank failure.

Attached is the Pledge of Collateral for Stock Yards Bank. Please approve renewal of banking services and the attached agreement.

OUR MISSION IS TO INSPIRE AND EQUIP OUR STUDENTS TO SUCCEED IN LIFE

BULLITT COUNTY PUBLIC SCHOOLS IS AN EQUAL EDUCATION AND EMPLOYMENT INSTITUTION

COMMONWEALTH OF KENTUCKY
Department of Education
Office of District Support Services

Pledge of Collateral Agreement for Public School Funds

The undersigned, Stock Yards Bank & Trust of Louisville, Kentucky, hereinafter referred to as the Depository, hereby acknowledges itself bound to the Commonwealth of Kentucky, and the Bullitt County Board of Education, 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 period not to exceed two (2) years, beginning July 1, 2025 .

As collateral for this undertaking, the undersigned hereby pledges obligations guaranteed by the U. S. Government, Kentucky School Revenue, and/or Federal Government Agency for surety bonds or other securitized collateral (type of collateral *) in the principal sum of 103% of current daily balances* deposited in escrow with the Stock Yards Bank & Trust of Louisville, Kentucky, 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 Commissioner of Education.

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 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 a thirty (30) day notice, in writing, of its intention to do so to the chairperson of the Bullitt County Board of Education, by registered mail, addressed to such chairperson at the Local 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 a thirty (30) day 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 Corporation (FDIC) 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 2nd day of June, 20 25

Name of Bank Stock Yards Bank & Trust

By (Bank Official)  Title 6-2-2025

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 Bullitt County Board of Education on June 16, 2025.

Chairperson _____ Secretary _____

*This collateral shall consist of investments that conform to KRS 41.240 and KRS 66.480.

FORM TO BE RETAINED AT THE LOCAL SCHOOL BOARD OFFICE