

10 Minute Supervisor Trainings



February 2022

District Bonding

Conservation district supervisors and staff who handle district funds are required by KRS 65.067 to be bonded for all public funds that they have access to, even if that amount is only in your possession for a short period.

65.067 Bond required of persons handling public funds -- Compliance by elected officials and their employees.

(1) All officers, officials, and employees of cities, counties, urban-county governments, charter county governments, a regional wastewater commission, and special districts who handle public funds in the execution of their duties shall give a good and sufficient bond to the local governing body for the faithful and honest performance of his or her duties and as security for all money coming into that person's hands or under that person's control. The bond amount shall be based upon the maximum amount of public funds the officer, official, or employee handles at any given time during a fiscal year cycle. The local governing body shall pay the cost of the bond.

(2) Elected officials who post bond as required by statute, and employees of their offices covered by a blanket or umbrella bond, shall be deemed to have complied with subsection (1) of this section.

This requirement protects the public's money, in case of theft by people connected to the district.

What if your district has adequate bonding coverage?

- ⑩ District is compliant of KRS 65.067, and all taxpayer monies are protected.
- ⑩ A claim would be filed with the district's bonding company for amount embezzled.
- ⑩ The bonding company would pay claim.
- ⑩ District business can resume with little to no interruption.
- ⑩ Bonding company will file lawsuit against offender for restitution of amount paid out.
- ⑩ No loss of direct aid support for compliance of this KRS.

What if your district doesn't have adequate bonding coverage?

- ⑩ Board members may be held liable for violation of KRS 65.067.
- ⑩ Money stolen or embezzled would not be repaid by the insurance company.
- ⑩ Major disruption in district work is very probable.
- ⑩ Loss of public trust and significant negativity on board of supervisors.
- ⑩ Loss of 25% in direct aid support.

Whether or not the district is adequately bonded, the district should cooperate with law enforcement to ensure the offender is charged and prosecuted.

THINGS TO REMEMBER:

- Bonding is required to protect all the taxpayers' funds.
- Bond policy should be for the maximum amount in ALL accounts – not just the general checking account. Savings accounts, CDs, alternate checking accounts should also be included.
- Be proactive, plan for additional funding and adjust bonding as needed.
- Be aware that bonding companies see it as a negative to adjust policy coverages often and could cancel your policy, so think and plan ahead.
- Depending on your policyholder, the named treasurer may be required to have a separate bond policy.
- Make sure, when naming a treasurer that individual is bondable for the amount needed by the district.
- Conservation districts can get their bond through KACo or other insurance companies. The Commission and/or DOC do not recommend where to get bonding insurance.
- Some insurance policies will cover the whole board, others will only cover specific individuals. Be sure to compare similar policies as you decide which company to use.
- Each board member should know and understand their district bond policies, including the amount of the bond and who is covered.
- If all district funds exceed your policy blanket coverage, you are required to purchase additional bonding insurance and employee dishonesty coverage.
- Being under bonded or unbonded will reduce your direct aid allocation by 25%; Do not leave your money on the table for non-compliance.
- Review all account balances on a regular basis.
- The instructions below were created from older versions of Quickbooks and Quicken. The exact steps may vary in newer versions of the software.

QUICKBOOKS INSTRUCTIONS:

Go to Reports

Choose Company

Choose Balance Sheet Summary

Click Modify

On the Display Tab, choose fiscal year and in the Columns menu, choose Week or Day

On the Filters Tab, make sure All Accounts is visible in the Account pull down menu

Scroll through the 52 weeks or 365 days of account balances to identify your highest amount – this will be the Maximum Amount In All Accounts that you'll report on your Districts in Good Standing form and that you'll use to determine your bonding amount.

QUICKEN INSTRUCTIONS:

Go to Reports

Choose Net Worth and Balances

Choose Account Balances

Change the Date Range to fiscal year

Choose the Interval for Week or Day

Scroll through the 52 weeks or 365 days of account balances to identify your highest amount – this will be the Maximum Amount In All Accounts that you'll report on your Districts in Good Standing form and that you'll use to determine your bonding amount.