

**Depository Contracts
Frequently Asked Questions**

1. When are the depository contract documents due to the TEA?

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14. What are the beginning and ending dates that must be included on the bid or proposal form, contract form, and extension form?

The TEC, §45.205(c), requires that a contract term and any extension coincide with the school district's fiscal year. The two-year contract term also, begins and ends in odd-numbered years and is from either July 1 of one year through June 30 two years later or September 1 of one year through August 31 two years later; for example, July 1, 2021, through June 30, 2023, or September 1, 2021, through August 31, 2023.

15. Is there a form to document the selection of the method for choosing a depository?

To assist school districts, the TEA developed the Depository Contract Data Sheet for Independent School Districts, which can be used to document the method chosen. This form is optional.

16. Our district went out for bids in the ~~2017~~ 2017 biennium and filed extensions during the 2017-2019 biennium and the ~~2019~~ 2021 biennium's. Does our district qualify for another extension for the ~~2019~~ 2023 biennium?

Yes, a district qualifies to extend its depository contract for three (3) additional two-year terms provided that the bank agrees as well (refer to the TEC, §45.205[b], as amended by Senate Bill 754, effective September 1, 2017).

17. If a district files an extension what forms must the district use?

If the district and the bank agree to extend the depository contract for an additional two-year term, then the district must complete the Board Resolution Extending Depository Contract for Funds of Independent School Districts form

18. Is there a form our district must use if its deposits will be secured by a bond?

Yes, the district must complete a Texas School Depository Surety Bond Form as required by the TEC, §45.208(a). That section states that "the bank or banks selected as school depository or depositories and the school district shall enter into a depository contract or contracts, bond or bonds, or other necessary instruments setting forth the duties and agreements pertaining to the depository, in a form and with the content prescribed by the State Board of Education." The applicable SBOE rule is 19 TAC §109.52.

19. What percentage of the district's funds must be covered by eligible securities?

According to the Texas Government Code, §2257.022(a), the total value of eligible security to secure a deposit of public funds must be in an amount not less than the amount of the deposit of public funds. However, please note that if a district agrees to the use of reducing principal securities to secure the deposit, then the amount of collateral must comply with §2257.022(b), which states that "the total value of eligible security described by Section 45.201(4)(D), Education Code, to secure a deposit of public funds of a school district must be in an amount not less than 110 percent of the amount of the deposit as determined under Subsection (a)."

20. How do I determine the Federal Deposit Insurance Corporation (FDIC) coverage limits?

Your school district can use the FDIC's Electronic Deposit Insurance Estimator (EDIE) to calculate the insurance coverage on school district deposits. EDIE is available on the following website: <https://www.fdic.gov/edie/index.html>.

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