

MEMORANDUM

LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT
DEPARTMENT OF FINANCE

TO: Jerry E. Abramson
Mayor

THRU: Kevin O'Donnell
Administrator of Risk Management

FROM: Jane C. Driskell
Chief Financial Officer

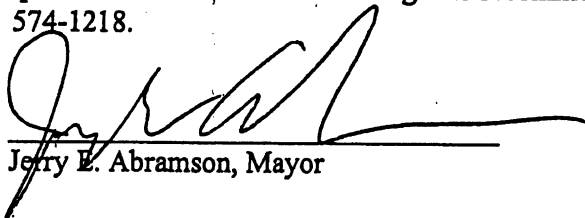
SUBJECT: Recommended Minimum Fidelity Bond For Local Fire Districts
Per KRS 75.031(3)

DATE: July 9, 2003

As per the above referenced KRS, treasurers of local fire districts must purchase a Fidelity Bond and account for all revenues of their district. Prior to Metro Government, the County Judge was empowered to declare the required amount of the bond and it was set at 100% of their revenues. Chief Barth has advised that local fire districts are having a difficult time finding 100% fidelity coverage.

Per statute, the Mayor of a consolidated local government is empowered to determine what percentage of revenues must be bonded. Based upon advice from the Metro Risk Management Division, I am recommending that the amount of the bond should be not less than 30% of the revenue of the local fire district. This is a reasonable amount particularly since each district must have an independent financial audit conducted annually. Since this only sets the minimum required by law, should the fire districts desire to purchase additional coverage, they are free to do so.

If you concur with this recommendation, please indicate so by signing below. If you have any questions or concerns concerning this recommendation, please do not hesitate to contact me at 574-1218.



Jerry E. Abramson, Mayor

cc: Larry Hayes, Deputy Mayor
Tina Heavrin, Special Legal Counsel
Kim Allen, Cabinet Secretary