



**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

September 6, 2005

Fred Williams, Mayor  
City of Minor Lane Heights  
8710 Destiny Cove  
Louisville, Kentucky 40229

RE: Completion of Examination

Dear Mayor Williams and City Council members:

We have completed an examination of certain financial activity and processes of the City of Minor Lane Heights (City). This examination was initiated as a result of information provided by concerned citizens and a request from the City Council.

The scope of our examination included examining property tax records, billings, and receipts for 2002 and 2003 and purchases charged to City credit cards. We also gained an understanding of financial policies and processes of the City.

We examined all property tax assessments provided by the Jefferson County Property Valuation Administrator for properties within the City limits for 2002 and 2003. These assessments were used to assure that all properties were appropriately billed. The billings were reconciled to receipts to determine whether payments were made and properly deposited. For 2002, this reconciliation identified \$15,805.16 in unpaid property taxes and \$2,475.37 in documented tax payments made to the City that could not be traced to a corresponding bank deposit. Similarly, for 2003, \$13,858.11 in unpaid property taxes were identified. Further, we were unable to identify that \$8,831.92 in documented payments made to the City were deposited in the bank. We were provided an explanation from the Mayor that most of the unpaid property taxes were due from property owners waiting for their homes to be purchased by the Regional Airport Authority of Louisville and Jefferson County through the Heritage Creek relocation project.

The City, in accordance with Kentucky Revised Statute 91A.070, elected to collect its own property taxes in lieu of using the Jefferson County Sheriff for collection. The City Council adopts an ordinance annually to assess real estate and levying of an ad valorem tax. In the most recent ordinance adopted by the City Council, Ordinance 01-2005, Section 4 details the legal remedy available to the City for enforcing payment of delinquent property taxes. This section



states, “[f]or whatever necessary cost, including legal services, the City may be obligated to assume for the collection or prosecution of a claim in a court of Law for delinquent taxes, penalties, and interest, including the enforcement of a lien, under the laws of Kentucky and of this Ordinance shall be found chargeable as an assessment and recovered against the subject property owner or property or of both, the property owner and property.”

We recommend the City maintain an accounting of unpaid property taxes and determine whether to enforce their collection as allowed for in Ordinance 01-2005 or to collect delinquent taxes at the time the property is sold.

Our testing of tax receipts identified numerous payments that were not deposited until several weeks or months after the payments were made. We identified property tax payments of \$2,643.47 from one individual that were not deposited until eleven months after the payments were received. In another instance, we found an undeposited property tax check attached to the City’s copy of the tax bill filed with tax documentation.

Due to certain individual tax payments that could not be traced to a specific bank deposit, we provided the Mayor with listings of these payments to determine whether additional information could be provided to clarify the status of these payments. As of this date, the Mayor has not provided further clarification. Because corresponding deposits have not been identified for certain tax payments received, we are referring this matter to the Commonwealth’s Attorney, 30<sup>th</sup> Judicial Circuit, and the Jefferson County Attorney for further consideration.

Although most of the untimely deposits occurred during the employment of the former City Clerk and, currently, the City deposits its receipts in a more timely manner, we recommend the City adopt and implement a written policy governing its receipting process including:

- the procedures to document the receipt of a tax payment;
- daily deposits of all tax receipts; and,
- reconciliation of tax payments to bank deposits.

We examined purchases made on the City credit card during the period of July 2002 through December 2003. Prior to our examination, we were informed by the Mayor that the former City Clerk used the City credit card to make two purchases, totaling \$123.00, in June and July 2003. The purchases were made for reservations at a campground. The Mayor questioned these personal charges and the former City Clerk reimbursed the City for these charges in December 2003. Our testing identified no further questionable credit card expenditures.

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We recommend the City adopt a written policy governing the distribution and use of a City credit card. Purchases charged to a City credit card should be necessary, reasonable in amount, beneficial to the public, not predominantly personal in nature, and supported by adequate documentation.

We appreciate the assistance provided by the Mayor and the City Clerk during our examination. If you have any questions, please contact me at (502) 573-0050.

Sincerely,

A handwritten signature in cursive script that reads "Brian Lykins".

Brian Lykins, Director  
Division of Examination and Information Technology

BL:JH:kct