



Auditor of Public Accounts
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Auditor Edelen Releases Examination into City of West Buechel, Finding Wasteful Spending, Questionable Purchases and Lack of Accounting

FRANKFORT, Ky. (December 10, 2015) – Auditor Adam Edelen on Thursday released an examination into the City of West Buechel, finding a lack of controls that appear to have led to hundreds of thousands of dollars in questionable spending and decisions being made by the former administration without City Council’s knowledge and approval.

The examination is being referred to the Attorney General, FBI and Kentucky Department of Revenue.

The examination by the Auditor’s office was severely limited due to significant missing accounting records and unreliable computer-generated information from the City’s accounting system.

“This city of roughly 1,300 residents is a mess,” Auditor Edelen said. “I’d say it has been run poorly, but I’m not sure it was being run at all. When you don’t know what property you own, investments you’ve made or bank accounts you possess, how on earth can you effectively manage taxpayer dollars? If this city can’t be governed properly, perhaps this community needs to reexamine its current structure.”

West Buechel City Council in January 2015 asked the Auditor’s office to conduct an examination of the City’s finances and operations under the former administration. The Auditor’s office suspended the review in March to allow the City to gather the necessary accounting information. City officials worked to gather and gain access to various records but were not able to readily determine whether financial information was complete, accurate or available for review.

With what scarce information auditors were able to piece together, they found questionable spending on everything from property to home shopping networks.

In fiscal year 2013, the City made two property purchases having questionable or no public benefit, paying at least \$364,000. City Council meeting minutes document very little about these

purchases, so it is not clear whether the City Council members approved these two purchases or understood how the City was funding these purchases. Additionally, information provided does not disclose whether these properties were ever independently appraised prior to the purchases. Although the City had no established procurement policies, the use of taxpayer funds to purchase property and the method of financing the purchase should be approved by the City Council.

Auditors also raised concerns that an ordinance approving the financing of one of the properties may not have been approved by City Council before it was submitted to the Kentucky League of Cities financing program.

“I have serious concerns that the former administration was taking costly action without City Council knowledge and approval,” Auditor Edelen said.

Similar concerns were identified when, in 2012, the former mayor submitted a 1997 city ordinance to the Kentucky Department of Insurance to increase the city’s insurance premium tax from 5 percent to 10 percent after the City Council had voted down this proposed increase in 2011. The 1997 ordinance appears to be valid, and it is unclear why it wasn’t submitted and implemented in 1997. City Council meeting minutes do not document that the City Council was informed of the 1997 ordinance. At a meeting in early 2012, it is documented that a resident asked the former mayor about the insurance premium tax increase. According to the minutes, “the mayor stated we already had the ordinance in place so we proceeded with the ordinance.”

“This was, at best, a disingenuous, and possibly questionable maneuver to sneak a tax increase past residents and a City Council that had just clearly expressed its intentions regarding the tax rate,” Auditor Edelen said. “What’s worse, other findings in this exam demonstrate that the administration was spending tax dollars frivolously and with zero accountability.”

Auditors found that the city’s operating account was used to automatically pay the monthly balance of a credit card issued in the former mayor’s name without adhering to the city’s handbook policies regarding credit card purchases. No supporting documentation was provided to auditors for the almost \$87,000 in purchases made on this credit card from April 2012 through December 2014. A review of credit card statements found approximately \$38,000 of these expenditures appeared personal in nature based on the type of purchase made and the lack of any supporting documentation.

“Someone spent more than \$4,000 on items from two home shopping networks, almost \$300 at Bath and Body Works, \$300 on jewelry, more than \$3,000 at Kentucky Kingdom and more,” Auditor Edelen said. “These are obvious wastes of tax dollars and I hope someone is held accountable.”

Auditors also found that manual checks totaling over \$22,000 from the city’s payroll account included salary payments not reported as taxable income and checks totaling \$7,200 for unknown purposes. For example, a Louisville hotel was paid \$847.56 by check, which is unreasonable given that the hotel is approximately 10 miles from City Hall.

Auditors also found evidence that identified three loans made to City officials; however, the total number and amount of loans could not be determined.

The full report can be found on the [Auditor's website](#).

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