

CHAPTER 38: TAXATION AND FINANCE

Section

Taxation

- 38.01 When tax rate to be levied
- 38.02 When taxes due
- 38.03 Delinquent taxes
- 38.04 Exemption for manufacturers

Finance

- 38.15 Adoption of guidelines for issuing industrial revenue bonds

Financial Administration

- 38.20 Definitions
- 38.21 Accounting records
- 38.22 Annual budget
- 38.23 Annual city audit
- 38.24 Official depositories

Property Tax

- 38.25 Establishment of property assessment or reassessment moratorium program
- 38.26 Definitions
- 38.27 Operation of program
- 38.28 Application procedures
- 38.29 Transfer of certificate
- 38.30 Non-qualifying structures

Funds

- 38.40 Revolving Loan Fund

TAXATION

§ 38.01 WHEN TAX RATE TO BE LEVIED.

The city tax rate shall be levied within 45 days of receipt of the recapitulation of the tax roll and its certified assessment of taxable property from the county Property Valuation Administrator, normally received in August of each year.

(Ord. passed 10-10-50; Am. Ord. 815, passed 9-28-04)

§ 38.02 WHEN TAXES DUE.

All city ad valorem taxes shall be due and payable at the offices of the city within 30 days of their mailing and/or the due date printed on the tax bill.

(Ord. passed 10-10-50; Am. Ord. 815, passed 9-28-04)

§ 38.03 DELINQUENT TAXES.

All taxpayers whose taxes are not paid by the date on which they become due shall be deemed delinquent and shall pay a penalty of 10% of the amount due and unpaid, and in addition thereto shall pay interest on the unpaid taxes at the rate of 1% per month or part of a month until paid.

(Ord. passed 10-10-50; Am. Ord. 815, passed 9-28-04)

§ 38.04 EXEMPTION FOR MANUFACTURERS.

The City Council may by ordinance abate real and/or tangible property taxes for a period of up to five years to induce manufacturing establishments to locate within the city, per KRS 92.300(1). The company must agree to remain in the community for a period of up to ten years after its startup or, alternatively, to repay a pro rata share of these incentives based upon the duration of the company's location in the community within that period. The company, in order to qualify for the exemptions above, must be adding at a minimum, 25 full-time jobs as certified by the Bardstown Industrial Development Corporation (BIDC). (Ord. B2016-04, passed 5-10-16)

FINANCE

§ 38.15 ADOPTION OF GUIDELINES FOR ISSUING INDUSTRIAL REVENUE BONDS.

(A) The City Council approves and adopts by reference as fully as if set out at length herein the set of local guidelines entitled "City of Bardstown, Kentucky, Requirements For Issuing Industrial Revenue Bonds." Each proposed building project involving a bond issue must be brought before the City Council for discussion and must comply with these guidelines, after which the City Council will pass an ordinance stating its position on the bond issue.

(B) The application form of the State Oversight Committee is adopted by reference as fully as if set out at length herein insofar as it is appropriate to be used as an application for consideration of a bond issue by the City Council. The application is entitled "Application for Approval of Industrial Revenue Bond Issue."

(C) The Mayor and other appropriate city officials are authorized to take further action as may be necessary to carry out the intent of this section with reference to such economic development building project and any other industrial building projects which may be presented or proposed to the City Council pursuant to this chapter.

(Ord. 304, passed 7-9-85)

FINANCIAL ADMINISTRATION

§ 38.20 DEFINITIONS.

As used in this chapter, unless the context otherwise requires, the following definitions shall apply:

"BUDGET." A proposed plan for raising and spending money for

specified programs, functions, activities, or objectives during a fiscal year.

"DEBT SERVICE." The sum of money required to pay installments of principal and interest on bonds, notes, and other evidences of debt accruing within a fiscal year and to maintain sinking funds.

"ENCUMBRANCES." Obligations in the form of purchase orders or contracts that are chargeable to an appropriation. An obligation ceases to be an encumbrance when paid or when the actual liability is recorded.

"FISCAL YEAR." The accounting period for the administration of fiscal operation.

"GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS." Those standards for audit of governmental organizations, programs, activities, and functions issued by the Comptroller General of the United States. (KRS 91A.010(6))

"GENERALLY ACCEPTED PRINCIPLES OF GOVERNMENTAL ACCOUNTING." Those standards and procedures promulgated and recognized by the Governmental Accounting Standards Board. (KRS 91A.010(7))

§ 38.21 ACCOUNTING RECORDS.

(A) The city shall keep its accounting records and render financial reports in such a way as to:

(1) Determine compliance with statutory provisions;

(2) Determine fairly and with full disclosure the financial operations of constituent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and

(3) Readily provide such financial data as may be required by the federal revenue sharing program.

(B) The city accounting system shall be organized and operate on a fund basis. (KRS 91A.020)

§ 38.22 ANNUAL BUDGET.

(A) The city shall operate under an annual budget ordinance adopted and administered in accordance with the provisions of this section. Notwithstanding any other provisions of law, the city shall not expend any moneys from a governmental or proprietary fund, except in accordance with a budget ordinance adopted pursuant to this section.

(B) Moneys held by the city as a trustee or agent for individuals, private organizations, or other governmental units need not be included in the budget ordinance.

(C) If, in any fiscal year subsequent to a fiscal year in which the city has adopted a budget ordinance in accordance with this section, no budget ordinance is adopted, the budget ordinance of the previous fiscal year shall have full force and effect as if readopted.

(D) The budget ordinance shall cover one (1) fiscal year.

(E) Preparation of the budget proposal shall be the responsibility of the Mayor, and the budget proposal shall be prepared in the form and detail as is prescribed by ordinance.

(F) The budget proposal together with a budget message shall be submitted to the City Council no later than thirty (30) days before the beginning of the fiscal year it covers. The budget message shall: contain an explanation of the governmental goals fixed by the budget for the coming year; explain important features of the activities anticipated in the budget; set forth the reasons for stated changes from the previous year in program goals, program and appropriation levels; and explain any major changes in fiscal policy.

(G) The City Council shall adopt a budget ordinance making appropriations for the fiscal year in such sums as the Council finds sufficient and proper, whether greater or less than the sums recommended in the budget proposal. The budget ordinance may be in any form that the Council finds most efficient in enabling it to make the necessary fiscal policy decisions.

(H) No budget ordinance shall be adopted which provides for appropriations to exceed revenues in any one (1) fiscal year in violation of Section 157 of the Kentucky Constitution.

(I) The full amount estimated to be required for debt service during the budget year shall be appropriated for all governmental funds types.

(J) The Council may amend the budget ordinance after the ordinance is adopted, if the amended ordinance continues to satisfy the requirements of this section.

(K) Administration and implementation of an adopted budget ordinance shall be the responsibility of the Mayor. That responsibility shall include the preparation and submission to the Council of operating statements which shall include budgetary comparisons of each governmental fund for which an annual budget has been adopted. These reports shall be submitted not less than once every three (3) months in each fiscal year.

(L) To the extent practical, the system used in the administration and implementation of the adopted budget ordinance shall be consistent in form with the accounting system called for in § 24.002.

(M) No city agency or member, director, officer, or employee of a city agency may bind the city in any way or to any extent beyond the amount of money at that time appropriated for the purpose of the agency. All contracts, agreements, and obligations, express or implied, beyond existing appropriations are void. No city officer shall issue any bond, certificate, or warrant for the payment of money by the city in any way to any extent beyond the unexpended balance of any appropriation made for the purpose.

(KRS 91A.030)

§ 38.23 ANNUAL CITY AUDIT.

(A) After the close of each fiscal year, the city shall cause each fund of the city to be audited by the Auditor of Public Accounts or a certified public accountant. The audits shall be completed by February 1 immediately following the fiscal year being audited. Within ten days of the completion of the audit and its presentation to the City Council, pursuant to division(B) (6) of this section, the city shall forward an electronic copy or three paper copies of the audit report to the Department for Local Government for information purposes. The Department for Local Government shall make available upon request either an electronic or paper copy of the audit report to the Legislative Research Commission to be used for the purposes of KRS 6.955 to 6.975 or to the Auditor of Public Accounts.

(B) The city shall enter into a written contract with the selected auditor. The contract shall set forth all terms and conditions of the agreement which shall include, but not be limited to, requirements that:

(1) The auditor shall be employed to examine the basic financial statements which shall include the government-wide and fund financial statements;

(2) The auditor shall include in the annual city audit report an examination of local government economic assistance funds granted to the city under KRS 42.450 to 42.495. The auditor shall include a certification with the annual audit report that the funds were expended for the purpose intended;

(3) All audit information be prepared in accordance with generally accepted government auditing standards which include tests of the accounting records and auditing procedures considered necessary in the circumstances. Where the audit is to cover the use of state or federal funds, appropriate state or federal guidelines shall be utilized;

(4) The auditor shall prepare a typewritten or printed report embodying:

(a) The basic financial statements and accompanying supplemental and required supplemental information;

(b) The auditor's opinion on the basic financial statements or reasons why an opinion cannot be expressed; and

(c) Findings required to be reported as a result of the audit.

(5) The completed audit and all accompanying documentation shall be presented to the City Council at a regular or special meeting; and

(6) Any contract with a certified public accountant for an audit shall require the accountant to forward a copy of the audit report and management letters to the Auditor of Public Accounts upon request of the city or the Auditor of Public Accounts, and the Auditor of Public Accounts shall have the right to review the certified accountant's work papers upon request.

(C) A copy of an audit report which meets the requirements of this section shall be considered satisfactory and final in meeting any official request to a city for financial data, except for statutory or judicial requirements, or requirements of the Legislative Research Commission necessary to carry out the purposes of KRS 6.955 to 6.975.

(D) Each city shall, within 30 days after the presentation of an audit to the city legislative body, publish an advertisement, in accordance with KRS Chapter 424, containing:

(1) The auditor's opinion letter;

(2) The "Budgetary Comparison Schedules-Major Funds," which shall include the general fund and all major funds;

(3) A statement that a copy of the complete audit report, including financial statements and supplemental information, is on file at city hall and is available for public inspection during normal business hours;

(4) A statement that any citizen may obtain from city hall a copy of the complete audit report, including financial statements and supplemental information, for his personal use;

(5) A statement which notifies citizens requesting a personal copy of the city audit report that they will be charged for duplication costs at a rate that shall not exceed twenty five cents (\$0.25) per page; and

(6) A statement that copies of the financial statement prepared in accordance with KRS 424.220, when a financial statement is required by KRS. 424.220, are available to the public at no cost at the

business address of the officer responsible for preparation of the statement.

(F) Any person who violates any provision of this section shall be guilty of a misdemeanor and shall be fined not less than fifty dollars (\$50) nor more than five hundred dollars (\$500). In addition, any officer who fails to comply with any of the provisions of this section shall, for each failure, be subject to a forfeiture of not less than fifty dollars (\$50) nor more than five hundred dollars (\$500), in the discretion of the court, which may be recovered only once in a civil action brought by any resident of the city. The costs of all proceedings, including a reasonable fee for the attorney of the resident bringing the action, shall be assessed against the unsuccessful party.

(G) Within a reasonable time after the completion of a special audit or examination conducted pursuant to KRS 43.050, the Auditor shall bill the city for the actual expense of the audit or examination conducted. The actual expense shall include the hours of work performed on the audit or examination as well as reasonable associated costs, including but not limited to travel costs. The bill submitted to the city shall include a statement of the hourly rate, total hours, and total costs for the entire audit or examination.

(KRS 91A.040)

§ 38.24 OFFICIAL DEPOSITORIES.

(A) The Mayor shall designate as the city's official depositories, one (1) or more banks, federally insured savings and loan companies or trust companies within the Commonwealth. The amount of funds on deposit in an official depository shall be fully insured by deposit insurance of surety bonds.

(B) All receipts from any source of city money or money for which the city is responsible, which has not been otherwise invested or deposited in a manner authorized by law, shall be deposited in official depositories. All city funds shall be disbursed by written authorization approved by the Mayor, which shall state the name of the person to whom funds are payable, the purpose of the payment and the fund out of which the funds are payable. Each authorization shall be numbered and recorded.

(KRS 91A.060)

PROPERTY TAX

§ 38.25 ESTABLISHMENT OF PROPERTY ASSESSMENT OR REASSESSMENT MORATORIUM PROGRAM.

(A) A property assessment or reassessment moratorium program, hereinafter referred to as program, for existing residential properties and commercial facilities in the city for the purpose of encouraging the repair, restoration, rehabilitation or stabilization of improvements thereon be and hereby is established.

(B) Property assessment or reassessment moratoriums certified under this program shall be for a period of five years.

(C) The Office of the City Clerk is hereby designated as the administering agency and is delegated the responsibility of administering the program pursuant to the provisions of this subchapter.
(Ord. 551, passed 6-28-94)

§ 38.26 DEFINITIONS.

The following definitions shall apply throughout this subchapter.

"COMMERCIAL FACILITY." Any structure the primary purpose and use of which is the operation of a commercial business enterprise and which is 25 years old or older.

"EXISTING RESIDENTIAL BUILDING." A residential building which has been in existence for at least 25 years and use of which is to provide independent living facilities for one or more persons.

"REHABILITATION." The process of returning an existing structure to a state of utility through repair or alteration which make possible an efficient contemporary use.

"REPAIR." The reconstruction or renewal of any part of an existing structure for the purpose of maintenance.

"RESTORATION." The process of accurately recovering the form and details of a structure and its setting as it appeared at a particular period of time by removal of later work or by the replacement of missing earlier work.

"STABILIZATION." The process of applying measures designed to re-establish a weather resistant enclosure and the structural stability of an unsafe or deteriorated property while maintaining the essential form as it exists.

"ASSESSMENT OR REASSESSMENT MORATORIUM." The act of deferring the value of the improvements from the taxable assessment of qualifying units of real property for a period of five years.
(Ord. 551, passed 6-28-94)

§ 38.27 OPERATION OF PROGRAM.

The property assessment or reassessment moratorium shall operate as follows:

(A) Property assessment or reassessment moratoriums granted by the city pursuant to this subchapter shall be for a period of five years.

(B) The property assessment or reassessment moratorium shall become effective on the assessment date next following the issuance of a moratorium certificate by the Office of the City Clerk.

(C) The taxable assessment of property qualifying for an assessment or reassessment moratorium shall be the assessment made by the property valuation administrator within 30 days of receipt of the application as more fully set forth in the property qualifications standards as set forth by the city.

(D) Following the expiration, cancellation or revocation of an assessment or reassessment moratorium, the property shall be reassessed on the basis of its full fair cash value on the assessment date.

(E) Any property granted an assessment or reassessment moratorium may be eligible for a subsequent moratorium certificate provided that reapplication be made no sooner than three years following the expiration of the original moratorium, or any other moratorium, and provided that such property shall otherwise meet the requirements for the assessment or reassessment moratorium.

(F) Real property qualifying for an assessment or reassessment moratorium pursuant to this subchapter shall not have its fair cash value assessment changed while under the assessment or reassessment moratorium unless such moratorium expires or is otherwise canceled or revoked. (Ord. 551, passed 6-28-94)

§ 38.28 APPLICATION PROCEDURES.

The application procedures for the property assessment or reassessment moratorium shall be as follows:

(A) Any owner of an existing residential building or any owner or lessee of a commercial facility may make application to the Office of the City Clerk for a property assessment or reassessment moratorium certificate. Such application shall be filed within 30 days before commencing restoration, repair, rehabilitation or stabilization of the residential building or commercial facilities in question.

(B) Application forms shall be as prescribed by the Commonwealth of Kentucky Department of Revenue and shall be available at the office of the City Clerk. The City Clerk shall administer and regulate the manner of filing including but not limited to provisions for place of filing, number of copies, and filing of a copy with the property valuation administrator.

(C) The application shall contain or be accompanied by a general description of the proposed use of the property, the general nature and extent of the restoration, repair, rehabilitation or stabilization to be undertaken and a time schedule for undertaking and completing the project.

(D) Applications with respect to commercial facilities shall, in addition to the above-described information, be accompanied by a descriptive list of the fixed building equipment which will be part of the facility and a statement of the economic advantages expected from the moratorium, including expected construction employment.

(E) Except as otherwise provided herein, the property valuation administrator shall maintain a record of all applications for a

property assessment or reassessment moratorium and shall assess or reassess the property within 30 days of receipt of the application.

(F) The City Clerk or his designee shall review the application and determine if the applicant is eligible pursuant to the provisions of this subchapter. The City Clerk shall issue a moratorium certificate only after completion of the project. The applicant shall notify the Office of the City Clerk when the project is complete and the Office of the City Clerk shall then conduct an on site inspection of the property for purposed of verifying improvements.

(G) The applicant shall have two years in which to complete the improvement unless granted an extension by the Office of the City Clerk. In no case shall the application be extended beyond two additional years. This provision shall not preclude normal reassessment of the property.

(H) Any application for an assessment or reassessment moratorium not acted upon by the applicant shall become void two years from the date of application and shall be purged from the files of the City Clerk. (Ord. 551, passed 6-28-94)

§ 38.29 TRANSFER OF CERTIFICATE.

As assessment or reassessment moratorium certificate may be transferred or assigned by the holder of the certificate to a new owner or lessee of the property. (Ord. 551, passed 6-28-94)

§ 38.30 NON-QUALIFYING STRUCTURES.

In no case shall the following qualify for a property assessment or reassessment moratorium:

(A) Additions to structures other than those done to restore documented missing earlier work, except that additions which were added 25 years ago or more shall qualify as part of an existing structure.

(B) New detached structures, including swimming pools, tennis courts or other recreational facilities. (Ord. 551, passed 6-28-94)

FUNDS

§ 38.40 REVOLVING LOAN FUND.

A Revolving Loan Fund is hereby ordained by the City Council and established for the city. The rules and regulations attached to Ordinance 542, passed March 8, 1994, are adopted as if fully set forth herein. (Ord. 542, passed 3-8-94; Am. Ord. 620, passed 4-8-97)