



Finance Department Memorandum

Date: December 29, 2009

To: Jim Eagan, Assistant Finance Director

From: Ken Saddler, Accounting Technician and Becky Sharp, City Collector

Subject: 1) Privilege License Audits Conducted during December, 2009;
2) Schedule of Privilege License Audits for 2010

OVERVIEW

State law provides that a city may charge a fee for allowing a business the privilege of operating a commercial enterprise within city limits. The City's ordinances require that all businesses/businesspersons obtain a privilege license.

As stated in the November 30, 2009 memorandum, the Collections Department regularly conducts a review based on license type. During December, audits were conducted for several license categories including chiropractors, attorneys, accountants, and bookkeepers.

Our procedures included comparing the current database of privilege licenses with listings in the local yellow pages and on the internet. Telephone inquiries were also conducted to verify any inaccuracies.

FINDINGS – CHIROPRACTORS REVIEW

Our system indicated 19 chiropractors licensed in the City. One of these had stated he was no longer in business, but an inquiry to his office determined he had been practicing for all of 2009. Charges were readjusted and an invoice issued to this person.

FINDINGS – ATTORNEYS REVIEW

The database lists 136 attorneys who currently have licenses. During our review we found an attorney listed in the Yellow Pages who did not have a license. That attorney was contacted, invoiced for the \$150 charge for 2009, and payment was received.

FINDINGS – ACCOUNTANTS REVIEW

There were a total of 71 persons licensed as accountants at the beginning of our review. During the course of our work, we determined there were two individuals practicing as enrolled agents, and were not certified public accountants. Those not having a CPA designation were reclassified as bookkeepers. Further, as a result of this review, four accountants not having privilege licenses were located and added to the 2010 invoice listing.

FINDINGS – BOOKKEEPERS REVIEW

No additions were made to this category, other than as a result of reclassification. A total of fourteen persons are now listed as bookkeepers.

RECOMMENDATIONS

The results above provide ample evidence to support continuing these audits. Below is the schedule of audits for 2010:

<u>Category</u>	<u>Current Number</u>	<u>Tentative Audit Date</u>
Flea Markets		January 11 to January 29
Contractors	601	February 8 to March 31
Retail Stores	300	April 8 to April 30
Real Estate Brokers	257	May 10 to May 28
Automobile Related	224	June 8 to June 30
Landscapers, etc.	105	July 12 to July 30
Janitorial Services	50	August 9 to August 18
Distributors	48	August 19 to August 31
Restaurants	171	September 8 to September 30
Barber/Beauty Shops	93	October 7 to October 29
Manufacturers	58	November 5 to November 30

We also want to add that as a result of the article about our previous audits, published in the Jonesboro Sun on December 11, we have had fourteen persons voluntarily apply for a privilege license. All of these stated they were not aware of the requirement until reading the article, despite the mention in the City's website on the Planning Department webpage. Heightened awareness can only increase compliance.