

Sheriff's Settlement and Independent
Accountants' Compilation Report

Fayette County Sheriff

April 15, 2024

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Independent Accountants' Compilation Report

The Honorable Linda Gorton, Mayor, Lexington-Fayette Urban County Government
The Honorable Kathy H. Witt, Fayette County Sheriff
Members of the Lexington-Fayette Urban County Government

Management is responsible for the accompanying Sheriff's Settlement - 2023 Taxes (the "Statement") of the Fayette County Sheriff for the periods April 20, 2023 through April 15, 2024 and December 1, 2023 through June 15, 2024 and the related notes to the Sheriff's Settlement in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the Statement and the related notes, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the Statement and the related notes.

We draw attention to Note A which describes the basis of accounting. The Statement is prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

LBMC, PC

Louisville, Kentucky

August 5, 2024

Sheriff's Settlement - 2023 Taxes

Fayette County Sheriff

For The Period April 20, 2023 Through April 15, 2024

	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>	<u>Downtown Taxes</u>
Charges					
Real estate	\$ 27,136,162	\$ 81,795,469	\$ 288,839,760	\$ 40,652,048	\$ 539,562
Tangible personal property	1,776,196	2,007,547	16,605,566	5,973,881	
Increase through exonerations	288	766	3,070	438	
Franchise taxes	1,150,907	1,679,111	11,096,530		
Additional billings	16,933	18,299	107,315	40,495	
Limestone, sand, and mineral reserves	4,223	4,938	45,051	6,288	
Penalties	49,985	143,027	524,765	80,053	2,347
Gross Charges to Sheriff	30,134,694	85,649,157	317,222,057	46,753,203	541,909
Credits					
Exonerations	60,882	174,134	641,244	99,923	2,111
Discounts	514,504	1,495,714	5,439,581	828,321	9,053
Delinquents					
Real estate	142,468	377,524	1,443,111	203,104	1,903
Tangible personal property	18,922	19,007	176,907	67,281	
Additional billings	4,255	11,417	44,050	10,458	
Franchise taxes	6,789	7,050	61,980		
Uncollected					
Additional billings	806	947	8,588	1,209	
Franchise taxes	294,779	622,250	3,074,677		
Total Credits	1,043,405	2,708,043	10,890,138	1,210,296	13,067
Taxes collected	29,091,289 (A)	82,941,114 (C)	306,331,919 (B)	45,542,907 (A)	528,842 (A)
Less commissions	1,236,380	1,442,685	4,594,979	1,935,574	22,476
Taxes due	27,854,909	81,498,429	301,736,940	43,607,333	506,366
Taxes paid	27,791,750	81,297,325	301,055,341	43,511,160	506,366
Refunds (current and prior year)	63,231	202,124	682,562	96,466	
Due Districts (Refunds due Sheriff) as of Completion of Audit	\$ (72)	\$ (1,020) (D)	\$ (963)	\$ (293)	\$

Continued

Sheriff's Settlement - 2023 Taxes--Continued

Fayette County Sheriff

For The Period April 20, 2023 Through April 15, 2024

(A) - Commission rate of 4.25%

(B) - Commission rate of 1.5%

(C) - Commission rate of 4.25% on \$33,945,541

(D) Special Taxing Districts

Health District	\$	24
Soil Conservation District		3
Lextran		61
LFUCG - Full/Partial Services District		<u>932</u>

Due Districts \$ 1,020

See Independent Accountants' Compilation
Report and Notes to Financial Statement

Sheriff's Additional Settlement - 2023 Taxes

Fayette County Sheriff

For The Period December 1, 2023 through June 15, 2024

Charges	
Real estate	\$ 2,752,219
Penalties	<u>11,038</u>
Gross Charges to Sheriff	2,763,257
Credits	
Exonerations	8,756
Discounts	47,889
Real estate	<u>30,548</u>
Total Credits	<u>87,193</u>
Taxes collected	2,676,064
Less commissions	<u> </u>
Taxes due	2,676,064
Taxes paid	2,675,146
Refunds (current and prior year)	<u>1,382</u>
Due Districts (Refunds due Sheriff)	<u><u>\$ (464)</u></u>

See Independent Accountants' Compilation
Report and Notes to Financial Statement

Notes to Financial Statement

Fayette County Sheriff

For the Periods April 20, 2023 through April 15, 2024 and December 1, 2023 through June 15, 2024

Note A--Summary of Significant Accounting Policies

Fund Accounting--The tax collection duties of the Fayette County Sheriff (the "Sheriff") are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Basis of Accounting--The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the Sheriff's Statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

Cash and Investments--At the direction of the Lexington-Fayette Urban County Government Council, Kentucky Revised Statute ("KRS") 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation ("FDIC") or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note B--Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the FDIC as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Continued

Notes to Financial Statement--Continued

Fayette County Sheriff

For the Periods April 20, 2023 through April 15, 2024 and December 1, 2023 through June 15, 2024

Note B--Deposits--Continued

Custodial Credit Risk – Deposits--Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of April 15, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note C--Tax Collection Period

The real and personal property tax assessments were levied as of January 1, 2023. Property taxes were billed to finance governmental services for the year ended June 30, 2024. All regular unpaid tax bills are considered delinquent on January 1 following the assessment date and are subject to a 5% penalty during January. Beginning February 1st, all unpaid tax bills are subject to a 10% penalty and an additional 10% fee for the sheriff. The collection period for these assessments was October 1, 2023, through April 15, 2024. In accordance with KRS 134.122, the sheriff transferred all delinquent property tax bills to the county clerk as of the close of business on April 15th or three months and fifteen days from the date the taxes were due under an alternative collection schedule.

Note D--Interest Income

The Sheriff earned \$7,117 in interest income on 2023 taxes. This amount was used to pay account analysis and processing fees charged by the financial institutions utilized by the Sheriff's office. The Sheriff paid \$24,000 in bank fees.

Note E--Sheriff's Ten Percent Add-On Fee

The Sheriff collected \$485,769 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the Sheriff's office.

Note F--Subsequent Events

Subsequent events have been evaluated through August 5, 2024, which is the date the financial statement was available to be issued.