

Strothman and Company
Certified Public Accountants and Advisors
1600 Waterfront Plaza
325 West Main Street
Louisville, KY 40202
502 585 1600

April 10, 2018



Mr. William O'Mara
Commissioner of Finance and Administration
Department of Finance
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507

Dear Bill:

This letter is to confirm our understanding of the services we are to provide for the Fayette County Sheriff for the period April 16, 2017 through April 15, 2018.

We will perform a compilation engagement with respect to information you provide, the annual Sheriff's Settlement – 2017 Taxes (the "Statement") of the Fayette County Sheriff for the period April 16, 2017 through April 15, 2018, and the related notes to the Statement.

Our Responsibilities

The objective of our engagement is to--

1. Prepare the Statement in accordance with the modified cash basis of accounting based on information provided by you, and
2. Apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the modified cash basis of accounting.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services ("SSARS") promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants ("AICPA") and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct* and its ethical principles of integrity, objectivity, professional competence, and due care when preparing the Statement, and performing the compilation engagement.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the Statement.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Your Responsibilities

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is prepare the Statement in accordance with the modified cash basis of accounting and assist you in the presentation of the Statement in accordance with modified cash basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- 1) The selection of the modified cash basis of accounting as the financial reporting framework to be applied in the preparation of the Statement.
- 2) The preparation and fair presentation of the Statement in accordance with the modified cash basis of accounting and the inclusion of all informative disclosures that are appropriate for the modified basis of accounting, if applicable.
- 3) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.
- 4) The prevention and detection of fraud.
- 5) To ensure compliance with the laws and regulations applicable to its activities.
- 6) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- 7) To provide us with—
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the Statement, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the compilation engagement.
 - unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the Statement and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it. If for any reason, we are unable to complete the compilation of your Statement, we will not issue a report on such statement as a result of this engagement.

Our report will disclose that the financial statements are 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.

MAYOR JIM GRAY




LEXINGTON

WILLIAM O'MARA
COMMISSIONER
FINANCE

MEMORANDUM

TO: Mayor Jim Gray
Members, Urban County Council

FROM: William O'Mara, Commissioner
Department of Finance 

DATE: April 23, 2018

SUBJECT: Sheriff's Settlement – 2017 Property Tax Audit

Attached is the agreement to conduct the Sheriff's Settlement for the 2017 Property Tax year to be prepared by Strothman & Company. The funds are fully budgeted and not to exceed \$8,000.

Approval of this agreement is requested.

Cc: Kathy Witt, Fayette County Sheriff
Rusty Cook, Director of Revenue

/lyb

