



March 23, 2020

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, 2019 through April 15, 2020.

We will perform a compilation engagement with respect to information you provide, the annual Sheriff's Settlement – 2019 Taxes (the "Statement") of the Fayette County Sheriff for the period April 16, 2019 through April 15, 2020, 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 that the entity complies 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.

You agree to include our accountant's compilation report in any document containing the Statement that indicates that we have performed a compilation engagement on such Statement and, prior to the inclusion of the report, to ask our permission to do so.

### **Other Relevant Information**

Jeanna Jones is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for these services will be at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your compilation. Our fees for the services described above will not exceed \$8,200. Our invoices for these fees will be rendered as work progresses. Our policy is that such invoices are payable in thirty days. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

### **Other Provisions**

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our normal hourly rates for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

In the event that we are or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of your intentional or knowing misrepresentation or provision to us of inaccurate or incomplete information in connection with this engagement, and not any failure on our part to comply with professional standards, you agree to indemnify us, defend us, and hold us harmless as against such obligations, to the extent permitted by law.

You agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. Any mediation initiated as a result of this engagement shall be administered within Fayette County, Kentucky, by a mutually agreed upon mediator listed on the Roster of Court Approved Mediators in Kentucky, according to Kentucky model mediation rules. Any ensuing litigation shall be conducted within said county, according to Kentucky law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

You are responsible to notify us in advance of your intent to reproduce our report(s) for any reason, in whole or in part, and to give us the opportunity to review any printed material containing our report(s).

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

**Strothman and Company**



Jeanna L. Jones, CPA  
Partner

RESPONSE:

This letter correctly sets forth the understanding of the Lexington-Fayette Urban County Government.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_