

DORTON

DEAN DORTON ALLEN FORD, PLLC

June 3, 2014

Mr. Bill O'Mara
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507

Attention: Mr. O'Mara

This letter is to explain our understanding of the arrangements for the services we are to perform for the Fayette County Sheriff for the period April 16, 2013 through April 15, 2014. We ask that you confirm this understanding. We will compile, from information you provide, the Sheriff's Settlement – 2013 Taxes of the Fayette County Sheriff as of April 15, 2014 and for the period then ended, and will issue an accountant's compilation report thereon in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute of Certified Public Accountants (AICPA).

The objective of a compilation is to assist you in presenting financial information in the form of the Sheriff's Settlement. We will utilize information that is your representation without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the Sheriff's Settlement in order for it to be in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management is responsible for:

- 1 The preparation and fair presentation of the Sheriff's Settlement in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America,
- 2 Designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the Sheriff's Settlement,
- 3 Preventing and detecting fraud,
- 4 Identifying and ensuring that the Fayette County Sheriff complies with the laws and regulations applicable to its activities, and
- 5 Making all financial records and related information available to us.

We are responsible for conducting the engagement in accordance with SSARS issued by the AICPA.

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A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion or provide any assurance regarding the Sheriff's Settlement being compiled.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management of any material errors, and of any evidence or information that comes to our attention during the performance of our compilation procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential.

We will render such accounting and bookkeeping assistance as we find necessary for the preparation of the Sheriff's Settlement and as may be arranged with you or your authorized employees. The Fayette County Sheriff's Office will be responsible for overseeing such services, evaluating the adequacy and accepting the results of these services, and for making all management decisions with respect to the services.

If, for any reason, we are unable to complete the compilation of the Sheriff's Settlement, we will not issue a report as a result of this engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in your books and records. You will determine that all such data will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by your personnel in the preparation of schedules and analyses of accounts will be discussed and coordinated with Sheriff Witt and Parveen Majumder. The timely and accurate completion of this work is an essential condition to our completion of the engagement and issuance of our compilation report.

Our fees will be \$12,000. Interim billings will be submitted as services are rendered and as expenses are incurred. Billings are due upon submission.

In the event we are requested or authorized by the Fayette County Sheriff or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the Fayette County Sheriff, the Fayette County Sheriff will, so long as we are not party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

You understand that compiled financial statements are not appropriate for inclusion in a public or private offering of debt or equity securities. Accordingly, you agree not to include our report or make reference to us in any way in any public or private securities offering.

If you intend to publish or otherwise reproduce the Sheriff's Settlement and make reference to us in any other manner, you agree to provide us with printer's proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. Our fees for review and approval of such proofs or masters, and any related services to be provided to you in connection therewith, will be established with you at the time such services are determined to be necessary or appropriate.

Release & Indemnification

The Fayette County Sheriff hereby indemnifies Dean Dorton Allen Ford, PLLC (Dean Dorton) and its personnel and holds them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Fayette County Sheriff's management, regardless of whether such person was acting in the Fayette County Sheriff's interest. This indemnification will survive termination of this arrangement for services.

In the unlikely event that differences concerning our services or fees should arise that are not resolved by mutual agreement, to facilitate resolution of the differences and to save both parties time and expense, the Fayette County Sheriff and Dean Dorton agree to try in good faith to settle their differences by mediation administered by the American Arbitration Association under the *Dispute Resolution Rules for Professional Accounting and Related Services Disputes* before resorting to litigation. In the event litigation cannot be avoided, the Fayette County Sheriff and Dean Dorton agree not to demand a trial by jury.

This letter constitutes the complete and exclusive statement of the agreement between Dean Dorton Allen Ford, PLLC and the Fayette County Sheriff superseding all proposals oral or written and all other communications, with respect to the terms of the engagement between the parties.

Lexington-Fayette Urban County Government


June 3, 2014

Page 4

If this letter defines the arrangements as you understand them, please sign and date the enclosed copy and return it to us.

Sincerely,

DEAN DORTON ALLEN FORD, PLLC

By: 
Simon Keemer, CPA, CGMA, ACA

ACKNOWLEDGEMENT:

This letter correctly sets forth the understanding of Fayette-Urban County Government on behalf of the Fayette County Sheriff:



Signature

7.10.14
Date

JIM GRAY, Mayor
Printed Name