

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



April 28, 2015

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 terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will compile, from information you provide, the annual Sheriff's Settlement – 2014 Taxes of the Fayette County Sheriff of the period April 16, 2014 through April 15, 2015, and issue an accountants' report thereon in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The objective of a compilation is to assist you in presenting financial information in the form of financial statements. 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 financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

You are responsible for:

- i) the preparation and fair presentation of the Sheriff's Settlement in accordance with accounting principles generally accepted in the United States of America.
- ii) designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
- iii) preventing and detecting fraud.
- iv) identifying and ensuring that the company complies with the laws and regulations applicable to its activities.
- v) making all financial records and related information available to us and for the accuracy and completeness of that information.

We will conduct our compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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 company'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 financial statements 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 inform you of 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 have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

If, for any reason, we are unable to complete the compilations of your financial statements, we will not issue reports on such statements as a result of this engagement.

You are responsible for assuming all management responsibilities and for overseeing any bookkeeping services, tax services, or other services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience. In addition, you are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

William G. Meyer III 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 \$7,500. 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.

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

A handwritten signature in black ink, appearing to read "Bill", with a long horizontal flourish extending to the right.

William G. Meyer III CPA
Managing Partner

RESPONSE:

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



Signature: _____

JIM GRAY, Mayor

Title: _____

5/29/15

Date: _____