

Sheriff's Settlement and Independent  
Accountants' Compilation Report

2022

**Fayette County Sheriff**

April 18, 2022



Sheriff's Settlement and Independent Accountants' Compilation Report

**Fayette County Sheriff**

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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 - 2021 Taxes (the "Statement") of the Fayette County Sheriff for the period April 16, 2021 through April 18, 2022 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.

*Strothman and Company*

Louisville, Kentucky  
July 8, 2022

Sheriff's Settlement - 2021 Taxes

**Fayette County Sheriff**

For The Period April 16, 2021 Through April 18, 2022

	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>	<u>Downtown Taxes</u>
<b>Charges</b>					
Real estate	\$ 24,518,059	\$ 72,753,437	\$ 247,330,388	\$ 36,426,210	\$ 479,396
Tangible personal property	1,621,936	1,959,464	14,724,900	6,011,008	
Increase through exonerations	247	816	2,492	367	
Franchise taxes	1,333,652	2,245,509	12,674,331		
Additional billings	107,838	284,759	910,979	149,572	
Limestone, sand, and mineral reserves	170	196	1,713	252	
Penalties	45,209	123,918	449,834	80,834	870
	<u>27,627,111</u>	<u>77,368,099</u>	<u>276,094,637</u>	<u>42,668,243</u>	<u>480,266</u>
<b>Gross Charges to Sheriff</b>					
	27,627,111	77,368,099	276,094,637	42,668,243	480,266
<b>Credits</b>					
Exonerations	26,244	53,343	251,611	79,795	121
Discounts	473,552	1,349,640	4,745,566	754,460	7,825
Delinquents					
Real estate	94,747	254,398	889,083	130,942	2,535
Tangible personal property	34,764	37,106	315,606	147,567	
Additional billings	49,151	160,402	495,824	77,428	
Franchise taxes	1,374	1,428	12,080		
Uncollected					
Additional billings					
Franchise taxes	12,794	18,846	119,511		
	<u>692,626</u>	<u>1,875,163</u>	<u>6,829,281</u>	<u>1,190,192</u>	<u>10,481</u>
<b>Total Credits</b>					
	692,626	1,875,163	6,829,281	1,190,192	10,481
Taxes collected	26,934,485 (A)	75,492,936 (C)	269,265,356 (B)	41,478,051 (A)	469,785 (A)
Less commissions	<u>1,144,716</u>	<u>1,673,160</u>	<u>4,038,980</u>	<u>1,762,817</u>	<u>19,966</u>
Taxes due	25,789,769	73,819,776	265,226,376	39,715,234	449,819
Taxes paid	25,774,940	73,778,482	265,076,983	39,652,786	449,819
Refunds (current and prior year)	<u>14,920</u>	<u>41,244</u>	<u>150,278</u>	<u>62,289</u>	
<b>Due Districts (Refunds due Sheriff) as of completion of audit</b>	<u>\$ (91)</u>	<u>\$ 50 (D)</u>	<u>\$ (885)</u>	<u>\$ 159</u>	<u>\$</u>

Continued

Sheriff's Settlement - 2021 Taxes--Continued

**Fayette County Sheriff**

For The Period April 16, 2021 Through April 18, 2022

- (A) - Commission rate of 4.25%
- (B) - Commission rate of 1.5%
- (C) - Commission rate of \$350,000 on \$44,359,770 and 4.25% on remainder

(D) Special Taxing Districts

Health District	\$	147
Soil Conservation District		(6)
Lextran		(29)
LFUCG - Full/Partial Services District		<u>(62)</u>

**Due Districts**

\$ 50

See Independent Accountants' Compilation  
Report and Notes to Financial Statement

Notes to Financial Statement

**Fayette County Sheriff**

For the Period April 16, 2021 Through April 18, 2022

**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.

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 18, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Notes to Financial Statement--Continued

**Fayette County Sheriff**

For the Period April 16, 2021 Through April 18, 2022

**Note C--Tax Collection Period**

The real and personal property tax assessments were levied as of January 1, 2021. Property taxes were billed to finance governmental services for the year ending June 30, 2022. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 1, 2021 through April 18, 2022.

**Note D--Interest Income**

The Sheriff earned \$1,182 in interest income on 2021 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 \$23,000 in bank fees.

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

The Sheriff collected \$442,587 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 July 8, 2022, which is the date the financial statement was available to be issued.