MILLER, MAYER, SULLIVAN & STEVENS LLP
CERTIFIED PUBLIC ACCOUNTANTS

November 19, 2024

To the Board of Commissioners
Georgetown-Scott County Revenue Commission, Inc.

We have audited the financial statements of the governmental activities of the Georgetown-Scott County Revenue Commission, Inc. (Commission) for the year ended June 30, 2024 . Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 10, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Notes 1-3 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2024. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Commission's financial statements were:

> Management's estimate of the amounts due from taxpayers is based on subsequent collections and a review of significant taxpayers' accounts. We evaluated the methods, assumptions, and data used to develop the estimate of the amounts due from taxpayers in determining that it is reasonable in relation to the financial statements taken as a whole.
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> Management's estimate of depreciation on capital assets is based on the life expectancy of the underlying assets. We evaluated the methods, assumptions, and data used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
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> Management's estimate of the right-of-use lease assets and lease liabilities is based on the present value of lease payments over their respective lease terms using appropriate estimated incremental borrowing rates. We evaluated the methods, assumptions, and data used to develop the right-of-use lease assets and lease liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.
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> Management's estimate of amortization on the right-of-use lease assets is based on the life expectancy of the lease assets. We evaluated the methods, assumptions, and data used to develop the amortization estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of amounts due from and to tax authorities in Note 4 to the financial statements was based on subsequent collections and a review of significant taxpayers' accounts.

The disclosure of the office and copier leases as right-of-use assets and liabilities in Note 6 to the financial statements was based on the terms of the lease agreements, an assumption that the incremental borrowing rates were based on the prime interest rates at the effective date, an assumption that the leases will have terms respective to each underlying asset, and the assumption that the leases are amortized ratably over their respective terms. The note also provides the lease payments over the remaining lease terms.

The disclosure of a significant taxpayer in Note 9 to the financial statements was based on a review of the taxpayer's account and its related entities' accounts.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Prior year audit adjustments for the office lease that recorded the right-of-use asset of approximately $215,000, right-of-use accumulated amortization of approximately $72,000 and net position of approximately $143,000 were not posted, causing the Commission's financial statements to incorrectly report assets and net position associated with the office lease required by GASB No. 87 during the year ended June 30, 2024.
- The net amount due from taxpayers was increased by approximately $9,420,000 due to removing the prior year receivable and recording the current year receivable.
- Accounts payable - intergovernmental was increased approximately $242,000 to record payroll costs to be reimbursed to the City of Georgetown.
- Right-of-use accumulated amortization offsetting the office lease right-of-use asset and amortization expense for the current year of approximately $26,300 was recorded. The right-of-use liability for the office lease was decreased by approximately $17,500 and debt service payments – office lease was increased by approximately $17,500 to reflect lease payments during the year in accordance with GASB No. 87.
- Accounts receivable - trade decreased approximately $18,700 for amounts due in prior year from taxing authorities' contributions to the Commission that were received in the current year.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 19, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, Schedule and the Notes to Required Supplementary Information on Budgetary Accounting and Control, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Tax Receipts and Remittances to Tax Authorities, Schedule of Tax Revenues Payable to Tax Authorities, and Schedule of Unearned Revenue Remitted to Tax Authorities, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City of Georgetown, Kentucky; Scott County Fiscal Court; Scott County Board of Education, the Board of Commissioners, management, and others within Georgetown-Scott County Revenue Commission, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Miller, Mayer, Sullivan, & Stevens, LLP

Miller, Mayer, Sullivan, & Stevens, LLP
Lexington, Kentucky