

CITY OF MIDDLETOWN
MUNICIPAL ORDER NO. 10-10-19-A

A MUNICIPAL ORDER RELATING TO THE APPROVAL OF THE AUDIT REPORT
FOR THE TIME PERIOD OF JULY 1ST, 2018 TO JUNE 30TH, 2019

WHEREAS, the City of Middletown Commissioners has reviewed the audit report for the City for the time period of July 1st, 2018 to June 30th, 2019,

NOW THEREFORE, BE IT ORDERED BY THE CITY OF MIDDLETOWN:

1. That the audit report of Welenken CPAs, for the City of Middletown for the time period of July 1st, 2018 to June 30th, 2019, be and hereby is adopted by the City Commission of the City of Middletown.

Adopted at a regular meeting of the City Commission held on October 10, 2019.


J. Byron Chapman, Mayor

Attest: 
Deborah Columbia, City Clerk

In favor: 5
Opposed: 0



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commissioners
City of Middletown, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Middletown, Kentucky as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Middletown, Kentucky's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Middletown, Kentucky, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages M1-M11 and 19-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019, on our consideration of the City of Middletown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Middletown, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Middletown, Kentucky's internal control over financial reporting and compliance.

Welenken CPAs

Welenken CPAs

Louisville, Kentucky
October 3, 2019

CITY OF MIDDLETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 1,380,802	\$ 1,380,802	\$ 1,437,194	\$ 56,392
Insurance premiums	875,000	875,000	952,206	77,206
Franchise bank fees	200,000	200,000	199,200	(800)
Licenses, permits, and fees	99,000	99,000	90,957	(8,043)
Federal and state grants	342,232	342,232	37,948	(304,284)
Rental income	94,032	94,032	87,463	(6,569)
Police and public works	-	-	23,808	23,808
Interest received	32,000	32,000	457,049	425,049
Miscellaneous	2,900	2,900	24,493	21,593
Total revenues	3,025,966	3,025,966	3,310,318	284,352
Expenditures:				
General government	895,725	935,726	922,774	12,952
Public safety and sanitation	714,925	774,925	750,799	24,126
Public works	287,700	287,700	218,058	69,642
Community development	1,165,137	1,921,227	711,755	1,209,472
Total expenditures	3,063,487	3,919,578	2,603,386	1,316,192
Other financing sources (uses)				
Transfers out	(150,000)	(150,000)	(153,000)	3,000
Total other financing sources (uses)	(150,000)	(150,000)	(153,000)	(3,000)
Net change in fund balance	(187,521)	(1,043,612)	553,932	1,597,544
Fund balance - beginning	3,988,461	3,988,461	3,988,461	-
Fund balance - ending	\$ 3,800,940	\$ 2,944,849	\$ 4,542,393	\$ 1,597,544

CITY OF MIDDLETOWN, KENTUCKY
 REQUIRED SUPPLEMENTARY INFORMATION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND (MUNICIPAL ROAD AID)
 YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with final budget Positive (Negative)
	Original	Final		
Revenues:				
Intra-governmental revenue	\$ 145,000	\$ 145,000	\$ 147,516	\$ 2,516
Miscellaneous	-	-	10,640	10,640
Interest	4,500	4,500	11,139	6,639
Total revenues	<u>149,500</u>	<u>149,500</u>	<u>169,295</u>	<u>19,795</u>
Expenditures:				
Public works	284,303	284,603	282,648	1,955
Total expenditures	<u>284,303</u>	<u>284,603</u>	<u>282,648</u>	<u>1,955</u>
Other financing sources(uses)				
Transfers in	150,000	150,000	153,000	(3,000)
Net change in fund balance	15,197	14,897	39,647	24,750
Fund balance - beginning	413,630	413,630	413,630	-
Fund balance - ending	<u>\$ 428,827</u>	<u>\$ 428,527</u>	<u>\$ 453,277</u>	<u>\$ 24,750</u>