

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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October 3, 2019

To the Honorable Mayor and Commissioners
City of Middletown, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the City of Middletown, Kentucky for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 20, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Middletown, Kentucky are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the City 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 estimate affecting the financial statements was:

Management's estimate of the useful life of capital assets is based on historical lives of similar assets and management's evaluation of the useful life. We evaluated the key factors and assumptions used to develop the estimated useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 October 3, 2019.

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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, 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.

This information is intended solely for the use of the Mayor and City Commissioners of the City of Middletown, Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Welenken CPAs

Welenken CPAs