

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

CITY CONTROLLER
CITY OF FORT WAYNE
ALLEN COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
08/11/2011

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Patricia A. Roller	01-01-10 to 12-31-11
Mayor	Thomas Henry	01-01-08 to 12-31-11
Director of City Utilities	Kumar Menon	01-01-10 to 12-31-11
Director of Public Works	Robert Kennedy	01-01-10 to 12-31-11
Co-Directors of Public Safety	Peter Kelly Russell York	01-01-10 to 12-31-11 01-01-10 to 12-31-11
President of the Common Council	Martin Bender Mitch Harper	01-01-10 to 12-31-10 01-01-11 to 12-31-11



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TO: THE OFFICIALS OF THE CITY OF FORT WAYNE

We have audited the records of the City Controller for the period from January 1, 2010 to December 31, 2010, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of the City of Fort Wayne for the year 2010.

STATE BOARD OF ACCOUNTS

June 23, 2011

CITY CONTROLLER
CITY OF FORT WAYNE
AUDIT RESULT AND COMMENT

NEGATIVE FUND BALANCES/NET ASSETS

The following fund had a negative fund balance at December 31, 2010:

Fire (part of the Fire major fund)	\$1,528,747
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The following funds had deficit net assets at December 31, 2010:

Group Health Insurance	\$1,737,663
General and Auto Liability Insurance	729,704

A similar comment appeared in prior Report B37206.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY CONTROLLER
CITY OF FORT WAYNE
EXIT CONFERENCE

The contents of this report were discussed on June 23, 2011, with Patricia A. Roller, Controller; Valerie Ahr, Deputy Controller; Mark Knepper, Deputy Director of Financial Operations; Tracy Neumeier, Director of Internal Audit; and Mitch Harper, President of the Common Council. The Official Response has been made a part of this report and may be found on page 6.



CITY OF FORT WAYNE

THOMAS C. HENRY, MAYOR

June 23, 2011

Mr. Bruce Hartman, CPA
State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

NEGATIVE FUND BALANCE / NET ASSETS

The City is in agreement that the following funds have negative fund balances or deficit net assets due to the following reasons:

The Fire Fund has a negative fund balance due to the estimated information available when assigning a property tax rate for pay 2010. The assessed value is an estimate and has an effect on setting the rate for this fund which determines how much property tax levy is distributed. The circuit breaker was in full effect for 2010 and was also an estimate of how it would affect the property tax distribution. The City has taken a different approach to ensure this did not occur again in 2011.

The Group Health Insurance Fund has a negative fund balance due to the estimated expenses used at year end versus the ability to use actual claims for the accruals. The fund has a positive cash balance. The City will make every attempt to ensure a positive fund balance in 2011.

The General and Auto Liability Insurance Fund has a negative fund balance due to the accrual that has to be booked at each year end. The fund has a positive cash balance. The City will make every attempt to ensure a positive fund balance in 2011.

Sincerely,

Patricia A. Roller, CPA
City Controller

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