

B40635

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, 2011 to December 31, 2011



FILED
07/27/2012

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Patricia Roller	01-01-11 to 12-31-12
Mayor	Thomas Henry	01-01-08 to 12-31-15
Director of City Utilities	Kumar Menon	01-01-11 to 12-31-12
Director of Public Works	Robert Kennedy	01-01-11 to 12-31-12
Co-Directors of Public Safety	Peter Kelly Amy Biggs Russell York	01-01-11 to 06-28-12 06-29-12 to 12-31-12 01-01-11 to 12-31-12
President of the Common Council	Mitch Harper Thomas Smith	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2011 to December 31, 2011, 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 2011.

STATE BOARD OF ACCOUNTS

June 26, 2012

CITY CONTROLLER
CITY OF FORT WAYNE
AUDIT RESULT AND COMMENT

NEGATIVE FUND BALANCES/NET ASSETS

The following funds had a negative fund balance at December 31, 2011:

Fire (part of the Fire Major Fund)	\$ 308,492
Public Safety Academy (Non-major Debt Service)	1,157,860

The following fund had deficit net assets at December 31, 2011:

Group Health Insurance (Part of Self Insurance Fund)	\$ 967,734
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A similar comment appeared in prior Reports B39006 and 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 26, 2012, with Patricia Roller, Controller; Valerie Ahr, Deputy Controller; Mark Knepper, Financial Analyst; and Teresa Neumeier, Director of Internal Audit. 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

July 10, 2012

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 2011. 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 negative fund balance decreased significantly in 2011. The City will make every attempt to ensure a positive fund balance in 2012.

The Public Safety Academy Fund, which is used to track the Southtown Project in its entirety, has a negative fund balance due to revenues not being received for land sales as expected. The City will make every attempt to ensure a positive fund balance in 2012.

The Group Health Insurance Fund has deficit net assets 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 deficit net assets decreased significantly in 2011. The City will make every attempt to ensure positive net assets in 2012.

Sincerely,

Patricia A. Roller, CPA
City Controller