

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

FEDERAL SINGLE AUDIT REPORT

CITY OF FORT WAYNE

ALLEN COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
08/01/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	3-4
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program; on Internal Control Over Compliance; and on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 .....	6-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	10-12
Notes to Schedule of Expenditures of Federal Awards .....	13
Schedule of Findings and Questioned Costs .....	14

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Patricia Roller	01-01-13 to 12-31-14
Mayor	Thomas Henry	01-01-12 to 12-31-15
Director of City Utilities	Kumar Menon	01-01-13 to 12-31-14
Director of Public Safety	Russell York	01-01-13 to 12-31-14
President of the Common Council	Thomas Didier Martin Bender	01-01-13 to 12-31-13 01-01-14 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CITY OF FORT WAYNE, ALLEN COUNTY, INDIANA

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Wayne (City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2014. Our report includes a reference to other auditors who audited the financial statements of the Fort Wayne Urban Enterprise Association, Inc., Fort Wayne Public Transportation Corporation, and Community Development Corporation of Fort Wayne, as described in our report on the City of Fort Wayne's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Fort Wayne Urban Enterprise Association, Inc., were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

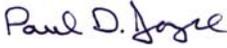
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

June 16, 2014

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;  
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF FORT WAYNE, ALLEN COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the City of Fort Wayne (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of the Fort Wayne Urban Enterprise Association, Inc., Fort Wayne Public Transportation Corporation, and Community Development Corporation of Fort Wayne which received \$10,951,314 (\$0 for UEA, \$4,646,982 for CDC, \$6,304,332 for PTC) in federal awards which is not included in the schedule during the year ended December 31, 2013. Our audit, described below, did not include the operations of the Fort Wayne Public Transportation Corporation and the Community Development Corporation of Fort Wayne because these organizational units engaged other auditors to perform an audit in accordance with Circular A-133. The Fort Wayne Urban Enterprise Association, Inc., is not included because it engaged other auditors to perform an audit, and it did not require an audit in accordance with Circular A-133.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;  
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133  
(Continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the Indiana State Board of Accounts and of the office examined.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;  
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133  
(Continued)

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated June 16, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
Paul D. Joyce, CPA  
State Examiner

June 16, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the City. The schedule and notes are presented as intended by the City.

CITY OF FORT WAYNE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Direct Grant			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218		
		191CD12	\$ 16,554
		B-11-MC-180003	28
		B-12-MC-180003	1,678,514
		B-13-MC-180003	<u>425,900</u>
Total for cluster			<u>2,120,996</u>
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG - State Administered CDBG Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		
		038-DR2-09-100X	<u>271,262</u>
Total for cluster			<u>271,262</u>
Direct Grant			
Emergency Solutions Grant Program	14.231		
		E-11-MC-180003	69,048
		E-12-MC-180003	47,128
		E-13-MC-180003	<u>10,800</u>
Total for program			<u>126,976</u>
HOME Investment Partnerships Program	14.239		
		M-09-MC-180202	526,082
		M-10-MC-180202	421,237
		M-12-MC-180202	18,046
		M-13-MC-180202	<u>33,778</u>
Total for program			<u>999,143</u>
Neighborhood Stabilization Program	14.264		
		B-08-MN-18004	437,507
		B-11-MN-18004	<u>778,330</u>
Total for program			<u>1,215,837</u>
Lead Hazard Reduction Demonstration Grant Program	14.905		
		INLHB052412	<u>379,930</u>
Total for federal grantor agency			<u>5,114,144</u>
<b><u>U.S. DEPARTMENT OF INTERIOR</u></b>			
Pass-Through Indiana Department of Natural Resources			
Historic Preservation Fund Grant-In-Aid	15.904		
		18-11-31921-CA-2	5,955
		41921-CA-2	<u>17,128</u>
Total for program			<u>23,083</u>
National Register of Historic Places	15.914		
		18-12-41921-2	7,488
		18-13-13FFY-01	<u>370</u>
Total for program			<u>7,858</u>
Total for federal grantor agency			<u>30,941</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Direct Grant			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Program	16.738		
		2012-DJ-BX-0402	<u>88,244</u>
Total for cluster			<u>88,244</u>
Bulletproof Vest Partnership Program	16.607		
		191BPFV	<u>16,223</u>
Congressionally Recommended Awards	16.753		
		2010-DD-BX-0351	<u>60,423</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF FORT WAYNE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>			
Pass-Through Indiana State Police Missing Children's Assistance	16.543		
		A2-2-100-016	6,572
		A2-1-100FWPD10	196
		A2-2-100-019	<u>6,000</u>
Total for program			<u>12,768</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		
		12VA1529	47,201
		13VA2177	<u>6,454</u>
Total for program			<u>53,655</u>
Violence Against Women Formula Grants	16.588		
		2012-WF-AX-0035	67,735
		2013-WF-AX-0047	<u>63,269</u>
Total for program			<u>131,004</u>
Total for federal grantor agency			<u>362,317</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205		
		0500695	278,127
		0400587	13,380
		0901798	225,336
		0710495	<u>98,976</u>
Total for program			<u>615,819</u>
Recreational Trails Program	20.219		
		1005159	22,234
		0710990	3,930
		1005158	47,695
		0401234	177,791
		0900018	<u>67,856</u>
Total for program			<u>319,506</u>
Total for cluster			<u>935,325</u>
Pass-Through Indiana Department of Justice Highway Safety Cluster State and Community Highway Safety	20.600		
		D3-13-8032	16,875
		D3-13-7273	98,225
		D3-14-8231	<u>40,332</u>
Total for program			<u>155,432</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		
		D3-13-7240	167,490
		D3-14-8150	10,291
		D3-13-7550	<u>2,783</u>
Total for program			<u>180,564</u>
Total for cluster			<u>335,996</u>
Total for federal grantor agency			<u>1,271,321</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant ARRA - Brownfields Assessment and Cleanup Cooperative Agreements, Recovery Act	66.818		
		BF-00E00883-0	<u>223,306</u>
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458		
		WW09090204-B	781,711
		WW11170105-B	<u>4,512,422</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF FORT WAYNE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY (continued)</u>			
Pass-Through Indiana Finance Authority (continued)			
Capitalization Grants for Clean Water State Revolving Funds (continued)	66.458	WW11170106	<u>1,667,516</u>
Total for program			<u>6,961,649</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW11030203-B	<u>2,952,048</u>
Total for federal grantor agency			<u>10,137,003</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Hazard Mitigation Grant (HMGP)	97.039	C44P-0-160A	56,059
		C44P-1-202A	<u>48,535</u>
Total for program			<u>104,594</u>
Metropolitan Medical Response System	97.071	C44P-1-261A	31,180
		C44P-2-281A	<u>154,658</u>
Total for program			<u>185,838</u>
State Homeland Security Program (SHSP)	97.073	EMW-2011-SS-00058	<u>9,822</u>
Total for federal grantor agency			<u>300,254</u>
Total federal awards expended			<u>\$ 17,215,980</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF FORT WAYNE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 2,120,996
Emergency Solutions Grants Program	14.231	126,976
Home Investment Partnerships Programs	14.239	999,143
Historic Preservation Fund Grant-in-Aid	15.904	23,083
Crime Victim Assistance	16.575	53,655

**Note 3. Community Development Corporation**

A discrete component unit of the City of Fort Wayne, the Community Development Corporation of Fort Wayne (CDC), was audited by an outside CPA firm for the years 2010, 2011, 2012, and 2013. Results of this audit included a Section III - Federal Award Findings and Questioned Costs comment in their audit report for CFDA No. 11.307 through the Economic Development Administration; Grant No. 06-19-01917; Title IX Implementation Grant Revolving Loan Fund. While the CDC is a discrete component unit and is included in the Comprehensive Annual Financial Report of the City of Fort Wayne, it is a separate entity and is not included on this Schedule of Expenditures of Federal Awards.

CITY OF FORT WAYNE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of <i>OMB Circular A-133</i> ?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.239	HOME Investment Partnerships Program
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$516,479

Auditee qualified as low-risk auditee?	yes
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**Section II - Financial Statement Findings**

No matters are reportable.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.