

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

FEDERAL SINGLE AUDIT REPORT

OF

CITY OF FORT WAYNE

ALLEN COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
09/15/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Patricia Roller Len Poehler	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Mayor	Thomas Henry	01-01-12 to 12-31-19
Director of City Utilities	Kumar Menon	01-01-15 to 12-31-16
Director of Public Safety	Russell York	01-01-15 to 12-31-16
President of the Common Council	John Crawford Russ Jehl	01-01-15 to 12-31-15 01-01-16 to 12-31-16



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, 2015, 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 21, 2016. 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'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.

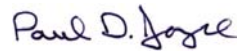
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 City'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 21, 2016



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE; AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

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's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. 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 that received \$9,076,475 (\$0 for UEA, \$4,666,637 for PTC, and \$4,409,838 for CDC) in federal awards, which are not included in the schedule for the year ended December 31, 2015. 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 the audit in accordance with Uniform Guidance. 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 Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE
(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, 2015.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited 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, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated June 21, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE; AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE
(Continued)

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 Uniform Guidance 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 21, 2016

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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, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grants/ Entitlement Grants	Direct	14.218	B-14-MC-180003 B-15-MC-180003	\$ 984,937 592,639	\$ 984,937 592,639
Total - Community Development Block Grants/ Entitlement Grants				1,577,576	1,577,576
Emergency Solutions Grant Program	Direct	14.231	E-13-MC-180003 E-14-MC-180003	50,275 48,591	50,275 48,591
Total - Emergency Solutions Grant Program				98,866	98,866
Home Investment Partnerships Program	Direct	14.239	M-10-MC-180202 M-11-MC-180202 M-12-MC-180202	459,662 664,960 35,394	459,662 664,960 35,394
Total - Home Investment Partnerships Program				1,160,016	1,160,016
Neighborhood Stabilization Program	Direct	14.264	B-08-MN-18004	-	2,131
Fair Housing Assistance Program - State and Local	Direct	14.401	FF205K135011	-	57,839
Lead-Based Paint Hazard Control in Privately-Owned Housing	Direct	14.900	INLHB052412	-	431,538
Total - Department of Housing and Urban Development				2,836,458	3,327,966
DEPARTMENT OF INTERIOR					
Historic Preservation Fund Grants-In-Aid	Indiana Department of Natural Resources	15.904	14FFY-CA-2	32,263	32,263
Total - Department of Interior				32,263	32,263
DEPARTMENT OF JUSTICE					
Missing Children's Assistance	Indiana State Police	16.543	A2-2-100-016 A2-3-100-018	- -	8,867 2,273
Total - Missing Children's Assistance				-	11,140
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	D3-15-9694 D3-16-10545	- -	47,730 15,255
Total - Crime Victim Assistance				-	62,985
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	D3-15-9096 D3-16-10503	- -	74,354 69,996
Total - Violence Against Women Formula Grants				-	144,350

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, 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>DEPARTMENT OF JUSTICE (continued)</u>					
Public Safety Partnership and Community Policing Grants	Direct	16.710	2013-UL-WX-0030	-	621,331
Edward Byrne Memorial Justice Assistance Grant Program	Direct	16.738	2014-DJ-BX-1127	-	30,907
Paul Coverdell Forensic Sciences Improvement Grant Program	Direct	16.742	2014-CD-BX-0072	-	64,680
Total - Department of Justice				-	935,393
<u>DEPARTMENT OF TRANSPORTATION</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205	0500695	-	276,468
			0400587	-	1,207,941
			0901798	-	1,101,554
			1173162	-	320,581
			0710322	-	97,441
			1382595	-	35,633
Total - Highway Planning and Construction				-	3,039,618
Recreational Trails Program	Indiana Department of Transportation	20.219	0710990	-	76,481
			0401234	-	74,700
			0810513	-	29,248
			0810457	-	221,746
Total - Recreational Trails Program				-	402,175
Total - Highway Planning and Construction Cluster				-	3,441,793
Highway Safety Cluster State and Community Highway Safety	Indiana Department of Justice	20.600	D3-15-8902	39,044	70,442
			D3-16-10135	12,230	35,649
			D3-15-9953	4,739	7,368
Total - State and Community Highway Safety				56,013	113,459
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Department of Justice	20.601	D3-15-8999	4,593	139,620
			D3-16-10220	245	7,209
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				4,838	146,829
Total - Highway Safety Cluster				60,851	260,288
Total - Department of Transportation				60,851	3,702,081
<u>DEPARTMENT OF HOMELAND SECURITY</u>					
Assistance to Firefighters Grant	Direct	97.044	EMW-2014-FP-00611	-	67,780
Total - Department of Homeland Security				-	67,780
Total federal awards expended				\$ 2,929,572	\$ 8,065,483

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
For the Year Ended December 31, 2015

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City of Fort Wayne (City) under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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, 2013, 2014, and 2015. 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 SEFA.

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
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
16.710	Public Safety Partnership and Community Policing Grants	Unmodified
	Highway Planning and Construction Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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.

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.