

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF FORT WAYNE

ALLEN COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
07/31/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Len Poehler Garry Morr	01-01-18 to 04-01-18 04-02-18 to 12-31-19
Mayor	Thomas Henry	01-01-16 to 12-31-19
President of the Common Council	Thomas Freistroffer Dr. John Crawford	01-01-18 to 12-31-18 01-01-19 to 12-31-19
Director of Public Works	Shan Gunawardena	01-01-18 to 12-31-19
Director of City Utilities	Kumar Menon	01-01-18 to 12-31-19



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

This report is supplemental to our audit report of the City of Fort Wayne (City), for the period from January 1, 2018 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Comprehensive Annual Financial Report and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

June 20, 2019

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CITY CONTROLLER
CITY OF FORT WAYNE

CITY CONTROLLER
CITY OF FORT WAYNE
AUDIT RESULT AND COMMENT

NEGATIVE FUND BALANCE/NET POSITION

A similar comment also appeared in prior Report B50641, entitled *NEGATIVE FUND BALANCE/NET POSITION*.

The following funds had a negative fund balance or net position at December 31, 2018:

Fund	Amount
Public Safety Academy (Non-Major Debt Service)	\$ 259,319
Reimbursable State Grants (Non-Major Special Revenue)	<u>438,842</u>
Total Deficit Fund Balances	<u><u>\$ 698,161</u></u>

The cash 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 unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



CITY OF FORT WAYNE

THOMAS C. HENRY, MAYOR

Mr. Paul D. Joyce, CPA
State Examiner
State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

June 26, 2019

NEGATIVE FUND BALANCES/NET POSITION

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

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 2019.

The Reimbursable State Grant Fund has a negative fund balance due to a delayed reimbursement request from the State. The City will make every attempt to ensure a positive fund balance in 2019.

A Corrective Action Plan (CAP) has been prepared and submitted that will address this in more detail.

Sincerely,

Garry E. Morr
City Controller

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CITY CONTROLLER
CITY OF FORT WAYNE
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2019, with Garry Morr, City Controller; Valerie Ahr, Deputy City Controller; Kathleen Smith, Deputy Director of Financial Operations; Brigitte Godwin, Senior Accountant/Analyst; C. J. Steigmeyer, Internal Audit Committee Chair; Tracy Neumeier, Director of Internal Audit; Justin Brugger, CFO of City Utilities; and Brody VanDuyn, Assistant Manager of Finance - City Utilities.