

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF FORT WAYNE

ALLEN COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
09/03/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Garry Morr	01-01-19 to 12-31-20
Mayor	Thomas Henry	01-01-19 to 12-31-20
President of the Common Council	Dr. John Crawford Thomas F. Didier	01-01-19 to 12-31-19 01-01-20 to 12-31-20
Director of Public Works	Shan Gunawardena	01-01-19 to 12-31-20
Director of City Utilities	Kumar Menon	01-01-19 to 12-31-20



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 20, 2020. Our report includes a reference to other auditors who audited the financial statements of Fort Wayne Urban Enterprise Association, Inc., Fort Wayne Public Transportation Corporation, and the Community Development Corporation of Fort Wayne, as described in our report on 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.

***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 opinion 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 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 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 THE 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

August 20, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE 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, 2019. 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. (UEA), Fort Wayne Public Transportation Corporation (PTC), and Community Development Corporation of Fort Wayne (CDC) that received \$8,515,020 (\$0 for UEA, \$3,775,217 for PTC, and \$4,739,803 for CDC) in federal awards, which are not included in the schedule for the year ended December 31, 2019. 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE 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, 2019.

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 our 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 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.

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

**Report on Schedule of Expenditures of Federal Awards Required by the 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated August 20, 2020, 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 the 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

August 20, 2020

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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, 2019

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 AGRICULTURE</u>					
Urban and Community Forestry Program	Direct	10.675	17-DG-11420004-009	\$ -	\$ 5,080
Total - Department Of Agriculture				-	5,080
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct	14.218	B-15-MC-180003 B-16-MC-180003 B-17-MC-180003 B-18-MC-180003 B-19-MC-180003	- - - - -	12,152 290,933 540,483 804,430 400,255
Total Community Development Block Grants/Entitlement Grants				-	2,048,263
Total - CDBG - Entitlement Grants Cluster				-	2,048,263
Community Development Block Grants/ State's program and Non-Entitlement Grants in Hawaii	Direct	14.228	DR2OR-018-002	-	21,664
Emergency Solutions Grant Program	Direct	14.231	E-17-MC-180003 E-18-MC-180003	139,351 57,671	139,351 57,671
Total Emergency Solutions Grant Program				197,022	197,022
Home Investment Partnerships Program	Direct	14.239	M-16-MC-180202 M-17-MC-180202 M-18-MC-180202 M-19-MC-180202	- - - -	96,134 714,995 368,565 36,025
Total Home Investment Partnerships Program				-	1,215,719
Lead-Based Paint Hazard Control in Privately-Owned Housing	Direct	14.900	INLHB0672-18	-	69,562
Lead Hazard Reduction Demonstration Grant Program	Direct	14.905	LD-018-002	-	11,078
Total - Department of Housing and Urban Development				197,022	3,563,298
<u>DEPARTMENT OF INTERIOR</u>					
Historic Preservation Fund Grants-In-Aid	Indiana Department of Natural Resources	15.904	19-FFY-03 18-FFY-02	- -	2,031 5,538
Total - Historic Preservation Fund Grants-In-Aid				-	7,569
Total - Department of Interior				-	7,569
<u>DEPARTMENT OF JUSTICE</u>					
Missing Children's Assistance	Indiana State Police	16.543	2017-MC-FX-K008	-	10,021
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	VOCA-2018-00045 D3-17-11439	- -	129,207 (3,136)
Total - Crime Victim Assistance				-	126,071
Crime Victim Assistance/Discretionary Grants	National Association Of VOCA Assistance	16.582	19-018	-	5,885
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	STOP-2019-00014 D3-17-11366 D3-18-12212	- - -	52,288 (504) 53,447
Total - Violence Against Women Formula Grants				-	105,231
Public Safety Partnership and Community Policing Grants	Direct	16.710	2017ULWX0008 2018SVWX0014	- 265,256	351,499 265,256
Total - Public Safety Partnership and Community Policing Grants				265,256	616,756

CITY OF FORT WAYNE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended December 31, 2019

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
Edward Byrne Memorial Justice Assistance Grant Program	Direct	16.738			
			2017-DJ-BX-0436	11,554	12,891
			2018-DJ-BX-0648	12,207	16,415
Total - Edward Byrne Memorial Justice Assistance Grant Program				23,761	29,306
Paul Coverdell Forensic Sciences Improvement Grant Program	Direct	16.742			
			2018-CD-BX-0059	-	133,669
Equitable Sharing Program	Direct	16.922	FY2018	-	240,935
Total - Department of Justice				289,017	1,267,873
<b>DEPARTMENT OF TRANSPORTATION</b>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
			0400587	-	672,932
			0600172	-	(12,964)
			0901798	-	662,474
			0710322	-	317,107
			1173162	-	33,950
			0710990	-	1,117
Total - Highway Planning and Construction				-	1,674,616
Total - Highway Planning and Construction Cluster				-	1,674,616
Highway Safety Cluster State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
			D3-17-11073	-	1,540
			D3-18-11876	-	989
			69A37519000040200INO	30,785	90,793
			FY2020 CHIRP	589	9,873
			36394	14,417	43,022
Total - State and Community Highway Safety				45,791	146,217
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601			
			D3-17-11165	-	390
Total - Highway Safety Cluster				45,791	146,607
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Indiana Criminal Justice Institute	20.608			
			FY2020 CHIRP	295	13,322
			D3-18-12042	-	(2,157)
			032NHT164ALCF18	1,100	45,448
Total - Minimum Penalties for Repeat Offenders for Driving While Intoxicated				1,395	56,613
Total - Department of Transportation				47,187	1,877,836
<b>ENVIRONMENTAL PROTECTION AGENCY</b>					
Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458			
			WW16060208-A	-	21,746,068
Total - Clean Water State Revolving Fund Cluster				-	21,746,068
Drinking Water State Revolving Fund Cluster Capitalization Grants for Drinking Water State Revolving Funds	Indiana Finance Authority	66.468			
			DW19020204-C	-	744,626
Total - Drinking Water State Revolving Fund Cluster				-	744,626
Total - Environmental Protection Agency				-	22,490,694
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
Hazard Mitigation Grant	Indiana Department of Homeland Security	97.039			
			15308	-	(338)
Pre-Disaster Mitigation	Indiana Department of Homeland Security	97.047			
			EMW-2017-PC-0004	-	338
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct	97.083			
			EMW-2017-FH-00346	-	580,402
Total - Department of Homeland Security				-	580,402
Total federal awards expended				\$ 533,226	\$ 29,792,752

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  
Year Ended December 31, 2019

**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, 2019. The information in the SEFA is presented in accordance with the 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). 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-187, *Cost Principles for State, Local, and Indian Tribal Governments*, 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. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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, 2015, 2016, 2017, 2018 and 2019. Results of these audits included a Section III – Federal Award Findings and Questioned Costs comment in these audit reports that has been repeated from 2010 to 2019 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:

Name of Opinion Unit	Opinion Issued
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Unmodified
Each Major Fund	Unmodified
Aggregate Remaining Funds	Unmodified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified?	none reported

Noncompliance material to financial statements noted?	no
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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
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Identification of Major Programs and type of auditor's report issued on compliance for each:

Name of Federal Program or Cluster	Opinion Issued
CDBG - Entitlement Grants Cluster	Unmodified
Clean Water State Revolving Fund Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$893,783

Auditee qualified as low-risk auditee?	no
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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/>.