

Board of Directors, Audit Committee and Management  
Fort Wayne Public Transportation Corporation  
Fort Wayne, Indiana

As part of our audits of the financial statements and compliance of Fort Wayne Public Transportation Corporation (Citilink), a component unit of Consolidated City of Fort Wayne – Allen County as of and for the year ended December 31, 2018, we wish to communicate the following to you.

## **AUDIT SCOPE AND RESULTS**

### **Auditor’s Responsibility Under 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 and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)***

An audit performed 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 and U.S. Office of Management and Budget (OMB) Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

### **Qualitative Aspects of Significant Accounting Policies and Practices**

#### ***Significant Accounting Policies***

Citilink’s significant accounting policies are described in Note 1 of the audited financial statements. Management has the responsibility for the selection and use of appropriate accounting principles and their application.

### ***Alternative Accounting Treatments***

No matters are reportable.

### ***Management Judgments and Accounting Estimates***

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Liability for reported and incurred, but not yet reported, claims under the accident and workers compensation claims programs based on historical claim activity and information received from third-party administrators of these programs
- Actuarial assumptions for net pension liability and other postemployment benefit plans based on relevant accounting and industry practices

### ***Financial Statement Disclosures***

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Risk management
- Net pension liability
- Other postemployment benefit plan
- Commitments and contingencies

### **Audit Adjustments**

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

There were no audit adjustments proposed as a result of the audit.

### **Auditor's Judgments About the Quality of Citilink's Accounting Principles**

No matters are reportable.

### **Disagreements With Management**

No matters are reportable.

### **Difficulties Encountered in Performing the Audit**

Certain actuarial reports were not provided timely by the outside actuary, and as a result, slowed the audit process.

We would like to thank the accounting staff for their assistance during the audit. They were prepared for the audit and responsive to our requests.

### **Other Material Communications**

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)
- We observed matters that we consider to be deficiencies that we communicated to management orally

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements of Citilink as of and for the year ended December 31, 2018, 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, we considered Citilink's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Citilink's internal control. Accordingly, we do not express an opinion on the effectiveness of Citilink's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency 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 of Citilink's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 Citilink'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.

We observed the following matter that we consider to be a deficiency.

#### ***Review of Journal Entry Postings***

The objectives of internal control over financial reporting are to provide reasonable, but not absolute, assurance that assets are safeguarded and financial statements are reliable. The review of journal entries posted is an effective way of strengthening internal controls. During 2018, the controller had the ability to record a general journal entry with no formal review.

We recommend that Citilink consider implementing a formal review process for general journal entries that is documented by a sign off by the appropriate person. Having an independent person review all journal entries is important for proper oversight over financial reporting.

## **OTHER MATTERS**

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

### **Future Accounting Considerations**

#### **Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations***

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, *Certain Asset Retirement Obligations*. GASB 83 establishes certain criteria for the timing and recognition of liabilities and related deferred outflows of resources for asset retirement obligations (ARO). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. This standard requires recognition of an ARO when it is both incurred and reasonably estimable. The timing of when an ARO is incurred is based on the occurrence of external laws, regulations, contracts or court judgments in conjunction with an internal event that obligates a government to commence retirement activities. An ARO is to be measured based on the best estimate of the capital outlays that are expected to be incurred and should be adjusted annually based on all relevant factors. At the time of recognition of an ARO liability, the Government should record a deferred outflow of resources, which is recognized as an expense in a systematic and rational manner over the estimated useful life of the capital asset. GASB 83 further requires the disclosure of the nature of the AROs, the methods and assumptions used in estimating the liability and the remaining useful life of the capital assets. If an ARO cannot be recognized because the value is not estimable, disclosure of that fact and the related reasons are required. GASB 83 is effective for periods beginning after June 15, 2018, or Citilink's December 31, 2019, year-end.

#### **GASB Statement No. 84, *Fiduciary Activities***

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB 84 is effective for Citilink's fiscal year ending December 31, 2019.

### **GASB Statement No. 87, *Leases***

GASB Statement No. 87, *Leases* (GASB 87): GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 includes a provision that excludes "certain regulated leases," which could include airline use/operating agreements. To meet the definition of a "regulated lease," all of the following requirements must be met:

- Lease rates cannot exceed a reasonable amount, with reasonableness being subject to determination by an external regulator
- Lease rates should be similar for lessees that are similarly situated
- The lessor cannot deny potential lessees the right to enter into leases if facilities are available, provided that the lessee's use of the facilities complies with generally applicable use restrictions

GASB 87 is effective for financial statements for fiscal years beginning after December 15, 2019 (Citilink's December 31, 2020, year-end). Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

### ***Retirement Plan Review***

Citilink is the Plan Sponsor of its employee retirement plan and performs many aspects of the administration and oversight of the plan. There is an outside third-party administrator, but a significant amount of the information and data provided to them is from Citilink administration.

We continue to believe with all of the significant regulatory changes to ERISA plans and Citilink's significant administrative role and Plan Sponsor responsibilities, it would be prudent to have legal counsel review the Plan documents and processes to determine whether Citilink and the Plan are in compliance with regulations. Also, it would be important to know that Citilink is not exposed to additional liability based on its administrative and Plan Sponsor responsibilities. Currently, the plan is not audited and there is no independent oversight of plan compliance.

## **Establishing an Antifraud Culture and Fraud Hotline**

Recent reports indicate that fraud is rapidly growing in the United States of America. In its “2014 Report to the Nation on Occupational Fraud and Abuse,” the Association of Certified Fraud Examiners estimates that 5 percent of revenue is lost to fraud and abuse. A proven and effective deterrent to fraud and abuse is the establishment of an antifraud culture within the organization. A strong and highly ethical “tone at the top” can provide significant strength to deter fraud. We suggest the following:

- Define the role of the Board of Directors and the Board committees as they relate to fraud and abuse
- Establish a corporate code of conduct
- Management and supervisors should set an example
- Management and supervisors should be aware of fraud risks and indicators
- Internal controls should be given high priority
- Fraud related policies should be enforced
- Reports of potential fraud and abuse should be investigated promptly

One key element of a fraud and abuse prevention and detection system is the implementation of a third-party hotline. Hotlines have proven to be effective in the communication of the appropriate “tone at the top” and in the early discovery of fraud and abuse within an organization, thereby reducing the financial impact of the fraud. We recommend Citilink consider implementing a hotline this year.

The above practices provide an organization with a significantly enhanced system for prevention of fraud and abuse. The related costs and efforts to put these policies and procedures in place will seem insignificant to the security and benefits they will provide.

This communication is intended solely for the information and use of management, Finance Committee, Board of Directors, others within the organization and federal agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

Fort Wayne, Indiana  
May 31, 2019

**Fort Wayne Public Transportation Corporation**  
**(A Component of the Consolidated City of Fort Wayne – Allen County)**  
**801 Leesburg Road**  
**Fort Wayne, Indiana 46808**

May 31, 2019

**BKD, LLP**

Certified Public Accountants  
200 East Main Street, Suite 700  
Fort Wayne, Indiana 46802

We are providing this letter in connection with your audits of our financial statements as of and for the years ended December 31, 2018, and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended December 31, 2018. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated April 22, 2019, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
5. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - (b) Additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - (d) All minutes of meetings of the governing body held through the date of this letter.
  - (e) All significant contracts and grants.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
  - (a) Misappropriation of assets.
  - (b) Misrepresented or misstated assets, liabilities or net position.
8. We have no knowledge of any known or suspected:
  - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
  - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company received in communications from employees, customers, regulators, suppliers or others.



10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
11. Except as reflected in the financial statements, there are no:
  - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
  - (b) Material transactions omitted or improperly recorded in the financial statements.
  - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
  - (e) Agreements to purchase assets previously sold.
  - (f) Restrictions on cash balances or compensating balance agreements.
  - (g) Guarantees, whether written or oral, under which the Company is contingently liable.
12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. We have no reason to believe the Company owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
14. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

15. Adequate provisions and allowances have been accrued for any material losses from:
  - (a) Uncollectible receivables.
  - (b) Reducing obsolete or excess inventories to estimated net realizable value.
  - (c) Purchase commitments in excess of normal requirements or above prevailing market prices.
  
16. Except as disclosed in the financial statements, we have:
  - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
  - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
  
17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
  
18. With regard to deposit and investment activities:
  - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
  - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
  
19. With respect to any nonattest services you have provided us during the year, including assistance in drafting the financial statements:
  - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

- (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
- 20. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
- 21. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
- 22. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
- 23. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
- 24. We have a process to track the status of audit findings and recommendations.
- 25. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
- 26. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
- 27. With regard to federal awards programs:
  - (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.

- (b) We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
- (c) We are responsible for complying, and have complied, with the requirements of Uniform Guidance.
- (d) We are responsible to understand and comply with the requirements of federal statutes, regulations and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the Company has complied with all applicable compliance requirements.
- (e) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations and the terms and conditions of the federal awards.
- (f) We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- (g) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- (h) The costs charged to federal awards are in accordance with applicable cost principles.
- (i) The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.

- (j) Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.
- (k) We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.
- (l) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.
- (m) We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
- (n) We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
- (o) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.
- (p) Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
- (q) We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of Uniform Guidance.
- (r) The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
- (s) The reporting package does not contain any protected personally identifiable information.

28. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
29. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
30. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, pension and postretirement information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
31. With regard to supplementary information:
  - (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
  - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
  - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

32. We acknowledge the current protracted economic decline continues to present difficult circumstances and challenges for the governmental industry. Governmental entities are facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes receivable, net realizable value of inventory, etc. that could negatively impact the Government's ability to meet debt covenants or maintain sufficient liquidity. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Government's financial statements. Further, management and the Board are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, inventory and other assets, reviewing allowances for uncollectible amounts and evaluating capital needs and liquidity plans.

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Maurice Pearl, General Manager

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Bruce Miller, Controller

**Fort Wayne Public Transportation Corporation**  
(A Component Unit of the Consolidated  
City of Fort Wayne – Allen County)  
Independent Auditor's Reports and Financial Statements  
December 31, 2018





**Fort Wayne Public Transportation Corporation**  
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)  
December 31, 2018

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## Independent Auditor's Report

Board of Directors  
Fort Wayne Public Transportation Corporation  
Fort Wayne, Indiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the Fort Wayne Public Transportation Corporation (Citilink), a component unit of the Consolidated City of Fort Wayne- Allen County, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Citilink's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Wayne Public Transportation Corporation as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, in 2018 Citilink adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fort Wayne Public Transportation Corporation's basic financial statements. The accompanying supplementary information consisting of the schedule of revenues, expenses and changes in net position, budget and actual, and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated May 31, 2019, on our consideration of Citilink's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Citilink's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Citilink's internal control over financial reporting and compliance.

*BKD, LLP*

Fort Wayne, Indiana  
May 31, 2019

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Management’s Discussion and Analysis**  
**December 31, 2018**

As financial management of the Fort Wayne Public Transportation Corporation (a component unit of the Consolidated City of Fort Wayne – Allen County) (d/b/a Citilink), we offer readers of these financial statements this narrative overview and analysis of the financial activities of Citilink for the fiscal year ended December 31, 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

***Overview of the Financial Statements***

Citilink’s financial statements consist of three statements – statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of Citilink, including resources held by Citilink but restricted for specific purposes by creditors, contributors, grantors or enabling legislation.

The statement of net position presents information on all of Citilink’s assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Citilink is improving or deteriorating.

The statement of revenues, expenses and changes in net position reflects the operating activity and resulting changes in net position of Citilink for the year using the accrual basis of accounting, similar to private sector companies. The change in net position is an indicator of whether the overall fiscal condition of Citilink has improved or worsened during the year.

***Measurement Focus and Basis of Accounting***

Citilink is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenue is recognized in the period in which it is earned, expenses are recognized in the period in which they are incurred and depreciation of assets is recognized in the statements of revenues, expenses and changes in net position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of Citilink are included in the statement of net position.

***Financial Highlights***

- Citilink’s net position decreased by \$4,910,588 or 59.00 percent over 2018. Operating revenue increased by \$65,775 or 3.50 percent over 2018 and operating expenses increased \$432,633 or 2.59 percent over 2018. The reasons for the decrease in net position in the current year are three-fold. First, there was the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which resulted in a decrease to our net position in the amount of \$2,517,715 for the Cumulative effect of change in accounting principles. Second, there was the continued effect of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as well as current year depreciation that exceeded the amount of capital purchases funded by federal capital grants which resulted in a decrease in the net position of \$2,392,873. Comparative 2017 information contained herein has not been restated for the adoption of GASB 75.

**Fort Wayne Public Transportation Corporation**  
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- Citilink reported operating losses in 2018 of \$15,163,449 as compared to the 2017 amount of \$14,796,591. This is a 2.48 percent increase. Citilink receives nonoperating revenue in the form of property taxes and governmental grants to support operations. This is consistent with Citilink’s operating history as it was formed and is operated primarily to provide public transportation to the residents of Fort Wayne and New Haven and is subsidized to that end.

**Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 6,270,078	\$ 6,177,650
Capital assets	15,804,676	16,086,152
Total assets	<u>22,074,754</u>	<u>22,263,802</u>
Deferred outflows of resources	<u>3,278,009</u>	<u>5,209,450</u>
Total assets and deferred outflows of resources	<u>\$ 25,352,763</u>	<u>\$ 27,473,252</u>
Current liabilities	\$ 1,549,455	\$ 776,186
Other long-term liabilities	7,026,599	4,058,098
Net pension liability	10,051,679	10,317,589
Total liabilities	<u>18,627,733</u>	<u>15,151,873</u>
Deferred inflows of resources	<u>3,312,689</u>	<u>3,998,450</u>
Net position		
Net investment in capital assets	15,804,676	16,086,152
Unrestricted	<u>(12,392,335)</u>	<u>(7,763,223)</u>
Total net position	<u>3,412,341</u>	<u>8,322,929</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 25,352,763</u>	<u>\$ 27,473,252</u>

**Changes in Net Position**

In 2018, Citilink’s net position decreased by \$4,910,588 or 59.00 percent, compared to a decrease of \$2,872,688 or 25.66 percent in 2017, as shown in Table 2. The reasons for the decrease in net position in the current year are three-fold. First there was the implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which resulted in a decrease to our net position in the amount of \$2,517,715 for the Cumulative effect of change in accounting principles. Second, there was the continued effect of GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* as well as current year depreciation that exceeded the amount of capital purchases funded by federal capital grants which resulted in a decrease in the net position of \$2,392,873.

**Fort Wayne Public Transportation Corporation**  
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**Table 2: Statements of Revenues, Expenses and Changes in Net Position**

	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 1,942,721	\$ 1,876,946
Operating expenses	<u>17,106,170</u>	<u>16,673,537</u>
Loss from operations	<u>(15,163,449)</u>	<u>(14,796,591)</u>
Nonoperating revenues (expenses)		
Investment income	2,773	2,666
Local government assessments and taxes	6,587,310	6,284,910
Federal grants and reimbursements	2,612,405	2,611,309
State operating grants	2,107,335	2,048,372
Pass-through to subrecipient	(87,000)	(87,000)
Gain on sale of capital assets	2,925	-
Other	<u>189,856</u>	<u>143,431</u>
Total nonoperating revenues	<u>11,415,604</u>	<u>11,003,688</u>
Deficiency of revenues over expenses before capital contributions	<u>(3,747,845)</u>	<u>(3,792,903)</u>
Capital contributions	1,669,967	1,156,221
Capital contributions passed through to subrecipient	<u>(314,995)</u>	<u>(236,006)</u>
Decrease in net position	<u>(2,392,873)</u>	<u>(2,872,688)</u>
Net position, beginning of year, as previously reported	<u>8,322,929</u>	<u>11,195,617</u>
Cumulative effect of change in accounting principle	<u>(2,517,715)</u>	<u>-</u>
Net position, beginning of year, as restated	<u>5,805,214</u>	<u>-</u>
Net position, end of year	<u>\$ 3,412,341</u>	<u>\$ 8,322,929</u>

**Revenues**

Operating revenues which consists primarily of passenger fares, including bus pass sales, increased \$65,775 or 3.50 percent over 2017 primarily due to an increase in fare subsidy and passenger fares. Nonoperating revenue consists primarily of property taxes levied by Citilink, federal and state (PMTF) grants and investment income. These increased \$411,916 or 3.74 percent over 2017 primarily due to an increase in local government assessments and taxes.

**Expenses**

Operating expenses increased by \$432,633 or 2.59 percent in 2018 compared to a decrease of \$1,544,569 or 8.48 percent in 2017. The major categories of expense for Citilink are salaries and wages, benefits, diesel fuel and depreciation on capital assets. The increase in operating expenses for 2018 compared to 2017 was primarily due to an increase in wages and diesel fuel which was offset by a decrease in pension expense. We also experienced an increase in Services expense related to costs incurred in the production of a Transit Development Plan.

**Fort Wayne Public Transportation Corporation**  
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**Operating Losses**

Operating income or loss is generally the difference between net passenger service and other operating revenue and the expenses incurred to perform those services. Citilink has reported an operating loss in each of the past two years. This is consistent with Citilink’s operating history as the PTC was formed and is operated primarily to provide public transportation to the residents of Fort Wayne and New Haven and is subsidized to that end. Citilink levies property taxes and receives federal grants to provide sufficient resources to enable it to serve residents in the metropolitan area.

**Table 3: Cash Flows**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities	\$ (11,148,808)	\$ (10,676,716)
Cash flows from noncapital financing activities	9,578,871	11,081,980
Cash flows from capital and related financing activities	(238,395)	(167,476)
Cash flows from investing activities	<u>192,629</u>	<u>146,097</u>
Net increase (decrease) in cash and cash equivalents	(1,615,703)	383,885
Cash and cash equivalents, beginning of year	<u>4,611,583</u>	<u>4,227,698</u>
Cash and cash equivalents, end of year	<u>\$ 2,995,880</u>	<u>\$ 4,611,583</u>

**Cash Flows**

Net cash used in operating activities increased by \$1,080,089 over the prior year due to increase in wages, diesel fuel and services. Net cash provided by noncapital financing activities decreased by \$1,503,109. This was primarily due to a decrease in the amount of federal and state operating grants actually received in 2018. Net cash used in capital and related financing activities increased by \$70,919 mainly due to outstanding capital grants receivable for 2018 that were actually received in 2019. Net cash provided by investing activities increased by \$46,532 primarily related to an increase in miscellaneous income.

**Capital Assets**

Citilink’s investment in capital assets amounts to \$15,804,676 as of December 31, 2018, a decrease of \$281,476 (1.75 percent), consisting of capital asset additions of \$1,596,287 offset by depreciation expense of \$1,877,768. Capital assets include land, buses, shop equipment, administrative equipment and additions in 2018 include:

- The purchase of two fixed route hybrid buses
- The purchase of one flew route bus
- The purchase of three para transit buses



**Fort Wayne Public Transportation Corporation**  
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)  
**Management’s Discussion and Analysis**  
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***Economic Factors***

Other than the uncertainty of general economic indicators on Citilink, its funding sources and its customers, there are no significant facts, decisions or conditions expected that management believes will have a significant impact on the financial position or results of its operations.

***Requests for Information***

This financial report is designed to provide a general overview of Citilink’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Controller, Fort Wayne Public Transportation Corporation, 801 Leesburg Road, Fort Wayne, Indiana 46808.

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Statement of Net Position**  
**December 31, 2018**

	<b>2018</b>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,752,428
Receivables, net of allowance of \$2,000	
Federal grants	2,196,931
State assistance	526,832
Services	101,644
Inventories	342,783
Prepaid expenses	92,443
Total current assets	5,013,061
<b>Noncurrent Assets</b>	
Cash and cash equivalents	1,243,452
Contract receivable, accident claims	13,565
<b>Capital assets</b>	
Land, nondepreciable assets	504,389
Buildings, vehicles and equipment, net	15,300,287
Total noncurrent assets	17,061,693
<b>Deferred Outflows of Resources</b>	
Pension plan	2,334,124
Other postemployment benefits	943,885
Total deferred outflows of resources	3,278,009
Total assets and deferred outflows of resources	\$ 25,352,763
<b>Liabilities and Deferred Inflows of Resources</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 268,623
Other accrued expenses	495,835
Total other postemployment benefit liability	607,997
Accrued self-insurance liability	177,000
Total current liabilities	1,549,455
<b>Noncurrent Liabilities</b>	
Total other postemployment benefit liability	6,720,119
Accrued sick pay and benefits	306,480
Net pension liability	10,051,679
Total noncurrent liabilities	17,078,278
Total liabilities	18,627,733
<b>Deferred Inflows of Resources - Pension Plan</b>	
	3,312,689
Total liabilities and deferred inflows of resources	\$ 21,940,422
<b>Net Position</b>	
Investment in capital assets	\$ 15,804,676
Unrestricted - (deficit)	(12,392,335)
Total net position	3,412,341
Total liabilities, deferred inflows of resources and net position	\$ 25,352,763

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended December 31, 2018**

	<b>2018</b>
<b>Operating Revenues</b>	
Passenger fares	\$ 1,154,748
Fare subsidy	438,939
Para transit	180,850
Advertising service	165,875
Other	2,309
Total operating revenues	1,942,721
<b>Operating Expenses</b>	
Salaries and wages	5,386,965
Fringe benefits	6,526,444
Services	1,083,823
Materials and supplies	1,535,745
Utilities	121,003
Casualty and liability costs	398,524
Taxes	1,171
Miscellaneous	162,649
Lease and rentals	680
Vehicle tracking system	11,398
Depreciation	1,877,768
Total operating expenses	17,106,170
Operating loss	(15,163,449)
<b>Nonoperating Revenues (Expenses)</b>	
Local Government assessments and taxes	6,587,310
Federal operating grants	2,612,405
State operating grants	2,107,335
Pass-through to subrecipient	(87,000)
Interest income	2,773
Gain on sale of capital assets	2,925
Rent and miscellaneous	189,856
Total nonoperating revenues	11,415,604
Loss before capital contributions	(3,747,845)
<b>Capital Contributions</b>	
Federal grants	1,669,967
Passed-through to subrecipients	(314,995)
Total capital contributions	1,354,972
<b>Decrease in Net Position</b>	(2,392,873)
<b>Net Position, Beginning of Year, as Previously Reported</b>	8,322,929
<b>Cumulative Effect of Change in Accounting Principle</b>	(2,517,715)
<b>Net Position, Beginning of Year, as Restated</b>	5,805,214
<b>Net Position, End of Year</b>	\$ 3,412,341

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**

	<b>2018</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from passengers	\$ 1,916,668
Payments to employees and benefit providers	(9,923,153)
Payments to suppliers	(3,142,323)
Net cash used in operating activities	(11,148,808)
<b>Cash Flows From Noncapital Financing Activities</b>	
Receipts of local government assessments and taxes	6,587,310
Receipts of federal and state operating grants	3,078,561
Grant to other organization	(87,000)
Net cash provided by noncapital financing activities	9,578,871
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital contributions	1,669,967
Purchase of capital assets	(1,596,287)
Grant to other organization	(314,995)
Proceeds from sale of capital assets	2,920
Net cash used in capital and related financing activities	(238,395)
<b>Cash Flows From Investing Activities</b>	
Interest income	2,773
Other	189,856
Net cash provided by investing activities	192,629
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,615,703)
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,611,583
<b>Cash and Cash Equivalents, End of Year</b>	\$ 2,995,880
<b>Cash</b> , including time deposits	\$ 1,752,428
<b>Restricted Cash</b> , including time deposits	1,243,452
Total cash and cash equivalents, end of year	\$ 2,995,880
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>	
Operating loss	\$ (15,163,449)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	1,877,768
Changes in assets and liabilities	
Receivables	(26,053)
Inventories	(44,763)
Prepaid expenses	3,864
Deferred outflows - pension	2,875,326
Deferred outflows - OPEB	(943,885)
Accounts payable and other accrued expenses	213,569
Net pension liability	(265,910)
Total OPEB liability	1,010,486
Deferred inflows - pension	(685,761)
Net cash used in operating activities	\$ (11,148,808)

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Significant Accounting Policies***

The financial statements of the Fort Wayne Public Transportation Corporation (a component unit of the Consolidated City of Fort Wayne – Allen County) (d/b/a Citilink), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of Citilink’s accounting policies are described below.

***Reporting Organization***

Citilink is a municipal corporation organized pursuant to Indiana Code 36-9-4 and general ordinance G-107-67 adopted by the Common Council of the City of Fort Wayne in September 1967. Citilink operates as a public transit system in a service area, which includes the cities of Fort Wayne, New Haven and certain unincorporated areas of Allen County.

Management of Citilink has determined that it is a component unit of the Consolidated City of Fort Wayne – Allen County in accordance with the GASB Statement No. 61. Citilink has based this determination on the fact that the Consolidated City of Fort Wayne – Allen County is considered to be financially accountable for Citilink and its operations.

The Board of Directors of Citilink consists of seven members, three of whom are appointed by the mayor of the City of Fort Wayne and four of whom are appointed by the City of Fort Wayne – Allen County Council (Council). The Citilink Board designates the management of Citilink, namely the general manager and the other principal members of the management staff. The Citilink Board adopts the budget and tax levy and approves the issuance of debt. In addition, the Council may review and modify the budget and tax levy, although its approval is not required for the issuance of debt.

***Basis of Accounting***

Citilink’s financial statements consist of a single-purpose business type activity which is reported on the accrual basis of accounting using the economic resources measurement focus. Revenue is recognized in the period it is earned and expenses are recognized in the period they are incurred. Citilink is not subject to federal or state income taxes.

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Notes to Financial Statements**  
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***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Significant estimates include the assumptions used in computing Citilink's pension benefit obligation. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

For the purpose of the statement of cash flows, Citilink considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2018, cash equivalents consisted of money market accounts with brokers.

***Accounts Receivable***

Accounts receivable are reported at their contract amounts adjusted for any charge-offs and the allowance for doubtful accounts. Accounts are considered past due based on their individual contract terms.

***Inventories (Materials and Supplies)***

Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out basis.

***Capital Assets***

Capital assets purchased or acquired with federal, state and local funds with an original cost of \$1,000 or more are reported at cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated lives:

Passenger shelters	5 – 10 years
Service vehicles	2 – 8 years
Buildings and improvements	10 – 36 years
Shop and garage equipment	2 – 10 years
Revenue vehicle movement control facilities	2 – 10 years
Revenue collection facilities and equipment	5 – 15 years
General administrative equipment	2 – 10 years
Passenger revenue vehicles	3 – 12 years

**Fort Wayne Public Transportation Corporation**  
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**Notes to Financial Statements**  
**December 31, 2018**

***Compensated Absences***

Full-time union personnel and most administrative staff receive compensation for vacations, holiday and sick pay. The number of weeks of compensation for vacation is based upon length of service. Vacation which has been earned, but not paid has been accrued in the accompanying financial statements. Accumulated but unused sick pay benefits are nonvesting; however, employees will receive a percentage of unused sick pay upon retirement. The maximum accumulated sick pay hours for retirement benefit is 1,600. Unused sick pay benefits are accrued under the termination-payment method, which estimates sick pay liability on past history, adjusted for pay rate changes, administrative policies and other relevant factors, including the probability that employees will become eligible to receive these benefits in the future.

***Defined Benefit Pension Plan***

Citilink has a single-employer defined benefit pension plan, Fort Wayne Public Transportation Corporation Employees' Retirement Plan, (Plan). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Non-Trusted Single Employer Other Postemployment Benefit Plan***

Citilink has a single-employer other postemployment benefit (OPEB) plan, Fort Wayne Public Transportation Benefits Other Than Pensions, (the OPEB Plan). For purposes of measuring the total OPEB liability and deferred outflows of resources related to OPEB and OPEB expense information has been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

***Deferred Outflows of Resources***

Citilink reports the consumption of net position that is applicable to a future period as deferred outflows of resources in a separate section of its statements of net position.

***Deferred Inflows of Resources***

Citilink reports an acquisition of net position that is applicable to a future period as deferred inflows of resources in a separate section of its statements of net position.

**Fort Wayne Public Transportation Corporation**  
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**Notes to Financial Statements**  
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***Net Position Classification***

Net position is required to be classified into three components – investment in capital assets; restricted and unrestricted. These classifications are defined as follows:

***Investment in Capital Assets*** – This component of net position consists of capital assets, net of accumulated depreciation, and, if applicable, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Citilink has no debt for offset against its investment in capital assets.

***Restricted*** – This category presents external restrictions imposed by creditors (such as through debt covenants), contributors or law or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted*** – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is Citilink’s policy to use restricted resources first, then unrestricted resources as they are needed.

***Revenues and Expenses and Net Position Recognition***

Operating revenues are derived from passenger fares, service contracts, rental of property and sale of advertising space. Operating expenses include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Revenue Recognition***

Passenger fares are recorded as revenue at the time the service is provided.

Property taxes receivable are recorded when Citilink has an enforceable legal claim to the resources and the related revenue is recorded as nonoperating in the period for which the taxes are levied.

Citilink recognizes federal and state grant income when eligibility requirements are met. The Federal Transit Administration (FTA) and the state of Indiana provide financial assistance and distribute grants directly to Citilink for operations and acquisition of property and equipment. Operating grants made on the basis of entitlement periods are recorded as grants receivable and revenue over the entitlement periods, based on qualifying expenditures. Capital grants for the acquisition of property and equipment (reimbursement type grants) are recorded as grants receivable when the related grant expenditures are incurred. Costs claimed under federal and state grants are subject to audit and acceptance by the granting agency.

Resources received or recognized as receivable before time requirements are met, but after all other eligibility requirements have been met, are reported as deferred inflows of resources.



**Fort Wayne Public Transportation Corporation**  
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**December 31, 2018**

**Property Taxes**

The following summarizes the property tax calendar for Citilink:

	<b>2018</b>
Lien date	March 2017
Levy date	March 2017
Tax bills mailed	April 2018
First installment due	May 2018
Second installment due	November 2018

**Change in Accounting Principle**

During 2018, Citilink adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense based on Citilink’s defined benefit plan. Citilink’s OPEB liability, OPEB expense and deferred inflows and outflows of resources related to OPEB have been recognized in the accompanying financial statements.

Adoption of this statement resulted in a reduction to the beginning net position as of January 1, 2018, to recognize the cumulative effect of applying this statement to beginning net position as follows:

Net position, beginning of year, as previously reported	\$ 8,322,929
Cumulative effect of change in accounting principle	(2,517,715)
Net position, beginning of year, as restated	\$ 5,805,214

The decrease is attributed to a recognition of a total OPEB liability at January 1, 2018, of \$(3,028,051) and deferred outflows of resources related to Citilink’s contributions made during the measurement period of December 31, 2016 through December 31, 2017, of \$510,336.

**Note 2: Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. Citilink’s deposit policy for custodial credit risk requires compliance with the provisions of Indiana law.

All of Citilink’s cash accounts are subject to the \$250,000 limit on Federal Deposit Insurance Corporation (FDIC) insurance per covered institution.

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Any cash deposits in excess of the FDIC limits described above are insured by the Indiana Public Deposits Insurance Fund. The Indiana Public Deposits Insurance Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

***Summary of Carrying Values***

The carrying values of cash and deposits are included in the statement of net position as follows:

Carrying value	
Deposits	<u>\$ 2,995,880</u>
Cash and cash equivalents	
Current, unrestricted, including amounts designated for local match	\$ 1,752,428
Noncurrent, unrestricted, including amounts designated for self-insured claims	<u>1,243,452</u>
	<u>\$ 2,995,880</u>

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**Note 3: Capital Assets**

Capital assets activity for the year ended December 31, 2018, was:

	2018			
	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
Capital assets				
Land	\$ 232,117	\$ -	\$ -	\$ 232,117
Building and improvements	4,923,238	2,277	-	4,925,515
Passenger shelters	6,614,416	-	-	6,614,416
Motor coaches	18,033,356	1,304,147	(254,268)	19,083,235
Service vehicles and other equipment	2,869,692	2,056	(32,743)	2,839,005
Capital lease, facilities	149,500	-	-	149,500
Capital projects in process	-	272,272	-	272,272
Office furniture and equipment	862,717	15,535	(1,625)	876,627
Total capital assets	<u>33,685,036</u>	<u>1,596,287</u>	<u>(288,636)</u>	<u>34,992,687</u>
Less accumulated depreciation				
Building and improvements	3,215,327	148,486	-	3,363,813
Passenger shelters	1,149,140	174,995	-	1,324,135
Motor coaches	10,234,675	1,383,161	(254,268)	11,363,568
Service vehicles and other equipment	2,132,932	146,169	(32,743)	2,246,358
Capital lease, facilities	50,828	3,738	-	54,566
Office furniture and equipment	815,977	21,219	(1,625)	835,571
Total accumulated depreciation	<u>17,598,879</u>	<u>1,877,768</u>	<u>(288,636)</u>	<u>19,188,011</u>
Net capital assets	<u>\$ 16,086,157</u>	<u>\$ (281,481)</u>	<u>\$ -</u>	<u>\$ 15,804,676</u>

**Capital Leases**

During 2004, Citilink entered into a lease with the Fort Wayne Urban League (FWUL), a local nonprofit organization. FWUL constructed a new facility as part of the Hannah-Creighton project, which also includes new facilities for the Allen County Public Library and the Community Action of Northeast Indiana Headstart. Citilink provided the circular driveway that serves as the public entrance. Citilink paid \$119,500 for a 40-year lease with the option to extend the term for up to two consecutive ten-year periods. Citilink was also obligated to design and construct the circular drive that serves as the public entrance and the center “park/public art” space for a total cost not to exceed \$150,000.

During 2005, Citilink entered into an agreement with FWUL to lease part of FWUL’s new facility at the Hannah-Creighton project. The purpose of this lease is to provide an indoor passenger waiting area. Citilink paid \$30,000 in February 2005 to FWUL. This is also a 40-year lease with the option to extend the term for up to two consecutive ten-year periods.

The assets under these capital leases are being depreciated over 40 years on a straight-line basis.

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**Note 4: Other Accrued Expenses**

Other accrued expenses at December 31, 2018, consisted of:

	<b>2018</b>
Salaries and wages	\$ 134,249
Vacation pay	277,000
Payroll taxes	10,270
Accrued sick pay	51,520
Miscellaneous	22,796
	\$ 495,835

	<b>2018</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Noncurrent liabilities					
Accrued sick pay and benefits	\$ 258,183	\$ 76,325	\$ (28,028)	\$ 306,480	\$ 51,520

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**Note 5: Risk Management**

Citilink is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Citilink is self-insured for worker's compensation, general liability and vehicle risks up to \$400,000 per individual, \$5,000,000 per occurrence. Property and public transportation liability risks are covered by policies which provide from \$1,000,000 up to \$14,349,680 per occurrence. Employee health insurance claims have an unlimited lifetime maximum coverage. Settlements have not exceeded coverage for the last three years. The accrual of estimated expense is based on Citilink's past history of losses and current outstanding claims. Citilink funds its self-insured program on an "incurred loss" basis. Citilink has designated cash as a reserve for the self-insured obligations. A summary of changes in the accrued insurance liability accounts for the year ended December 31, 2018, is as follows:

	<b>Vehicle</b>	<b>Workers Compensation</b>	<b>Total</b>
Balance, January 1, 2018	\$ 127,000	\$ 40,060	\$ 167,060
Claims and expenses paid, net	(208,612)	(18,339)	(226,951)
Annual provisions for loss	218,612	18,279	236,891
Balance, December 31, 2018	<u>\$ 137,000</u>	<u>\$ 40,000</u>	<u>\$ 177,000</u>

**Note 6: Deferred Compensation Plan**

Citilink offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan permits employees to defer a portion of their salary until termination, retirement, death or unforeseeable emergency and avoid paying taxes on the deferred portion until the withdrawal date. Participation in the plan is optional. The plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and therefore are not reflected in Citilink's statement of net position.

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**Note 7: Employee Pension Plan**

***Plan Description***

Citilink contributes to the Fort Wayne Public Transportation Corporation Employees' Retirement Plan (Plan), which is a single-employer defined benefit pension plan administered by a third party. The Plan covers substantially all full-time employees and is administered by a Retirement Committee consisting of four trustees. The Plan does not issue a stand-alone report. The Plan was established by the Board of Directors and the Amalgamated Transit Union and the Plan trustees reserve the right to amend, suspend or terminate the Plan at any time.

***Retirement Benefits***

All full-time employees who complete 90 days of continuous employment and earn 1,000 hours of service in a plan year are eligible to participate in the Plan on January 1 of the year in which the 1,000 hours were earned. Under the provisions of the Plan, pension benefits from employer's contributions are fully vested after five years of service. An employee may retire at age 65 or after attaining age 55, provided the sum of the employee's age and years of continuous service total 85 (the "85 Rule").

The retiree receives annual pension benefits equal to \$225 times the number of years of continuous service prior to May 1, 1970, plus 3.2 percent of earnings after May 1, 1970, and prior to July 1, 2003; plus 3.0 percent of earnings after July 1, 2003, and prior to July 1, 2006; plus 2.7 percent of earnings after July 1, 2006, and prior to June 1, 2009, plus 2.0 percent of earnings after June 1, 2009, subject to a cost of living adjustment.

An employee who has reached at least age 55 and has at least five years of credited service is eligible for early retirement with a reduced pension. An employee retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the employee's lifetime. The pension benefit is reduced by 0.25 percent for each month that the employee is less than age 65 at the date of retirement.

The terms of the Plan provide for annual cost-of-living adjustments (COLA) to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are based on the Consumer Price Index for urban and clerical workers published by the Bureau of Labor Statistics, United States Department of Labor, and are limited to a maximum increase of 5 percent per year:

	<b>2018</b>
Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to, but not yet receiving benefits	36
Active employees	108
	236

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***Disability and Survivor Benefits***

The Plan also provides disability and survivor benefits. An employee who has at least 10 years of continuous service and becomes totally and permanently disabled from service with the employer is eligible for a disability pension benefit. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. Any disability benefit is reduced by the sum of (1) any amounts paid under and pursuant to the Workmen's Compensation or Occupational Disease laws of the State of Indiana; (2) any amounts paid under and pursuant to any sickness, accident or disability benefit policy or policies where such insurance benefits are provided under a plan of group insurance made available to employees by the employer; and (3) any amounts paid as sick leave compensation. If an employee who is receiving or is eligible to receive a disability pension benefit dies before attaining age 65, a monthly survivor benefit equal to 50 percent of the disability pension benefit may be paid to a surviving spouse to whom the employee had been married for at least one year.

Upon the death in service of an employee with five or more years of credited service as of January 1, 1970, a survivor benefit may be paid to the surviving spouse to whom the employee had been married for one or more years. This payment is equal to 50 percent of the benefit which would have been payable to a beneficiary if the employee had lived to the benefit commencement date.

***Contributions Required and Contributions Made***

The contribution requirements for Citilink and its employees are set forth in the collective bargaining agreement. The established rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Under the provisions of Citilink's agreement with bargaining unit employees and personnel policies, all employees must contribute .65 percent of their gross covered earnings to the Plan. Citilink contributes 10.6 percent of employee's gross covered earnings to the pension plan. For the year ended December 31, 2018, employees contributed \$31,196 and Citilink contributed \$519,967 to the Plan.

***Net Pension Liability and Actuarial Assumptions***

The net pension liability as of December 31, 2018, was measured as of December 31, 2017, rolled forward to the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- An investment return of 7.50 percent per year, net after expenses
- Inflation of 2.50 percent per year
- The entry age normal actuarial cost method was used
- Wage increases of 4.0 percent per year

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- Cost of living adjustment of 2.5 percent per year
- Withdrawal rates: Varied from .018 at age 25 to .000 at age 60 and over
- Disability rate: Varied from .0014 at age 25 to .0278 at age 60 and over
- Retirement rates: Varied from .0075 at age 55 to .075 at age 64 for reduced/subsidized early retirement and from .2625 at age 55 to 1.00 at age 65 for fully subsidized retirement
- Marital status was assumed to be 80 percent of participants and that the age of the spouse was three years younger than that of the participant
- The net position available for benefits was determined by smoothing unexpected gains and losses over a four-year period

Rates of mortality before retirement and after normal, early and disability retirement were based on the RP 2014 Mortality Table for males and females, as appropriate with adjustments for mortality improvements based on MP-2017. For disabled members, the RP2000 Mortality Table for male and female disabled retirees was used.

The actuarial assumptions used in the valuation were based on reasonable expectations for the Plan participants and the benefits provided under the Plan.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on Plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Mutual funds - equity	90%	7.5%
AFL – CIO Building Investment Trust	10%	7.5%
	100%	

***Discount Rate***

The discount rate used to measure the total pension liability was 5.38 percent for the year ended December 31, 2018, which is a decrease from 5.51 percent used for the year ended December 31, 2017. The discount rate of 5.38 percent reflects the long-term expected rate of return of 7.50 percent and a municipal bond rate of 3.16 percent which was obtained from:

<http://us.spindices.com/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index>



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The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees through December 31, 2044.

***Sensitivity of Citilink's Net Pension Liability to Changes in the Discount Rate***

Citilink's net pension liability has been calculated using a discount rate of 5.38 percent. The following presents Citilink's net pension liability calculated using a discount rate 1 percent higher and 1 percent lower than the current rate:

	<b>1% Decrease (4.38%)</b>	<b>Current Discount Rate (5.38%)</b>	<b>1% Increase (6.38%)</b>
Citilink's net pension liability	\$ 14,503,634	\$ 10,051,679	\$ 6,365,681

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	<b>2018</b>		
	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balance, beginning of year	\$ 33,527,830	\$ 23,210,241	\$ 10,317,589
Changes for the year			
Service cost	732,390	-	732,390
Interest	1,844,368	-	1,844,368
Differences between expected and actual experience	155,996	-	155,996
Contributions - employer	-	515,762	(515,762)
Contributions - employee	-	31,191	(31,191)
Net investment income	-	2,742,225	(2,742,225)
Benefit payments, including refunds of employee contributions	(1,453,126)	(1,453,126)	-
Administrative expense	-	(26,058)	26,058
Changes in assumptions	232,956	-	232,956
Other changes	-	(31,500)	31,500
Net changes	1,512,584	1,778,494	(265,910)
Balance, end of year	\$ 35,040,414	\$ 24,988,735	\$ 10,051,679

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***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended December 31, 2018, Citilink recognized pension expense of \$2,443,622. At December 31, 2018, Citilink reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2018</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 199,098	\$ 738,296
Changes of assumptions	1,615,059	2,114,171
Net difference between projected and actual earning on pension plan investments	-	460,222
Citilink's contributions made subsequent to the measurement date of the net pension liability	519,967	-
Total	\$ 2,334,124	\$ 3,312,689

At December 31, 2018, Citilink reported \$519,967 as deferred outflows of resources related to pensions resulting from Citilink contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to pensions will be recognized in pension expense as follows:

2019	\$ 438,947
2020	(915,614)
2021	(829,592)
2022	(192,273)
	\$ (1,498,532)

***Pension Plan Fiduciary Net Position***

As of December 31, 2017, the Plan's fiduciary net position was comprised of the following:

	<b>2017</b>
Cash and cash equivalents	\$ 128,692
Investments, at fair value	
Mutual funds	22,408,118
Common/collective trust funds	2,451,925
Total investments at fair value	24,860,043
Total Plan fiduciary net pension	\$ 24,988,735

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*Investment Policy* – Investment policy decisions are established and maintained by the Trustees of the Fort Wayne Public Transportation Corporation Employees’ Retirement Plan.

The primary goal of a pension fund is to help pay the cost of the pension plan while providing adequate security to meet the benefits promised under the plan. As a consequence, two important dimensions of a pension plan’s investment program are expected return and expected risk.

The plan trustees diversify plan investments among asset classes, recognizing that there is a relationship between the level of risk assumed in an investment program and the level of return that should be expected. Appropriate diversification better enables to balance risk and return. The fund’s diversification guidelines are set forth below:

<b>Asset Class/Style</b>	<b>Target Asset Mix</b>
Large cap U.S. equities	32.0%
Mid-cap U.S. equities	6.0%
Small cap U.S. equities	6.0%
International equities	9.0%
<b>Total Equities</b>	53.0%
Core fixed income	28.0%
Bank loans	8.0%
<b>Total Fixed Income</b>	36.0%
Real estate	11.0%
<b>Total Real Estate</b>	11.0%

The trustees maintain a portfolio structure that may combine active and passive management in order to balance the objectives of enhanced return and cost control.

Passive equity and fixed income portfolios invest in a substantially similar manner as that of the underlying benchmark.

The retirement plan primarily invests through mutual or commingled funds. These funds are governed by the guidelines and restrictions contained in their prospectuses or participation agreements.

It is expected that any actively managed portfolio’s return net of fees should exceed the return of the respective benchmark index over reasonable measurement periods (three to five years). It is expected that any passively managed portfolio’s return net of fees should approximate the return of the respective benchmark index over reasonable measurement periods (three to five years).

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The following table reflects the Plan’s investments in single issuers that represent more than 5 percent of total investments:

	<b>2017</b>
Vanguard Institutional Index Fund	32.3%
Vanguard Total Bond Market Index Fund	25.7%
AFL – CIO Building Investment Trust	9.8%
PL Floating Rate Income	7.1%
Vanguard Small Cap Value Index Fund	7.1%
Vanguard Mid Cap Index Fund	7.0%
Vanguard Total Institutional Index Fund	5.3%

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

The fair value of the pension plan assets at December 31, 2017, was as follows:

		Fair Value Measurements Using		
		Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>December 31, 2017</b>				
<b>Investments by Fair Value Level</b>				
Mutual funds	\$ 22,408,118	\$ 22,408,118	\$ -	\$ -
Total investments by fair value level	22,408,118	22,408,118	-	-
<b>Investments Measured at the Net Asset Value (NAV) (A)</b>				
Common/collective trust fund	2,451,925			
Total investments measured at fair value	\$ 24,860,043			

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts disclosed for total plan investments at fair value.

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Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Plan did not hold any Level 3 securities at December 31, 2017.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) are presented as above. There were no unfunded commitments or redemption restrictions for these funds.

**Note 8: Other Postemployment Benefit Plan**

***Plan Description***

The Plan is a single-employer defined benefit plan providing medical, dental and life insurance benefits to retirees. Employees who retire prior to age 65 and also meet the 85 Rule are eligible to be covered under the same health insurance plan that is available for active employees until attainment of age 65. The spouse and family of the retiree are eligible for the same health insurance coverage provided the retiree if the spouse has no other health insurance coverage from the spouse's employer. The Plan is administered by Citilink and does not issue a stand-alone report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

***Benefits Provided***

The Plan provides the following medical, prescription, dental, and life benefits to eligible retirees and their dependents:

***Life Insurance*** – Citilink provides a life insurance benefit of \$10,000 to all retirees as defined by the union agreement.

***Health Insurance*** – Under Citilink's union agreement, full-time employees qualifying for full retirement benefits (age plus service equaling 85) who retire have the option of continuing their group insurance coverage until age 65, at the rate of \$1.00 to \$100 per year. Full-time employees qualifying for retirement who retire on or after January 1, 2010, have the option of continuing their group insurance coverage until age 65, at the rate of \$350 per year. Effective January 1, 2014 and 2013, the rate increased to \$957 and \$600 per year and Citilink pays the remaining balance of the health care coverage.

***Medicare Supplemental Benefits*** – Under Citilink's union agreement, retirees and spouses eligible for Medicare are provided an annual Medicare Supplemental Benefit payment.

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***Employees Covered by Benefit Terms***

The employees covered by the benefit terms at January 1, 2018, are:

	<b>2018</b>
Active employees with medical coverage	102
Active employees without medical coverage	13
Inactive employees with medical coverage	12
Inactive employees without medical coverage	57
	184

***Total OPEB Liability***

Citilink’s total OPEB liability of \$7,328,116 was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2018.

The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	4.0%, average, per year
Health care cost trend rates	8.0% for 2018, decreasing 0.3% per year to an ultimate rate of 5.0% for 2027 and later years
Discount rate	3.03% based on the S&P Municipal Bond 20-Year High Grade Index as of December 31, 2017

Mortality rates were based on the RP-2014 Total Dataset Mortality Table, adjusted to 2006, as appropriate with adjustments for mortality improvements based on Scale MP-2017.

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***Changes in the Total OPEB Liability***

	<b>Total OPEB Liability (a)</b>
Balance, beginning of year	\$ <u>6,827,966</u>
Service cost	314,864
Interest	246,066
Changes of assumptions	449,556
Benefit payments	<u>(510,336)</u>
Net changes	<u>500,150</u>
Balance, end of year	\$ <u><u>7,328,116</u></u>

The discount rate changed from 3.71 percent at the beginning of the measurement period to 3.03 percent the end of the measurement period.

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates***

The total OPEB liability of Citilink has been calculated using a discount rate of 3.03 percent. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate:

	<b>1% Decrease 2.03%</b>	<b>Current Discount Rate 3.03%</b>	<b>1% Increase 4.03%</b>
Citilink’s total OPEB liability	\$ 8,075,412	\$ 7,328,116	\$ 6,681,493

The total OPEB liability of Citilink has been calculated using health care cost trend rates of 8 percent decreasing to 5 percent over 10 years. The following presents the total OPEB liability using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates:

	<b>1% Decrease (7% Decreasing to 4%)</b>	<b>Current (8% Decreasing to 5%)</b>	<b>1% Increase (9% Decreasing to 6%)</b>
Total OPEB liability	\$ 6,754,711	\$ 7,328,116	\$ 8,009,531

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***OPEB Expense and Deferred Outflows of Resources Related to OPEB***

For the year ended December 31, 2018, Citilink recognized OPEB expense of \$617,764. At December 31, 2018, Citilink reported deferred outflows of resources related to OPEB from the following sources:

	<b>2018 Deferred Outflows of Resources</b>
Citilink’s benefit payments made subsequent to the measurement date of the total OPEB liability	\$ 551,163
Changes of assumptions	392,722
Total	\$ 943,885

At December 31, 2018, Citilink reported \$551,163 as deferred outflows of resources related to OPEB resulting from Citilink benefit payments subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources at December 31, 2018, related to OPEB will be recognized in OPEB expense as follows:

2019	\$ 56,834
2020	56,834
2021	56,834
2022	56,834
2023	56,834
Thereafter	108,552

**Note 9: Union Contract**

Citilink has a collective bargaining agreement with the Amalgamated Transit Union, Local 682, which covers all full-time and part-time employees of the operating and shop departments as defined in the Agreement. The Agreement establishes rates of pay, wages, hours of employment and other conditions of employment. The newest contract was approved in January 2016 and covers the period from January 1, 2016 through December 31, 2018.



**Fort Wayne Public Transportation Corporation**  
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)  
**Notes to Financial Statements**  
**December 31, 2018**

**Note 10: Commitments and Contingencies**

***Federal Funds***

Citilink participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. At December 31, 2018, in the opinion of management of Citilink, any disallowances resulting from a federal audit would not be material.

***Litigation***

Citilink is a defendant in a number of lawsuits in its normal course of operations. Management is of the opinion that ultimate settlement of such lawsuits will not have a materially adverse effect on the financial statements.

## **Required Supplementary Information**

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Schedule of Changes in Citilink's Net Pension Liability and Related Ratios**

	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 732,390	\$ 888,561	\$ 909,616	\$ 420,016
Interest	1,844,368	1,782,204	1,807,407	1,715,900
Differences between expected and actual experience	155,996	(1,110,216)	(434,710)	660,676
Changes of assumptions	232,956	(3,709,243)	308,182	11,107,744
Benefit payments, including refunds of employee contributions	(1,453,126)	(1,400,044)	(1,327,475)	(1,198,786)
<b>Net Change in Total Pension Liability</b>	1,512,584	(3,548,738)	1,263,020	12,705,550
<b>Total Pension Liability - Beginning</b>	33,527,830	37,076,568	35,813,548	23,107,998
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 35,040,414</u>	<u>\$ 33,527,830</u>	<u>\$ 37,076,568</u>	<u>\$ 35,813,548</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 515,762	\$ 475,644	\$ 490,473	\$ 494,353
Contributions - employee	31,191	29,141	29,239	30,245
Net investment income	2,742,225	1,923,231	326,346	1,892,320
Benefit payments, including refunds of employee contributions	(1,453,126)	(1,400,044)	(1,327,475)	(1,198,786)
Administrative expense	(26,058)	(20,144)	(21,828)	(17,179)
Other	(31,500)	(52,500)	(31,167)	(40,000)
<b>Net Change in Plan Fiduciary Net Position</b>	1,778,494	955,328	(534,412)	1,160,953
<b>Plan Fiduciary Net Position - Beginning</b>	23,210,241	22,254,913	22,789,325	21,628,372
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 24,988,735</u>	<u>\$ 23,210,241</u>	<u>\$ 22,254,913</u>	<u>\$ 22,789,325</u>
<b>Net Pension Liability - Ending (a) – (b)</b>	<u>\$ 10,051,679</u>	<u>\$ 10,317,589</u>	<u>\$ 14,821,655</u>	<u>\$ 13,024,223</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	71.31%	69.23%	60.02%	63.63%
<b>Covered-Employee Payroll</b>	\$4,615,686	\$4,321,333	\$4,141,883	\$4,372,676
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	217.77%	238.76%	357.85%	297.85%

**Notes to Schedule**

Change of assumptions: the discount rate was changed from 5.51 percent to 5.38 percent effective January 1, 2018.

This schedule is prepared using the measurement date of December 31, 2017.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Schedule of Citilink Pension Contributions**

	2018	2017	2016	2015
Actuarially determined contribution	\$ 667,218	\$ 807,741	\$ 807,741	\$ 578,442
Contributions in relation to the actuarially determined contribution	<u>546,953</u>	<u>515,762</u>	<u>475,644</u>	<u>517,568</u>
Contribution deficiency	<u>\$ 120,265</u>	<u>\$ 291,979</u>	<u>\$ 332,097</u>	<u>\$ 60,874</u>
Covered-employee payroll	\$ 4,615,686	\$ 4,321,333	\$ 4,141,883	\$ 4,372,676
Contributions as a percentage of covered-employee payroll	11.85%	11.94%	11.48%	11.84%

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Valuation method: Entry age normal
- Asset valuation method: Market value as reported by Wells Fargo Bank
- Inflation: 2.50 percent per annum
- Salary increases: 4.00 percent per annum (1.00 percent merit plus 3.00 percent general increase)
- Cost of living adjustment: 2.50 percent per annum
- Investment rate of return: 5.38 percent per annum
- Retirement age: 65, with five years of continuous employment
- Mortality: RP 2014 Mortality Table for males and females, as appropriate with adjustments for mortality improvements based on MP-2017, for disabled members – RP2000

This schedule is prepared using Citilink’s most recent fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

**Fort Wayne Public Transportation Corporation**  
 (A Component Unit of the Consolidated City of Fort Wayne – Allen County)  
**Schedule of Changes in Citilink’s Total OPEB Liability and Related Ratios**  
**Year Ended December 31, 2018**

	<b>2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 314,864
Interest	246,066
Changes of assumptions	449,556
Benefit payments, including refunds of employee contributions	(510,336)
<b>Net Change in Total OPEB Liability</b>	500,150
<b>Total OPEB Liability - Beginning</b>	6,827,966
<b>Total OPEB Liability - Ending</b>	\$ 7,328,116
<b>Covered-Employee Payroll</b>	\$5,038,925
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	145.43%

***Notes to Schedule***

The discount rate changed from 3.71 percent at the beginning of the measurement period to 3.03 percent at the end of the measurement period.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The schedule is presented as of the measurement date which is one year prior to the current fiscal year.

## **Supplementary Information**

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Schedule of Revenue, Expenses and Changes in Net Position, Budget and Actual**  
**Year Ended December 31, 2018**

	Original Budgeted Amounts	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
<b>Operating Revenue</b>				
Passenger fares	\$ 1,433,600	\$ 1,160,197	\$ 5,449	\$ 1,154,748
Fare subsidy	433,961	429,821	(9,118)	438,939
Para transit	151,200	180,850	-	180,850
Advertising service	160,000	143,682	(22,193)	165,875
Other	600	2,309	-	2,309
Total operating revenue	<u>2,179,361</u>	<u>1,916,859</u>	<u>(25,862)</u>	<u>1,942,721</u>
<b>Operating Expenses</b>				
Salaries and wages	5,371,701	5,331,981	(54,984)	5,386,965
Fringe benefits	5,130,206	4,533,285	(1,993,159)	6,526,444
Services	926,680	1,019,433	(64,390)	1,083,823
Materials and supplies	1,785,130	1,563,288	27,543	1,535,745
Utilities	156,000	121,173	170	121,003
Casualty and liability costs	363,027	391,974	(6,550)	398,524
Taxes	-	1,461	290	1,171
Miscellaneous	225,782	162,530	(119)	162,649
Lease and rentals	2,160	680	-	680
Vehicle tracking system	13,200	12,409	1,011	11,398
Depreciation	-	-	(1,877,768)	1,877,768
Total operating revenue (expenses)	<u>13,973,886</u>	<u>13,138,214</u>	<u>(3,967,956)</u>	<u>17,106,170</u>
Operating loss	<u>(11,794,525)</u>	<u>(11,221,355)</u>	<u>3,942,094</u>	<u>(15,163,449)</u>
<b>Nonoperating Revenue (Expenses)</b>				
Local government assessments and taxes	7,291,196	6,587,310	-	6,587,310
Federal grants and reimbursements	3,686,391	1,394,523	(1,217,882)	2,612,405
State operating grants	2,111,725	2,092,596	(14,739)	2,107,335
Pass-through to subrecipient	(204,500)	(401,995)	(314,995)	(87,000)
Interest income	5,000	2,773	-	2,773
Rent and miscellaneous	127,000	188,848	(1,008)	189,856
Capital expenditures	(308,500)	(261,329)	(261,329)	-
Total nonoperating revenue (expenses)	<u>12,708,312</u>	<u>9,605,651</u>	<u>(1,809,953)</u>	<u>11,415,604</u>
Net gain (loss) before capital contributions	<u>\$ 913,787</u>	<u>\$ (1,615,704)</u>	<u>\$ 2,132,141</u>	<u>\$ (3,747,845)</u>

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation			
Federal Transit Cluster			
Federal Transit Formula Grants	20.507	\$ —	\$ 2,525,015
Bus and Bus Facilities Formula Program	20.526	—	<u>1,326,342</u>
Total Federal Transit Cluster		—	<u>3,851,357</u>
Transit Services Programs Cluster			
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	362,318	386,930
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	<u>39,677</u>	<u>44,085</u>
		<u>401,995</u>	<u>431,015</u>
		<u>\$ 401,995</u>	<u>\$ 4,282,372</u>

**Notes to Schedule**

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Fort Wayne Public Transportation Corporation (Citilink) under programs of the federal government for the year ended December 31, 2018. The information in this schedule 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 Schedule presents only a selected portion of the operations of Citilink, it is not intended to and does not present the financial position, changes in net position or cash flows of Citilink.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB A-87 or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Citilink has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The Fort Wayne Public Transportation Corporation had no federal loans it was administering as of December 31, 2018.



**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***

**Independent Auditor's Report**

Board of Directors  
Fort Wayne Public Transportation Corporation  
Fort Wayne, 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 Fort Wayne Public Transportation Corporation (Citilink), a component unit of Consolidated City of Fort Wayne – Allen County, which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2019, which contained an “Emphasis of Matter” paragraph regarding a change in accounting principle.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Citilink'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 Citilink's internal control. Accordingly, we do not express an opinion on the effectiveness of Citilink'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 entity'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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Citilink'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.

**BKD, LLP**

Fort Wayne, Indiana  
May 31, 2019

## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

Board of Directors  
Fort Wayne Public Transportation Corporation  
Fort Wayne, Indiana

#### Report on Compliance for The Major Federal Program

We have audited the compliance of Fort Wayne Public Transportation Corporation (Citilink) with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Citilink's major federal programs for the year ended December 31, 2018. Citilink's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *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 Citilink's major federal program 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 Citilink's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Citilink's compliance.

#### *Opinion on The Major Federal Program*

In our opinion, Fort Wayne Public Transportation Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

## Report on Internal Control Over Compliance

Management of Fort Wayne Public Transportation Corporation 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 Citilink's internal control over compliance with the types of requirements that could have a direct and material effect on the 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 Citilink'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 a 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.

*BKD, LLP*

Fort Wayne, Indiana  
May 31, 2019

**Fort Wayne Public Transportation Corporation**  
**(A Component Unit of the Consolidated City of Fort Wayne – Allen County)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2018**

**Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:  
 Unmodified       Qualified       Adverse       Disclaimed
  
2. The independent auditor's report on internal control over financial reporting disclosed:  
 Significant deficiency(ies)?       Yes       None Reported  
 Material weakness(es)?       Yes       No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards program disclosed:  
 Significant deficiency(ies)?       Yes       None Reported  
 Material weakness(es)?       Yes       No
  
5. The opinion expressed in the independent auditor's report on compliance for the major award program was:  
 Unmodified       Qualified       Adverse       Disclaimed
  
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No

7. Citilink's major program was:

Cluster/Program	CFDA Numbers
Federal Transit Cluster	20.507 & 20.526

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. Citilink qualified as a low-risk auditee?       Yes       No

**Fort Wayne Public Transportation Corporation**  
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2018**

**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

**Fort Wayne Public Transportation Corporation**  
(A Component Unit of the Consolidated City of Fort Wayne – Allen County)  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2018**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
	No matters are reportable.	

CONTROLLER'S REPORT

June 13, 2019

MAY 2019 FINANCIAL DATA

Overall revenue is under budget by approximately 12% due to the estimated property tax circuit breaker as well as the fact that we don't anticipate drawing down as much 5307 Special Rule Operations funds in the current year as was budgeted. Operating expenses are under budget by approximately 3%. Part of the reason for the savings is due to the fact that we have experienced large savings in Group Medical Insurance and Fuel. These are lower due to the health insurance renewal coming in lower than what we had anticipated and diesel fuel prices being significantly lower than budgeted. These savings are offset by larger than anticipated increases in salaries and wages.

Citilink's cash position as of May 31, 2019 is roughly \$873,000 lower as compared to the cash position as of May 31, 2018 primarily related to the timing of draw downs on Federal Grants and Indiana PMTF payments.

Financial Summary Comparison

	May		Year-to-date			
	2019	2018	2019	2018	\$ Diff	% Diff
Operating revenue	\$ 161,274.72	\$ 210,609.19	\$ 833,023.53	\$ 890,644.40	\$ (57,620.87)	-6.47%
Non-operating revenue	\$ 1,025,344.11	\$ 984,723.86	\$ 4,872,653.24	\$ 4,877,766.06	\$ (5,112.82)	-0.10%
Total Revenue	\$ 1,186,618.83	\$ 1,195,333.05	\$ 5,705,676.77	\$ 5,768,410.46	\$ (62,733.69)	-1.09%
Operating Expenses	\$ 1,215,879.26	\$ 1,144,798.52	\$ 5,914,752.34	\$ 5,494,928.69	\$ 419,823.65	7.64%

RECORD OF TRANSMITTALS

The Record of Transmittals for May 2019 is included in your packet. The interim Record of Transmittals for June 1-13, 2019 will be distributed at the meeting for your review and approval.

Respectfully submitted,



Bruce Miller  
Controller



# CITILINK

## Cash Balances Report 05/31/2019

### **OLD National Bank**

Checking	\$	2,637,163.41
Ticket Vending Machine	\$	1,153.00
Credit Card	\$	2,429.28
Money Market	\$	5,336.21
	\$	<u>2,646,081.90</u>

### **Horizon Bank (was Salin)**

Savings	\$	1,108,875.99	
<b>TOTAL</b>			<u>\$ 3,754,957.89</u>

### **Fund Balances**

Operating	\$	1,281,168.58	
Workers' Comp	\$	1,000,000.00	
Liability	\$	255,214.27	
Matching	\$	350,384.52	
Levy Excess	\$	-	
Rainy Day	\$	868,190.52	
			<u>\$ 3,754,957.89</u>

### **CASH ACTIVITY SUMMARY**

	<u>Current Month</u>		<u>Y-T-D</u>	
Beginning Balance	\$	2,809,336.97	\$	2,994,879.79
Receipts	\$	3,246,056.29	\$	8,068,663.48
Disbursements	\$	2,300,435.37	\$	7,308,585.38
Ending Balance	\$	<u>3,754,957.89</u>	\$	<u>3,754,957.89</u>
	\$	-	\$	-

**FORT WAYNE PUBLIC TRANSPORTATION CORPORATION/CITILINK**

STATEMENT OF NET EARNINGS  
For the Month Ending May 31, 2019

	Period to Date			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>REVENUE</b>						
<b>OPERATING REVENUE</b>						
Passenger Fares	106,358.27	119,466.67	-13,108.40	517,221.52	597,333.33	-80,111.81
Paratransit	15,644.75	15,330.00	314.75	76,721.81	76,650.00	71.81
Fare Subsidy	22,112.20	32,460.00	-10,347.80	171,630.70	162,300.00	9,330.70
Advertising Service	16,907.50	13,333.33	3,574.17	66,497.50	66,666.67	-169.17
ID Cards	252.00	50.00	202.00	952.00	250.00	702.00
<b>TOTAL OPERATING REVENUE</b>	<b>161,274.72</b>	<b>180,640.00</b>	<b>-19,365.28</b>	<b>833,023.53</b>	<b>903,200.00</b>	<b>-70,176.47</b>
<b>NON-OPERATING REVENUE</b>						
Federal Operating Assistance	0.00	0.00	0.00	0.00	0.00	0.00
State Operating Assistance	174,417.00	175,611.17	-1,194.17	872,085.00	878,055.83	-5,970.83
Property Taxes	450,510.00	521,302.58	-70,792.58	2,252,550.00	2,606,512.92	-353,962.92
Excise Taxes	29,937.00	29,936.58	0.42	149,685.00	149,682.92	2.08
Bank Taxes	2,520.00	2,519.50	0.50	12,600.00	12,597.50	2.50
COIT Tax	141,726.42	79,473.92	62,252.50	449,584.10	397,369.58	52,214.52
Commercial Vehicle Taxes	2,878.00	2,878.08	-0.08	14,390.00	14,390.42	-0.42
JARC	0.00	0.00	0.00	0.00	0.00	0.00
Capitalize Maintenance	150,000.00	164,666.67	-14,666.67	750,000.00	823,333.33	-73,333.33
CMAQ	0.00	6,666.67	-6,666.67	0.00	33,333.33	-33,333.33
Complementary Paratransit	26,250.00	26,250.25	-0.25	131,250.00	131,251.25	-1.25
FTA 5307 - Operations	41,667.00	93,257.42	-51,590.42	208,335.00	466,287.08	-257,952.08
New Freedom	0.00	0.00	0.00	0.00	0.00	0.00
Private Grants	0.00	0.00	0.00	0.00	0.00	0.00
FTA - Program Administration for 5310	0.00	1,666.67	-1,666.67	0.00	8,333.33	-8,333.33
FTA 5310 - Operational Funds Pass Thru	0.00	8,333.33	-8,333.33	0.00	41,666.67	-41,666.67
Sale of Fuel	0.00	0.00	0.00	0.00	0.00	0.00
Sale of Scrap	0.00	83.33	-83.33	251.86	416.67	-164.81
Investment Income	391.18	416.67	-25.49	1,240.20	2,083.33	-843.13
Accident Repair Recovery	0.00	500.00	-500.00	8,671.61	2,500.00	6,171.61
Greyhound Agency Income	4,288.90	5,000.00	-711.10	18,313.03	25,000.00	-6,686.97
Other Miscellaneous Income	758.61	4,583.33	-3,824.72	3,697.44	22,916.67	-19,219.23
Gain/Loss on Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL NON-OPERATING REVENUE</b>	<b>1,025,344.11</b>	<b>1,123,146.17</b>	<b>-97,802.06</b>	<b>4,872,653.24</b>	<b>5,615,730.83</b>	<b>-743,077.59</b>
<b>TOTAL REVENUE</b>	<b>1,186,618.83</b>	<b>1,303,786.17</b>	<b>-117,167.34</b>	<b>5,705,676.77</b>	<b>6,518,930.83</b>	<b>-813,254.06</b>
<b>OPERATING EXPENSES</b>						
<b>SALARIES AND WAGES</b>						
Operations Supervisors Wages	23,456.16	26,086.75	-2,630.59	120,413.28	130,433.75	-10,020.47
Drivers Wages	321,185.98	337,298.25	-16,112.27	1,710,652.79	1,686,491.25	24,161.54
Dispatchers & Other Wages	28,884.02	21,423.75	7,460.27	136,018.60	107,118.75	28,899.85
Maintenance Supervisors Wages	11,605.44	10,031.33	1,574.11	52,752.00	50,156.67	2,595.33
Mechanics & Service Wages	55,374.50	53,442.25	1,932.25	285,029.93	267,211.25	17,818.68
General Office Wages	19,793.69	14,821.25	4,972.44	110,485.40	74,106.25	36,379.15
General Management Wages	16,323.16	6,272.08	10,051.08	58,454.92	31,360.42	27,094.50
Sick Pay	14,659.24	21,858.33	-7,199.09	76,404.06	109,291.67	-32,887.61
Holiday Pay	22,186.20	11,646.75	10,539.45	63,136.98	58,233.75	4,903.23
Vacation Pay	38,281.96	30,915.83	7,366.13	144,021.76	154,579.17	-10,557.41
Other Paid Absence	8,090.94	10,305.25	-2,214.31	40,392.82	51,526.25	-11,133.43
<b>TOTAL SALARIES AND WAGES</b>	<b>559,841.29</b>	<b>544,101.83</b>	<b>15,739.46</b>	<b>2,797,762.54</b>	<b>2,720,509.17</b>	<b>77,253.37</b>

**FORT WAYNE PUBLIC TRANSPORTATION CORPORATION/CITILINK**

STATEMENT OF NET EARNINGS  
For the Month Ending May 31, 2019

	Period to Date			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>FRINGE BENEFITS</b>						
FICA Taxes	42,060.37	40,979.92	1,080.45	205,233.22	204,899.58	333.64
Pension	68,459.26	49,393.58	19,065.68	245,405.35	246,967.92	-1,562.57
Group Medical Insurance	231,622.08	247,705.25	-16,083.17	1,079,571.32	1,238,526.25	-158,954.93
Group Dental Insurance	7,383.81	7,864.67	-480.86	35,128.42	39,323.33	-4,194.91
Group Life Insurance	2,954.00	2,948.67	5.33	14,468.20	14,743.33	-275.13
Group Disability Insurance	6,038.01	8,024.92	-1,986.91	27,003.96	40,124.58	-13,120.62
Group Vision Insurance	2,556.73	2,787.50	-230.77	12,109.42	13,937.50	-1,828.08
Separation Expense	0.00	0.00	0.00	0.00	0.00	0.00
Unemployment Taxes	115.49	502.75	-387.26	6,060.27	2,513.75	3,546.52
Workers' Compensation	11,096.17	10,496.17	600.00	53,080.81	52,480.83	599.98
Drivers' Uniforms	1,539.84	3,181.67	-1,641.83	9,683.94	15,908.33	-6,224.39
<b>TOTAL FRINGE BENEFITS</b>	<b>373,825.76</b>	<b>373,885.08</b>	<b>-59.32</b>	<b>1,687,744.91</b>	<b>1,869,425.42</b>	<b>-181,680.51</b>
<b>MATERIALS AND SUPPLIES</b>						
Fuel and Lubricants	69,358.50	89,235.42	-19,876.92	338,024.89	446,177.08	-108,152.19
Tires and Tubes - Fixed Route	6,147.61	6,250.00	-102.39	27,143.94	31,250.00	-4,106.06
Tires and Tubes - Paratransit	1,138.05	1,613.33	-475.28	4,167.15	8,066.67	-3,899.52
Tickets, Transfers and Schedules	0.00	1,666.67	-1,666.67	6,522.90	8,333.33	-1,810.43
Parts - Rebuilt	881.32	0.00	881.32	1,809.30	0.00	1,809.30
Parts - Other Vehicles	0.00	0.00	0.00	0.00	0.00	0.00
Parts/Supplies - Paratransit	6,063.26	8,066.67	-2,003.41	52,444.95	40,333.33	12,111.62
Parts/Supplies - Revenue Equipment	53,559.63	31,250.00	22,309.63	165,666.13	156,250.00	9,416.13
Inventory Adjustment	0.27	0.00	0.27	-3,244.74	0.00	-3,244.74
Parts/Supplies - Shop Equipment	2,232.80	2,500.00	-267.20	10,263.10	12,500.00	-2,236.90
Parts/Supplies - Service Equipment	1,256.57	1,000.00	256.57	3,860.83	5,000.00	-1,139.17
Accident Repairs	0.00	0.00	0.00	1,628.47	0.00	1,628.47
Coveralls	1,703.66	2,472.92	-769.26	12,423.51	12,364.58	58.93
Service Supplies	2,560.34	2,083.33	477.01	15,159.24	10,416.67	4,742.57
Farebox Repairs	3,585.61	2,000.00	1,585.61	5,175.18	10,000.00	-4,824.82
Outside Maintenance	4,159.25	8,333.33	-4,174.08	38,187.94	41,666.67	-3,478.73
Other Materials & Supplies	4,273.29	4,000.00	273.29	17,362.85	20,000.00	-2,637.15
<b>TOTAL MATERIALS AND SUPPLIES</b>	<b>156,920.16</b>	<b>160,471.67</b>	<b>-3,551.51</b>	<b>696,595.64</b>	<b>802,358.33</b>	<b>-105,762.69</b>
<b>SERVICES</b>						
Professional and Technical	15,646.77	35,765.00	-20,118.23	120,987.35	178,825.00	-57,837.65
Temporary Help	4,665.62	0.00	4,665.62	19,492.44	0.00	19,492.44
Maintenance Contracts	5,565.35	8,291.25	-2,725.90	40,350.70	41,456.25	-1,105.55
Custodial Services	651.84	4,700.00	-4,048.16	12,775.95	23,500.00	-10,724.05
Security Services	6,655.47	3,500.00	3,155.47	21,036.60	17,500.00	3,536.60
Legal Services	23,667.01	20,125.00	3,542.01	132,124.27	100,625.00	31,499.27
Data Processing	2,495.68	2,175.00	320.68	13,975.51	10,875.00	3,100.51
<b>TOTAL SERVICES</b>	<b>59,347.74</b>	<b>74,556.25</b>	<b>-15,208.51</b>	<b>360,742.82</b>	<b>372,781.25</b>	<b>-12,038.43</b>
<b>UTILITIES</b>						
Heat, Lights and Water	9,886.72	13,000.00	-3,113.28	68,859.33	65,000.00	3,859.33

**FORT WAYNE PUBLIC TRANSPORTATION CORPORATION/CITILINK**

STATEMENT OF NET EARNINGS  
For the Month Ending May 31, 2019

	Period to Date			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>INSURANCE</b>						
Physical Damage Insurance	833.33	833.33	0.00	4,166.65	4,166.67	-0.02
Liability Insurance	15,000.00	15,000.00	0.00	75,300.00	75,000.00	300.00
Other Corporate Insurance	16,670.09	14,418.92	2,251.17	80,146.05	72,094.58	8,051.47
<b>TOTAL INSURANCE</b>	<b>32,503.42</b>	<b>30,252.25</b>	<b>2,251.17</b>	<b>159,612.70</b>	<b>151,261.25</b>	<b>8,351.45</b>
<b>TAXES</b>						
Fuel and Lubricant Taxes	406.00	306.00	100.00	2,090.88	1,530.00	560.88
Other Taxes	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL TAXES</b>	<b>406.00</b>	<b>306.00</b>	<b>100.00</b>	<b>2,090.88</b>	<b>1,530.00</b>	<b>560.88</b>
<b>PURCHASED TRANSPORTATION</b>						
Purchased Transportation	8,000.00	8,333.33	-333.33	40,000.00	41,666.67	-1,666.67
<b>MISCELLANEOUS EXPENSES</b>						
Dues and Subscriptions	1,620.83	2,500.00	-879.17	10,047.15	12,500.00	-2,452.85
Travel and Meetings	357.72	2,125.00	-1,767.28	28,301.38	10,625.00	17,676.38
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	0.00
Advertising/Media	3,806.02	7,915.50	-4,109.48	12,992.02	39,577.50	-26,585.48
Communications Service	3,622.40	3,973.00	-350.60	19,307.10	19,865.00	-557.90
CDL/Phys/Drug Test	872.00	835.00	37.00	4,336.00	4,175.00	161.00
Bank Fees	1,624.00	1,000.00	624.00	8,339.95	5,000.00	3,339.95
Other Miscellaneous Expense	240.20	500.00	-259.80	2,413.20	2,500.00	-86.80
<b>TOTAL MISCELLANEOUS EXPENSES</b>	<b>12,143.17</b>	<b>18,848.50</b>	<b>-6,705.33</b>	<b>85,736.80</b>	<b>94,242.50</b>	<b>-8,505.70</b>
<b>LEASES AND RENTALS</b>						
Office Equipment Lease	0.00	180.00	-180.00	151.72	900.00	-748.28
<b>VEHICLE TRACKING SYSTEM</b>						
Vehicle Tracking System	3,005.00	1,100.00	1,905.00	15,455.00	5,500.00	9,955.00
<b>TOTAL OPERATING EXPENSES</b>	<b>1,215,879.26</b>	<b>1,225,034.92</b>	<b>-9,155.66</b>	<b>5,914,752.34</b>	<b>6,125,174.58</b>	<b>-210,422.24</b>
<b>NET EARNINGS (LOSS) BEFORE NON-BUDGETED ITEMS</b>	<b>-29,260.43</b>	<b>78,751.25</b>	<b>-108,011.68</b>	<b>-209,075.57</b>	<b>393,756.25</b>	<b>-602,831.82</b>
<b>NON-BUDGETED ITEMS</b>						
Depreciation	156,524.88	0.00	156,524.88	782,624.40	0.00	782,624.40
Unfunded Pension Liability	12,750.00	0.00	12,750.00	63,750.00	0.00	63,750.00
Unfunded Other Postretirement Employee Benefits Liability	43,500.00	0.00	43,500.00	217,500.00	0.00	217,500.00
<b>NET EARNINGS (LOSS)</b>	<b>-242,035.31</b>	<b>78,751.25</b>	<b>-320,786.56</b>	<b>-1,272,949.97</b>	<b>393,756.25</b>	<b>-1,666,706.22</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087380	05/10/2019	BILLY BLALOCK & GLASER & EBBS 18-016	9,500.00
			<b>9,500.00</b>
087381	05/10/2019	ENTERPRISE RENT-A-CAR 19-015	117.08
			<b>117.08</b>
087382	05/10/2019	LETHA ADKINS 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087383	05/10/2019	AFLAC INSURANCE Account Number KR783	1,334.82
			<b>1,334.82</b>
087384	05/10/2019	AG PLUS LP 7500 Gal Diesel - 04/30/2019 7500 Gal Diesel - 04/10/2019 7500 Gal Diesel - 04/26/2019	17,142.75 17,142.75 17,142.75
			<b>51,428.25</b>
087385	05/10/2019	ALLSTATE - AMERICAN HERITAGE Case # W1330	848.62
			<b>848.62</b>
087386	05/10/2019	AMERICAN EXPRESS JW Marriott - Hotel for APTA Conf Reese Best Buy - (3) 16GB Flash Drives Shoplet - File Folders for JMB Employee Courtyard - Bus Inspection - Konnie DELTA - Flight for Pam ADA Conf Baltimor Petroleum Parts - Micro Switch for pump Amazon - Suggestion Cards Harbor Frt - Dollies for plow's Hilton - Hotel for Pam Residence Inn - Temp Housing Reese BOSCH - 12 mth Subsc EnCORE, FLPAY Lands End - Citilink Logo Clothing Reese Wal-Mart - Coffee Maker Residence Inn - Temp Housing Reese	906.45 17.97 86.42 1,176.48 748.00 20.00 13.98 159.96 404.07 678.30 695.00 360.46 17.98 406.98
			<b>5,692.05</b>
087387	05/10/2019	AMO CORP Tape for Label Maker in dispatch Copy Paper, Stenopads, Bankers Boxes	18.99 559.99
			<b>578.98</b>
087388	05/10/2019	APPLIED TECHNOLOGY GROUP INC Partnership Protection Program	293.95
			<b>293.95</b>
087389	05/10/2019	Antonio Arellano 2019 Tooling Allowance	112.34
			<b>112.34</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087390	05/10/2019	ARROW PEST CONTROL SERV.INC	
		Monthly Pest Control	258.00
		Monthly Pest Control - Baker Street	86.00
			<b>344.00</b>
087391	05/10/2019	ATU COPE	
		Employee COPE (Union) Withheld	13.70
			<b>13.70</b>
087392	05/10/2019	AUTOMOTIVE & IND SUPPLY INC	
		(2) Wheel Chock	25.06
		Tie Rods, Air,Fule,Oil Filters	1,229.13
		Filters, Freon	516.00
		Batteries & Cores	1,909.74
		Calipers, Cores, Motors, Filte	-130.72
		Tie Rods & Wheel Weights	471.12
		Tie Rods & Wheel Weights	142.12
		Filters, Freon	25.04
		Filters, Freon	75.12
			<b>4,262.61</b>
087393	05/10/2019	AUTOMOTIVE HARDWARE SERV INC	
		Enamel / Paint / High Vis Paint	123.59
		Air Filters and Tape	254.65
			<b>378.24</b>
087394	05/10/2019	STEPHEN J. BAILEY	
		Social Media Management Mar'19	600.00
			<b>600.00</b>
087395	05/10/2019	JACK L BARBOUR	
		Security for 04/27-05/03/2019	525.00
		Security for 04/20-04/26/2019	525.00
		Security for 04/06-04/12/2019	575.00
		Security for 04/15-04/19/2019	525.00
			<b>2,150.00</b>
087396	05/10/2019	MIDWEST AUTO ELECTRIC INC	
		Welding Cable/Terminal #1040	111.32
		Remanufactured 42MT Starter	325.00
			<b>436.32</b>
087397	05/10/2019	BKD LLP	
		Interim Billing for Prep 2018 Audit	10,000.00
			<b>10,000.00</b>
087398	05/10/2019	DEE ANN BLACKBURN	
		2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087399	05/10/2019	BLACKSTONE LABORATORIES INC	
		Oil Reports	285.00
		Oil Reports	195.00
			<b>480.00</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087400	05/10/2019	SHARON L BOESE 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087401	05/10/2019	JEAN MARIE BOYKINS Cell Phone Reimbursement	45.00
			<b>45.00</b>
087402	05/10/2019	BRAKE MATERIALS & PARTS INC. Rebuilt Brake Shoes for Gillig's	865.44
			<b>865.44</b>
087403	05/10/2019	BRATEMAN'S INC Kimberla Easterly-Hudson	374.89
			<b>374.89</b>
087404	05/10/2019	LLOYD BROWN 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087405	05/10/2019	SUZANNE BROWN 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087406	05/10/2019	WILLA BROWN 2019 Cleaning Allowance	85.00
			<b>85.00</b>
087407	05/10/2019	KONSTANTIN BUDOWSKI Car Rental, Gas,Bag Check - Bus Inspecti	365.67
			<b>365.67</b>
087408	05/10/2019	KONSTANTIN BUDOWSKI Travel Day 4/13/19 - bus inspections	231.59
			<b>231.59</b>
087409	05/10/2019	SHANE M CARRIER Security for 04/30-05/03/2019 Security for 04/22-04/26/2019 Security for 04/09-04/12/2019 Security for 04/16-04/19/2019	200.00 225.00 225.00 225.00
			<b>875.00</b>
087410	05/10/2019	CINTAS FIRST AID & SAFETY Cabinet Restocks - Baker Street Cabinet Restocks / Gloves/Eye Wash Stati	146.27 905.27
			<b>1,051.54</b>
087411	05/10/2019	CITILINK ELITE CLUB Elite Club Employees Withholding	120.00
			<b>120.00</b>
087412	05/10/2019	CITY UTILITIES Account Number 002424600051506 Account Number 004542000698334 Account Number 002424600051524	656.46 165.36 11.09
			<b>832.91</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087413	05/10/2019	GENA HINDLE-CLARK 2019 Cleaning Allowance	85.00
			<b>85.00</b>
087414	05/10/2019	CLARKE POWER SERVICES, INC Filters	165.60
			<b>165.60</b>
087415	05/10/2019	MSC INDUSTRIAL SUPPLY CO Parts and Supplies for Shop Parts and Supplies for Shop Eversoak Oreferred Roll Parts & Supplies for Shop Eversoak Preferred Roll	223.12 314.33 92.85 250.46 49.38
			<b>930.14</b>
087416	05/10/2019	CLEAN FUELS OF INDIANA INC Tank Cleaning - Spring	236.32
			<b>236.32</b>
087417	05/10/2019	GARY COLLINS 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087418	05/10/2019	MAXINE COLLINS 2019 Medicare Supplement Benefit	950.00
			<b>950.00</b>
087419	05/10/2019	COMM.TRANS. NETWORK INC. April 2019 808trips@\$27/trip 50% net	8,000.00
			<b>8,000.00</b>
087420	05/10/2019	CUMMINS CROSSPOINT LLC Gaskets - being returned Wrong Gaskets received turbo for 1045 Gaskets Customer No. 34399 Injector & Connector #1040 Injector Fuel Supply Tube Stock Parts Order Stock Parts Order	57.32 -57.32 4,345.25 40.34 394.92 1,235.28 29.66 167.20 2,023.98
			<b>8,236.63</b>
087421	05/10/2019	DPF SOLUTIONS DPF Cleaning for stock	250.00
			<b>250.00</b>
087422	05/10/2019	DWD TECHNOLOGY GROUP INC 80 Hours - Service Pack Monthly Server Back Up to Cloud	10,800.00 838.00
			<b>11,638.00</b>
087423	05/10/2019	JOSE ESPINOSA 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>



**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087424	05/10/2019	EXCELL COLOR GRAPHICS INC. Window/NonWindow Envelopes	617.00
			<b>617.00</b>
087425	05/10/2019	EXECUTIVE IMAGE BUILDING SERVICES Cleaning Services - April 2019 Cleaning Srvs - April 201 - Baker Street	1,200.00 1,500.00
			<b>2,700.00</b>
087426	05/10/2019	FORT WAYNE CLUTCH INC U-joints	125.65
			<b>125.65</b>
087427	05/10/2019	FRONTIER Account Number 260-436-7729-031609-5	67.70
			<b>67.70</b>
087428	05/10/2019	FWPTC EMPLOYEE SUNSHINE CLUB Sunshine Club Employee Withholdings	120.00
			<b>120.00</b>
087429	05/10/2019	GLORIA GARCIA 2019 Medicare Supplement Benefit	950.00
			<b>950.00</b>
087430	05/10/2019	JOSE L GARCIA 2019 Medicare Supplement Benefit	950.00
			<b>950.00</b>
087431	05/10/2019	GASOLINE EQUIP SERVICE INC Repair on Fueling System	448.00
			<b>448.00</b>
087432	05/10/2019	ALEX W. GIERE ASE Testing T4 & T8	122.00
			<b>122.00</b>
087433	05/10/2019	GILLIG LLC body parts for stock Diff for 0834 Stock ord - Motor, Belts, Shad Dipstick for #1351 rear dest sign for 0831 DEF sending unit for #1248 Steering Wheel for #1353 Misc Parts order Misc Parts order DEF Tank Cap Stock ord - Motor, Belts, Shad torque roda for 1248	1,952.67 4,250.00 1,018.66 70.00 -2,012.00 524.00 202.20 187.29 98.88 54.36 1,789.04 526.90
			<b>8,662.00</b>
087434	05/10/2019	GILLIG LLC	469,445.00
			<b>469,445.00</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087435	05/10/2019	GILLIG LLC	469,445.00
			<b>469,445.00</b>
087436	05/10/2019	GMV SYNCROMATICS - EASY RIDES Ride Reminder Calls - 2019 1st Qrt	632.87
			<b>632.87</b>
087437	05/10/2019	GOODYEAR TIRE & RUBBER Mileage - April 2019 Damaged Tire per Agreement	5,519.23 512.38
			<b>6,031.61</b>
087438	05/10/2019	GUARDIAN INS - APPLETON May Vision Premiums	2,811.71
			<b>2,811.71</b>
087439	05/10/2019	DIANA GUERRERO 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087440	05/10/2019	RUDY GUERRERO 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087441	05/10/2019	BARTON HOFHERR 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087442	05/10/2019	JAMES HOOD JR 2019 Medicare Supplement Benefit	1.04
			<b>1.04</b>
087443	05/10/2019	IDWholesaler ID Cards & Film for ID Machine	215.00
			<b>215.00</b>
087444	05/10/2019	RICOH USA, INC. Black/White & Color Copies	154.74
			<b>154.74</b>
087445	05/10/2019	INGERSOLL RAND COMPANY Repair on Shop Air Compressor Repair on Shop Air Compressor	1,811.44 237.00
			<b>2,048.44</b>
087446	05/10/2019	J & K COMMUNICATIONS INC Contract # 1787 - 05/05-06/04/2019 Contract # 1751 - 05/15-06/14/2019 Contract # 1833 - 05/01-05/31/2019 Contract # 1579 - 05/01/2019 Contract # 1664 - 05/01-05/31/2019 Contract # 1747 - 05/01-05/31/2019 Contract # 1673 - 05/01-05/31/2019	47.00 94.00 117.50 23.50 70.50 117.50 1,551.00
			<b>2,021.00</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087447	05/10/2019	JACKSON OIL & SOLVENTS INC	
		DEF [BULK]	418.50
		DELO Syn-Gear HD 75W90	1,806.00
			<b>2,224.50</b>
087448	05/10/2019	JANITORS SUPPLY CO INC	
		Liners, Cleaner, Tissue, Spot Remover	326.13
		Toilet Paper	62.56
			<b>388.69</b>
087449	05/10/2019	ERNEST JOHNSON	
		2019 Cleaning Allowance	85.00
			<b>85.00</b>
087450	05/10/2019	KYLE KAUSER	
		2019 Tooling Allowance	535.00
			<b>535.00</b>
087451	05/10/2019	SUSAN J. MEYER	
		2019 Medicare Supplement Benefit	950.00
			<b>950.00</b>
087452	05/10/2019	KC CLAIMS, LLC	
		KC2019-750 / 19-015	403.00
		KC2016-483 / 16-066	227.50
		KC2019-761 / 19-031	871.00
		KC2019-760 / 19-030	227.50
		KC2018-724 / 18-091	149.50
		KC2018-712 / 18-074	715.00
		KC2018-710 / 18-070	136.50
		KC2019-765 - 19-035	816.78
		KC2017-611 / 17-097	429.00
		KC2018-614 / 18-003	214.50
		KC2019-759 / 19-029	312.00
		KC2019-757 / 19-025	234.00
		KC2019-755 / 19-024	526.50
		KC2018-629 / 18-016	2,214.28
			<b>7,477.06</b>
087453	05/10/2019	KELLEY CHEVROLET INC	
		Control, Booster, Injector Stk	1,144.39
		Pipes, Gaskets & Filter for #0937	3,705.32
		Sensor * Pipes	-203.46
		Module Programming on #1261	95.00
		Sensor * Pipes - Wrong one ordered	203.46
		Sensor	257.17
		Knuckle for Unit 1264	166.99
			<b>5,368.87</b>
087454	05/10/2019	TOMMIE KINNIE	
		2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087455	05/10/2019	KOEHLINGER SECURITY TECH INC	
		Photo ID Badges - Door Keys	1,450.00
		Key for Loft in shop	2.75
		Rekeyed Cabinets for Jean Marie	176.00
			<b>1,628.75</b>
087456	05/10/2019	KOORSEN FIRE & SECURITY INC.	
		Qrt Billing Comm Base - Baker St	97.65
		Qrt Fire Alm Monitor Base	81.00
			<b>178.65</b>
087457	05/10/2019	RICHARD LAMB	
		2019 Cleaning Allowance	85.00
			<b>85.00</b>
087458	05/10/2019	LINCOLN NATIONAL LIFE INS CO	
		FTWAYTRAN3-BL-1470889	3,102.18
			<b>3,102.18</b>
087459	05/10/2019	LINCOLN NATIONAL LIFE INS D/C	
		Employee 457 Withholdings	2,350.00
			<b>2,350.00</b>
087460	05/10/2019	LOCAL #682 SHEILA VANASPEREN	
		Employee Union Dues Withheld	4,399.50
			<b>4,399.50</b>
087461	05/10/2019	LOWE'S	
		Basket/Wedge/Primer	36.09
		Plywood for rack in bus barn	140.68
		Service Supplies	46.74
		Surge Prot/spray bottles/putty/grout/bru	112.87
		Heater for Margie's office	47.49
		Rain cap/sealer for roof vents	53.08
		Drain Supplies	20.86
			<b>457.81</b>
087462	05/10/2019	MAIL MANAGEMENT, INC.	
		Ink & Postage Labels for Postage Machine	228.85
			<b>228.85</b>
087463	05/10/2019	MARKET & CAPITOL ADVOCACY, LLC	
		State Gov Affairs Consult Fees April'19	4,000.00
			<b>4,000.00</b>
087464	05/10/2019	McMAHON TRUCK TIRE INC	
		Alignment on #0986	130.05
		Alignment on # 1468	130.05
		Alignment & Tires for #1574	408.98
		Tires & Alignment on # 1265	408.98
			<b>1,078.06</b>
087465	05/10/2019	NEOFUNDS BY NEOPOST	
		Postage #7900 0440 8019 7704	500.00
			<b>500.00</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087466	05/10/2019	NORTHERN INDIANA PUBLIC SERVIC Account Number 641-201-002-7	2,380.63
			<b>2,380.63</b>
087467	05/10/2019	OFFICE CONCEPTS, INC. Maint Contract Number 30131 Maint Contract #29509 Maint Cont #30265 - Dispatch Copier	749.45 229.32 12.11
			<b>990.88</b>
087468	05/10/2019	OFFICETEAM INC Miss Kelly Williams - Conversion Fee Temp Help - Cust Srv - Miss Kelly Willia Temp Help - Cust Srv - Chasiti Crouse Temp Help - Cust Srv - Shahogony Thomas Temp Help - Cust Srv - Miss Kelly Willia Temp Help - Cust Srv - Chasiti Crouse Temp Help - Cust Srv - Miss Kelly Willia	1,248.00 838.08 826.00 1,092.12 662.45 495.60 1,115.35
			<b>6,277.60</b>
087469	05/10/2019	ONI RISK PARTNERS, INC. Excess Liability Trust Fund Bond Renewal	300.00
			<b>300.00</b>
087470	05/10/2019	PAINT THE TOWN GRAPHICS INC SHOP Dept Lettering for shop vans	41.24
			<b>41.24</b>
087471	05/10/2019	MAURICE PEARL May 2019 COBRA Payment Cell Phone Reimbursemet	2,496.87 45.00
			<b>2,541.87</b>
087472	05/10/2019	PHYSICIANS HEALTH PLAN INC May Health Insurance Premiums	200,845.83
			<b>200,845.83</b>
087473	05/10/2019	POWER COMPONENTS CORPORATION Hose Assembly for #0832	32.53
			<b>32.53</b>
087474	05/10/2019	PRINCIPAL LIFE INSURANCE COMPANY Account Number 1103764-10001	13,421.82
			<b>13,421.82</b>
087475	05/10/2019	PROFITS ON-HOLD PROD LLC Monthly Subscription	125.00
			<b>125.00</b>
087476	05/10/2019	Q.H.G OF FORT WAYNE COMPANY LLC King/Budowski/Holmes/Crouse/Christopher/ Christopher / Gibson / Van Asperen Hindle/Ware/Simmons/Christopher/Random Hairston/E Allen / S Ware / Havens	378.00 237.50 285.00 196.50
			<b>1,097.00</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087477	05/10/2019	RAYNOR DOOR AUTHORITY, INC.	
		Repair to Bus Barn Door #2	263.00
		Repair on opener Bus Barn door 9/10	299.00
			<b>562.00</b>
087478	05/10/2019	DEBRA MUELLER	
		2019 Cleaning Allowance	85.00
			<b>85.00</b>
087479	05/10/2019	JUNIOR RODRIGUEZ	
		Cell Phone Reimbursement	45.00
			<b>45.00</b>
087480	05/10/2019	ROTHBERG LOGAN & WARSCO LLP	
		Liability Matters	2,472.33
		Liability Matters	735.00
		General Legal / Workers Comp Matters	6,885.00
		General Legal Matters	17,364.01
			<b>27,456.34</b>
087481	05/10/2019	DEBRA RUPP	
		2019 Cleaning Allowance	85.00
			<b>85.00</b>
087482	05/10/2019	SAFETY VISION, LP	
		Spare Parts & Batteries	4,500.00
		Spare Parts & Batteries	3,147.50
			<b>7,647.50</b>
087483	05/10/2019	PAM SCHIEBER	
		Per Diem 5/20-5/23/19 Baltimore ADA Cour	200.00
		Cell Phone Reimbursement	45.00
			<b>245.00</b>
087484	05/10/2019	SELECTION.COM INC	
		Back Ground Checks	87.50
			<b>87.50</b>
087485	05/10/2019	PATRICK SHOVLIN	
		2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087486	05/10/2019	EVELYN SMITH	
		2019 Medicare Supplement Benefit	950.00
			<b>950.00</b>
087487	05/10/2019	GLEN SPANGLER	
		2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087488	05/10/2019	MARK SPURR	
		2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087489	05/10/2019	SRF CONSULTING GROUP, INC.	
		COA/TDP Consultant Fees	1,895.77
			<b>1,895.77</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087490	05/10/2019	STAR BANK Company HSA Contribution	900.00
			<b>900.00</b>
087491	05/10/2019	STAR BANK Company HSA Contribution	468.77
			<b>468.77</b>
087492	05/10/2019	STAR BANK Company HSA Contribution	468.77
			<b>468.77</b>
087493	05/10/2019	SUPERIOR VAN & MOBILITY Cylinder Assy	611.36
			<b>611.36</b>
087494	05/10/2019	THERMO KING MIDWEST belt tensioners for stock	372.02
			<b>372.02</b>
087495	05/10/2019	RICHARD THOMAS JR. Cell Phone Reimbursement	45.00
			<b>45.00</b>
087496	05/10/2019	JASON TRABERT Cell Phone Reimbursement	45.00
			<b>45.00</b>
087497	05/10/2019	UNIFIRST CORPORATION May Shop Uniforms April Shop Uniforms Mats - Baker Street April Shop Uniforms April Shop Uniforms Mats - Baker Street	479.55 353.66 38.00 361.91 357.11 38.00
			<b>1,628.23</b>
087498	05/10/2019	ULINE INC. Storage Rack for Bus Barn - Equip Storag	703.88
			<b>703.88</b>
087499	05/10/2019	UPS UPS Account Number F8W 501	15.40
			<b>15.40</b>
087500	05/10/2019	WAYNE PIPE & SUPPLY INC Royal Flush Valve for Mens room at Baker	518.04
			<b>518.04</b>
087501	05/10/2019	DAISY WEAVER 2019 Medicare Supplement Benefit	25.00
			<b>25.00</b>
087502	05/10/2019	PRAXAIR DISTRIBUTION INC. Cylinder Rentals	84.25
			<b>84.25</b>

**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087503	05/10/2019	WELLS FARGO INST TRUST SERV Pension Deductions / Contributions	24,699.37
			<b>24,699.37</b>
087504	05/17/2019	CITILINK ELITE CLUB Elite Club Employees Withholding	120.00
			<b>120.00</b>
087505	05/17/2019	CITY UTILITIES Account Number 004542000638226 Account Number 004542000638218	339.67 508.35
			<b>848.02</b>
087506	05/17/2019	COMCAST CABLE Account Number 8529 20 002 2294590	146.85
			<b>146.85</b>
087507	05/17/2019	COMCAST BUSINESS Account Number 939773232 Account Number 939776232	326.59 2,515.23
			<b>2,841.82</b>
087508	05/17/2019	FWPTC EMPLOYEE SUNSHINE CLUB Employee Sunshine Club Dues Withheld	118.00
			<b>118.00</b>
087509	05/17/2019	INDIANA MICHIGAN POWER COMPANY Account Number 046-220-014-0-4 Account Number 047-759-400-0-2	4,071.71 1,730.98
			<b>5,802.69</b>
087510	05/17/2019	LINCOLN NATIONAL LIFE INS D/C Employee 457 Withholdings	2,450.00
			<b>2,450.00</b>
087511	05/17/2019	NATIONAL SERV-ALL INC Account Number 3-0091-1008754	211.84
			<b>211.84</b>
087512	05/17/2019	SPRINT Account Number 749911519	3,300.45
			<b>3,300.45</b>
087513	05/17/2019	WELLS FARGO INST TRUST SERV Pension Contributions/Deductions	24,050.51
			<b>24,050.51</b>
087514	05/31/2019	FWPTC EMPLOYEE SUNSHINE CLUB Sunshine Club Employee Dues withheld	116.00
			<b>116.00</b>
087515	05/31/2019	INDIANA MICHIGAN POWER COMPANY Account Number 048-498-441-1-5	22.47
			<b>22.47</b>
087516	05/31/2019	LINCOLN NATIONAL LIFE INS D/C Employee 457 Withholdings	2,450.00
			<b>2,450.00</b>



**FORT WAYNE PTC  
RECORD OF TRANSMITTALS**

DATE RANGE: 05/01/2019 to 05/31/2019

Check Number	Check Date	Vendor Name/Description	Amount
087517	05/31/2019	WELLS FARGO INST TRUST SERV Pension Deduction/Contributions	23,907.37
			<b>23,907.37</b>
		<b>TOTAL CHECK AMOUNT</b>	<b>1,490,950.99</b>

**EFT PAYMENTS & OTHER TRANSACTIONS**

PAYROLL DIRECT DEPOSIT & NET CHECKS	\$543,129.99
PAYROLL TAXES	\$220,019.92
HEALTH INSURANCE - HRA PAYMENTS/HSA Contributions	\$30,090.51
WORKER'S COMP.	\$659.00
DATA PROCESSING/ANALYSIS CHARGES	\$3,413.58
PAYROLL LIENS	\$12,171.38
CHECKES ISSUED PRIOR MONTH - VOIDED CURRENT MONTH	\$0.00

**TOTAL EFT PAYMENTS & OTHER TRANSACTIONS** **\$809,484.38**

**TOTAL TRANSMITTALS** **\$2,300,435.37**

**RECORD OF TRANSMITTALS**

**I HEREBY ATTEST THAT I HAVE EXAMINED THE VOUCHER CHECK NUMBERS 087380-087517 IN THE AMOUNT OF \$1,490,950.99 AND EFT PAYMENTS AND OTHER TRANSACTIONS IN THE AMOUNT OF \$809,484.38 AS LISTED ON THE FORT WAYNE PUBLIC TRANSPORTATION CORPORATION RECORD OF TRANSMITTALS FOR THE MONTH OF MAY, 2019 AND, BY MY SIGNATURE, HAVE INDICATED APPROVAL OF SAME.**

**NOTE: J. NELSON COATS HAS ABSTAINED ON THE VOTE RELATING TO ALL INVOICES FROM DWD TECHNOLOGY GROUP.**

**Dated this 13th Day Of June, 2019.**

_____	_____
_____	_____
_____	_____
_____	