

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

COMPLIANCE EXAMINATION REPORT

OF

CITY OF HAMMOND

LAKE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
11/01/2024



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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November 1, 2024

To: The Officials of the City of Hammond  
City of Hammond  
Lake County, Indiana

This report is supplemental to the audit report of City of Hammond (City), for the period January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the City. It should be read in conjunction with the financial statement audit report of the City, which provides an opinion on the City's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the City and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of City of Hammond, prepared by Crowe, LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on page 3.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA  
Deputy State Examiner

CITY OF HAMMOND

Lake County, Indiana  
January 1, 2023 to December 31, 2023

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CITY OF HAMMOND  
SCHEDULE OF OFFICIALS  
January 1, 2023 to December 31, 2023

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<b><u>Office</u></b>	<b><u>Official</u></b>	<b><u>Term</u></b>
Mayor	Thomas M. McDermott, Jr.	01-01-23 to 12-31-23
City Controller	Megan Flores	01-01-23 to 12-31-23
President of the Board of Public Works and Safety	Jeff Long	01-01-23 to 12-31-23
President of the Common Council	Scott Rakos	01-01-23 to 12-31-23

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of the City of Hammond

We have examined the City of Hammond's (the "City") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* during the period January 1, 2023 to December 31, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* applicable to the City during the period January 1, 2023 to December 31, 2023, as described in items 2023-001 and 2023-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the City complied, in all material respects, with the aforementioned requirements during the period January 1, 2023 to December 31, 2023.

  
Crowe LLP

Indianapolis, Indiana  
September 30, 2024

CITY OF HAMMOND  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2023 to December 31, 2023

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**FINDING 2023-001: CAPITAL ASSETS**

A similar partial comment appeared in prior Reports B56533, B49726, B51340, B53551, B60257, B61653, and 000000797S.

***Condition and Context***

***Capital Assets - City***

There were not sufficient internal controls in place to ensure the accuracy of capital assets records for governmental activities. The City was unable to provide supporting documentation for beginning capital asset balances. As a result, we were unable to audit capital assets, accumulated depreciation, and depreciation expense for the City.

***Criteria***

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, Uniform Internal Control Standards for Indiana Political Subdivisions. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities.

According to this manual, every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**FINDING 2023-002: OVERDRAWN CASH BALANCES**

A similar comment also appeared in prior Reports B53551, B60257, B61653, and 000000797S.

***Condition and Context***

Certain cash fund balances were overdrawn due to funds with grants that operate on a reimbursement basis. Reimbursement grants require the City to expend funds and subsequently request reimbursement. The City funds with overdrawn cash balances as of December 31, 2023 are listed below:

<b>Fund</b>	<b>Fund Overdrawn</b>	<b>Amount</b>
2471	FY23 Infrastructure Equip	\$ 20,004
2475	FY2021 JAG Eqpt	29,913
2477	FY24 CITLI	2,653

***Criteria***

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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CITY OF HAMMOND  
EXIT CONFERENCE  
January 1, 2023 to December 31, 2023

The contents of this report were discussed on September 25, 2024, with management and officials from the City, the Sanitary District, Stormwater Utility, Water Utility and component units, and with the City Controller.

<b>Name</b>	<b>Entity</b>	<b>Title</b>
Scott Miller	Civil City	Chief of Staff
Alfonso Salinas III	Civil City	Council Member
Megan Flores	Civil City	Controller
Tinisha Greenwell	Civil City	Deputy Controller of Operations
Jessica Roman	Civil City	Senior AP Analyst
Kevin Smith	Civil City- Port Authority	Corporation Counsel- Port Authority Attorney
Julia Pustek	Port Authority	Finance Director
Jeffrey Smith	Port Authority	Director
Eva Huerta	Port Authority	Board Member
Rachel Montes	Sanitary District	Business Manager
Milan A. Kruszynski	Sanitary District	Chief Executive Officer
Kaleigh Boyle	Sanitary District	Office and Reporting Administrator
Owana Miller	Sanitary District	Board Member
Deborah L. Van Meter	Water Utility	Business Manager
Sharon Daniels	Water Works	Board President
Jaime Prieto	Water Works	Deputy Executive Operator
Mark McLaughlin	Water Works	Chief Executive Officer
Katie Barry	RSM	Compiling Auditors
Artur Miller	RSM	Compiling Auditors
Rich Gaul	RSM	Compiling Auditors
Danny Parets	RSM	Compiling Auditors
Karl Cender	Cender Dalton Municipal Advisors	Municipal Advisor- All Entities
Scott Nickerson	Crowe	
Eric Wildermuth	Crowe	
Vicki Urbanik-Randall	SBOA	