

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF EAST CHICAGO

LAKE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED

09/14/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Valeriano Gomez	01-01-20 to 12-31-21
Mayor	Anthony Copeland	01-01-20 to 12-31-21
President of the Board of Public Works	Valeriano Gomez	01-01-20 to 12-31-21
President of the Common Council	Robert Garcia Emiliano Perez	01-01-20 to 12-31-20 01-01-21 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF THE CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the City of East Chicago (City), for the period from January 1, 2020 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

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

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

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

August 19, 2021

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CITY CONTROLLER
CITY OF EAST CHICAGO

CITY CONTROLLER
CITY OF EAST CHICAGO
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

Condition and Context

The Water Utility Operating fund's cash balance on January 1, 2020, and December 31, 2020, contained outstanding temporary loans owed to other funds. Without these temporary loans, the cash balance of the Water Utility Operating would have been overdrawn as follows:

Water Utility Operating Fund	January 1, 2020	December 31, 2020
Cash Balance	\$ 519,288	\$ 1,018,394
Outstanding Temporary Loans Owed to Other Funds	3,000,000	5,000,000
Cash Balance Without Outstanding Temporary Loans	\$ (2,480,712)	\$ (3,981,606)

The deficit cash balance in the fund increased by \$1,500,894 from January to December 2020.

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)

Anthony Copeland
MAYOR



City of East Chicago
4527 INDIANAPOLIS BLVD.
EAST CHICAGO, INDIANA 46312
219-391-8200 • 219-391-8397 FAX

August 26, 2021

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: East Chicago Department of Water Works Overdrawn Cash Balanced (attached) Official Response to Audit Findings

To Whom It May Concern:

The Department of Water Works has employed Baker Tilly Municipal Consultants to conduct a rate analysis in preparation for filing a rate case with the Indiana Utility Regulatory Commission before the year 's end.

Sincerely,

Anthony Copeland
Mayor City of East Chicago



CITY CONTROLLER
CITY OF EAST CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2021, with Valeriano Gomez, Controller; Anthony Copeland, Mayor; Kim Anderson, Deputy Controller; Emiliano Perez, President of the Common Council; Monica Gonzalez, Common Council member; and Robert Garcia, Common Council member.

WATER UTILITY
CITY OF EAST CHICAGO

WATER UTILITY
CITY OF EAST CHICAGO
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

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Sincerely,

Anthony Copeland
Mayor City of East Chicago



WATER UTILITY
CITY OF EAST CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2021, with John Bakota, Water Utility Board member, and Raymond Lopez, Water Utility Board member.