

**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, 2021 to December 31, 2021



**FILED**

08/19/2022



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
City Controller:	
Audit Result and Comment:	
Overdrawn Cash Balances .....	6
Exit Conference .....	7
Water Utility:	
Audit Result and Comment:	
Overdrawn Cash Balances .....	10
Exit Conference .....	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Valeriano Gomez	01-01-21 to 12-31-22
Mayor	Anthony Copeland	01-01-21 to 12-31-22
President of the Board of Public Works	Valeriano Gomez	01-01-21 to 12-31-22
President of the Common Council	Emiliano Perez (Vacant) Robert Garcia Monica G. Gonzalez	01-01-21 to 09-03-21 09-04-21 to 09-07-21 09-08-21 to 12-31-21 01-01-22 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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, 2021 to December 31, 2021. 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/](http://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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

August 2, 2022

(This page intentionally left blank.)

CITY CONTROLLER  
CITY OF EAST CHICAGO

CITY CONTROLLER  
CITY OF EAST CHICAGO  
AUDIT RESULT AND COMMENT

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Report B57222.

*Condition and Context*

The financial statement included the Police Pension fund with an overdrawn cash balance of \$10,638 on December 31, 2021.

In addition, the Water Utility Operating fund's cash balance on January 1, 2021, and December 31, 2021, contained outstanding temporary loans owed to other funds. Without these temporary loans, the cash balance of the Water Utility Operating fund would have been overdrawn as follows:

<u>Water Utility Operating Fund</u>	<u>January 1, 2021</u>	<u>December 31, 2021</u>
Cash Balance	\$ 1,018,394	\$ 581,705
Outstanding Temporary Loans Owed to Other Funds	<u>5,000,000</u>	<u>5,000,000</u>
Cash Balance Without Outstanding Temporary Loans	<u>\$ (3,981,606)</u>	<u>\$ (4,418,295)</u>

The deficit cash balance in the fund increased by \$436,689 from January to December 2021.

*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)

CITY CONTROLLER  
CITY OF EAST CHICAGO  
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2022, with Valeriano Gomez, City Controller; Anthony Copeland, Mayor; Monica Gonzalez, President of the Common Council; Debra Bolanos, Common Council member; and Rodger Gates, Vice President of the Redevelopment Commission.

(This page intentionally left blank.)

WATER UTILITY  
CITY OF EAST CHICAGO

WATER UTILITY  
CITY OF EAST CHICAGO  
AUDIT RESULT AND COMMENT

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Report B57222.

*Condition and Context*

The Water Utility Operating fund's cash balance on January 1, 2021, and December 31, 2021, contained outstanding temporary loans owed to other funds. Without these temporary loans, the cash balance of the Water Utility Operating fund would have been overdrawn as follows:

Water Utility Operating Fund	January 1, 2021	December 31, 2021
Cash Balance	\$ 1,018,394	\$ 581,705
Outstanding Temporary Loans Owed to Other Funds	5,000,000	5,000,000
Cash Balance Without Outstanding Temporary Loans	\$ (3,981,606)	\$ (4,418,295)

The deficit cash balance in the fund increased by \$436,689 from January to December 2021.

*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)

WATER UTILITY  
CITY OF EAST CHICAGO  
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2022, with Valeriano Gomez, City Controller; Anthony Copeland, Mayor; and Joseph Ochoa, President of the Water Utility Board.