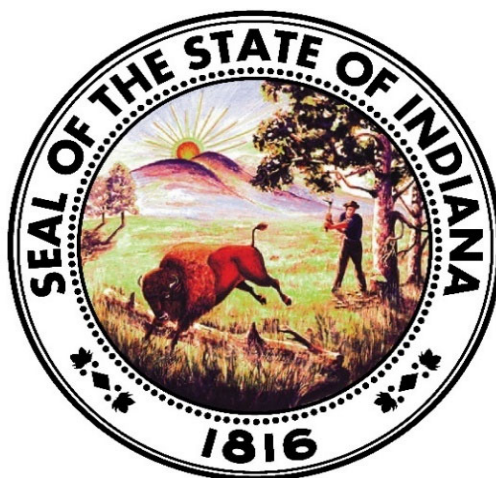


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

COMPLIANCE ENGAGEMENT REPORT
OF
LAKE RIDGE FIRE PROTECTION DISTRICT
LAKE COUNTY, INDIANA
January 1, 2019 to December 31, 2023



FILED
07/25/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Mona Parkes	01-01-19 to 12-31-24
Chair of the Board of Fire Trustees	Tim Kuiper	01-01-19 to 12-31-24



STATE OF INDIANA
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TO: THE OFFICIALS OF THE LAKE RIDGE FIRE PROTECTION DISTRICT, LAKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Lake Ridge Fire Protection District (District), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the District as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the District's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Mona Parkes, Office Manager; Tim Kuiper, Chair of the Board of Fire Trustees; and Tanya Tribble, District Board member, on July 16, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 27, 2024

LAKE RIDGE FIRE PROTECTION DISTRICT
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure that the District complied with laws and regulations. The internal controls deficiencies resulted in noncompliance over the emergency medical services (ems) fees, monthly and annual uploads, and capital assets, detailed further in the comments below.

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:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

EMERGENCY MEDICAL SERVICES (EMS) FEES

The District began providing and billing customer accounts in 2023 for EMS services without an approved fee rate. The amount billed was based upon a fee schedule that was established by the Chair of the Board of Fire Trustees and provided to the billing companies. The fee billed was not adopted or approved by the District Board.

Criteria

Fees can only be collected as specifically authorized by law or properly authorized ordinance/resolution. When a fee is NOT specified by law, but instead through the use of an ordinance/resolution, sufficient authoritative reference should be maintained. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

MONTHLY AND ANNUAL UPLOADS

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, approved District Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

LAKE RIDGE FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

Annual upload requirements include the year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The District did not comply with the State Examiner Directive and did not upload timely the following monthly and annual uploads on the Indiana Gateway for Government Units financial reporting system until after the engagement had started in March, 2024.

Monthly Uploads:

- Eleven bank reconcilements for 2023.
- Six months of District Board minutes for 2023 and one month for 2021.
- Twelve months of funds ledgers for 2023.

Annual Uploads:

- The detail of receipts for 2021 and 2023 were not uploaded.
- The detail of disbursements for 2022 and 2023 were not uploaded.
- The annual payroll history report for 2020, 2021, and 2023 were not uploaded.
- The annual funds ledger and annual vendor history report for 2023.
- The salary ordinance was not uploaded for any of the five years.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ANNUAL FINANCIAL REPORT - CAPITAL ASSETS

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The District had not established effective procedures over the AFR information entered into Gateway, which resulted in errors in reported capital assets supplementary in the years 2019-2023.

LAKE RIDGE FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

A detailed capital asset ledger was provided for review. However, the asset ledger did not contain the fire building. Furthermore, the District is not following its capital assets policy as assets below the capitalization threshold had been added to the ledger.

A complete physical inventory had not been taken every year as required by the District's policy.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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 District, Chapter 1)

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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LAKE RIDGE FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
GENERAL FUND	\$ 528,009	\$ 496,017	\$ 586,210	\$ 437,816	\$ 463,553	\$ 464,245	\$ 437,124
RAINY DAY	18,596	600	1,400	17,796	-	429	17,367
CUMULATIVE FIRE	<u>88,673</u>	<u>20,274</u>	<u>9,876</u>	<u>99,071</u>	<u>19,517</u>	<u>-</u>	<u>118,588</u>
Totals	<u>\$ 635,278</u>	<u>\$ 516,891</u>	<u>\$ 597,486</u>	<u>\$ 554,683</u>	<u>\$ 483,070</u>	<u>\$ 464,674</u>	<u>\$ 573,079</u>

LAKE RIDGE FIRE PROTECTION
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
GENERAL FUND	\$ 437,123	\$ 496,489	\$ 438,332	\$ 495,280	\$ 818,668	\$ 526,142	\$ 787,806
RAINY DAY	17,366	2,200	1,445	18,121	-	1,186	16,935
CUMULATIVE FIRE	118,587	19,996	-	138,583	17,204	-	155,787
Totals	<u>\$ 573,076</u>	<u>\$ 518,685</u>	<u>\$ 439,777</u>	<u>\$ 651,984</u>	<u>\$ 835,872</u>	<u>\$ 527,328</u>	<u>\$ 960,528</u>

LAKE RIDGE FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
GENERAL FUND	\$ 787,805	\$ 783,480	\$ 1,079,825	\$ 491,460
RAINY DAY	16,935	100	2,609	14,426
CUMULATIVE FIRE	<u>155,787</u>	<u>48,039</u>	<u>83,934</u>	<u>119,892</u>
Totals	<u>\$ 960,527</u>	<u>\$ 831,619</u>	<u>\$ 1,166,368</u>	<u>\$ 625,778</u>