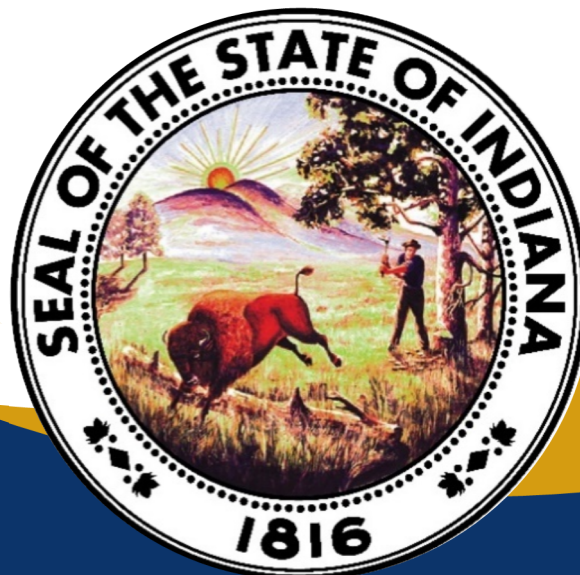


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT
OF
ORANGE COUNTY FIRE PROTECTION DISTRICT
ORANGE COUNTY, INDIANA
January 1, 2020 to December 31, 2024



FILED

04/15/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant) Vanessa Patton John Noblitt	01-01-20 to 08-02-20 08-03-20 to 05-01-24 05-02-24 to 12-31-25
President of the Board of Fire Trustees	Larry Ashley Ronnie McCabe (interim) Ronnie McCabe	01-01-20 to 07-11-20 07-12-20 to 01-24-22 01-25-22 to 12-31-25



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TO: THE OFFICIALS OF THE ORANGE COUNTY FIRE PROTECTION
DISTRICT, ORANGE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Orange County Fire Protection District (District), for the period of January 1, 2020 to December 31, 2024. 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 Ronnie McCabe, President of the Board of Fire Trustees, and John Noblitt, Treasurer, on March 19, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 19, 2025

ORANGE COUNTY FIRE PROTECTION DISTRICT
COMMENTS

ERRORS ON CLAIMS

Condition and Context

Internal controls were not in place to ensure claims were not paid without proper supporting documentation and prior to being audited for correctness and approval by the disbursing officer and approval by the District Board. Disbursements are to be supported by either prescribed form Accounts Payable Voucher, Town Form 39 (APV) or Claim, General Form 354 (Claim). These forms support the disbursement by documenting items such as the vendor, a description of the goods and services provided for which payment is being claimed, the disbursing officer's approval, and approval by the District Board. We tested 25 disbursements for the engagement period and noted the following:

- There were 15 disbursements not supported by either an APV or Claim.
 - There were 13 disbursements to various volunteer fire departments;
 - There was 1 disbursement that was for an official bond for a Treasurer; and
 - There was 1 disbursement that was to a Treasurer.
- There were 2 disbursements that were supported by an APV that were incomplete as they were not approved by the disbursing officer or the District Board.

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. . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ORANGE COUNTY FIRE PROTECTION DISTRICT
COMMENTS
(Continued)

Indiana Code 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

CONTRACTS

Condition and Context

Internal controls were not in place to ensure disbursements for contractual services were supported by written contracts. Of the 25 disbursements tested in the engagement period, 22 disbursements totaling \$643,997 were to volunteer fire departments, and 1 disbursement for \$1,200 was to a Treasurer. No contracts were provided for review that supported these disbursements.

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:

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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. . . ."

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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



ORANGE COUNTY FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
General Fund	\$ 2,000	\$ 365,213	\$ 258,120	\$ 109,093	\$ 384,377	\$ 289,318	\$ 204,152
Cum Building/Equipment Fund	<u>8,445</u>	<u>111,833</u>	<u>111,277</u>	<u>9,001</u>	<u>112,778</u>	<u>58,955</u>	<u>62,824</u>
Totals	<u>\$ 10,445</u>	<u>\$ 477,046</u>	<u>\$ 369,397</u>	<u>\$ 118,094</u>	<u>\$ 497,155</u>	<u>\$ 348,273</u>	<u>\$ 266,976</u>

ORANGE COUNTY FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
General Fund	\$ 204,152	\$ 395,833	\$ 347,720	\$ 252,265	\$ 409,516	\$ 510,411	\$ 151,370
Cum Building/Equipment Fund	<u>62,824</u>	<u>117,852</u>	<u>118,202</u>	<u>62,474</u>	<u>132,923</u>	<u>131,293</u>	<u>64,104</u>
Totals	<u>\$ 266,976</u>	<u>\$ 513,685</u>	<u>\$ 465,922</u>	<u>\$ 314,739</u>	<u>\$ 542,439</u>	<u>\$ 641,704</u>	<u>\$ 215,474</u>

ORANGE COUNTY FIRE PROTECTION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2024

Fund	Cash and Investments 01-01-24	Receipts	Disbursements	Cash and Investments 12-31-24
General Fund	\$ 151,370	\$ 447,440	\$ 378,088	\$ 220,722
Cum Building/Equipment Fund	<u>64,104</u>	<u>145,149</u>	<u>149,333</u>	<u>59,920</u>
Totals	<u>\$ 215,474</u>	<u>\$ 592,589</u>	<u>\$ 527,421</u>	<u>\$ 280,642</u>