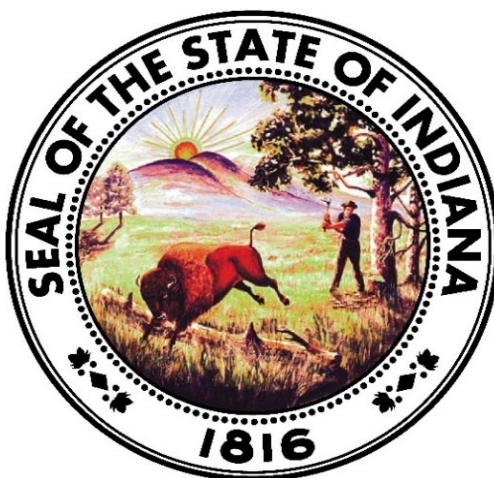


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SPECIAL INVESTIGATION REPORT
OF
MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
MARION COUNTY, INDIANA
January 1, 2020 to December 31, 2022



FILED
03/07/2024

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE MARION COUNTY AGRICULTURAL
FAIR ASSOCIATION, INC., MARION COUNTY, INDIANA

This is a special investigation report for the Marion County Agricultural Fair Association, Inc. (Fair Association), for the period January 1, 2020 to December 31, 2022, and is in addition to any other report for the as required under Indiana Code 5-11-1. All reports pertaining to the Fair Association may be found at www.in.gov/SBOA/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with the expenditure of governmental funds to pay for personal home improvement projects by a Fair Association Board member. The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

January 29, 2024

MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
RESULTS AND COMMENTS

BACKGROUND

The Indiana State Board of Accounts (SBOA) received a complaint by the former Executive Director of the Fair Association, that taxpayer funds were misappropriated by Cindy Mowery (Mowery), President of the Fair Association Board.

The Fair Association is a non-profit 501(c)3 that is maintained and supported by funding from the City of Indianapolis (City) under Indiana Code 15-14-9-1. According to the Marion County Auditor's Office, the Fair Association has received two distributions of \$50,000 each per year since 2012. Other sources of income included concerts, gate fees, vendor fees, and rental income. The Fair Association offers winter storage services and rents out the racetrack in the back for special events. The funding received from the City were deposited into the same bank account that the Fair Association deposits all other revenues in.

A review of the video footage of the Indianapolis-Marion County Council Meeting on October 5, 2021, shows that Mowery, the Executive Director, and another Fair Association Board member were present at the meeting to propose an increase to the funding the Fair Association receives from the City. Mowery explained that they were seeking an additional \$50,000 to update all the restrooms on the property to meet compliance standards and paint the Fair Association grounds to give it a cleaner and more current look. Additionally, Mowery stated all that they were able to accomplish was because of the funding the City has and continues to provide to them.

Based upon the October 5, 2021 proposal, in April of 2022, City/County Councilors proposed an additional \$50,000 to "... increase the public purpose grant to the Marion County Fair Association [Fair Association] Board for additional capital improvements needed to Fairground facilities." In May of 2022, the City/County Council approved an additional \$50,000 for capital improvements. The additional \$50,000 in 2022 brought the yearly funding total received by the Fair Association to \$150,000. Per the City/County Council minutes observed by SBOA:

"Fiscal Ordinance No. 6 2022- approves an additional appropriation of \$50,000 in the 2022 Budget of the Marion County Auditor (Marion County General Fund) increasing the public purpose grant to the Marion County Fair Association [Fair Association] Board for additional capital improvement needed to Fairground facilities."

Below is a breakdown of the funding received from the City since 2012:

<u>Years</u>	<u>Payment #1</u>	<u>Payment #2</u>	<u>Payment #3</u>	<u>Total</u>
2012	\$ 50,000	\$ 50,000	\$ -	\$ 100,000
2013	50,000	50,000	-	100,000
2014	50,000	50,000	-	100,000
2015	50,000	50,000	-	100,000
2016	50,000	50,000	-	100,000
2017	50,000	50,000	-	100,000
2018	50,000	50,000	-	100,000
2019	50,000	50,000	-	100,000
2020	50,000	50,000	-	100,000
2021	50,000	50,000	-	100,000
2022	50,000	50,000	50,000	150,000

MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
RESULTS AND COMMENTS
(Continued)

The SBOA opened a special investigation into the Fair Association's records. The following describes noncompliance with statutes or the *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*.

PERSONAL HOME IMPROVEMENT WITH TAXPAYER FUNDS

Mowery serves as the President of the Fair Association Board. According to Fair Association's records, Mowery became the President of the Fair Association Board in September of 2018.

The SBOA reviewed a complaint that Mowery had expended Fair Association funds to pay for painting services at her personal residence. The complaint stated that Mowery used painters who had painted at the lodge on the Fair Association grounds for painting performed on her personal residence.

A check dated November 13, 2021, for \$7,500 was issued to an individual who had previously received funds for painting at the fairgrounds.

The Marion County Prosecutor's Investigators and the SBOA conducted an interview with the individual and another person who helped paint Mowery's home on March 31, 2023. According to the painters, they were first hired to paint the exterior of the lodge on the Fair Association grounds. After completing this job, they were then hired to paint the interior of the lodge and perform work at Mowery's personal residence. The following information was provided from the painters on March 31, 2023, on the work they completed at Mowery's home:

- Sprayed mildew off back deck, stained back deck.
- Painted the siding on the house.
- Painted the siding on the building behind the home.

During the March 31, 2023 interview, the painters stated that they were quoted to do the work at Mowery's home for \$4,500 and \$3,000 for painting the interior of the lodge (check written on November 13, 2021, for \$7,500). The painter's stated that the money was always given to them by the Fair Association's Executive Director, and they were never given money directly from Mowery.

An invoice or other supporting documentation was requested from, but not provided by, the painters. Also, the SBOA was unable to locate an invoice in the Fair Association records. Further, in communication with Mowery, she advised that she did not have a receipt for the painting work performed at her residence. Mowery did not contest the fact that painting work was done at her personal residence. Mowery also confirmed to the SBOA that the painters who performed painting services at the lodge located on the Fairgrounds were the same painters that performed work at her personal residence.

Thirty-nine days after Mowery proposed additional funding from the City/County Council, the November 13, 2021 check for \$7,500 was written from the Fair Association's bank account for the painting performed on the lodge and work performed at Mowery's personal residence.

Indiana Code 15-14-9-1 states:

"(a) The county council and board of county commissioners of a county may appropriate and pay to:

- (1) an agricultural fair, exhibition, or association; or
- (2) an organized county 4-H club in which the residents of the county are interested;

MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
RESULTS AND COMMENTS
(Continued)

a sum not exceeding four cents (\$0.04) on each one hundred dollars (\$100) valuation of the taxable property of the county, to be paid out of the county general fund.

(b) An appropriation under subsection (a) may be used only for necessary costs and expenses:

(1) incidental to the conduct and carrying out the purposes of organized:

(A) 4-H clubs; and

(B) boys' and girls' club work;

(2) for cash awards on:

(A) agricultural and horticultural products;

(B) livestock; and

(C) boys' and girls' club work; and

(3) for judging products, livestock, and club work described in this subsection.

(c) An appropriation under subsection (a) applies to regularly organized:

(1) fair associations; and

(2) boys' and girls' clubs, 4-H clubs, or agricultural clubs;

if the fair or exhibition is given only for the promotion of the interests of agriculture, horticulture, and stock raising. The appropriation does not apply to a person, an association, or a corporation conducting the fair or exhibition for profit or to street fairs or exhibitions.

(d) An appropriation under subsection (a) may not be used or given for contests of speed."

The Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, Section H, states in part:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements . . .

Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides:

a. Accurate, current, and complete disclosure of the financial results of each government-sponsored project or program.

b. Records that adequately identify the source and application of funds for government-sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, and income.

MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
RESULTS AND COMMENTS
(Continued)

- c. Effective control over and accountability for all funds, property, and other assets.
- d. Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation."

The \$7,500 check written to the painters lacked a receipt or any other type of supporting documentation. Based on the statements by the former Executive Director and the two painters, and Mowery's confirmations regarding services rendered by the painters at her personal residence, the SBOA requested Mowery to reimburse the Fair Association for personal home improvements with taxpayer's money in the amount of \$4,500, while crediting \$3,000 toward the painting costs of the lodge to equal the total of the \$7,500 check. (See Summary of Charges, page 9)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional audit costs due to the special investigation of the Fair Association's records.

Indiana Code 5-11-1-27(m) states in part:

"If the attorney general institutes civil proceedings related to this section or under IC 5-11-5-1, the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

- (1) costs incurred by the state board of accounts . . ."

Section D of the *Uniform Compliance Guideline for Examination of Entities Receiving Financial Assistance from Governmental Sources* states in part:

". . . Audits may be performed by the Indiana State Board of Accounts; private examiners hired by this department; or private examiners approved by the Indiana State Board of Accounts and hired by funding agencies or entities. Audit costs are the responsibility of the entity examined regardless of who is performing the audit . . ."

The SBOA requested Mowery to reimburse the State of Indiana \$7,648.67 for special investigation costs. (See Summary of Charges, page 9)

MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROL DEFICIENCIES

The SBOA noted deficiencies in internal controls during the special investigation into the Fair Association's expenditures. Adequate supporting documentation for expenditures was not maintained by the Fair Association. There was lack of oversight regarding the payments made to the painters allowing Mowery to have personal home improvement projects completed with taxpayer funds.

The Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, Section H, states in part:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements . . .

Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides: . . .

- c. Effective control over and accountability for all funds, property, and other assets . . ."

INSURANCE COVERAGE

The following information comes from the insurance policy obtained by the Fair Association for Directors and Officers liability:

<u>Period</u>	<u>Coverage</u>
01-31-21 to 12-31-21	\$ 1,000,000

INVESTIGATION BY LAW ENFORCEMENT AGENCY

This report has also been referred to the Marion County Prosecutors office for their review.

MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
EXIT CONFERENCE

The contents of this report were discussed on January 29, 2024, with Cindy Mowery, President of the Fair Association Board, and Susie Day, Vice President of the Fair Association Board.

MARION COUNTY AGRICULTURAL FAIR ASSOCIATION, INC.
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Cindy Mowery, President of the Fair Association Board:			
Personal Home Improvement with Taxpayer			
Funds, pages 4 through 6	\$ 7,500.00	\$ 3,000.00	\$ 4,500.00
Special Investigation Costs, page 6	<u>7,648.67</u>	<u>-</u>	<u>7,648.67</u>
Totals	<u>\$ 15,148.67</u>	<u>\$ 3,000.00</u>	<u>\$ 12,148.67</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

From: clmowery@aol.com
To: [SBOA Official Response](#)
Cc: [Wheele, Ed](#)
Subject: Re: CONFIDENTIAL DRAFT REPORT
Date: Sunday, February 4, 2024 3:16:03 PM
Attachments: [4922MarionCoFair_ReportSchedule.xlsx](#)
[4922MarionCountyFair_SpecialReport_1703.pdf](#)

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

To Whom It May Concern:

Please accept this email as my official response to the SBOA's report on the Marion County Fairgrounds. I appreciate the time and effort that it took to investigate and compile the report.

My official response to the Report is that it is incorrect. I did not misappropriate or misuse any public funds. I did not have my house painted with funds from the Marion County fairgrounds. I personally paid to have it painted. I gave Mr. Tevebaugh cash to pay the painters for any work that they had done at my house. I should also be noted that I took a polygraph test, that supports my position.

I would appreciate a re-review of the information and removal of any fees or charges that have been leveled against me.

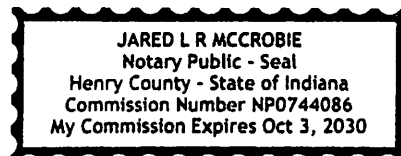
Thank you for your consideration,

Cindy Mowery

(317) 403-2778
clmowery@aol.com

AFFIDAVIT

STATE OF INDIANA)
Henry COUNTY)



I, Cole Wesley, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Marion County Agricultural Fair Association, Inc., Marion County, Indiana, for the period from January 1, 2020 to December 31, 2022, is true and correct to the best of my knowledge and belief.

Cole Wesley
Field Examiner

Subscribed and sworn to before me this 4th day of March, 2024

[Signature]
Notary Public

My Commission Expires: Oct 3 2030

County of Residence: Henry