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March 27, 2019

Civic Center Authority Members  
Delaware County Civic Center Authority  
P.O. Box 842  
Muncie, IN 47305

This report is supplemental to the audit report of the Delaware County Civic Center Authority (District), for the period from January 1, 2013 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Delaware County Civic Center Authority prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2013 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two Examination Findings and Results. Management's response may be found on page 5.

The report is filed with this letter in our office as a matter of public record.

Paul D. Joyce, CPA  
State Examiner

**COMPLIANCE EXAMINATION OF  
DELAWARE COUNTY CIVIC CENTER AUTHORITY**

Delaware County, Indiana  
January 1, 2013 to December 31, 2017

DELAWARE COUNTY CIVIC CENTER AUTHORITY

Delaware County, Indiana  
January 1, 2013 to December 31, 2017

CONTENTS

SCHEDULE OF OFFICIALS .....	1
INDEPENDENT ACCOUNTANT'S REPORT .....	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2018-001: MATERIALITY THRESHOLD .....	3
2018-002: MINIMUM LEVEL OF INTERNAL CONTROLS .....	3
EXIT CONFERENCE .....	4

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
SCHEDULE OF OFFICIALS  
January 1, 2013 to December 31, 2017

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lori Fry	01-01-13 to 07-31-15
	Audrey Jones	08-01-15 to 07-31-17
	Roza Selvey	08-01-17 to 12-31-17
President of the Board	Billie Sheppard	01-01-13 to 12-31-17

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Delaware County Civic Center Authority

We have examined Delaware County Civic Center Authority's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2013 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2013 to December 31, 2017, as described in items 2018-001 and 2018-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2013 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.

  
Crowe LLP

Indianapolis, Indiana  
December 10, 2018

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2013 to December 31, 2017

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**FINDING 2018-001: MATERIALITY THRESHOLD**

**Criteria:** SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

**Condition:** During testing, we noted that the Unit had not adopted a materiality threshold for the period under audit.

**FINDING 2018-002: MINIMUM LEVEL OF INTERNAL CONTROLS**

**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. . . .*"

**Condition:** The Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

DELAWARE COUNTY CIVIC CENTER AUTHORITY  
EXIT CONFERENCE  
January 1, 2013 to December 31, 2017

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The contents of this report were discussed on December 10, 2018, with Gaynelle Junga, Outgoing Controller, Angie St. John, Incoming Controller, Scott Alexander, President of the Board, Mary Ann Kratochvil, Treasurer of the Board, and Joann McKinney, President of the Horizon Convention Center. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

**Delaware County Civic Center Authority**

401 S. High Street  
Muncie, IN 47305

December 17, 2018

Crowe LLP  
3815 River Crossing Pkwy Suite 300  
Indianapolis, IN 46240

RE: Response to the findings in compliance exam


Ladies and Gentlemen:


Please accept this letter as the Civic Center Authority's response to Crowe's compliance findings and our intent to adopt a materiality threshold that will be set in place by March of 2019. This materiality threshold will most likely be the typical 5 – 10 percent, meaning amounts less than 5% of the Civic Center Authority's food and beverage tax earnings will be considered immaterial and amounts greater than 10% of the earnings will be considered material.

In addition, the Civic Center Authority has pages of procedures already written for proper internal controls for the safe and accurate handling of the food and beverage tax earnings. We know that proper internal controls serve to safeguard the Civic Center Authority's assets and help our board achieve our goals through effective stewardship of public resources. We will make sure that these procedures are written in proper formal documentation for adequate control activities.

This concludes our response to Crowe's findings and demonstrates how we are set to comply.

Sincerely,

  
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Scott Alexander, Board Chair

  
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Mary Ann Kratochvil, Treasurer