

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

EXAMINATION REPORT  
OF  
LAWRENCEBURG CONSERVANCY DISTRICT  
DEARBORN COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
06/28/2011



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OFFICIALS

Office

Official

Term

Financial Clerk

Deborah K. Biddle

01-01-07 to 12-31-11

President of the Board  
of Directors

Eugene B. Seitz

01-01-07 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAWRENCEBURG CONSERVANCY  
DISTRICT, DEARBORN COUNTY, INDIANA

We have examined the financial information presented herein of the Lawrenceburg Conservancy District (District), for the period of January 1, 2007 to December 31, 2009. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 16, 2011

LAWRENCEBURG CONSERVANCY DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 467,617	\$ 4,140,352	\$ 3,679,650	\$ 928,319
Riverboat	43,883,198	3,833,040	2,500,000	45,216,238
Fiduciary Fund:				
Payroll	661	244,793	244,317	1,137
Totals	<u>\$ 44,351,476</u>	<u>\$ 8,218,185</u>	<u>\$ 6,423,967</u>	<u>\$ 46,145,694</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 928,319	\$ 5,594,798	\$ 5,911,407	\$ 611,710
Riverboat	45,216,238	1,588,611	3,314,157	43,490,692
Fiduciary Fund:				
Payroll	1,137	263,042	263,459	720
Totals	<u>\$ 46,145,694</u>	<u>\$ 7,446,451</u>	<u>\$ 9,489,023</u>	<u>\$ 44,103,122</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 611,710	\$ 3,804,260	\$ 3,766,293	\$ 649,677
Riverboat	43,490,692	351,177	2,000,000	41,841,869
Fiduciary Fund:				
Payroll	720	276,782	277,437	65
Totals	<u>\$ 44,103,122</u>	<u>\$ 4,432,219</u>	<u>\$ 6,043,730</u>	<u>\$ 42,491,611</u>

The accompanying notes are an integral part of the financial information.

LAWRENCEBURG CONSERVANCY DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: flood control, and culture and recreation.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

LAWRENCEBURG CONSERVANCY DISTRICT  
NOTES TO FINANCIAL INFORMATION  
(Continued)

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 6. Receipts From the City of Lawrenceburg

The District leases land to the City of Lawrenceburg that is subleased to an operator of a riverboat facility. The lease payments received from the City are \$500,000 per year.

LAWRENCEBURG CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

EXCESS COMPENSATION PAID TO BOARD OF DIRECTORS

Compensation paid to the Board of Directors for the years 2007, 2008, 2009, and 2010 exceeded the amount authorized by statute in the amount of \$153,575. The following schedules compare the compensation authorized by statute (IC 14-33-5-16) with compensation paid and the resulting excess compensation paid for each Director:

Eugene B. Seitz

Year	Compensation Authorized By Statute				Total	Paid	Excess
	(2) Number of Meetings	Rate of Pay	(3) Other Days	Rate of Pay			
2007 (1)	7	\$ 100	56	\$ 50	\$ 3,500	\$ 7,800	\$ 4,300
2008	11	100	54	50	3,800	9,800	6,000
2009	13	100	47	50	3,650	11,800	8,150
2010	18	100	54	50	4,500	12,050	7,550
Totals - Eugene B. Seitz					<u>\$ 15,450</u>	<u>\$ 41,450</u>	<u>\$ 26,000</u>

James Knippenberg

Year	Compensation Authorized by Statute				Total	Paid	Excess
	(2) Number of Meetings	Rate of Pay	(3) Other Days	Rate of Pay			
2007 (1)	7	\$ 100	19	\$ 50	\$ 1,650	\$ 6,500	\$ 4,850
2008	10	100	18	50	1,900	8,850	6,950
2009	13	100	38	50	3,200	9,200	6,000
2010	17	100	32	50	3,300	8,250	4,950
Totals - James Knippenberg					<u>\$ 10,050</u>	<u>\$ 32,800</u>	<u>\$ 22,750</u>

Steven Karsteter

Year	Compensation Authorized by Statute				Total	Paid	Excess
	(2) Number of Meetings	Rate of Pay	(3) Other Days	Rate of Pay			
2007 (1)	7	\$ 100	31	\$ 50	\$ 2,250	\$ 6,000	\$ 3,750
2008	11	100	24	50	2,300	8,550	6,250
2009	13	100	47	50	3,650	10,200	6,550
2010	16	100	48	50	4,000	10,125	6,125
Totals - Steven Karsteter					<u>\$ 12,200</u>	<u>\$ 34,875</u>	<u>\$ 22,675</u>

LAWRENCEBURG CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

David Lorey

Compensation Authorized by Statute							
Year	(2) Number of Meetings	Rate of Pay	(3) Other Days	Rate of Pay	Total	Paid	Excess
2007 (1)	6	\$ 100	16	\$ 50	\$ 1,400	\$ 6,000	\$ 4,600
2008	10	100	4	50	1,200	7,400	6,200
2009	12	100	15	50	1,950	8,100	6,150
2010	15	100	15	50	2,250	7,050	4,800
Totals - David Lorey					<u>\$ 6,800</u>	<u>\$ 28,550</u>	<u>\$ 21,750</u>

William Haag

Compensation Authorized by Statute							
Year	(2) Number of Meetings	Rate of Pay	(3) Other Days	Rate of Pay	Total	Paid	Excess
2007 (1)	6	\$ 100	18	\$ 50	\$ 1,500	\$ 6,000	\$ 4,500
2008	12	100	17	50	2,050	8,150	6,100
2009	9	100	16	50	1,700	7,950	6,250
2010	14	100	16	50	2,200	6,600	4,400
Totals - William Haag					<u>\$ 7,450</u>	<u>\$ 28,700</u>	<u>\$ 21,250</u>

Dennis Richter

Compensation Authorized by Statute							
Year	(2) Number of Meetings	Rate of Pay	(3) Other Days	Rate of Pay	Total	Paid	Excess
2007 (1)	4	\$ 100	19	\$ 50	\$ 1,350	\$ 6,000	\$ 4,650
2008	11	100	12	50	1,700	7,550	5,850
2009	11	100	12	50	1,700	7,600	5,900
2010	14	100	14	50	2,100	6,150	4,050
Totals - Dennis Richter					<u>\$ 6,850</u>	<u>\$ 27,300</u>	<u>\$ 20,450</u>

LAWRENCEBURG CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Darrell Poindexter

Year	Compensation Authorized By Statute				Total	Paid	Excess
	(2) Number of Meetings	Rate of Pay	(3) Other Days	Rate of Pay			
2007 (1)	6	\$ 100	16	\$ 50	\$ 1,400	\$ 6,000	\$ 4,600
2008	12	100	12	50	1,800	7,600	5,800
2009	13	100	39	50	3,250	9,150	5,900
2010	4	100	16	50	1,200	3,600	2,400
Totals - Darrell Poindexter					<u>\$ 7,650</u>	<u>\$ 26,350</u>	<u>\$ 18,700</u>

Notes to Schedules:

- (1) The rate of compensation for attending regular or specially called meetings and for other days devoted to the work of the District were both \$50 prior to July 1, 2007. Accordingly, attendance at regular or specially called meetings prior to July 1, 2007, is included in "Other Days."
- (2) The "Number of Meetings" for the period July 1, 2007 through December 31, 2010, includes the number of regular and specially called meetings that did not exceed two days in a month.
- (3) The "Other Days" for the period July 1, 2007 to December 31, 2010, include any days devoted to the work of the District for which documentation was presented for examination and the number of days did not exceed five days in a month.

Additional Information

The annual compensation paid to the Board of Directors for the year 2007 was based on an annual salary approved by the Board of Directors.

The compensation paid to the Board of Directors for the years 2008 through the year 2010 was based on an annual salary plus an additional \$50 per day for attending various committee type meetings. Examples of committee type meetings included personnel, finance, etc. Sign in sheets were used to document a Board member's attendance at these meetings.

Statutes Regarding Compensation for Directors

IC 14-33-5-16, in effect prior to July 1, 2007, states in part:

"As compensation the directors are entitled to an amount that the court orders, but not to exceed fifty dollars (\$50) for each day devoted to the work of the district. . . ."

IC 14-33-5-16, in effect as of July 1, 2007, states in part:

"As compensation the directors are entitled to an amount that the court orders, but not to exceed:

LAWRENCEBURG CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (1) one hundred (\$100) for not more than two (2) regular or specially called board meetings per month; and
- (2) fifty dollars (\$50) for not more than five (5) days per month devoted to the work of the district in addition to any day for which payment is received under subdivision (1). . . ."

Requests for Refunds

On March 16, 2011, we requested Eugene B. Seitz, Board member, to refund \$26,000 to the Lawrenceburg Conservancy District. (See Summary, page 13)

On March 16, 2011, we requested James Knippenberg, Board member, to refund \$22,750 to the Lawrenceburg Conservancy District. (See Summary, page 13)

On March 16, 2011, we requested Steven Karsteter, Board member, to refund \$22,675 to the Lawrenceburg Conservancy District. (See Summary, page 13)

On March 16, 2011, we requested David Lorey, Board member, to refund \$21,750 to the Lawrenceburg Conservancy District. (See Summary, page 13)

On March 16, 2011, we requested William Haag, Board member, to refund \$21,250 to the Lawrenceburg Conservancy District. (See Summary, page 13)

On March 16, 2011, we requested Dennis Richter, Board member, to refund \$20,450 to the Lawrenceburg Conservancy District. (See Summary, page 13)

On March 16, 2011, we requested Darrell Poindexter, former Board member, to refund \$18,700 to the Lawrenceburg Conservancy District. (See Summary, page 13)

ANNUAL REPORT NOT FILED

The 2009 Annual Report, that reports the District's financial activity and cash and investment balances, was not filed with the Indiana State Board of Accounts.

IC 5-11-1-4 states in part:

"The state examiner shall require from every . . . local governmental unit . . . financial reports covering the full period of each fiscal year. These reports shall be . . . filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner . . ."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Board members' compensation was reported on Internal Revenue Service Form 1099-MISC rather than on Internal Revenue Service Form W-2. No taxes were withheld and remitted by the District.

LAWRENCEBURG CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

A similar comment was reported in the prior Report B29537.

LAWRENCEBURG CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2011, with the following officials:

Eugene B. Seitz, President of the Board of Directors  
David Lorey, Board member  
James Knippenberg, Board member  
Darrell Poindexter, former Board member  
Dennis Richter, Board member  
Steven Karsteter, Board member  
William Haag, Board member  
Michael McCabe, Board member  
Deborah K. Biddle, Financial Clerk  
Richard Butler, Attorney for the Conservancy District

LAWRENCEBURG CONSERVANCY DISTRICT  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Eugene B. Seitz, President of the Board of Directors:			
Excess Compensation Paid to Board of Directors, page 7	\$ 26,000	\$ -	\$ 26,000
James Knippenberg, Board member:			
Excess Compensation Paid to Board of Directors, page 7	22,750	-	22,750
Steven Karsteter, Board member:			
Excess Compensation Paid to Board of Directors, page 7	22,675	-	22,675
David Lorey, Board member:			
Excess Compensation Paid to Board of Directors, page 8	21,750	-	21,750
William Haag, Board member:			
Excess Compensation Paid to Board of Directors, page 8	21,250	-	21,250
Dennis Richter, Board member:			
Excess Compensation Paid to Board of Directors, page 8	20,450	-	20,450
Darrell Poindexter, former Board member:			
Excess Compensation Paid to Board of Directors, page 9	18,700	-	18,700
Totals	<u>\$ 153,575</u>	<u>\$ -</u>	<u>\$ 153,575</u>

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AFFIDAVIT

STATE OF INDIANA )  
Jennings COUNTY )

We, Sara Wert and Richard Ahlrich, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Lawrenceburg Conservancy District, Dearborn County, Indiana, for the period from January 1, 2007 to December 31, 2009, is true and correct to the best of our knowledge and belief.

Sara Wert

Richard Ahlrich  
Field Examiners

Subscribed and sworn to before me this 10th day of May, 2011.

Mary Dorsett Kilgore  
Clerk of the Circuit Court

