

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

ELECTRIC, WATER, WASTEWATER, AND  
TELECOMMUNICATIONS UTILITIES  
CITY OF LEBANON  
BOONE COUNTY, INDIANA

January 1, 2015 to December 31, 2016



**FILED**

06/14/2018



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tonya Thayer	01-01-15 to 12-31-19
Mayor	Harold "Huck" Lewis Matthew Gentry	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Harold "Huck" Lewis Matthew Gentry	01-01-15 to 12-31-15 01-01-16 to 12-31-18
President Pro Tempore of the Common Council	Preston Myers Steve Large John Copeland Keith Campbell	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
General Manager of Utilities	Jay McCoskey Michael Whitman	01-01-15 to 12-11-15 12-12-15 to 12-31-18
President of the Utility Service Board	Dan Lamar Allen Woods Gary Ladd	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-18
Utility Finance Manager	Sandra Morgan	01-01-15 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF THE ELECTRIC, WATER, WASTEWATER,  
AND TELECOMMUNICATIONS UTILITIES, CITY OF LEBANON,  
BOONE COUNTY, INDIANA

This report is supplemental to our audit report of the Electric, Water, Wastewater, and Telecommunications Utilities (Utilities), departments of the City of Lebanon (City), for the period from January 1, 2015 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Utilities. It should be read in conjunction with our Financial Statements Audit Report of the Utilities, which provides our opinions on the Utilities' 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 performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance 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 Audit Result and Comment, incorporated within this report, was not verified for accuracy.

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

May 3, 2018

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UTILITY FINANCE MANAGER  
ELECTRIC, WATER, WASTEWATER, AND TELECOMMUNICATIONS UTILITIES

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ELECTRIC, WATER, WASTEWATER, AND TELECOMMUNICATIONS UTILITIES  
AUDIT RESULT AND COMMENT

***LOAN FROM WATER, WASTEWATER, AND ELECTRIC UTILITY***

A loan of \$2,200,000 was made in March 2008 from the Water, Wastewater, and Electric Utilities to the Telecommunications Utility and has not been repaid within five years. As of December 31, 2016, the remaining loan balance was \$1,255,289.

A loan of \$3,000,000 was made in May 2003 from Water Utility to the Wastewater Utility and has not been repaid within five years. As of December 31, 2016, the remaining loan balance was \$1,330,183.

Indiana Code 8-1.5-3-11(f) states: "A cash reserve fund, if authorized by ordinance, may be used to make loans to another utility owned by the same municipality, for periods not to exceed five (5) years, at any interest rate. The repayment of the loan and interest shall be returned to the cash reserve fund."

UTILITY FINANCE MANAGER  
ELECTRIC, WATER, WASTEWATER, AND TELECOMMUNICATIONS UTILITIES  
EXIT CONFERENCE

The contents of this report were discussed on May 3, 2018, with Sandra Morgan, Utility Finance Manager; Gary Ladd, President of the Utility Service Board; Matthew Gentry, Mayor/President of the Board of Public Works and Safety; Bill Stone, Utility Service Board member and Board of Public Works and Safety member; and Michael Whitman, General Manager of Utilities.