

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

EXAMINATION REPORT  
OF  
TOWN OF CRANE  
MARTIN COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
12/10/2010



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Examination Results and Comments:	
Condition of Records .....	6
Overdrawn Cash Balances .....	6
Capital Asset Records .....	6
Penalties, Interest, and Other Charges .....	6
Appropriations.....	7
Customer Deposit Register .....	7
Temporary Loan .....	7-8
Delinquent Wastewater Accounts.....	8
Prescribed Forms .....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Willoughby	01-01-08 to 12-31-11
President of the Town Council	Bernard Butcher	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CRANE, MARTIN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Crane (Town), for the period of January 1, 2008 to December 31, 2009. The Town'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 Town for the years ended December 31, 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

October 6, 2010

TOWN OF CRANE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 20,469	\$ 27,816	\$ 42,130	\$ 6,155
Motor Vehicle Highway	106,824	5,514	-	112,338
Local Road and Street	11,048	926	1,190	10,784
Law Enforcement Continuing Education	250	40	117	173
Cumulative Capital Improvement	22,559	401	-	22,960
Proprietary Funds:				
Water Utility - Operating	(73,384)	56,746	30,087	(46,725)
Water Utility - Depreciation	15,160	-	-	15,160
Water Utility - Customer Deposit	7,831	1,625	628	8,828
Wastewater Utility - Operating	(169,899)	36,170	43,065	(176,794)
Wastewater Utility - Depreciation	16,845	13	-	16,858
Wastewater Utility - Customer Deposit	5,667	1,170	457	6,380
Electric Utility - Operating	93,628	106,981	111,228	89,381
Electric Utility - Depreciation	57,862	29	-	57,891
Electric Utility - Customer Deposit	12,108	3,010	1,353	13,765
Fiduciary Fund:				
Payroll	101	30,403	31,102	(598)
Totals	<u>\$ 127,069</u>	<u>\$ 270,844</u>	<u>\$ 261,357</u>	<u>\$ 136,556</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 6,155	\$ 77,571	\$ 47,617	\$ 36,109
Motor Vehicle Highway	112,338	5,344	30,000	87,682
Local Road and Street	10,784	896	66	11,614
Law Enforcement Continuing Education	173	-	-	173
Rainy Day	-	267	-	267
Cumulative Capital Improvement	22,960	625	19,000	4,585
Proprietary Funds:				
Water Utility - Operating	(46,725)	66,138	27,677	(8,264)
Water Utility - Depreciation	15,160	-	-	15,160
Water Utility - Customer Deposit	8,828	3,290	2,605	9,513
Wastewater Utility - Operating	(176,794)	64,436	36,227	(148,585)
Wastewater Utility - Depreciation	16,858	375	165	17,068
Wastewater Utility - Customer Deposit	6,380	3,661	2,485	7,556
Electric Utility - Operating	89,381	108,326	117,979	79,728
Electric Utility - Depreciation	57,891	1	-	57,892
Electric Utility - Customer Deposit	13,765	8,750	6,095	16,420
Fiduciary Fund:				
Payroll	(598)	28,601	29,996	(1,993)
Totals	<u>\$ 136,556</u>	<u>\$ 368,281</u>	<u>\$ 319,912</u>	<u>\$ 184,925</u>

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

TOWN OF CRANE  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, general administrative services, Water, Wastewater, and Electric Utilities.

Note 2. Fund Accounting

The Town 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 or highway use taxes are received 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 Town 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.

TOWN OF CRANE  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

There were a considerable number of posting errors. These errors include checks and receipts not recorded in the proper amounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balance of the Payroll Fund, Water Utility Operating Fund, and Wastewater Utility Operating Fund were overdrawn at December 31, 2008 and 2009.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

CAPITAL ASSET RECORDS

The Town and Utilities do not maintain sufficient detailed records of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and Interest totaling \$728.64 were paid to the Indiana Department of Revenue for the periods ending December 31, 2007 and 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

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

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CRANE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2008	<u>\$ 15,301</u>

IC 6-1.1-18-4 states in part:

" . . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

A similar comment appeared in prior reports.

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register could not be located for examination; therefore, the detail could not be reconciled to the control amount recorded in the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

TEMPORARY LOAN

In 1997, a temporary loan was made from the General, Motor Vehicle Highway, Local Road and Street, Cumulative Capital Improvement, Electric Utility and Wastewater Utility Funds to the Water Utility Operating Fund to retire water notes and has not been repaid as of December 31, 2009. The outstanding balance of the loan owed to Town funds, the Electric Utility and the Wastewater Utility as of December 31, 2009, amounted to \$23,068, \$9,291, and \$11,148, respectively.

IC 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year

TOWN OF CRANE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

A similar comment appeared in prior reports.

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
  - (B) a description of the premises, as shown by the records of the county auditor; and
  - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

A similar comment appeared in prior reports.

TOWN OF CRANE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Guarantee Deposit Register, Utility Form 314  
Capital Assets Ledger, City and Town Form 211  
Water Utility Journal, Utility Form 304  
Wastewater Utility Journal, Utility Form 308  
Electric Utility Journal, Utility Form 309

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

TOWN OF CRANE  
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2010, with Linda Willoughby, Clerk-Treasurer, and Bernard Butcher, President of the Town Council.