

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF CRANE
MARTIN COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
04/02/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Willoughby	01-01-08 to 12-31-15
President of the Town Council	Bernard Butcher	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Town of Crane (Town), for the years ended December 31, 2010 and 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 6, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 6, 2012



STATE OF INDIANA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Town of Crane (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated March 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 6, 2012

FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF CRANE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 36,057	\$ 116,127	\$ 42,684	\$ 109,500
Motor Vehicle Highway	87,682	4,907	82,000	10,589
Local Road And Street	11,902	1,054	194	12,762
Law Enforcement Continuing Education	174	-	-	174
Rainy Day	267	630	-	897
Cumulative Capital Improvement	6,010	594	-	6,604
Payroll	(1,992)	29,435	26,934	509
Electric Operating	78,605	117,277	157,406	38,476
Electric Capital Equipment	57,892	1	636	57,257
Electric Customer Deposit	16,890	6,000	3,897	18,993
Sewer Operating	(148,445)	66,956	31,412	(112,901)
Sewer Capital Equipment	16,859	-	-	16,859
Sewer Customer Deposit	8,071	3,125	2,064	9,132
Water Operating	(9,637)	65,788	30,147	26,004
Water Capital Equipment	15,160	-	238	14,922
Water Customer Deposit	9,661	2,450	1,738	10,373
Totals	<u>\$ 185,156</u>	<u>\$ 414,344</u>	<u>\$ 379,350</u>	<u>\$ 220,150</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CRANE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 109,500	\$ 21,934	\$ 39,884	\$ 91,550
Motor Vehicle Highway	10,589	5,337	-	15,926
Local Road And Street	12,762	884	134	13,512
Law Enforcement Continuing Education	174	-	-	174
Rainy Day	897	-	-	897
Cumulative Capital Improvement	6,604	582	-	7,186
Payroll	509	25,374	24,896	987
Electric Operating	38,476	117,652	129,218	26,910
Electric Capital Equipment	57,257	-	-	57,257
Electric Customer Deposit	18,993	3,500	3,880	18,613
Sewer Grant Fund	-	619,799	619,799	-
Sewer Operating	(112,901)	63,615	34,025	(83,311)
Sewer Capital Equipment	16,859	-	-	16,859
Sewer Customer Deposit	9,132	1,625	1,832	8,925
Water Operating	26,004	63,585	29,241	60,348
Water Capital Equipment	14,922	-	-	14,922
Water Customer Deposit	10,373	1,300	1,663	10,010
Totals	<u>\$ 220,150</u>	<u>\$ 925,187</u>	<u>\$ 884,572</u>	<u>\$ 260,765</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CRANE
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF CRANE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF CRANE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF CRANE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS -
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Rainy Day	Cumulative Capital Improvement	Payroll	Electric Operating	Electric Capital Equipment
Cash and investments - beginning	\$ 36,057	\$ 87,682	\$ 11,902	\$ 174	\$ 267	\$ 6,010	\$ (1,992)	\$ 78,605	\$ 57,892
Receipts:									
Taxes	413	-	-	-	-	-	-	-	-
Intergovernmental	19,202	4,907	1,054	-	630	594	-	-	-
Charges for services	14,398	-	-	-	-	-	-	-	-
Fines and forfeits	103	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	117,277	-
Other receipts	82,011	-	-	-	-	-	29,435	-	1
Total receipts	116,127	4,907	1,054	-	630	594	29,435	117,277	1
Disbursements:									
Other services and charges	42,684	-	194	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	636
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	82,000	-	-	-	-	26,934	157,406	-
Total disbursements	42,684	82,000	194	-	-	-	26,934	157,406	636
Excess (deficiency) of receipts over disbursements	73,443	(77,093)	860	-	630	594	2,501	(40,129)	(635)
Cash and investments - ending	\$ 109,500	\$ 10,589	\$ 12,762	\$ 174	\$ 897	\$ 6,604	\$ 509	\$ 38,476	\$ 57,257

TOWN OF CRANE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS -
 For The Year Ended December 31, 2010
 (Continued)

	Electric Customer Deposit	Sewer Operating	Sewer Capital Equipment	Sewer Customer Deposit	Water Operating	Water Capital Equipment	Water Customer Deposit	Totals
Cash and investments - beginning	\$ 16,890	\$ (148,445)	\$ 16,859	\$ 8,071	\$ (9,637)	\$ 15,160	\$ 9,661	\$ 185,156
Receipts:								
Taxes	-	-	-	-	-	-	-	413
Intergovernmental	-	-	-	-	-	-	-	26,387
Charges for services	-	-	-	-	-	-	-	14,398
Fines and forfeits	-	-	-	-	-	-	-	103
Utility fees	-	66,956	-	-	65,788	-	-	250,021
Other receipts	6,000	-	-	3,125	-	-	2,450	123,022
Total receipts	6,000	66,956	-	3,125	65,788	-	2,450	414,344
Disbursements:								
Other services and charges	-	-	-	-	-	-	-	42,878
Capital outlay	-	-	-	-	-	238	-	874
Utility operating expenses	3,897	-	-	2,064	-	-	1,738	7,699
Other disbursements	-	31,412	-	-	30,147	-	-	327,899
Total disbursements	3,897	31,412	-	2,064	30,147	238	1,738	379,350
Excess (deficiency) of receipts over disbursements	2,103	35,544	-	1,061	35,641	(238)	712	34,994
Cash and investments - ending	\$ 18,993	\$ (112,901)	\$ 16,859	\$ 9,132	\$ 26,004	\$ 14,922	\$ 10,373	\$ 220,150

TOWN OF CRANE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Rainy Day	Cumulative Capital Improvement	Payroll	Electric Operating	Electric Capital Equipment
Cash and investments - beginning	\$ 109,500	\$ 10,589	\$ 12,762	\$ 174	\$ 897	\$ 6,604	\$ 509	\$ 38,476	\$ 57,257
Receipts:									
Intergovernmental	6,343	5,337	884	-	-	582	-	-	-
Charges for services	14,221	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	114,200	-
Penalties	-	-	-	-	-	-	-	2,897	-
Other receipts	1,370	-	-	-	-	-	25,374	555	-
Total receipts	21,934	5,337	884	-	-	582	25,374	117,652	-
Disbursements:									
Personal services	8,004	-	-	-	-	-	24,896	-	-
Supplies	710	-	134	-	-	-	-	-	-
Other services and charges	8,266	-	-	-	-	-	-	-	-
Capital outlay	398	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	111,545	-
Other disbursements	22,506	-	-	-	-	-	-	17,673	-
Total disbursements	39,884	-	134	-	-	-	24,896	129,218	-
Excess (deficiency) of receipts over disbursements	(17,950)	5,337	750	-	-	582	478	(11,566)	-
Cash and investments - ending	\$ 91,550	\$ 15,926	\$ 13,512	\$ 174	\$ 897	\$ 7,186	\$ 987	\$ 26,910	\$ 57,257

TOWN OF CRANE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Electric Customer Deposit	Sewer Grant Fund	Sewer Operating	Sewer Capital Equipment	Sewer Customer Deposit	Water Operating	Water Capital Equipment	Water Customer Deposit	Totals
Cash and investments - beginning	\$ 18,993	\$ -	\$ (112,901)	\$ 16,859	\$ 9,132	\$ 26,004	\$ 14,922	\$ 10,373	\$ 220,150
Receipts:									
Intergovernmental	-	619,799	-	-	-	-	-	-	632,945
Charges for services	-	-	-	-	-	-	-	-	14,221
Utility fees	3,500	-	61,852	-	1,625	62,941	-	1,300	245,418
Penalties	-	-	1,763	-	-	-	-	-	4,660
Other receipts	-	-	-	-	-	644	-	-	27,943
Total receipts	3,500	619,799	63,615	-	1,625	63,585	-	1,300	925,187
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	32,900
Supplies	-	-	-	-	-	-	-	-	844
Other services and charges	-	-	-	-	-	-	-	-	8,266
Capital outlay	-	-	-	-	-	-	-	-	398
Utility operating expenses	3,880	-	34,025	-	-	29,241	-	-	178,691
Other disbursements	-	619,799	-	-	1,832	-	-	1,663	663,473
Total disbursements	3,880	619,799	34,025	-	1,832	29,241	-	1,663	884,572
Excess (deficiency) of receipts over disbursements	(380)	-	29,590	-	(207)	34,344	-	(363)	40,615
Cash and investments - ending	\$ 18,613	\$ -	\$ (83,311)	\$ 16,859	\$ 8,925	\$ 60,348	\$ 14,922	\$ 10,010	\$ 260,765

TOWN OF CRANE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Buildings	<u>\$ 56,000</u>
Total other capital assets	<u>56,000</u>
Total capital assets not being depreciated	<u><u>\$ 56,000</u></u>

TOWN OF CRANE
AUDIT RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger as of December 31, 2010 or December 31, 2011, in the Electric, Water, or Wastewater Utilities.

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 Operating and Wastewater Utility Operating Funds to the Water Utility Operating Fund to retire water notes. As of December 31, 2011, the loan has not been repaid. The outstanding balance of the loan owed to Town funds, the Electric Utility and the Wastewater Utility as of December 31, 2011, amounted to \$23,068, \$9,291, and \$11,148, respectively.

Indiana Code 36-1-8-4 concerning temporary loans 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 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 department of local government finance."

A similar comment appeared in prior reports.

TOWN OF CRANE
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The Wastewater Utility Operating Fund balance was overdrawn as of December 31, 2010 and 2011.

The fund 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.

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or 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)

CONDITION OF RECORDS

There were a considerable number of posting errors. These errors included checks and receipts not recorded in the proper amounts, receipts not posted timely and nonsufficient funds checks incorrectly posted.

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.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Crane (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the years ended December 31, 2010 and 2011. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2010 and 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 6, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF CRANE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-10	Total Federal Awards Expended 12-31-11
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (State Administered Small Cities Program)	14.228	DR2-09-147	\$ -	\$ 619,799
Total for cluster			-	619,799
Total for federal grantor agency			-	619,799
Total federal awards expended			\$ -	\$ 619,799

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF CRANE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Crane (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF CRANE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF CRANE
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2012, with Bernard Butcher, President of the Town Council, and Linda Willoughby, Clerk-Treasurer. The officials concurred with our audit findings.