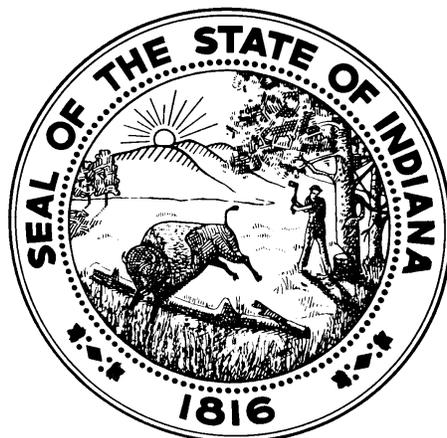


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

PARK AND CEMETERY SUPERINTENDENT
CITY OF UNION CITY
RANDOLPH COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
09/30/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
City Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Ghost Employment	4-5
Receipts Collected Not Deposited.....	5-6
Personal Property Use	6
Exit Conference.....	7
Summary	8
Affidavit	9

CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Park and Cemetery Superintendent	Lee Rains Rick Reichard	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Clerk-Treasurer	Anita Amspaugh	01-01-04 to 12-31-11
Major	Roger Hoover Bryan Conklin	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Bryan Conklin Chad Spence	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of Works	Roger Hoover Bryan Conklin	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Park Board	Bud Westfall Susan Hufford	01-01-07 to 12-31-07 01-01-08 to 12-31-08



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

TO: THE OFFICIALS OF THE CITY OF UNION CITY, RANDOLPH COUNTY, INDIANA

We have audited the records of the Park and Cemetery Superintendent for the period from January 1, 2007 to December 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of City of Union City for the year 2007.

STATE BOARD OF ACCOUNTS

August 18, 2008

PARK AND CEMETERY SUPERINTENDENT
THE CITY OF UNION CITY
AUDIT RESULTS AND COMMENTS

GHOST EMPLOYMENT

The Park and Cemetery Superintendent, Lee Rains, utilized two City employees and City equipment to perform services that were not authorized by the City. Three burials had been arranged by the Park and Cemetery Superintendent at a private cemetery. All three burials occurred during City work time using City employees and City equipment.

The two employees also claimed that they poured foundation footers for headstones at private cemeteries on several occasions, but they could not recall the actual hours worked in performing these services. Lee Rains has a private business pouring footers for headstones.

Indiana Code 35-44-2-4 states:

"(a) A public servant who knowingly or intentionally:

- (1) hires an employee for the governmental entity that he serves; and
- (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity; commits ghost employment, a Class D felony.

(b) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony.

(c) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony.

(d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony.

(e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides.

(f) For the purposes of this section, an employee of a governmental entity who voluntarily performs services:

- (1) that do not:
 - (A) promote religion;
 - (B) attempt to influence legislation or governmental policy; or
 - (C) attempt to influence elections to public office;

PARK AND CEMETERY SUPERINTENDENT
 THE CITY OF UNION CITY
 AUDIT RESULTS AND COMMENTS
 (Continued)

- (2) for the benefit of:
 - (A) another governmental entity; or
 - (B) an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code;
- (3) with the approval of the employee's supervisor; and
- (4) in compliance with a policy or regulation that:
 - (A) is in writing;
 - (B) is issued by the executive officer of the governmental entity; and
 - (C) contains a limitation on the total time during any calendar year that the employee may spend performing the services during normal hours of employment;

is considered to be performing duties related to the operation of the governmental entity."

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPTS COLLECTED NOT DEPOSITED

The Park and Cemetery Superintendent, Lee Rains, received from a funeral home compensation for the services performed while utilizing City employees and City equipment during City work time. The Director of the funeral home noted that there were three burials that had been arranged by the Park and Cemetery Superintendent. Checks disbursed by the funeral home were all made payable to Lee Rains as detailed below:

Check Date	Payee	Check Amount
10-12-05	Lee Rains	\$ 275
07-22-06	Lee Rains	350
06-29-07	Lee Rains	275
Total		\$ 900

The checks were endorsed by Lee Rains. The receipts could not be traced to cemetery receipts nor to records of the Clerk-Treasurer.

PARK AND CEMETERY SUPERINTENDENT
THE CITY OF UNION CITY
AUDIT RESULTS AND COMMENTS
(Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

See Summary, page 8.

PERSONAL PROPERTY USE

The Park and Cemetery Superintendent, Lee Rains, allowed a Wastewater employee to take a mower deck that was in disrepair. The mower deck was repaired and personally used by the Wastewater employee. Prior to the end of 2007, Lee Rains requested the mower deck be returned for inventory purposes.

The Park and Cemetery Superintendent, Lee Rains, allowed several of his Park and Cemetery employees to take City equipment home for personal use and an excavating company to use a backhoe bucket.

The Park and Cemetery Superintendent, Lee Rains, utilized City equipment in performing services that were not authorized by the City.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK AND CEMETERY SUPERINTENDENT
CITY OF UNION CITY
EXIT CONFERENCE

The contents of this report were discussed on August 18, 2008, with Susan Hufford, President of the Park Board; Anita Amspaugh, Clerk-Treasurer; Bryan Conklin; Mayor; Tim Heuss, member of the Common Council; and Monte Poling, City Manager.

Lee Rains, former Park and Cemetery Superintendent, declined our request to meet for an exit conference.

PARK AND CEMETERY SUPERINTENDENT
CITY OF UNION CITY
SUMMARY

	Charges	Credits	Balance Due
Lee Raines, former Park and Cemetery Superintendent: Receipts Collected Not Deposited, pages 5 and 6	\$ 900	\$ -	\$ 900

AFFIDAVIT

STATE OF INDIANA)
)
Delaware COUNTY)

I Stephanie Heath, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Park and Cemetery Superintendent, City of Union City, Indiana, for the period from January 1, 2007 to December 31, 2007, is true and correct to the best of my knowledge and belief.

Stephanie Heath
Field Examiner

Subscribed and sworn to before me this 11th day of September, 2008

Claris Burke
Notary Public

Claris Burke
Notary Public, State of Indiana
Henry County
My Commission Exp. 11/09/2009

My Commission Expires: 11-9-09

County of Residence: Henry