



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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April 9, 2021

James Rezac, Chairman  
Village of Valparaiso Board of Trustees  
P.O. BOX 147  
Valparaiso, NE 68065

Dear Mr. Rezac:

As you know, the Nebraska Auditor of Public Accounts (APA) has received concerns about purchases made by Ms. Lori Springer, the Director of the Village of Valparaiso's (Village) Public Library (Library), through the Library's Amazon.com online charge account. Responding thereto, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. In doing so, the APA requested certain information from the Village. Based upon the outcome of this preliminary planning work, including an analysis of the information received, the APA has determined it to be unnecessary for our office to perform a separate financial audit or attestation of the Village at this time.

Nevertheless, during the course of the preliminary planning work, we noted certain internal control or compliance issues, or other operational matters within the Village, that are presented below. The following information relating thereto is intended to improve internal controls or result in other operational efficiencies.

## **Comments and Recommendations**

### **1. Potentially Fraudulent Expenses**

The APA's examination of the records for the Library revealed that Lori Springer, the Library Director, may have made personal purchases through the Library's Amazon.com online charge account. Those purchases were charged to that online account, and the Village Board of Trustees (Board) approved payment of the subsequent billings. Because Ms. Springer controlled the Library's Amazon.com online charge account, however, the Board members had access only to the limited documentation that she made available to them.

Ms. Springer serves also as Secretary of the Raymond Central Public Schools Board of Education.

The APA has created the following timeline of significant events that took place during Ms. Springer's ongoing tenure as Library Director. This timeline is based upon information received from the Village.

- In 2016, the Village hired Ms. Springer to serve as Library Director.
- In June 2020, Board members began asking for documentation to support purchases made by Ms. Springer through the Library's Amazon.com online charge account. Prior to that time, the Board had received only nonspecific billings for those expenditures, with little, if any, additional information to show what items had been purchased. A Board member became suspicious, however, after Ms. Springer had written an insufficient funds check to the Village for her utility bill.
- During its December 8, 2020, meeting, the Board heard a motion to suspend the Library's funding until details were provided for the questioned online purchases made by Ms. Springer.

- On January 27, 2021, the Board sent a letter to Ms. Springer, notifying her that the Library was temporarily closed until further notice, pending a financial audit by the APA. The letter stated that some of her purchases through the Library's Amazon.com online charge account were being questioned, and certain Board members had attempted unsuccessfully to contact her about those peculiar expenditures of municipal funds.
- On February 9, 2021, the APA traveled to the Village for the purpose of examining the Library's holdings to determine whether any of the items that Ms. Springer had purchased could be identified. Before performing this examination, the APA obtained statements and invoices for the Library's Amazon.com online charge account, showing over \$8,000 in purchases made by Ms. Springer from 2016 through 2020. Incomplete documentation had been made available previously to the Board.

The following table offers a brief summary of Ms. Springer's questioned expenditures of public funds during her tenure as Library Director:

Description	Number of Transactions	Total Amounts of Possible Fraud
Questionable Purchases of College Textbooks	18	\$ 1,130.10
Other Questionable Purchases	11	\$ 351.00
Questionable Cookbook Purchases	5	\$ 67.26
Missing Dell Laptop	1	\$ 345.98
<b>Total</b>		<b>\$ 1,894.34</b>

Details of those expenses are provided below.

#### ***Questionable Purchases of College Textbooks***

The APA noted 18 Amazon.com purchases of college textbooks, which appear to have been for Ms. Springer's son, who is currently enrolled at Nebraska Wesleyan University with an Athletic Training major. The APA confirmed with the university's staff that the books were required or recommended for courses offered there during the times of purchase.

Ms. Springer purchased the following college textbooks through the Library's Amazon.com online charge account:

Date of Sale	Amazon SKU	Amazon Textbook Bill Description	Quantity	Price	Shipping	Total
7/30/2019	0061472751	Underground: My Life with SDS	1	\$ 5.98	\$ 0.33	\$ 6.31
7/30/2019	0393679586	We the People (Full Twelfth Ed	1	\$ 117.82		\$ 117.82
7/30/2019	039360263X	The Little Seagull Handbook (T	1	\$ 21.87		\$ 21.87
7/30/2019	0679721134	Rules for Radicals: A Practica	1	\$ 9.64	\$ 17.68	\$ 27.32
8/5/2019	0061472751	Underground: My Life with SDS	1	\$ 28.99	\$ 9.44	\$ 38.43
8/10/2019	0618949925	Understandable Statistics	1	\$ 2.32	\$ 4.33	\$ 6.65
8/13/2019	0357001176	Bundle: Chemistry & Chemical R	1	\$ 165.95	\$ 17.81	\$ 183.76
12/5/2019	0134550102	Invitation to Psychology (7th	1	\$ 129.99		\$ 129.99
12/5/2019	1259846539	Looseleaf for Principles of At	1	\$ 153.32	\$ 15.58	\$ 168.90
12/19/2019	B000K07XM8	First Aid Textbook	1	\$ 53.93	\$ 2.97	\$ 56.90
12/19/2019	1619605805	Medical Terminology: Mastering	1	\$ 60.00		\$ 60.00
12/19/2019	0998374539	CPR/AED for Professional Resc	1	\$ 7.95	\$ 12.24	\$ 20.19
2/25/2020	1118164903	Chemistry II For Dummies	1	\$ 3.47	\$ 4.40	\$ 7.87
2/26/2020	1423218590	Chemistry (Quick Study Academi	1	\$ 5.91	\$ 1.59	\$ 7.50
5/29/2020	0323046878	Mosby's Textbook for Medicatio	1	\$ 59.95	\$ 11.75	\$ 71.70
7/13/2020	1617119822	Special Tests for Orthopedic E	1	\$ 59.17		\$ 59.17
7/13/2020	080363918X	Examination of Orthopedic & At	1	\$ 90.99		\$ 90.99
7/13/2020	0781747805	Muscles: Testing and Testing a	1	\$ 54.73		\$ 54.73
<b>Totals</b>			<b>18</b>	<b>\$ 1,031.98</b>	<b>\$ 98.12</b>	<b>\$ 1,130.10</b>

\*Textbooks were found in a storage closet at the Library during APA visit on February 9, 2021. They had not been entered into the Library software as available.

**Note 1:** For Amazon invoices that included multiple items, shipping charges were applied to the last item in the order.

During the APA’s visit to the Library on February 9, 2021, almost a dozen of the textbooks listed in the above table were found stacked in the corner of a storage closet containing cleaning products and other supplies. In addition to not being processed as inventory, those books had not been cataloged for circulation and lacked barcodes or any other markings indicating their status as part of the Library’s collection. In short, there was nothing to inform patrons – or, for that matter, anyone else – that the Library Director had purchased any of those volumes or that they were, in fact, municipal property.

According to Board members, Ms. Springer retained unsupervised access to the Library several days after being notified initially of the suspicions surrounding her Amazon.com purchases. During that time, she would have been able to return items to the Library or otherwise tamper with the facility’s book collection. Other uninventoried athletic training college textbooks, aside from those listed in the above table, were also found in the Library’s storage closet. Ms. Springer may have returned several textbooks, therefore, not recalling which ones had been purchased through the Library’s Amazon.com online charge account.

The Village Library is part of a Nebraska Consortium that utilizes Koha open source cataloging. The APA searched the online catalog, which is accessible at <https://valparaiso.pioneer.kohalibrary.com/>, and found that none of the textbooks listed above had been entered into the Library’s catalog. Consequently, the purchase of these textbooks appears to have served no governmental purpose, giving rise to concerns regarding the possible unauthorized expenditure of public funds solely for Ms. Springer’s own personal benefit.

As shown in the above table, all of the textbook purchases occurred between July 2019 and July 2020, meaning that Ms. Springer had, at the very least, approximately seven months – and, at the most, almost two years – to process these volumes and include them in the Library’s circulating collection; however, for whatever reason, she failed to do so.

***Other Questionable Purchases***

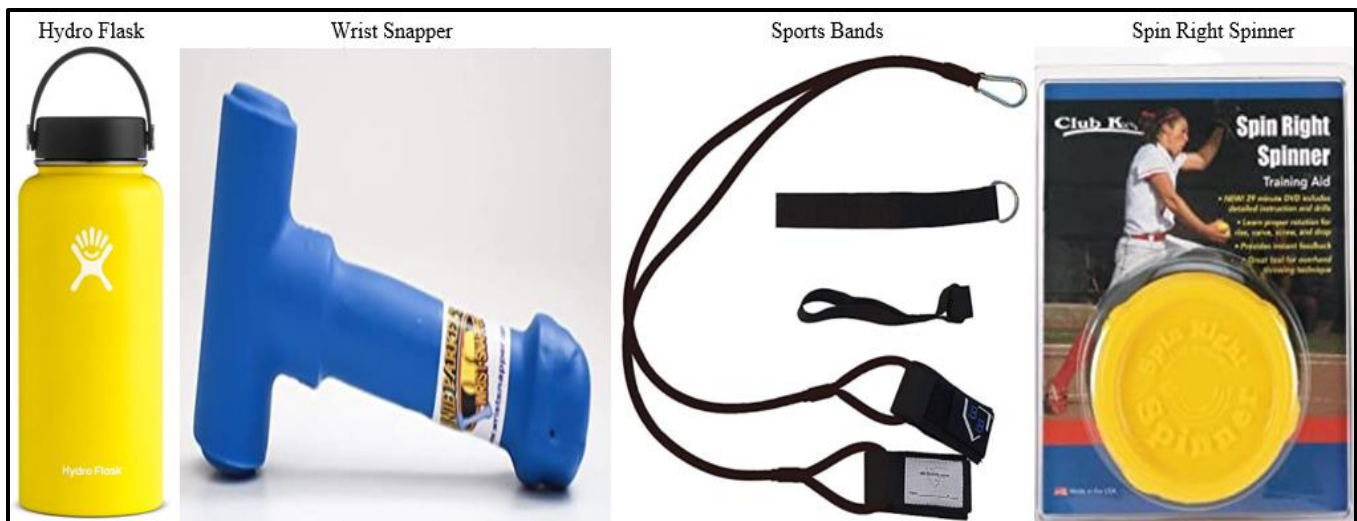
The APA also noted several other questionable purchases that Ms. Springer had made through the Library’s Amazon.com online charge account. These included several expensive Hydro Flask water bottles and softball-specific sports equipment. None of those items were found during the APA’s visit to the Library on February 9, 2021. The APA did note, however, that Ms. Springer’s daughter is a member of the Raymond Central High School Varsity Softball team.

The following table details these other questionable expenditures:

Date of Sale	Amazon SKU	Amazon Bil Description	Quantity	Price	Total	Shipping	Total
12/28/2018	B07B9NVV3B	HYDRO CELL Stainless Steel Wat	4	\$ 20.99	\$ 83.96	\$ 9.60	\$ 93.56
1/12/2019	B01N3M9Y31	HYDRO CELL Stainless Steel Wat	1	\$ 20.99	\$ 20.99	\$ 5.99	\$ 26.98
4/20/2019	B01KXHF34W	Hydro Flask SYNCHKG098158 Mout	1	\$ 33.50	\$ 33.50	\$ 1.84	\$ 35.34
7/10/2019	B07MZB2BCP	Hydro Flask W32TS440 32 oz wid	1	\$ 39.95	\$ 39.95	\$ 23.38	\$ 63.33
7/29/2019	B01MR71BFJ	Hydro Flask 32 oz Double Wall	1	\$ 39.95	\$ 39.95	\$ 10.01	\$ 49.96
9/11/2019	B0057T5QVM	Wrist Snapper Ernie Parker's	1	\$ 24.95	\$ 24.95	\$ 6.34	\$ 31.29
9/13/2019	B07NXDYN6D	BB-Bands Sports Exercise Baseb	1	\$ 27.95	\$ 27.95		\$ 27.95
9/13/2019	B0000ASQ43	Markwort Club K Spin Right Spi	1	\$ 22.59	\$ 22.59		\$ 22.59
<b>Totals</b>			<b>11</b>	<b>\$ 230.87</b>	<b>\$ 293.84</b>	<b>\$ 57.16</b>	<b>\$ 351.00</b>

As shown above, Ms. Springer spent \$63.33 (including \$23.38 for overnight air shipping) for only one Hydro Flask water bottle. The APA remains perplexed by, among other things, the Library’s supposed need – as well as the apparent urgency thereof – for such an acquisition.

Included below are images of the types of items purchased, including a Hydro Flask and a variety of softball sports equipment.



**Questionable Cookbook Purchases**

The APA noted that Ms. Springer also purchased five “air fryer” and “instant pot” cookbooks through the Library’s Amazon.com online charge account. During the APA’s visit to the Library on February 9, 2021, three of these cookbooks were found in the storage closet, and one was located on a shelving cart. As with the textbooks discussed above, however, none of the cookbooks were inventoried, cataloged, or processed for circulation. Likewise, they also lacked barcodes or any other markings indicating their status as part of the Library’s collection and municipal property. One of the cookbooks could not be located.

The following table details the questionable purchase of cookbooks by Ms. Springer through the Library’s Amazon.com online charge account:

Date of Sale	Amazon SKU	Amazon Bill Description	Quantity	Price	Shipping	Total
10/13/2019	1076089542	The Essential Air Fryer Cookbo	1	\$ 7.90		\$ 7.90
10/13/2019	1095251538	Air Fyer Cookbook For Beginne	1	\$ 12.95	\$ 7.46	\$ 20.41
6/30/2020	1706346530	The Complete Instant Pot Cookb	1	\$ 10.99		\$ 10.99
6/30/2020	0316460834	The Step-by-Step Instant Pot C	1	\$ 15.98		\$ 15.98
6/30/2020	107054972X	The Complete Instant Pot Cookb	1	\$ 9.95	\$ 2.03	\$ 11.98
<b>Totals</b>			<b>5</b>	<b>\$ 57.77</b>	<b>\$ 9.49</b>	<b>\$ 67.26</b>

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*\*Three cookbooks were found in a storage closet, and another was on a shelving cart.*

As shown in the above table, the four cookbooks found were purchased between October 2019 and June 2020, meaning that Ms. Springer had, at the very least, approximately eight months – and, at the most, well over a year and a half – to process these volumes and include them in the Library’s circulating collection; however, for whatever reason, she failed to do so.

**Missing Village Computer**

In April 2019, Ms. Springer purchased four Dell laptop computers at a total cost of \$1,383.91 (\$345.98 each). During the APA’s visit on February 9, 2021, only three of those laptop computers were found. To the APA’s knowledge, no subsequent action has been taken to locate the missing computer. Nevertheless, we believe that the Village, with the assistance of the appropriate authorities, should attempt to recover that expensive item of municipal property.

**Additional Purchases**

Along with the various items discussed above, Ms. Springer made several other questionable purchases through the Library’s Amazon.com online charge account. These were not included among the other purchase details, however, because several of the items were perishable or would be difficult to track – even if actually used for the Library.

Those additional questionable expenditures included the following:

- Over \$1,000 for purchases of ink cartridges. The APA noted two printers in the Library during the February 9, 2021, visit.
- Over \$400 in purchases for air fresheners and scented oil.
- Significant amounts of cleaning supplies were purchased, including Swiffer wet floor cleaner; however, the Library's floors are carpeted.

The information presented herein points to the possible unauthorized expenditure of public funds for Ms. Springer's own personal benefit, giving rise to serious statutory concerns. To start, Neb. Rev. Stat. § 28-511 (Reissue 2016) provides, in relevant part, the following:

*(1) A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof.*

*(2) A person is guilty of theft if he or she transfers immovable property of another or any interest therein with the intent to benefit himself or herself or another not entitled thereto.*

Likewise, Neb. Rev. Stat. § 28-512 (Reissue 2016) states the following, as is relevant:

*A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:*

*(1) Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person's intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise; or*

*(2) Prevents another from acquiring information which would affect his judgment of a transaction; or*

*(3) Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship; or*

*(4) Uses a credit card, charge plate, or any other instrument which purports to evidence an undertaking to pay for property or services delivered or rendered to or upon the order of a designated person or bearer (a) where such instrument has been stolen, forged, revoked, or canceled, or where for any other reason its use by the actor is unauthorized, or (b) where the actor does not have the intention and ability to meet all obligations to the issuer arising out of his use of the instrument.*

Additionally, Neb. Rev. Stat. § 28-911 (Reissue 2016) prohibits "abuse of public records," as follows:

*(1) A person commits abuse of public records, if:*

*(a) He knowingly makes a false entry in or falsely alters any public record; or*

*(b) Knowing he lacks the authority to do so, he intentionally destroys, mutilates, conceals, removes, or impairs the availability of any public record; or*

*(c) Knowing he lacks the authority to retain the record, he refuses to deliver up a public record in his possession upon proper request of any person lawfully entitled to receive such record; or*

*(d) He makes, presents, or uses any record, document, or thing, knowing it to be false, and with the intention that it be taken as a genuine part of the public record.*

*(2) As used in this section, the term public record includes all official books, papers, or records created, received, or used by or in any governmental office or agency.*

*(3) Abuse of public records is a Class II misdemeanor.*

Neb. Rev. Stat. § 28-924 (Reissue 2016) creates the offense of “official misconduct” by a public servant, as follows:

*(1) A public servant commits official misconduct if he knowingly violates any statute or lawfully adopted rule or regulation relating to his official duties.*

*(2) Official misconduct is a Class II misdemeanor.*

Neb. Rev. Stat. § 28-1344 (Reissue 2016) provides the following:

*(1) Any person who intentionally accesses or causes to be accessed, directly or indirectly, any computer, computer system, computer software, or computer network without authorization or who, having accessed any computer, computer system, computer software, or computer network with authorization, knowingly and intentionally exceeds the limits of such authorization shall be guilty of an offense if he or she intentionally: (a) Deprives another of property or services; or (b) obtains property or services of another.*

*(2) The offense constitutes a Class III felony when the value of the property or services involved is five thousand dollars or more.*

*(3) The offense constitutes a Class IV felony when the value of the property or services involved is one thousand five hundred dollars or more, but less than five thousand dollars.*

*(4) The offense constitutes a Class I misdemeanor when the value of the property or services involved is five hundred dollars or more, but less than one thousand five hundred dollars.*

*(5) The offense constitutes a Class II misdemeanor when the value of the property or services involved is less than five hundred dollars.*

Furthermore, Neb. Rev. Stat. § 49-14,101.01(2) (Reissue 2010) of the Nebraska Political Accountability and Disclosure Act, which is set out at Neb. Rev. Stat. § 49-1401 et seq. (Reissue 2010, Cum. Supp. 2020), restricts the use of resources under the “official care and control” of a public official or public employee, as follows:

*A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.*

Per subsection (7) of that same statute, “[A]ny person violating this section shall be guilty of a Class III misdemeanor . . . .”

These potential statutory concerns aside, it should be noted that good internal controls require procedures to ensure that one person is not in a position both to perpetrate and to conceal financial errors or irregularities.

Without such procedures, there is an increased risk for fraud or the misappropriation of public funds.

We recommend the Village implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities. This would include having a Board member, or a separately designated individual, perform a monthly review of all Village purchases – including those made through the Library’s Amazon.com online charge account – and examining receipts and other supporting documentation for any discrepancies or unusual charges. We recommend also the Village consult and work with the proper authorities regarding Ms. Springer’s suspected mishandling of public funds and property. The Village should implement procedures to recover or otherwise account for any such monies or assets proven to have been misappropriated.

We are referring the information herein to the Nebraska Attorney General, the Nebraska State Patrol, the Nebraska Accountability and Disclosure Commission, and the Saunders County Attorney. The APA will also forward the details of this matter to the Nebraska Department of Revenue and the U.S. Internal Revenue Service.

*Village Response: Thank you for your thorough and detailed audit of the Valparaiso Public Library. It is extremely disappointing the fraudulent purchases identified by your audit. We as a Village are experiencing this type of financial abuse for the second time in 13 years. Once we have a new Library Board in place, we will address all outlined issues expressed in the audit. We also would like to have restitution and other expenses associated with this fraud perpetrated by Lori Springer repaid to the Village.*

**2. Library Late Fees or Other Amounts Collected**

During the February 9, 2021, visit to the Library, the APA opened a file cabinet and discovered therein a bag containing deposit slips and \$6.25 in cash and coin. Ms. Springer appears to have had full control over any Library late fees, charges for copies, or other fees collected in cash. The APA found no documentation supporting the amounts collected by the Library or a listing of applicable fees.

Good internal controls require procedures to ensure that one person is not in a position both to perpetrate and to conceal financial errors or irregularities.

Without such procedures, there is an increased risk for fraud or the misappropriation of public funds.

We recommend the Village implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities.

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The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the Village's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Village.

Draft copies of this letter were furnished to the Village to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. All formal responses received have been incorporated into this letter. Responses have been objectively evaluated and recognized, as appropriate, in the letter. Responses that indicated corrective action has been taken were not verified at this time.

This communication is intended solely for the information and use of the Village and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Assistant Deputy Auditor  
Lucas Post, CPA – Auditor II

Sincerely,



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Special Audits and Finance Manager  
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cc: Nebraska Attorney General  
Nebraska State Patrol  
Nebraska Accountability and Disclosure Commission  
Saunders County Attorney  
Nebraska Department of Revenue  
U.S. Internal Revenue Service