

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

EXAMINATION REPORT  
OF  
OXFORD PUBLIC LIBRARY  
BENTON COUNTY, INDIANA  
January 1, 2005 to August 31, 2007



**FILED**  
11/28/2007



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:  |             |
| Inappropriate Disbursements.....   | 6-8         |
| Audit Costs .....  | 8           |
| Official Bonds.....  | 9           |
| Receipt Issuance .....   | 9           |
| Public Records Retention .....   | 9           |
| Internal Controls .....  | 9-10        |
| Penalties, Interest and Other Charges .....                                  | 10          |
| Mileage Reimbursement.....   | 10-11       |
| Supporting Documentation .....   | 11          |
| Exit Conference.....   | 12          |
| Summary .....  | 13          |
| Affidavit .....  | 15          |

OFFICIALS

| <u>Office</u>          | <u>Official</u>                                  | <u>Term</u>  |
|------------------------|--|--|
| Director               | Amanda M. Dillman<br>Vacant<br>Danielle A. Payne | 01-01-05 to 08-28-07<br>08-29-07 to 09-03-07<br>09-04-07 to 12-31-07 |
| Treasurer              | Kristine M. Mermoud                              | 01-01-05 to 12-31-07   |
| President of the Board | James Schoen                                     | 01-01-05 to 12-31-07   |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OXFORD PUBLIC LIBRARY, BENTON COUNTY, INDIANA

We have examined the financial information presented herein of the Oxford Public Library (Library), for the period of January 1, 2005 to August 31, 2007. The Library'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 Library for the years ended December 31, 2005 and 2006, and the period ended August 31, 2007 based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 26, 2007

OXFORD PUBLIC LIBRARY  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
 As Of And For The Years Ended December 31, 2005 And 2006  
 And The Period Ended August 31, 2007

|                      | Cash and<br>Investments<br>01-01-05 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-05 |
|----------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:  |                                     |                   |                   |                                     |
| General              | \$ 64,243                           | \$ 112,076        | \$ 110,523        | \$ 65,796                           |
| Gift                 | 18,996                              | 1,755             | 2,503             | 18,248                              |
| LIRF                 | 186,901                             | 2,886             | -                 | 189,787                             |
| Levy Excess          | -                                   | 1,886             | -                 | 1,886                               |
| Fiduciary Fund:      |                                     |                   |                   |                                     |
| Payroll Withholdings | -                                   | 12,940            | 12,940            | -                                   |
| Totals               | <u>\$ 270,140</u>                   | <u>\$ 131,543</u> | <u>\$ 125,966</u> | <u>\$ 275,717</u>                   |

|                      | Cash and<br>Investments<br>01-01-06 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-06 |
|----------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:  |                                     |                   |                   |                                     |
| General              | \$ 65,796                           | \$ 117,471        | \$ 114,122        | \$ 69,145                           |
| Gift                 | 18,248                              | 5,576             | 6,487             | 17,337                              |
| LIRF                 | 189,787                             | 6,256             | -                 | 196,043                             |
| Levy Excess          | 1,886                               | -                 | 1,886             | -                                   |
| Fiduciary Fund:      |                                     |                   |                   |                                     |
| Payroll Withholdings | -                                   | 13,299            | 13,299            | -                                   |
| Totals               | <u>\$ 275,717</u>                   | <u>\$ 142,602</u> | <u>\$ 135,794</u> | <u>\$ 282,525</u>                   |

|                      | Cash and<br>Investments<br>01-01-07 | Receipts         | Disbursements    | Cash and<br>Investments<br>08-31-07 |
|----------------------|-------------------------------------|------------------|------------------|-------------------------------------|
| Governmental Funds:  |                                     |                  |                  |                                     |
| General              | \$ 69,145                           | \$ 67,445        | \$ 76,117        | \$ 60,473                           |
| Gift                 | 17,337                              | 173              | 1,678            | 15,832                              |
| LIRF                 | 196,043                             | 4,684            | -                | 200,727                             |
| Fiduciary Fund:      |                                     |                  |                  |                                     |
| Payroll Withholdings | -                                   | 12,068           | 10,838           | 1,230                               |
| Totals               | <u>\$ 282,525</u>                   | <u>\$ 84,370</u> | <u>\$ 88,633</u> | <u>\$ 278,262</u>                   |

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

OXFORD PUBLIC LIBRARY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides the following services: culture and recreation.

Note 2. Fund Accounting

The Library 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 are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Library in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Library on or prior to December 31 of the year collected.

Note 5. 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 Library 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.

OXFORD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

INAPPROPRIATE DISBURSEMENTS

A review of the reimbursement requests from Amanda M. Dillman, former Library Director, indicated she was reimbursed for Library materials or supplies without supporting documentation such as detailed receipts or invoices. The total of the unsupported reimbursements made to the former Library Director was \$2,190.32.

In November 2005, a payment was made to a vendor for scrapbooking supplies. Discussions with Library employees indicate the scrapbooking supplies were taken home by the former Library Director. Discussion with the Board President indicates he was unaware that there was a payment made for scrapbooking supplies. The claim was dated for the December 2005 Board meeting. The Board signatures on this claim appear to be different than other claims signed. The Board President was not present at this Board meeting; however, his name appears on this claim form. Further, one Board member signed all of the other claims presented for the month; however, his signature is missing from this claim. The amount of this disbursement was \$500.15.

In March 2006, a claim form was created using the payroll claim of March 17, 2006. The Board signatures were copied, trimmed, fixed to an Accounts Payable Voucher, and photocopied in order to manufacture claim forms and give the appearance of those claim forms having Board approval. Some of these claim forms were used for reimbursements to the former Library Director without supporting documentation such as detailed receipts or invoices. The total of the unsupported reimbursements resulting from the manufactured claim forms was \$787.05.

The former Library Director made tuition payments to Indiana State University with Library Gift Funds. The fall semester 2006 tuition payment was made using a claim form with photocopied Board signatures that were subsequently traced to give the appearance of original Board signatures. It was also noted at the time of the original review the supporting documentation attached to this claim was dated February 27, 2007. The second time we reviewed the original of this claim, it was noted the supporting documentation attached had been altered, and all dates were omitted from the new copy included with the claim. There was an additional tuition payment for spring semester 2007. The Board has signed an affidavit indicating they did not sign the claim forms for the fall semester 2006 or spring semester 2007 tuition payments. The total of the tuition payments was \$1,902.00.

In February 2007, the former Library Director submitted a vendor invoice for books purchased for the library. One of the books listed on the invoice was titled "The Library Media Manger Third Edition (Library and Information Science Text Series)". This book was a text book purchased for the spring semester 2007 course. The Assistant Librarian searched the Library catalogue and shelves for this title. It was not catalogued, or located on the Library shelf for circulation. The cost of this book was \$45.00.

The following are inappropriate disbursements:

OXFORD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

| Date                                  | Check<br>Number | Amount             |
|---------------------------------------|-----------------|--------------------|
| Unsupported reimbursements:           |                 |                    |
| May 9, 2005                           | 10259           | \$ 187.26          |
| June 2, 2005                          | 10285           | 226.38             |
| July 8, 2005                          | 10359           | 631.50             |
| August 2, 2005                        | 10385           | 363.15             |
| November 7, 2005                      | 10460           | 138.00             |
| December 5, 2005                      | 10495           | 96.17              |
| February 6, 2006                      | 10548           | 260.62             |
| February 6, 2006                      | 10549           | 74.53              |
| July 3, 2006                          | 10726           | 200.00             |
| January 8, 2007                       | 10903           | <u>12.71</u>       |
| Total                                 |                 | 2,190.32           |
| Scrapbooking supplies:                |                 |                    |
| November 9, 2005                      | 10476           | 500.15             |
| Fictitious claim forms:               |                 |                    |
| March 22, 2006                        | 10614           | 167.77             |
| April 4, 2006                         | 10615           | 163.19             |
| September 11, 2006                    | 10801           | 211.20             |
| November 11, 2006                     | 10863           | 73.23              |
| November 16, 2006                     | 10864           | <u>171.66</u>      |
| Total                                 |                 | 787.05             |
| Tuition and related items:            |                 |                    |
| August 7, 2006                        | 10770           | 941.00             |
| February 5, 2007                      | 10918           | 961.00             |
| February 5, 2007                      | 10933           | <u>45.00</u>       |
| Total                                 |                 | 1,947.00           |
| All inappropriate disbursements total |                 | <u>\$ 5,424.52</u> |

Amanda M. Dillman, former Library Director was requested to reimburse \$5,424.52 to the Library.  
(See Summary, page 13)

OXFORD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

#### AUDIT COSTS

The State of Indiana incurred additional examination time in the investigation of the inappropriate disbursements made by the former Library Director. This resulted in additional examination costs of \$3,494.21.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

OXFORD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OFFICIAL BONDS

The former Library Director was bonded as follows:

| <u>Description</u> | <u>Effective Dates</u> | <u>Coverage</u> | <u>Surety</u>                            |
|--------------------|------------------------|-----------------|--|
| Official Bond      | 01-01-05 to 12-31-05   | \$ 10,000       | Fidelity and Deposit Company of Maryland |
| Official Bond      | 01-01-06 to 12-31-06   | 10,000          | Fidelity and Deposit Company of Maryland |
| Official Bond      | 01-01-07 to 12-31-07   | 10,000          | Fidelity and Deposit Company of Maryland |

The above Official Bond information is pertaining to Bond 8474799.

RECEIPT ISSUANCE

Receipts were not in use during the examination period.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PUBLIC RECORDS RETENTION

Original daily collection forms were not retained for examination. The former Library Director indicated a Board member "consolidated" all of the daily collection records into one electronic spreadsheet for presentation, and shredded the original documentation. Subsequent to our inquiry of the former Director, the Board called an executive session, and have all attested they did not destroy original daily collection forms. The electronic spreadsheets were available for review.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. The following items were noted:

- (1) Original logs of fine and fee collections were destroyed.
- (2) Checks were routinely written out of order.

OXFORD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (3) The former Library Director was routinely reimbursing herself for items purchased without supporting documentation.
- (4) The Board signed at least one claim without an amount filled in.
- (5) The Board treasurer admittedly signed checks before information was completed on checks.
- (6) Receipts were not in use.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PENALTIES, INTEREST AND OTHER CHARGES

The Library pays sales taxes on telephone bills and late fees to vendors.

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 Libraries, Chapter 4)

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

MILEAGE REIMBURSEMENT

The former Library Director was reimbursed for mileage without filing Mileage Claim, General Form 101. Alternately, she added travel amounts to her reimbursement requests.

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 Libraries, Chapter 4)

OXFORD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

SUPPORTING DOCUMENTATION

Payments did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Additionally, one claim was made to the former Library Director's husband in the amount of \$150.00 for updating old computers and the purchase of Microsoft Office '97. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

OXFORD PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with Kristine M. Mermoud, Treasurer; James Schoen, President of the Board; and Danielle A. Payne, Director. The officials concurred with our findings.

The contents of this report were discussed on October 3, 2007, with Amanda M. Dillman, former Director.

OXFORD PUBLIC LIBRARY  
BENTON COUNTY  
SUMMARY

|   | <u>Charges</u>     | <u>Credits</u> | <u>Balance Due</u> |
|---|--------------------|----------------|--------------------|
| Amanda M. Dillman, former Library Director:<br>Inappropriate Disbursements, pages 6 through 8 | <u>\$ 5,424.52</u> | <u>\$ -</u>    | <u>\$ 5,424.52</u> |

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AFFIDAVIT

STATE OF INDIANA )  
                          )  
BENTON COUNTY )

I, Charlene Quednow, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Oxford Public Library, Benton County, Indiana, for the period from January 1, 2005 to August 31, 2007, is true and correct to the best of my knowledge and belief.

Charlene Quednow  
Field Examiner

Subscribed and sworn to before me this 12<sup>th</sup> day of November 2007.

John K. Hansen  
Clerk of the Circuit Court