



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF FORT LORAMIE
SHELBY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report.....	1
Appendix	
Schedule of Findings for Recovery.....	4

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OHIO AUDITOR OF STATE KEITH FABER



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Village of Fort Loramie
Shelby County
14 Elm Street
Fort Loramie, OH 45845

To the Mayor and Village Council:

Background

The Auditor of State (AOS), Special Investigations Unit (SIU) conducted a criminal investigation and special audit of the Village of Fort Loramie (the Village) predicated on multiple fraud risks uncovered by the Mayor and Administrator regarding the former fiscal officer.

The investigation began on October 2, 2019, after SIU received a memorandum from the AOS financial auditors. It was alleged former fiscal officer, Carolyn Gasson, manipulated utility reports provided to Council and the Mayor, improperly deleted utility accounts from the system, and used white out on utility billing stubs.

After the information obtained from interviews and preliminary examination of bank and utility records was considered, a special audit was declared by the Auditor of State.

This engagement was conducted in accordance with the [Auditor of State Special Investigations Unit, Quality Standards](#).

Suspect

Ms. Gasson was hired in November 2013 and was terminated on July 15, 2019, as the fiscal officer for the Village.

Schemes

We defined our audit period (the Period) as February 1, 2014 through July 31, 2019 based on the availability of bank records and the termination date of Ms. Gasson. Ms. Gasson stole cash from Village receipts she collected, taking advantage of a lack of segregation of duties in three different areas.

Utility Receipts

Ms. Gasson was responsible for all aspects of the utility accounting process: inputting meter readings into the utility system; updating customer accounts, collecting customer payments, and subsequently preparing and making the deposit at the bank, with no formal review or monitoring by an outside party.

We compared 66 months of total utility receipts deposited into the Village bank account. There were 20 days where a variance existed between the total utility receipts compared to the amount deposited in the Village bank account. This resulted in the comparison of 538 utility receipts to the subpoenaed bank deposit detail. We identified 72 utility receipts, totaling \$5,580, in which the monies collected were not deposited into the Village's bank account.

Duplicate Receipts

Duplicate receipts were issued for trash bags, recycle bins, shelter house rentals, utility payments and other miscellaneous items by Ms. Gasson, but only upon request.

We examined 238 duplicate receipts for the Period. We identified 51 duplicate receipts indicating cash was received by the Village, totaling \$1,428, that were not deposited into the Village's bank account.

Utility Security Deposits

A \$100 utility security deposit and completed application is required by the Village for all new accounts associated with a rented, residential property. This must be completed before utility services to the property are turned on. Ms. Gasson was responsible for the collection of these receipts.

We examined 264 utility applications for the Period. We identified 69 utility security deposit applications, totaling \$6,900, that were not deposited into the Village bank account nor receipted into the UAN accounting system. Of the 69 application transactions, only 12 had a corresponding duplicate receipt.

Findings

Based on the special audit procedures and investigation, the Auditor of State confirmed the allegation that Ms. Gasson misappropriated utility receipts, duplicate receipts and utility security deposits over a span of five and a half years.

We issued \$24,834 in findings for recovery for misappropriated cash and audit costs during the Period.

The full details of the findings for recovery are located in the Appendix.

Prosecution

At the conclusion of the special audit and investigation, a prosecution packet was presented to the Shelby County Prosecutor.

On August 4, 2022, Ms. Gasson was indicted by the Shelby County grand jury on one count of Tampering with Records and one count of Theft in Office.

On May 22, 2023, Ms. Gasson entered a negotiated plea to one count of Unauthorized Use of Property, in violation of Ohio Rev. Code § 2913.04, a misdemeanor of the fourth degree. The Honorable Judge James F. Stevenson sentenced Ms. Gasson to five years of community control. As part of the plea agreement, restitution of \$24,834.50, which included \$10,926.50 in audit costs, was paid.

The exit conference was waived by the Village; however, the Mayor, Council and Management were given five days to respond to this special audit report. A response was received on June 28, 2023. A response was provided by the Village Administrator and was evaluated in the final preparation of this report.



Keith Faber
Auditor of State
Columbus, Ohio

June 20, 2023



APPENDIX
SCHEDULE OF FINDINGS FOR RECOVERY

APPENDIX

FINDINGS FOR RECOVERY – Repaid Under Audit

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected. When designing the Village's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

Ms. Gasson processed Village utility payments and other over-the-counter cash receipts and was the initial point of contact for Village customers paying utilities and other types of fees, such as utility security deposits, trash bags, and shelter house rental fees.

Utility Receipts

Due to a control structure that lacked segregation of duties, Ms. Gasson was responsible for all components of the utility process.

Seventy-two utility receipt transactions were posted in the utility system, but not deposited into the Village's bank account, totaling \$5,580.

Duplicate Receipts

The Village collects cash for trash bags, recycle bins, shelter house rentals and other miscellaneous items.

Fifty-one handwritten receipts in the duplicate receipt books, signed by Ms. Gasson, were not deposited into the Village's bank account, totaling \$1,428.

Utility Security Deposits

Every rental associated with a residential property requires a completed application and a \$100 security deposit.

Sixty-nine utility applications did not have a corresponding security deposit posted to the Village's accounting system or deposited into the Village's bank account, totaling \$6,900.

Findings for Recovery Conclusion

On May 22, 2023, Ms. Gasson was ordered to pay \$24,834.50 in restitution to the Village, which includes audit costs, in Shelby County Court of Common Pleas, Case No. 22CR000165.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies converted or misappropriated is hereby issued against Carolyn Gasson, and her bonding company, Ohio Plan Risk Management, Inc., jointly and severally, in the amount of \$24,834 and in favor of the Water Operating Fund for \$6,900, the General Fund for \$11,517, the Solid Waste Fund for \$437 and the Water Operating Fund, Sewer Operating Fund, Solid Waste Fund and Water Treatment Plant Fund for \$5,980 (allocation to be determined by the Village).

On May 22, 2023, Ms. Gasson made full restitution to the Village in the amount of \$24,834.50.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FORT LORAMIE SPECIAL AUDIT

SHELBY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/18/2023

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This report is a matter of public record and is available online at
www.ohioauditor.gov