



OHIO AUDITOR OF STATE
KEITH FABER



BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT
GREENE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report.....	1
Appendix	
Schedule of Findings for Recovery	5

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OHIO AUDITOR OF STATE KEITH FABER



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Bellbrook-Sugarcreek Local School District
Greene County
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To the Superintendent, Treasurer, and Board of Education:

Background

The Auditor of State (AOS), Special Investigations Unit (SIU) conducted a criminal investigation and special audit of the Bellbrook-Sugarcreek Local School District (the District) predicated on improper spending of public funds.

The investigation began in December 2019, after SIU received multiple complaints from District residents as well as a referral from the Ohio Attorney General's Bureau of Criminal Investigation. It was alleged District officials were using public funds in support of a levy campaign.

After the information obtained from interviews and preliminary examination of 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](#).

Suspects

Douglas Cozad, Superintendent, was hired on July 1, 2018 and still serves in this position. Prior to his employment with the District, he served as assistant superintendent of the Franklin City School District (Warren County) from July 2014 to July 2018.

Elizabeth Betz, (former) Board Member, was elected in November 1999 and served on the Board of Education through December 2019.

Virginia Slouffman, (former) Board Member, was elected in November 2017 and served on the Board of Education through December 2021.

David Carpenter, Board Member, was elected in November 2015 and served on the Board of Education through December 2023.

Kathy Kingston, (former) Board Member, was elected in November 2005 and served on the Board of Education until resigning in December 2019.

Underlying Facts

The Bridge Newsletter

The District issues a quarterly newsletter called *The Bridge*. Content is prepared by District personnel and the publication is printed by a local company with the District being invoiced for the cost. Dr. Cozad stated he approved *The Bridge* before it was sent to the publishers during an interview conducted on June 13, 2021. The fall 2018 and 2019, winter 2019 and 2020, spring 2019 and summer 2019 issues were examined. The spring 2019 edition of *The Bridge*, at a cost of \$3,500 to the District, contains language in support of the levy and language encouraging a vote in favor of the levy, in violation of Ohio Rev. Code § 9.03 specifically based on the inclusion of the following statements:

- The newsletter references the passage of a tax levy on page one with the headline “An Investment in our schools is an investment in our community” followed by “Bellbrook-Sugarcreek Schools is worth the investment.”
- A second reference to the passage of a tax levy appears on page one with the statement “Issue #4 Invest in our kids’ future! Remember to vote on May 7!”
- Page 4 of the newsletter discusses the levy and includes several statements of support for the passage of the levy including: “This levy is critical to maintain our excellent schools, programs, and fund our day-to-day operation. Continuing to support our schools will protect the investment in our students.” Prominently stated at the top of page 4 is the slogan, “Strong Schools, Strong Community,” the same slogan used by a political action committee supporting the levy.

Postcards

The District distributed two separate postcards via mail related to the levy on May 21, 2019. The District issued 15,000 copies, costing the District \$3,206 for the first postcard. There were 6,500 copies of the second postcard issued, totaling \$2,008. Both postcards were reviewed and approved by Dr. Cozad. Additionally, the second postcard included the photo of and was from the Board of Education, including specifically Board President Elizabeth Betz, Board Vice President David Carpenter, and Board members Kathy Kingston, Mary Franz, and Virginia Slouffman. It was determined both mailers contained language supporting the levy in violation of Ohio Rev. Code § 9.03(C) specifically based on the inclusion of the following statements:

- The first postcard (District postcard) included the multiple statements of support for the passage of the levy including: “Issue 4 is critical to maintain our excellent schools, programs, and fund day-to-day operations!”; “Maintain Academic Excellence”; and “Continue the Investment in our Kids.”
- The second postcard (Board of Education postcard) containing the message from the Board, stated “Continue the Excellence with the passage of Issue 4!” On the reverse side of the postcard, the Board stated, “Research proves that good schools mean a safe community, a healthier economy, and higher property values.” At the end of the letter, the Board concluded stating “Continue the excellence with the passage of Issue 4 on May 7!”

Consulting Contracts

On June 1, 2019, Allerton Hill Consulting (AHC) was engaged by the District to assist with its communication needs and provide a strategic communication, marketing and outreach plan. The six month contract cost \$37,500 and was approved by District Superintendent Douglas Cozad via email on July 8, 2019. AHC provided the District with a message training workshop, including but not limited to, providing a document to the District with key messages that included some pro-levy statements; however, we found no exceptions with the other portions of the contract services.

The District hired Fallon Research and Communications, Inc. (Fallon) to conduct a survey of the community to determine why previous levies were defeated. Dr. Cozad subsequently approved the final draft of the survey via email on June 8, 2019.

From June 11, 2019 through June 14, 2019, the District commissioned a phone survey conducted by Fallon. On June 21, 2019, the District issued a check to Fallon for \$15,000. It was determined this survey not only addressed previous levies but was also partially designed to aid in the passage of the levy.

Findings

Based on the special audit procedures and investigation, the Auditor of State confirmed the allegation that District officials misappropriated public funds for levy campaign expenditures during fiscal year 2019.

We issued \$8,110 in findings for recovery for misappropriated public funds 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 Auditor of State Special Prosecutor, serving by appointment of the Law Director of the City of Xenia.

On November 4, 2021, affidavits were filed in Xenia Municipal Court stating the investigation found Dr. Cozad, Ms. Betz, Mr. Carpenter, Ms. Kingston and Ms. Slouffman violated Ohio Rev. Code §§ 2921.44(E) and 9.03 with respect to the expenditure of public funds for *The Bridge* Newsletter, postcard mailers, AHC contract and Fallon phone survey.

On July 8, 2022, the Honorable Judge David Picken dismissed the charges against Ms. Kingston, at the request of the Special Prosecutor.

On September 30, 2022, Dr. Cozad and Ms. Betz both pled guilty pursuant to *North Carolina v. Alford* to one count of Dereliction of Duty (a second degree misdemeanor), in violation of Ohio Rev. Code § 2921.44 for violating Ohio Rev. Code § 9.03(C), in Xenia Municipal Court. The Honorable Judge David Landefeld sentenced Dr. Cozad to pay court costs, a \$100 fine, and restitution of \$5,803.59 to Bellbrook-Sugarcreek Local School District. Ms. Betz was ordered to pay court costs, a \$100 fine, and restitution of \$1,303.59 to Bellbrook-Sugarcreek Local School District.

On December 15, 2022, after a trial, Judge Landefeld found both Mr. Carpenter and Ms. Slouffman guilty of Dereliction of Duty (a second degree misdemeanor), in violation of Ohio Rev. Code § 2921.44 for violating Ohio Rev. Code § 9.03(C) and ordered them each to pay \$502 in restitution to Bellbrook-Sugarcreek Local School District, in Xenia Municipal Court.

Mr. Carpenter and Ms. Slouffman appealed their convictions to the Second District Court of Appeals. On November 9, 2023, the Court of Appeals upheld the convictions noting that the trial court reasonably concluded that the purpose behind the postcard mailing was to support the passage of the levy, that the phrase "Continue the Excellence with the passage of Issue 4!" clearly supported the passage of the levy: "This phrase unambiguously urged recipients of the mailing to maintain the high quality of the district's schools ("continue the excellence") by voting in favor of the levy ("with the passage of Issue 4")." The Appellate Court also concluded that the Trial Court reasonably concluded that both Mr. Carpenter and Ms. Slouffman were reckless with respect to the District's funding and publishing of the postcard.

The exit conference was waived by the District; however, the Board of Education and Management were given five days to respond to this special audit report. An official response was not received from the District. However, a response was received on December 14, 2023 from a Board Member in his individual capacity and was evaluated in the final preparation of this report.



Keith Faber
Auditor of State
Columbus, Ohio

December 4, 2023

APPENDIX
SCHEDULE OF FINDINGS FOR RECOVERY



APPENDIX

FINDINGS FOR RECOVERY

Prohibited Political Activity – Repaid Under Audit

Ohio Rev. Code § 3315.07(C)(1) states: “Except as otherwise provided in division (C)(2) of this section, no board of education shall use public funds to support or oppose the passage of a school levy or bond issue or to compensate any school district employee for time spent on any activity intended to influence the outcome of a school levy or bond election.” **Ohio Rev. Code § 9.03(C)(1)(e)** prohibits political subdivisions, including school districts, from, among other things, publishing, distributing, or otherwise communicating information that supports the passage of a levy or bond issue.

Expenditures were incurred by District officials, via certain statements and messaging in support of a levy, contrary to the Ohio Rev. Code related to portions of the following items:

- The spring 2019 edition of *The Bridge*.
- 15,000 copies of the first postcard issued.
- 6,500 copies of the second postcard issued, with a message from the Board.
- Strategic communication contract with AHC, which provided key messaging recommendations, including some pro-levy statements, and the Fallon survey partially designed to aid in the passage of the levy.

On September 30, 2022, Judge Landefeld ordered restitution in case no. 21CRB01114 for Dr. Cozad and Ms. Betz in case no. 21CRB01115, totaling \$5,803.59 and \$1,303.59, respectively.

On December 15, 2022, Judge Landefeld ordered restitution for both Mr. Carpenter and Ms. Slouffman totaling \$502 each, in case nos. 21CRB01116 and 21CRB01117, respectively.

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 Douglas Cozad, in the amount of \$5,803; Elizabeth Betz, in the amount of \$1,303; and David Carpenter and Virginia Slouffman in the amount of \$502 each and in favor of Bellbrook-Sugarcreek Local School District’s General Fund.

As restitution and full repayment of the finding for recovery, Dr. Cozad repaid \$5,803.59 on September 30, 2022, Ms. Betz repaid \$1,303.59 on September 30, 2022, and Mr. Carpenter and Ms. Slouffman repaid \$502 each on November 28, 2023.

OHIO AUDITOR OF STATE KEITH FABER



BELBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT SPECIAL AUDIT

GREENE 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 12/28/2023

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