



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

November 5, 2018

MEMORANDUM

TO: Honorable Justin P. Wilson
Comptroller of the Treasury

FROM: Jim Arnette, Director
Division of Local Government Audit

A handwritten signature in black ink, appearing to read "Jim Arnette", is written over the printed name and title.

SUBJECT: Cash Shortages and Other Thefts
for Tennessee Municipalities and Other Organizations Subject to
Contract Audit or Oversight for Fiscal Years Ended 2016 and Earlier

The Division of Local Government Audit has compiled the enclosed cash shortages and other thefts exhibits for the fiscal years ended 2016 and earlier for municipalities and other organizations subject to contract audit or oversight. The information contained herein is based upon information in investigative reports released by the Division of Investigations of the Tennessee Comptroller's Office as well as contract audits submitted by Certified Public Accounting firms to our division. As of the date of this memo, nine of the 2016 contract audits have not been filed with our office.

The enclosed exhibits represent instances of reported cash shortages and other thefts, including balances from prior years, which have not been resolved through restitution, insurance, write-off, or other means. Following is a summary of total audited entities by type in relation to the number of entities reporting current and/or prior-year balance(s) in the exhibits.

Description		Total Number of Entities	Reporting Cash Shortages and Thefts
Municipalities		342	32
Schools	Internal School Funds	148	20
	Public Charter Schools	55	0
Quasi Governments	Utility Districts	179	3
	Housing Authorities	86	20
	Other Quasi Governments ¹	188	3
Nonprofits, Other ²		224	3
Total		1222	81

Additionally, the following unaudited entities reported cash shortages and other thefts:

Entity Type	Description	Total Number of Entities	Reporting Cash Shortages and Thefts
Unaudited Entities	Nonprofit Organizations	Not Available	1
	School Support Organizations	Not Available	4
	Volunteer Fire Departments	Not Available	2
Total		Not Available	7

Please let me know if you have any questions regarding the information provided.

Enclosures: Exhibit A – Schedule of Cash Shortages and Other Thefts
Exhibit B – Explanations of Cash Shortages and Other Thefts

This report is available at www.comptroller.tn.gov

¹ “Other Quasi Governments” include, but are not limited to, joint ventures between governments, legally separate component units of other governments, human resource agencies, development districts, and community action agencies.

² “Nonprofits, Other” include nonprofit and for-profit organizations that are audited as required by state contracts and agreements in connection with public dollars received by the respective organizations.

**Report of Cash Shortages and Other Thefts
Municipalities and Other Organizations Subject to Contract Audit or Oversight
Reported in Comptroller Investigative Reports and Annual Financial Audits
Fiscal Years Ended 2016 and Earlier**

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Schedule of Cash Shortages and Other Thefts
Municipalities and Other Organizations Subject to Contract Audit or Oversight
as Reported in Comptroller Investigative Reports and Annual Financial Audits for Fiscal Years Ended 2016 and Earlier

Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry- Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
MUNICIPALITIES							
Adams							
1. General Government	6/30/2016	(3)	\$ 3,500	\$ 0	\$ 3,500	\$ (2,725)	\$ 775
Alcoa							
2. Education Department	6/30/2014	3/3/2014	344,204	195,204	0	(328)	194,876
Carthage							
3. Water and Sewer Department	6/30/2014	(3)	3,302	3,302	0	(3,302)	0
Chapel Hill							
4. General Government/Fire Department	6/30/2013	(3)	3,130	3,130	0	0	3,130
Clarksville							
5. Gas, Water and Sewer Department	6/30/2016	6/17/2016	47,518	0	47,518	0	47,518
Parks and Recreation Department	(4)	(3)	768	768	0	(768)	0
Collinwood							
6. General Government	6/30/2013	4/7/2014	879	879	0	0	879
Recreation Department	6/30/2013	4/7/2014	1,865	1,865	0	0	1,865
Water Department	6/30/2013	4/7/2014	91,682	91,682	0	(53,426)	38,256
Water Department	6/30/2012	(3)	76,497	76,497	0	0	76,497
General Government	6/30/2009	2/6/2012	20,375	20,375	0	0	20,375
Water Department	6/30/2009	2/6/2012	63,803	63,803	0	0	63,803
Cornersville							
7. General Government	6/30/2015	(3)	7,023	7,023	0	0	7,023
Police Department	6/30/2015	(3)	1,000	1,000	0	0	1,000
Covington							
8. General Government	6/30/2016	(3)	1,000	0	1,000	(1,000)	0
Dyer							
9. General Government	6/30/2014	(3)	225	225	0	0	225

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Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry-Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
Gadsden							
10. General Government	6/30/2013	12/10/2014	35,241	35,241	0	0	35,241
Harriman							
11. Recreation Department	6/30/2013	(3)	25,000	25,000	0	0	25,000
Jackson							
12. Public Welfare and Community Service	6/30/2016	(3)	770	0	770	0	770
Jellico							
13. General Government	6/30/2013	6/5/2014	96,450	96,450	0	0	96,450
Knoxville							
14. Finance Department	6/30/2016	(3)	10,200	0	10,200	(10,200)	0
Parks and Recreation Department	6/30/2015	(3)	3,347	3,347	0	(3,347)	0
Lakeland							
15. General Government	(4)	(3)	5,961	5,961		0	5,961
General Government	(4)	(3)	32,259	18,259		(5,500)	12,759
Luttrell							
16. General Government	6/30/2016	6/2/2016	120,506	0	120,506	0	120,506
Mason							
17. General Government	6/30/2014	7/19/2016	75,744	75,744	0	0	75,744
Water Department	6/30/2014	7/19/2016	602,865	602,865	0	0	602,865
Maury City							
18. Accounting Department	6/30/2013	(3)	2,300	2,300	0	0	2,300
19. Memphis							
Library Division	6/30/2016	(3)	917	0	917	0	917
Public Works Division	6/30/2016	(3)	258	0	258	0	258
Police Division	6/30/2015	(3)	4,800	4,800	0	(4,498)	302
Public Works Division	6/30/2015	(3)	40	40	0	0	40
General Government	6/30/2014	(3)	24,012	24,012	0	0	24,012
Police Division	6/30/2014	(3)	8,220	8,220	0	(8,220)	0

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Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry- Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
Millington							
20. Police Department	(4)	(3)	12,190	12,190	0	(12,190)	0
Morristown							
21. Police Department	6/30/2015	7/8/2015	6,000	500	0	0	500
Mount Juliet							
22. Police Department	6/30/2015	(3)	15,780	15,780	0	(15,780)	0
23. New Johnsonville							
General Government	6/30/2015	(3)	5,618	5,618	0	(5,618)	0
Oakland							
24. General Government	6/30/2016	4/18/2017	1,352	0	1,352	0	1,352
Parks and Recreation Department	6/30/2016	4/18/2017	6,631	0	6,631	0	6,631
Philadelphia							
25. General Government	6/30/2013	5/14/2014	6,714	4,985	0	0	4,985
Pikeville							
26. General Government	6/30/2012	8/9/2012	177,599	4,929	0	(4,929)	0
Ridgely							
27. General Government	6/30/2016	(3)	73	0	73	0	73
Rockwood							
28. General Government	6/30/2012	2/27/2013	32,725	32,725	0	0	32,725
Samburg							
29. General Government	6/30/2016	2/15/2017	31,759	0	31,759	0	31,759
Tellico Plains							
30. Water and Sewer Department	6/30/2015	9/21/2015	819	819	0	0	819
Unicoi							
31. General Government	6/30/2013	(3)	657	657	0	0	657
32. Whiteville							
Water and Sewer Department	6/30/2016	(3)	1,878	0	1,878	0	1,878

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General Government	6/30/2016	(3)	439	0	439	0	439
General Government	6/30/2015	(3)	728	680	0	0	680
General Government	6/30/2014	(3)	5,128	5,128	0	(1,286)	3,842
General Government	6/30/2013	(3)	11,291	8,391	0	(2,650)	5,741
Total Municipalities			\$ 2,033,042	\$ 1,460,394	\$ 226,801	\$ (135,767)	\$ 1,551,428
INTERNAL SCHOOL FUNDS							
Blount County Schools							
33. Fairview Elementary School	6/30/2015	(3)	\$ 612	\$ 612	\$ 0	\$ (612)	\$ 0
Chester County Schools							
34. Chester County High School	6/30/2015	(3)	24	24	0	(24)	0
Clarksville-Montgomery County Schools							
35. Kenwood Middle School	6/30/2016	(3)	65	0	65	(65)	0
Northwest High School	6/30/2016	(3)	969	0	969	(969)	0
West Creek High School	6/30/2016	(3)	65	0	65	(65)	0
Cleveland City Schools							
36. Donald P. Yates Primary School	6/30/2015	(3)	3,391	3,391	0	(3,391)	0
Clinton City Schools							
37. South Clinton Elementary School	6/30/2016	(3)	390	0	390	0	390
Davidson County Schools							
38. Glencliff High School	6/30/2015	(3)	2,814	0	2,814	0	2,814
Pearl Cohn High School	6/30/2015	(3)	51,933	0	51,933	(51,933)	0
Dyersburg City Schools							
39. Dyersburg High School	6/30/2016	(3)	2,000	0	2,000	(2,000)	0
Dyersburg High School	6/30/2014	(3)	3,085	3,085	0	0	3,085
Fayette County Schools							
40. Oakland Elementary School	6/30/2016	(3)	50	0	50	0	50
Northwest Elementary School	6/30/2015	(3)	191	191	0	0	191
Somerville Elementary School	6/30/2015	(3)	14,855	14,855	0	(14,855)	0

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Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry- Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
Grundy County Schools							
41. North Elementary School	6/30/2015	(3)	300	300	0	(300)	0
Hancock County Schools							
42. Hancock County Middle/High School	6/30/2016	(3)	900	0	900	0	900
Hardeman County Schools							
43. Bolivar Central High School	6/30/2015	(3)	1,500	1,425	0	(70)	1,355
Henry County Schools							
44. Henry County High School	6/30/2016	(3)	658	0	658	0	658
Humphreys County Schools							
45. Lakeview Elementary School	6/30/2013	7/10/2014	8,983	7,203	0	0	7,203
Lawrence County Schools							
46. EO Coffman Middle School	6/30/2013	(3)	6,350	6,350	0	0	6,350
Marion County Schools							
47. Whitwell High School	6/30/2010	6/10/2014	35,332	35,332	0	(7,841)	27,491
Sequatchie County Schools							
48. Sequatchie County Middle School	6/30/2012	10/13/2016	18,322	0	18,322	0	18,322
Shelby County Schools							
49. Manassas High School	6/30/2016	(3)	3,500	0	3,500	0	3,500
White Station High School	6/30/2016	(3)	1,120	0	1,120	0	1,120
Chimneyrock Elementary School	6/30/2015	(3)	2,924	2,924	0	0	2,924
Cordova High School	6/30/2015	(3)	1,056	176	0	0	176
Hamilton High School	6/30/2015	(3)	9,178	9,178	0	0	9,178
Administration - Facilities	6/30/2014	9/7/2007	300,000	106,275	0	(106,275)	0
Administration - Student Support	6/30/2014	(3)	411	411	0	(411)	0
Alton Elementary School	6/30/2014	(3)	1,107	1,107	0	0	1,107
Arlington High School	6/30/2014	1/16/2014	171,954	171,954	0	0	171,954
Carver High School	6/30/2014	(3)	814	814	0	0	814
Chickasaw Middle School	6/30/2014	(3)	1,102	1,102	0	0	1,102
Colonial Middle School	6/30/2014	(3)	1,000	1,000	0	0	1,000
Corry Middle School	6/30/2014	(3)	1,814	1,814	0	0	1,814
Evans Elementary School	6/30/2014	(3)	1,458	1,458	0	0	1,458

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Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry- Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
Frayser High School	6/30/2014	(3)	9,000	9,000	0	0	9,000
Germanshire Elementary School	6/30/2014	(3)	860	860	0	0	860
Holmes Road Elementary School	6/30/2014	(3)	350	350	0	0	350
Holmes Road Elementary School - SACC Program	6/30/2014	(3)	24,928	24,928	0	0	24,928
Kingsbury High School	6/30/2014	(3)	3,375	3,375	0	0	3,375
Kirby High School	6/30/2014	(3)	1,500	1,500	0	0	1,500
Lester Middle School	6/30/2014	(3)	1,922	1,922	0	0	1,922
Melrose High School	6/30/2014	(3)	11,377	3,928	0	0	3,928
Newberry Elementary School	6/30/2014	(3)	9,830	9,830	0	0	9,830
Northside High School	6/30/2014	(3)	2,073	2,073	0	0	2,073
Oak Forest Elementary School	6/30/2014	(3)	765	765	0	0	765
Peabody Elementary School	6/30/2014	(3)	18,000	18,000	0	0	18,000
Ross Elementary School	6/30/2014	(3)	299	299	0	0	299
Southwest Prep Academy School	6/30/2014	(3)	1,180	1,180	0	0	1,180
Trezevant High School	6/30/2014	(3)	11,877	11,877	0	0	11,877
William H. Brewster Elementary School	6/30/2014	(3)	4,000	4,000	0	0	4,000
Wooddale Middle School	6/30/2014	(3)	1,900	1,900	0	0	1,900
Sumner County Schools							
50. Hendersonville High School	6/30/2014	(3)	2,049	962	0	(962)	0
Tipton County Schools							
51. Crestview Middle School	6/30/2015	(3)	155	155	0	(155)	0
Union County Schools							
52. Union County High School	6/30/2016	1/14/2016	30,045	0	30,045	(30,045)	0
Total Internal School Funds			\$ 785,712	\$ 467,885	\$ 112,831	\$ (219,973)	\$ 360,743
UTILITY DISTRICTS							
53. Chuckey Utility District and Cross Anchor Utility District	6/30/2013	8/18/2014	\$ 209,454	\$ 207,390	\$ 0	\$ 0	\$ 207,390
54. Webb Creek Utility District	12/31/2014	9/3/2014	43,929	43,929	0	0	43,929
Total Utility Districts			\$ 253,383	\$ 251,319	\$ 0	\$ 0	\$ 251,319

Division of Local Government Audit
Schedule of Cash Shortages and Other Thefts
Municipalities and Other Organizations Subject to Contract Audit or Oversight
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Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry- Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
HOUSING AUTHORITIES							
55. Gallaway Housing Authority	9/30/2014	(3)	\$ 250	\$ 250	\$ 0	\$ (250)	\$ 0
56. Smyrna Housing Authority	12/31/2015	(3)	14,210	14,210	0	0	14,210
57. South Pittsburg Housing Authority and South Pittsburg Elderly Housing Authority	6/30/2015 6/30/2015	12/17/2015 7/14/2015	273,956	273,956	0	0	273,956
58. Other Related Thefts - Tenant Income Falsifications							
Chattanooga Housing Authority	12/31/2015	(3)	136,794	20,290	136,794	(136,232)	20,852
Clarksville Housing Authority	9/30/2016	(3)	21,416	0	21,416	(21,416)	0
Clarksville Housing Authority	9/30/2015	(3)	7,420	0	7,420	(7,420)	0
Cleveland Housing Authority	6/30/2005	(3)	51,764	81,548	16,721	(7,726)	90,543
Columbia Housing & Redevelopment Corp.	12/31/2016	(3)	820	0	820	(90)	730
Columbia Housing & Redevelopment Corp.	12/31/2015	(3)	3,673	3,058	0	(3,058)	0
Dickson Housing Authority	6/30/2014	(3)	4,971	1,670	0	(600)	1,070
Etowah Housing Authority	9/30/2016	(3)	69,221	0	69,221	(2,090)	67,131
Gallaway Housing Authority	9/30/2016	(3)	4,738	0	4,738	(4,738)	0
Jackson Housing Authority	12/31/2016	(3)	38,478	0	38,478	(38,478)	0
Jackson Housing Authority	12/31/2015	(3)	90,927	0	90,927	(90,927)	0
LaFollette Housing Authority	9/30/2016	(3)	2,284	0	2,284	(2,284)	0
Lewisburg Housing Authority	12/31/2011	(3)	4,559	6,236	1,853	(3,145)	4,944
Martin Housing Authority	9/30/2014	(3)	8,195	4,667	10,085	(5,779)	8,973
Murfreesboro Housing Authority	3/31/2013	(3)	112,787	112,787	40,510	(40,510)	112,787

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Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry- Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
Oak Ridge Housing Authority	9/30/2015	(3)	13,812	14,859	1,808	(12,544)	4,123
Shelbyville Housing Authority	12/31/2015	(3)	2,307	2,307	718	(1,823)	1,202
Sweetwater Housing Authority	12/31/2015	(3)	5,456	546	0	(313)	233
Tullahoma Housing Authority	9/30/2016	(3)	1,599	0	1,599	(1,599)	0
Total Housing Authorities			\$ 869,637	\$ 536,384	\$ 445,392	\$ (381,022)	\$ 600,754
<i>NONPROFIT ORGANIZATIONS</i>							
59. Faith Specialized Care Services, Inc.	12/31/2016	(3)	\$ 2,465	\$ 0	\$ 2,465	\$ 0	\$ 2,465
60. Madison-Haywood Developmental Services, Inc.	6/30/2016	(3)	202	0	202	0	202
61. United Neighborhood Health Services, Inc.	6/30/2016	(3)	2,500	0	2,500	0	2,500
Total Nonprofit Entities			\$ 5,167	\$ 0	\$ 5,167	\$ 0	\$ 5,167
<i>OTHER GOVERNMENTAL ENTITIES</i>							
62. Southwest Human Resource Agency	6/30/2016	(3)	\$ 599	\$ 0	\$ 599	\$ (599)	\$ 0
63. Upper Cumberland Development District	6/30/2015	4/1/2016	16,566	0	16,566	(16,566)	0
64. Watauga River Regional Water Authority	6/30/2015	5/4/2015	11,325	11,325	0	0	11,325
Total Other Governmental Entities			\$ 28,490	\$ 11,325	\$ 17,165	\$ (17,165)	\$ 11,325
Total Audited Entities			\$ 3,975,431	\$ 2,727,307	\$ 807,356	\$ (753,927)	\$ 2,780,736

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Entity Name	Fiscal Year First Reported (1)	Comptroller Investigative Report Release Date (2)	Original Amount of Shortage	Beginning/ Carry-Forward Balance	Current Year Increase	Current Year Reduction	End of Year Balance
UNAUDITED ENTITIES							
NONPROFIT ORGANIZATIONS							
65. All about Giving	Unaudited	2/23/2017	\$ 2,198,621	(6)	\$ 2,198,621	(6)	(6)
SCHOOL SUPPORT ORGANIZATIONS							
66. Collierville Middle School Band Boosters	Unaudited	11/28/2017	133,064	(5)	133,064	(5)	(5)
67. LaFollette Elementary School PTO	Unaudited	11/3/2017	8,286	(5)	8,286	(5)	(5)
68. Ridgeview Elementary School PTO	Unaudited	3/12/2018	9,625	(5)	9,625	(5)	(5)
69. Science Hill High School Boys Basketball Boosters	Unaudited	11/17/2017	6,150	(5)	6,150	(5)	(5)
VOLUNTEER FIRE DEPARTMENTS							
70. Humphreys County Volunteer Fire Department	Unaudited	12/6/2017	58,479	(5)	58,479	(5)	(5)
71. New Market Volunteer Fire Department	Unaudited	4/18/2017	1,105	(5)	1,105	(5)	(5)
Total Unaudited Entities			\$ 2,415,330	n/a	\$ 2,415,330	n/a	n/a

Footnotes:

- (1) Annual audit reports are located on the Division of Local Government Audit's website at <https://www.comptroller.tn.gov/la/ReportsAudits.asp>.
- (2) Comptroller investigative reports are located on the Division of Investigation's website at <https://www.comptroller.tn.gov/ia/>.
- (3) No separate investigation was conducted by the Tennessee Comptroller of the Treasury, Division of Investigations.
- (4) Annual audit reports did not include cash shortages and thefts information; however separate schedules were filed with the Division of Local Government Audit.
- (5) Organizations that do not have a statutory annual audit requirement, carry-forward amounts, reductions for restitution, insurance, and/or write-off amounts, and ending balances are not available.
- (6) Organizations that do not have an audit for the current period due to changes in funding or certain situations, current year increase amounts, reductions for restitution, insurance, and/or write-off amounts, and ending balances are not available.

**Division of Local Government Audit
Explanations of Cash Shortages and Other Thefts
Municipalities and Other Organizations Subject to Contract Audit or Oversight
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for Fiscal Years Ended 2016 and Earlier**

Municipalities

1. Adams

General Government – A former city recorder wrote a \$3,500 check to herself from city funds according to documentation provided by the current city recorder.

Disposition: As of June 30, 2016, the former city recorder repaid \$2,725 to the city which resulted in an ending balance of \$775 that had not been recovered.

2. Alcoa

Education Department – At the request of the District Attorney General for the Ninth Judicial District, the Tennessee Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, performed an investigative audit of suspected financial irregularities by the former treasurer of the Tennessee Attendance Supervisors Steering Committee. During the course of the audit, investigators discovered the former treasurer had also served as the former federal projects administrative assistant for the Alcoa City School District and as the former treasurer for the East Tennessee Attendance Supervisors Association. Therefore, the scope of the audit was expanded to include transactions that involved these entities. The scope covered the period from July 1, 2007, through May 16, 2013; however, it was expanded as necessary. An investigative report was issued on March 3, 2014, by the Tennessee Comptroller of the Treasury, Division of Investigations that revealed a cash shortage of at least \$344,204.

The former federal projects administrative assistant submitted falsified invoices for payment from the Alcoa City School District's federal projects grants program to the City of Alcoa that totaled \$270,344. In addition, the investigative audit of the Alcoa City School District's credit card transactions disclosed this individual improperly charged \$55,874 to the district for personal use by exclusively using MasterCard Business, Wal-Mart, and Staples credit cards. The former federal projects administrative assistant for the Alcoa City School District submitted \$17,986 in unauthorized travel expenses to the City of Alcoa for reimbursement by forging school officials' signatures on travel claims to indicate approval in order to receive unauthorized reimbursements.

Disposition: The Alcoa City School District is seeking restitution through the court system and from the city's insurer to recover the funds. As of June 30, 2015, the insurer paid the city \$149,000. During the June 30, 2016, fiscal year end the insurer paid the city \$328 which resulted in an ending balance of \$194,876.

3. Carthage

Water and Sewer Department – During the audit for the Town of Carthage for the fiscal year ended June 30, 2014, a difference was noted between amounts reported as payments in the customer accounts receivable records and amounts recorded as cash receipts and deposits that could not be explained. Therefore, a cash shortage of \$3,302 was reported to the Tennessee Comptroller of the Treasury's Office.

Disposition: As of the fiscal year ended June 30, 2016, the \$3,302 cash shortage balance was written off.

4. Chapel Hill

General Government – Fire Department – The audit for the Town of Chapel Hill for the fiscal year ended June 30, 2013, reported the town identified a fictitious invoice, theft of property, and misuse of town assets. Town officials notified the appropriate authorities, and the Tennessee Bureau of Investigation investigated the allegations.

Disposition: Town officials terminated the responsible employee and took steps to strengthen their internal controls. Subsequent to June 30, 2013, the case went to court, and the former employee was indicted on theft of property between \$1,000 and \$10,000 and ordered to pay \$3,130 of restitution to the town. The town had not received restitution as of June 30, 2016.

5. Clarksville

Gas, Water and Sewer Department – The Tennessee Comptroller of the Treasury, in conjunction with the Clarksville Police Department, investigated allegations of malfeasance related to the Gas, Water and Sewer Department. It was determined a former materials management technician misappropriated gas and water funds of at least \$47,518.

The former employee misappropriated city funds during the period January 2011 through January 2016 by making personal purchases using a gas and water department purchasing card issued to him. He purchased items such as children's tennis shoes and clothing, health and beauty products, and many other items that were not used for legitimate city purposes. The individual fabricated requisition forms and other documentation to disguise the personal nature of the purchases. In addition, the former technician logged fictitious items into the gas and water department's inventory system which resulted in false and misleading inventory records.

Disposition: On January 26, 2016, the employee was terminated by utility department officials. The Montgomery County Grand Jury indicted the former materials management technician on three counts of theft over \$10,000, one count of official misconduct and ten counts of forgery on June 6, 2016. As of June 30, 2016, the shortage balance remained \$47,518.

Exhibit B

Parks and Recreation Department – A review of internal controls at the City of Clarksville revealed an employee used a city purchasing card to charge personal hotel and fuel purchases that totaled \$268. In addition, after the former employee was terminated, uniforms that valued approximately \$500 were not returned to the city.

Disposition: As of June 30, 2016, the City collected \$300, and the remaining balance of \$468 was written off as uncollectible.

6. **Collinwood – (June 30, 2013)**

The audit for the City of Collinwood for the fiscal year ended June 30, 2013, reported misappropriated municipal collections of at least \$94,426. An investigative report released by the Tennessee Comptroller of the Treasury, Division of Investigations, on April 7, 2014, revealed thefts attributed to the same city recorder during the period July 1, 2012, through July 31, 2013. The thefts resulted from the following:

General Government – Property tax records reflected a former city recorder collected \$879 in cash from certain taxpayers; however, she did not deposit the tax collections in a city bank account.

Disposition: As of June 30, 2016, the shortage balance remained \$879.

Recreation Department – Comptroller investigators determined a former city recorder failed to deposit at least \$1,865 of municipal swimming pool cash collections in a city bank account.

Disposition: The shortage balance remained \$1,865 as of June 30, 2016.

Water Department – A former recorder misappropriated at least \$91,682 of utility cash collections. The recorder was responsible for collecting, recording and depositing customer utility payments. Comptroller investigators discovered the recorder did not deposit all cash collections she received and recorded. For example, during May and June in 2013, she recorded more than \$19,000 of cash collections; however, she deposited only \$117 of cash in the city's utility bank account.

Disposition: The former city recorder was indicted on March 14, 2014, by the Wayne County Grand Jury on one count of theft over \$60,000. Restitution of \$53,426 had been made as of June 30, 2016, which resulted in an ending shortage balance of \$38,256.

Collinwood – (June 30, 2012)

Water Department – The audit for the City of Collinwood for the fiscal year ended June 30, 2012, revealed a cash shortage of \$76,497 in the Water Department that was attributed to two city recorders who were responsible for collections.

Disposition: No restitution had been made as of June 30, 2016. Both former recorders have been indicted by the Wayne County Grand Jury for other thefts investigated by the Tennessee Comptroller of the Treasury's Office.

Collinwood – (June 30, 2009)

The audit for the City of Collinwood for the fiscal year ended June 30, 2009, reported misappropriated municipal collections of at least \$84,178. An investigative report released by the Tennessee Comptroller of the Treasury, Division of Investigations, on April 7, 2014, detected certain thefts attributed to the same city recorder that are summarized as follows:

General Government – During July 1, 2008, through September 30, 2010, a former city recorder failed to deposit at least \$20,375 of receipted municipal collections that were identified as meter deposits, traffic citations and building permits into a city bank account.

Water Department – A former city recorder misappropriated at least \$63,803 of utility collections during July 1, 2008, through September 30, 2010. The recorder did not deposit all cash collections she received and recorded. In addition, paper records for certain utility customers were destroyed or discarded. Auditors discovered the amounts related to these missing records were equal to the cash shortages in the recorder's bank deposits.

Disposition: No restitution had been made for either shortage as of June 30, 2016. The former city recorder was indicted on January 12, 2012, by the Wayne County Grand Jury on one count of theft over \$60,000. The individual was reported as deceased as of July 9, 2014.

7. Cornersville

General Government – The audit for the Town of Cornersville for the fiscal year ended June 30, 2015, reported a shortage of \$7,023 because the town did not follow its personnel and employee compensation policies, and certain employees were overpaid for vacation, sick and severance pay. Additionally, the town made payments for vacation pay that was not earned.

Police Department – The annual audit also revealed a shortage of \$1,000 due to the unauthorized sale of guns by a former employee.

Disposition: As of the fiscal year ended June 30, 2016, town officials had not determined a course of action to recover the shortages of \$8,023.

8. Covington

General Government – On January 23, 2017, a former accounts payable clerk discovered the cash receipts deposit for January 20, 2017, was \$1,000 short when she counted money received from the cashiers. Office areas such as desktops and garbage were searched, but the money was not found. Tennessee Bureau of Investigation agents visited City Hall on January 25, 2017, as a result of the theft and conducted interviews of office personnel. On January 27, 2017, the accounts payable clerk requested a second search of her office, and the missing \$1,000 was found under her desk wedged between the desk and the computer hard drive.

Disposition: The accounts payable clerk was terminated for negligence in handling city funds on January 27, 2017. Subsequently, the city reported the shortage balance was reduced to zero.

9. Dyer

General Government – According to an internal investigation performed by the city, it appeared a former city employee deleted financial transactions from the city's computer system, physically removed or destroyed hard copies of receipts, and appropriated cash payments for personal purposes. It was determined \$225 was misappropriated by the former employee.

Disposition: The former city employee resigned on March 6, 2014, and has not been legally prosecuted. No restitution had been made as of June 30, 2016.

10. Gadsden

General Government – The audit for the Town of Gadsden for the fiscal year ended June 30, 2013, reported misappropriated municipal collections of at least \$35,241 in connection with an investigation conducted by the Tennessee Comptroller of the Treasury for the period April 1, 2009, through December 31, 2013. An investigative report was issued on December 10, 2014, by the Division of Investigations. The investigation detailed a cash shortage summarized below that resulted because the former mayor/fire chief diverted municipal funds for his personal use.

Summary of Amounts Diverted for Personal Use by Former Mayor/Fire Chief	
Gasoline, cigarettes, and food items charged to the town from a local convenience store	\$ 33,775
Wal-Mart, Lowes, J & W Surplus and Office Max purchases that appeared to be for personal benefit and were not in the town's possession	1,416
Community Center rental revenue – check payment cashed and used for personal benefit	50
	\$ 35,241

Additional purchases of \$39,925 were questioned in the Tennessee Comptroller of the Treasury's investigative report. However, investigators could not determine if these disbursements related to municipal purposes.

Disposition: The former mayor's term of office ended May 4, 2013, and he resigned as the town's fire chief on February 24, 2014. The investigative audit recommended that town officials take steps to seek recovery of \$35,241. Additionally, the shortage and other findings addressed in the investigation were reviewed with the local district

attorney general. As of June 30, 2016, no restitution payments had been made, and the court case was pending.

11. Harriman

Recreation Department – The audit for the City of Harriman for the fiscal year ended June 30, 2013, reported misappropriated municipal collections of at least \$25,000. As a result of weaknesses in the city’s internal control policies and procedures and collusion of related employees, approximately \$25,000 of athletic youth concession sales was misappropriated during fiscal years 2012 and 2013. Financial staff of the city detected the shortages while conducting an analytical review of concession receipts from the prior year.

Disposition: City officials have taken steps to strengthen internal controls over concession sales. The city also reported the matter to proper authorities and took appropriate personnel action. At June 30, 2016, no restitution payments had been made although the city continued to pursue collection of the outstanding amounts.

12. Jackson

Public Welfare and Community Service – On June 27, 2016, a deposit drop bag was stolen at the T. R. White Sportsplex, the city’s seventeen-field baseball/softball complex. The amount for deposit included in the bag was \$770.

Disposition: As of June 30, 2016, the cash shortage balance remained \$770.

13. Jellico

An investigative report dated June 5, 2014, issued by the Tennessee Comptroller of the Treasury, Division of Investigations, reported misappropriated municipal collections of at least \$96,450. The Tennessee Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, conducted an investigative audit that detailed the thefts during the period January 1, 2011, through December 31, 2012. The thefts resulted from the following:

Summary of Amounts Misappropriated by Former City Recorder	
Cash collections diverted for personal use	\$ 71,525
Unauthorized payroll checks	2,313
Unauthorized travel and expense reimbursements	3,835
Unauthorized fuel purchases	5,987
Undocumented checks for petty cash	4,228
Unauthorized Lowe’s gift cards	80

Exhibit B

Unauthorized groceries and fuel	128
Customer checks not deposited	<u>8,354</u>
	<u>\$96,450</u>

According to the investigative report, additional disbursements of \$16,617 were questioned. However, due to the poor condition of the city’s accounting records and the lack of adequate documentation on file, investigators could not determine if these disbursements were related to municipal purposes.

Disposition: On May 16, 2014, the former city recorder was indicted by the Campbell County Grand Jury on charges of theft over \$60,000 and official misconduct. As of the fiscal year ended June 30, 2016, the unrecovered balance remained at \$96,450.

14. Knoxville (June 30, 2016)

Finance Department – The city issued a check to Southern Grounds Landscaping, a vendor of the city, for \$10,200. Subsequently, the Finance Department was notified that Southern Grounds Landscaping had not received the payment. It was determined the check cleared the bank in the name of Knoxville Doors and Windows, which is not a vendor of the city. It appeared the initial check was removed from the mailbox of Southern Grounds Landscaping, and a fraudulent check was created.

Disposition: Southern Grounds Landscaping notified the city they had not received the \$10,200 payment. As of June 30, 2016, Bank of America reimbursed the city for the \$10,200 check, and the city considered the matter resolved.

Knoxville (June 30, 2015)

Parks and Recreation Department – Cash bags that contained \$3,347 for deposit were stolen from a safe. A police report was filed, and an investigation was performed.

Disposition: The former suspected employee resigned. The individual was not prosecuted because the investigation provided insufficient evidence. As of June 30, 2016, none of the stolen funds had been recovered, and they were written off by the city.

15. Lakeland – (June 30, 2015)

General Government – During the fiscal year ended June 30, 2015, an employee used a city credit card for unauthorized personal purchases of \$5,961.

Disposition: As of June 30, 2015, the employee was terminated, and a police report was filed regarding the incident. The former employee has not paid restitution to the city.

Lakeland – (June 30, 2013)

General Government – A special investigation conducted by Watkins Uiberall, PLLC, Certified Public Accountants was released in August 2011. The investigation determined a theft of \$32,259 was a result of cash receipts stolen by a city employee from June 2008 through August 2011.

Disposition: As of the fiscal year ended June 30, 2014, the employee was terminated and was sentenced to pay restitution to the city of \$55,259 consisting of \$32,259 in stolen funds and special investigation fees of \$23,000. As of June 30, 2016, the former employee had paid monthly restitution payments of \$19,500 to the city, and a balance of \$12,759 remained unpaid.

16. Luttrell

General Government – The audit for the City of Luttrell for the fiscal year ended June 30, 2016, reported a lack of financial oversight. As a result, the Tennessee Comptroller of the Treasury investigated allegations of malfeasance related to the City of Luttrell.

An investigative report was issued by the Tennessee Comptroller of the Treasury on June 2, 2016. The investigation revealed a former city recorder misappropriated city money that totaled at least \$120,506. The individual issued more than 140 checks to herself or a family member from September 11, 2012, until February 22, 2016. The former city recorder concealed her theft by falsifying signatures of the vice mayor or mayor on city checks. The individual recorded the checks as payments to legitimate city vendors, and she prepared false documentation to support various unauthorized payments. The former employee told investigators she needed the money to make ends meet.

Disposition: On May 18, 2016, the Union County Grand Jury indicted the former city recorder on one count of theft over \$60,000 and one count of tampering with evidence. As of the fiscal year ended June 30, 2016, the individual suspected of the theft resigned from her position, and she promised to repay the money that was misappropriated. However, no payments have been received by the city.

17. Mason

Public Works Department – Water Department – An investigative report issued on July 19, 2016, by the Tennessee Comptroller of the Treasury, Division of Investigations, for the Town of Mason reported misappropriated municipal collections of at least \$678,609. The Comptroller's Office, in conjunction with the Tennessee Bureau of Investigation, conducted an investigative audit for the period January 1, 2007, through March 24, 2015, that revealed the following:

- The former public works superintendent received unauthorized compensation pay of \$602,865 from the town's water fund. The unauthorized pay consisted of \$549,998 for overtime; \$32,411 for the sale of vacation time; \$11,620 for the sale of sick leave; and \$8,836 for holiday pay.

- The superintendent received questionable overtime compensation of \$75,744 from the town's general fund.

Disposition: The former public works superintendent resigned in March 2015. On June 11, 2016, he was indicted by the Tipton County Grand Jury on charges of official misconduct and theft over \$60,000. As of the fiscal year ended June 30, 2016, the town had not recovered the balance of \$678,609, and the former superintendent was awaiting trial.

18. Maury City

Accounting Department – During the audit for the Town of Maury City for the fiscal year ended June 30, 2013, the town's auditors noted there were instances in which certain amounts collected for utility reconnection services could not be traced as deposited into the town's bank accounts. The town reported \$5,010 was assessed and collected for reconnection services from January 2013 to March 2014. However, only \$2,710 was identified as deposited, which resulted in unaccounted for collections of \$2,300.

Disposition: As of June 30, 2016, town officials had not resolved the cash shortage of \$2,300.

19. Memphis – (June 30, 2016)

Library Division – The audit for the City of Memphis for the fiscal year ended June 30, 2016, reported \$550 of cash was missing when a bag was opened at the Cordova Library that contained receipts and opening cash from the previous day. In addition, it was reported \$367 of library deposits at the Cherokee Library did not clear during the bank reconciliation process, and it was determined they were apparently stolen.

Disposition: The incidents were investigated by the Memphis Police Division Economic Crimes and Internal Audit; however, there was insufficient evidence to determine who stole the funds. As of the fiscal year ended June 30, 2016, the \$917 balance had not been reimbursed.

Public Works Division – The audit for the City of Memphis for the fiscal year ended June 30, 2016, reported an employee submitted a fraudulent report from a doctor to support leave time claimed that was estimated at \$258.

Disposition: As of the fiscal year ended June 30, 2016, the \$258 balance was unresolved, and the employee involved in the incident was no longer employed by the city.

Memphis – (June 30, 2015)

Police Division – The audit for the City of Memphis for the fiscal year ended June 30, 2015, reported an employee embezzled approximately \$4,800 by submitting false payroll time records. The incident was discovered by a Police Division/Federal Bureau of Investigation joint task force.

Exhibit B

Disposition: The employee was placed on administrative leave pending the conclusion of the investigation and subsequently resigned. As of June 30, 2016, restitution of \$4,498 had been paid to the city which resulted in an ending balance of \$302.

Public Works Division – The audit for the City of Memphis for the fiscal year ended June 30, 2015, reported two employees requested money valued at \$20 from citizens while they performed their duties. In addition, an employee stole gasoline valued at \$20 from a city facility and was subsequently arrested for the incident.

Disposition: As of the fiscal year ended June 30, 2016, the \$40 shortage balance was unresolved, and the employees involved in the incidents were no longer employed by the city.

Memphis – (June 30, 2014)

General Government – The audit for the City of Memphis for the fiscal year ended June 30, 2014, reported an employee of the City Court Clerk Office with expanded privileges embezzled money that totaled \$24,012. The privileges allowed the employee to access, adjust and approve transactions entered into the Electronic Ticket Information System (ETIS). The individual made adjustments to cash payments for traffic tickets paid by customers who had been issued motor vehicle citations by the City of Memphis.

Disposition: The clerk pled guilty to embezzlement in March 2015 and was terminated. The fraud was reported to the Tennessee Comptroller of the Treasury, and city officials took steps to strengthen internal controls. As of June 30, 2016, the city had not received restitution of \$24,012.

Police Division – The audit for the City of Memphis for the fiscal year ended June 30, 2014, reported a payroll clerk employed by the Police Division deposited missing payroll checks of \$8,220 into her personal account.

Disposition: As of the fiscal year ended June 30, 2016, the city received restitution of \$8,220.

20. Millington

Police Department – Subsequent to June 30, 2015, a shortage of funds was discovered in the department. A total of \$19,962 was held for safekeeping by the Police Department related to a death investigation in April 2015. However, a \$12,190 shortage was discovered when the funds were supposed to be delivered to the next of kin in August 2015.

Disposition: As of June 30, 2016, the \$12,190 shortage was determined unrecoverable and was written off.

21. Morristown

Police Department – The audit for the City of Morristown for the fiscal year ended June 30, 2015, reported a theft of \$6,000 in the Police Department. As a result, the

Exhibit B

Tennessee Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the City of Morristown Police Department.

An investigative report was issued by the Tennessee Comptroller of the Treasury, Division of Investigations, on July 8, 2015. The investigation revealed a former police officer who was responsible for collecting cash received for the return of seized vehicles failed to deposit at least \$6,000. When the officer was interviewed by investigators regarding the missing money, \$5,500 of cash was recovered from his Police Department vehicle in which the officer claimed he had been holding the cash for approximately 35 days. However, the remaining \$500 of cash was not located. The officer altered records, failed to record or receipt the majority of the cash he collected, and made a false entry in Police Department records to conceal his activities.

Disposition: This matter was referred to the local district attorney general. On July 1, 2015, the Hamblen County Grand Jury indicted the former officer on two counts of theft over \$1,000, one count of theft under \$500 and one count of official misconduct. As of the fiscal year ended June 30, 2016, the \$500 balance had not been recovered.

22. **Mount Juliet**

Police Department – City officials concluded a police officer submitted overtime hours that were not documented as worked during the fiscal year ended June 30, 2015. According to investigative reports, questioned overtime payments of approximately \$27,280 were discovered, of which \$13,100 was reimbursed to the city by the United States Department of Justice Organized Crime Enforcement Program. In addition, unaccounted for drug investigation funds of \$1,600 were identified. The case was investigated by the Tennessee Bureau of Investigation and the United States Drug Enforcement Agency.

Disposition: The officer pled guilty to the federal portion of the case and has been sentenced with a requirement to repay the United States Department of Justice the federal portion of the overtime payments. The Tennessee Bureau of Investigation pursued the remaining \$14,180 of undocumented overtime payments and the \$1,600 drug investigation funds shortage. As of June 30, 2016, \$1,600 of evidence was returned to the city; the city was awarded the officer's unpaid vacation accrual of \$3,700; and the remaining \$10,480 was written off as uncollectible, which resulted in a zero-shortage balance.

23. **New Johnsonville – (June 30, 2015)**

General Government – The mayor and a police officer received employee benefits of \$5,618 for which they were not entitled during the fiscal year ended June 30, 2015.

Disposition: As of June 30, 2016, the \$5,618 shortage was written off by the city.

24. **Oakland**

General Government – An investigative report for the Town of Oakland was issued by the Tennessee Comptroller of the Treasury, Division of Investigations, on April 18, 2017. An investigation of selected records of the town revealed disbursements for

Exhibit B

international phone calls made by the mayor resulted in a cash shortage of \$1,352. The mayor's use of the town's municipal cell phone for his private sector employment violated the town's personnel policy.

Disposition: As of the fiscal year ended June 30, 2016, the \$1,352 shortage related to the mayor had not been reimbursed to the town.

Parks and Recreation Department – An investigative report for the Town of Oakland Parks and Recreation Department was also issued by the Tennessee Comptroller of the Treasury, Division of Investigations, on April 18, 2017. The investigation disclosed a former Parks and Recreation Department director resigned his position and accepted a position with the Fayette County School System as an athletic director. It was determined the director was inappropriately compensated \$6,061 by the Town of Oakland while he simultaneously received a salary from the school system.

In addition, improper use of the town's Fuelman credit card while performing business for the school system resulted in a \$397 shortage. Finally, the director filed and received a travel reimbursement from the school system of \$173 for mileage while on an official school trip to Nashville, Tennessee; however, the director admitted to driving the town's vehicle on the trip.

Disposition: The former director of the Parks and Recreation Department was indicted by the Fayette County Grand Jury on one count of theft of property of \$500 or less and two counts of official misconduct. The shortage balance remained \$6,631 as of June 30, 2016.

25. Philadelphia

General Government – The audit for the City of Philadelphia for the fiscal year ended June 30, 2013, reported misappropriated funds in connection with an investigative report released by the Tennessee Comptroller of the Treasury on May 14, 2014. The report issued by the Division of Investigations focused on the period January 1, 2013, through November 30, 2013.

According to the investigative report, the former city recorder cashed two unauthorized checks for \$638 made payable to her. The investigation also revealed city officials did not ensure that complete inventory records of high-risk, moveable property such as sound equipment and computers were maintained, or that all property purchased was available for municipal use. Subsequently, investigators were unable to locate sound equipment valued at more than \$600 purchased by a former mayor with city funds for use at a benefit concert.

The investigation also noted a matter that was investigated by local law enforcement officials. Municipal checks were stolen, and without the knowledge of the mayor and board of aldermen, 11 of the checks were completed for \$5,476 and cashed by either the individual who had taken the checks or by his acquaintances.

Summary of Missing Municipal Funds and Equipment

Two unauthorized checks cashed by former city recorder	\$ 638
Stolen checks cashed by non-municipal employees	5,476
Missing sound equipment	600
	\$ 6,714

Disposition: The unauthorized checks that were cashed by the former city recorder were referred to the local district attorney general. The Loudon County Grand Jury indicted the former city recorder on three counts of official misconduct and two counts of forgery in April 2014. The stolen checks that were cashed for \$5,476 resulted in several indictments. As of June 30, 2013, a payment of \$1,729 had been received, which resulted in a balance of \$4,985. As of June 30, 2016, no additional amounts for restitution had been collected by the City of Philadelphia, and the balance remained \$4,985.

26. Pikeville

General Government – The audit for the City of Pikeville for the fiscal year ended June 30, 2012, reported findings related to an investigation conducted by the Tennessee Comptroller of the Treasury, Division of Investigations, pursuant to a request from the local district attorney general. The investigative report was issued on August 9, 2012, and it focused primarily on the period July 1, 2010, through December 31, 2011; however, when warranted, the scope was expanded. The investigation revealed the following questionable purchases:

Summary of Questionable Purchases Made with City Funds by Former Mayor

Purchase of a 2008 Honda Element for the mayor’s personal use	\$ 15,900
Unauthorized reimbursements for family health insurance expenses when the mayor’s family received health insurance coverage through the wife’s employer	35,599
Unauthorized payments for a vehicle allowance received by the mayor while he also had a city fuel card and drove a city vehicle	16,200
Purchase of ten (10) used vehicles without obtaining board approval when the vehicles served no apparent municipal purpose and were never titled to the city	109,900
	\$ 177,599

Additional purchases of \$1,942 and \$522 were questioned by the Division of Investigations. A total of \$1,942 was related to purchases made with the city’s credit card for travel expenses in Florida, and \$522 was related to travel expenses in Gatlinburg. The mayor reimbursed the city for \$1,942, and although he informed

investigators the charges in Gatlinburg may have been associated with a town-related conference, he provided no evidence to support the claim.

Disposition: The mayor was sentenced to 30 days in prison, 2 years and 11 months of probation and ordered to perform 100 hours of community service for the City of Pikeville in January 2014. The city recovered \$170,770 through various amounts that were written off by management and by sales or retaining ownership of certain vehicles. As of June 30, 2016, restitution of \$6,829 had been paid to the city by the mayor that resulted in a zero-shortage balance.

27. Ridgely

General Government – During the fiscal year ended June 30, 2016, the Town of Ridgely discovered \$73 for personal charges by an employee had been billed to a certain store and paid by the town. The employee stated it was a billing error by the store clerk because he intended the charges to be billed to his personal charge account instead of the town's account.

Disposition: The employee agreed to reimburse the town for the personal charges. As of June 30, 2016, the town had not received reimbursement for the \$73 balance.

28. Rockwood

General Government – The audit for the City of Rockwood for the fiscal year ended June 30, 2012, reported that credit card statements were not maintained, and receipts were not submitted and retained for the majority of credit purchases. In addition, the audit revealed many credit card purchases appeared to be for personal purposes.

An investigative report released by the Tennessee Comptroller of the Treasury, Division of Investigations, on February 27, 2013, for the period January 1, 2009, through January 31, 2012, revealed the former city coordinator used a city credit card and a city store charge card to purchase property and services for his personal benefit of least \$32,725. The investigation also disclosed the former city accountant used the city's credit card for unauthorized purchases of \$985.

Summary of Purchases for Personal Benefit

Former City Coordinator	
Guns, ammunition and related items	\$ 11,900
Clothing	7,263
Cameras, lenses and photographic supplies	5,697
Online college courses	4,190
Other miscellaneous personal items	3,675
	\$ 32,725

Former City Accountant

Online college courses	\$ 985
	\$ 985

Disposition: In February 2013, the Roane County Grand Jury indicted the former city coordinator on seven counts that included theft, credit card fraud and official misconduct. The former city accountant paid \$985 of restitution to the city for the online college courses as of June 30, 2015. As of the fiscal year ended June 30, 2016, the case is awaiting trial.

29. Samburg

General Government – The audit for the City of Samburg for the fiscal year ended June 30, 2016, reported a cash shortage of \$31,759. As a result, the Tennessee Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the City of Samburg.

An investigative report was issued by the Tennessee Comptroller of the Treasury, Division of Investigations, on February 15, 2017. The investigation revealed a former city recorder misappropriated city funds of at least \$31,759. The individual perpetrated the misappropriation by diverting city cash collections of at least \$14,472 that she received on behalf of the city for property taxes, garbage pick-up and other city services for her personal use. The former employee also issued and transacted unauthorized city checks payable to her that totaled at least \$17,287 and retained the funds for her personal benefit.

Disposition: These matters were referred to the local district attorney general. On February 7, 2017, the Obion County Grand Jury indicted the former city recorder on one count of theft over \$10,000. As of the fiscal year ended June 30, 2016, the individual resigned from her position, and the shortage balance remained \$31,759.

30. Tellico Plains

Water and Sewer Department – The audit for the year ended June 30, 2015, reported a cash shortage of \$819 in the Water and Sewer Department. As a result, the Tennessee Comptroller of the Treasury, Division of Investigations, investigated allegations that an employee had taken inventory items from the department during the period April 1, 2014, through May 9, 2014, and sold them as scrap metal. An investigative report issued on September 21, 2015, revealed the allegations were valid. However, the investigators were unable to determine the total value of the stolen items.

Disposition: As of June 30, 2016, the employee was terminated. Although no restitution payments have been received by the town, some of the items were recovered from the scrapyards.

31. Unicoi

General Government – The audit for the Town of Unicoi for the fiscal year ended June 30, 2013, reported misappropriated municipal funds of \$657. Municipal funds were used to pay for meals of spouses of board members and employees at a municipal function.

Disposition: As of June 30, 2016, the town had not received restitution, and the shortage balance remained \$657.

32. Whiteville – (June 30, 2016)

Water and Sewer Department – The town is authorized to withhold certain amounts from employees’ paychecks and remit the funds to a bank for employees’ benefits. During the fiscal year ended June 30, 2016, the town remitted \$1,878 more to the bank than was withheld from employees’ payroll checks.

Disposition: As of the fiscal year ended June 30, 2016, the Town has not determined which employees should receive restitution.

Whiteville – (June 30, 2014, June 30, 2015 and June 30, 2016)

General Government – The audits for the years ended June 30, 2014, June 30, 2015, and June 30, 2016, reported a shortage of \$5,808 because the town remitted payments in excess of voluntary withholdings from employee payroll checks for various insurance and bank payments.

Disposition: As of the fiscal year ended June 30, 2016, an additional shortage of \$439 was identified for the same matter described above, of which a reduction of \$1,286 was reported, which resulted in a remaining balance of \$4,961. No restitution has been determined since the employees affected by these errors have not been identified.

Whiteville – (June 30, 2013)

General Government – The audit for the Town of Whiteville for the fiscal year ended June 30, 2013, reported misappropriated funds related to overpaid payroll and related expenditures. An employee received workman’s compensation and compensation from the town for the same period. The employee also received sick leave and/or vacation pay in excess of the amount due to the employee. Overpayments due from the employee are summarized below.

Fiscal Year	Description	Amount
6-30-2013	Excess payroll compensation	\$ 1,808
	Payroll taxes and retirement	972
	Unearned vacation and sick leave	4,824
6-30-2012	Excess payroll compensation	1,958
	Payroll taxes and retirement	259

Insurances and other payroll deductions	784
	\$ 10,605
	\$ 10,605

Disposition: At June 30, 2013, the employee owed a total of \$10,605. The audit for the fiscal year ended June 30, 2014, reported additional overpaid payroll and payroll taxes of \$686. Restitution of \$1,000 had been collected as of June 30, 2014, and an additional \$1,900 was collected as of June 30, 2015. As of June 30, 2016, an additional payment of \$2,650 was received by the town which resulted in a remaining balance of \$5,741. The town anticipates full restitution to be made when the employee receives a worker's compensation settlement.

Internal School Funds

33. Blount County Schools

Fairview Elementary School – It was discovered that certain probable bookkeeping errors with receipting and posting due to a physical illness of a bookkeeper contributed to a shortage of \$612 during the fiscal year ended June 30, 2015, at Fairview Elementary School.

Disposition: The bookkeeper’s job was terminated, and as of June 30, 2016, the \$612 shortage was written off.

34. Chester County Schools

Chester County High School – The audit for the Chester County Schools Internal School Funds for the fiscal year ended June 30, 2015, reported auditors were unable to trace a \$24 check listed on a mail log to an office receipt or bank statement.

Disposition: As of June 30, 2016, the \$24 shortage balance was written off by the school.

35. Clarksville-Montgomery County Schools

Kenwood Middle School: An estimated \$31 shortage occurred after it was discovered a box of Skittles and a bag of Sour Punch Straws were missing from a concession stand inventory. In addition, a shortage of \$34 resulted from a misappropriation of cash in the school's safe. Two school custodians were suspected, but the school’s security tape was inconclusive regarding the incident.

Disposition: A report was filed with the State of Tennessee for the \$31 shortage, and seven students were court-ordered to pay for the shortage. Three of the students paid their required portions of \$10 each, and a remaining \$1 balance was written off. The \$34 shortage was written off by the school system, and the employees were presented letters of concern.

Northwest High School: Shortages that totaled \$969 occurred during the fiscal year ended June 30, 2016, that resulted from misappropriations of cash in classrooms.

Disposition: As of June 30, 2016, the cash had not been recovered for any of the shortages, and the \$969 balance was written off by the school system.

West Creek High School: A shortage that related to softball game admission ticket sales occurred during the fiscal year ended June 30, 2016. Thirteen tickets that valued \$5 each were missing. The individual in charge of selling the tickets stated she left the tickets with a parent volunteer for a few moments while she went to the restroom.

Disposition: The \$65 shortage was written off by the school system.

36. Cleveland City Schools

Donald P. Yates Primary School – The audit for the Cleveland City Schools Internal School Funds for the fiscal year ended June 30, 2015, reported a cash shortage of \$3,391 at Donald P. Yates Primary School. The shortage related to a potential theft by the school bookkeeper, who reportedly deposited checks drawn on the school account and receipts made payable to the school, into her personal checking account.

Disposition: The bookkeeper was indicted by the Bradley County Grand Jury, and she was terminated from her position. As of June 30, 2016, the school recovered the cash shortage.

37. Clinton City Schools

South Clinton Elementary School – The audit for the Clinton City Schools Internal School Funds for the fiscal year ended June 30, 2016, reported a cash shortage of \$390 at South Clinton Elementary School. While the school bookkeeper prepared a daily deposit, a delivery person entered the office to conduct school business. According to a limited review of a school camera, it appeared to management the delivery person stole \$390.

Disposition: As of June 30, 2016, the cash shortage balance remained \$390.

38. Davidson County Schools

Glencliff High School – The audit for the Davidson County Schools Internal School Funds for the fiscal year ended June 30, 2015, reported an estimated cash shortage of \$2,814 at Glencliff High School. Certain deposits for athletic events did not include supporting documentation for the ticket reconciliations or the deposits. The missing cash receipts were estimated based on average attendees at each sporting event for the year.

Disposition: As of the fiscal year ended June 30, 2016, further state investigation is pending.

Pearl Cohn High School – The audit for the Davidson County Schools Internal School Funds for the fiscal year ended June 30, 2015, reported a cash shortage of \$51,933 at Pearl Cohn High School. Certain deposits contained checks that were not included on

any collection logs. It appeared the bookkeeper was taking cash from the deposits and replacing it with checks received using various methods.

Disposition: As of June 30, 2016, the school was reimbursed for \$51,933.

39. Dyersburg City Schools

Dyersburg High School – The audit for the Dyersburg City Schools Internal School Funds for the fiscal year ended June 30, 2016, reported a cash shortage of \$2,000 at Dyersburg High School. The shortage resulted when a Future Farmers of America (FFA) sponsor collected loan proceeds from students related to a 4-H and FFA Agriculture Program, but the individual did not submit \$2,000 of the funds to the bookkeeper for deposit.

Disposition: The employee is no longer employed by Dyersburg City Schools. As of the fiscal year ended June 30, 2016, the former employee repaid \$2,000 to the school.

Dyersburg High School – The audit for the Dyersburg City Schools Internal School Funds for the fiscal year ended June 30, 2014, reported a cash shortage of at least \$3,085 at Dyersburg High School. The shortage resulted when an assistant coach opened a bank account in the name of Dyersburg Special Events of which the director of schools had no knowledge. The coach used his personal social security number to open the account and deposited funds from an event sponsored by the school into the bank account. The total of the cash shortage could not be determined due to the condition of the accounting records for the unauthorized bank account.

Disposition: The assistant coach is no longer employed by the Dyersburg City Schools. The local district attorney advised the school system in September 2015 that the case was still open and could be pursued if, and when, the assistant coach returned to the State of Tennessee. As of June 30, 2016, the \$3,085 shortage balance remained unchanged.

40. Fayette County Schools

Oakland Elementary School – A count of collection form dated September 28, 2015, for concession sales during a basketball game indicated \$1,081 should have been collected by a school cashier. However, a \$50 shortage resulted because the amount submitted was \$1,031.

Disposition: As of the fiscal year ended June 30, 2016, the shortage had not been reconciled.

Northwest Elementary School – The annual audit revealed a cash shortage of \$191 at Northwest Elementary School. After numerous attempts, the auditors were unable to verify the cash balance after school closed for the year.

Disposition: The school closed as of June 30, 2014, and it is currently identified as the Buckley-Carpenter Elementary School. As of June 30, 2016, the cash balance had not been reconciled.

Somerville Elementary School – The audit for the Fayette County Schools Internal School Funds for the fiscal year ended June 30, 2015, reported a cash shortage of \$14,855 at Somerville Elementary School. After numerous attempts, the auditors were unable to verify the cash balance after school closed for the year.

Disposition: The school closed as of June 30, 2014, and it is currently identified as the Buckley-Carpenter Elementary School. As of the fiscal year ended June 30, 2016, documentation was obtained that verified the ending cash balance of Somerville Elementary School was transferred to Buckley-Carpenter Elementary School.

41. Grundy County Schools

North Elementary School – The audit for the Grundy County Schools Internal School Funds for the fiscal year ended June 30, 2015, reported a cash shortage of \$300 at North Elementary School because a faculty member withheld \$300 from an eighth grade fundraiser held in May 2015.

Disposition: Suspensions were issued until the money was repaid. As of June 30, 2016, the \$300 shortage had been recovered from the employee who was allowed to retain a position at the school.

42. Hancock County Schools

Hancock County Middle/High School – The audit for the Hancock County Schools Internal School Funds for the fiscal year ended June 30, 2016, reported a lack of financial oversight at Hancock County Middle/High School. An investigation by the director of schools identified approximately \$900 that appeared to relate to assets that were misappropriated by a former club fund sponsor.

Disposition: As of June 30, 2016, the employee suspected of the misappropriation resigned. The school system does not intend to seek restitution from the individual; however, the board of education has not formally acted on this matter.

43. Hardeman County Schools

Bolivar Central High School – The audit for the Hardeman County Schools Internal School Funds for the fiscal year ended June 30, 2015, revealed the entire \$1,500 collected for the Central Idol event held on March 22, 2015, at Bolivar Central High School was stolen on March 23, 2015. Surveillance camera footage indicated the money was stolen by two students.

Disposition: The two students were ordered by the Juvenile Court of Hardeman County to pay restitution to the high school. As of June 30, 2016, the school had received \$145 of restitution.

44. Henry County Schools

Henry County High School – The audit for the Henry County Schools Internal School Funds for the fiscal year ended June 30, 2016, revealed a cash shortage of \$658 at Henry County High School. A deposit for a fundraiser to sell car decals for

cheerleaders should have resulted in \$952 of revenue. However, only \$294 was submitted for deposit by the coach of the cheerleaders.

Disposition: As of June 30, 2016, the cash shortage balance remained \$658.

45. Humphreys County Schools

Lakeview Elementary School – The audit for the Humphreys County Schools Internal School Funds for the fiscal year ended June 30, 2013, reported disbursements for items that did not appear to relate to legitimate school purchases. As a result, the Tennessee Comptroller of the Treasury, Division of Investigations, released an investigative report on July 10, 2014, for the period August 1, 2009, through November 30, 2013. The report revealed a teacher inappropriately used the school's Wal-Mart credit card for personal purchases such as alcoholic beverages, clothing, food, cosmetics, a camera, iPad, DVDs, scrapbooking supplies, an Xbox membership and gift cards that totaled \$8,983.

Disposition: The teacher resigned her employment with Lakeview Elementary School. The former teacher admitted she used the school's credit card for personal purchases for which she repaid \$1,780 to the school. As of June 30, 2016, the balance of the unpaid cash shortage remained \$7,203.

46. Lawrence County Schools

EO Coffman Middle School – The annual audit for Lawrence County Schools Internal School Funds for the fiscal year ended June 30, 2013, reported a cash shortage of \$6,000 at EO Coffman Middle School. During the audit it was discovered that start-up change was not being re-deposited by a former bookkeeper when school events were completed. An additional \$350 was identified as unaccounted for during the 2013-2014 school year.

Disposition: The bookkeeper was employed by the school system until November 2013. As of June 30, 2016, the unpaid cash shortage balance was \$6,350.

47. Marion County Schools

Whitwell High School – The audit for Marion County Schools Internal School Funds for the fiscal year ended June 30, 2010, reported a misappropriation in connection with an investigative report released by the Tennessee Comptroller of the Treasury for the period July 1, 2009, through October 31, 2010. The Division of Investigations released a report on June 10, 2014, that revealed misappropriated cash collections of at least \$35,332 by a former bookkeeper at Whitwell High School. The former bookkeeper did not record these collections in the school's accounting records or deposit them into the school's bank account. The misappropriation was concealed by the former employee by depositing un-receipted checks to replace some of the misappropriated cash collections and by providing false account information to teachers, administrators and auditors.

Disposition: On April 7, 2014, the Marion County Grand Jury indicted the former bookkeeper on one count of theft over \$10,000 and one count of vandalism. As of June

30, 2016, the school had received restitution of \$7,841 from the former bookkeeper which resulted in a cash shortage balance of \$27,491.

48. Sequatchie County Schools

Sequatchie County Middle School – The Tennessee Comptroller of the Treasury, assisted by the Sequatchie County Sheriff's Office, investigated allegations of malfeasance related to the Sequatchie County Middle School. An investigative report was issued by the Tennessee Comptroller of the Treasury, Division of Investigations, on October 13, 2016.

The investigation revealed a former bookkeeper misappropriated school funds of at least \$14,922. The former employee substituted unrecorded checks collected from fundraising activities for some of the cash she retained. The individual also opened all mail and recorded and deposited all school collections during the period July 1, 2010, through June 30, 2012, to further conceal the misappropriation.

In addition, it was determined the former bookkeeper misappropriated school athletic collections estimated at more than \$3,400 by failing to deposit the proceeds of ticket sales for at least six softball or basketball games. Investigators were unable to determine the exact amount of misappropriated athletic collections because the individual apparently discarded or destroyed all records for the six events.

Disposition: The Sequatchie County Sheriff's Department served an arrest warrant on the former bookkeeper in April 2016. Subsequently, the former employee was charged with one count of theft over \$10,000. As of the fiscal year ended June 30, 2016, the cash shortage balance remained \$18,322.

49. Shelby County Schools

Manassas High School – The principal wrote a check payable to himself for \$1,000, and the assistant principal withdrew \$2,500 of cash from the school's bank. There were no receipts provided for either transaction.

Disposition: As of June 30, 2016, the \$3,500 shortages had not been recovered. The principal and assistant principal have resigned their positions.

White Station High School – The financial secretary reported undeposited cash of \$1,120 that had been left in the school over a school break was missing from the school safe.

Disposition: As of June 30, 2016, the \$1,120 shortage had not been recovered, and the financial secretary remained an employee of the school district.

Chimneyrock Elementary School – The school's financial secretary could not account for shortages of \$2,924, of which \$1,817 was related to a lost School Age Childcare deposit.

Exhibit B

Disposition: As of the fiscal year ended June 30, 2016, the financial secretary offered to make restitution for the \$1,817 shortage through payments, and the remaining balance was being investigated by the Memphis Police Department.

Cordova High School – A financial secretary at the school failed to properly secure school funds of \$1,056, and the money was stolen from the employee's desk drawer.

Disposition: As of the fiscal year ended June 30, 2015, the financial secretary signed a promissory note to repay the district, and a payment of \$880 was made by the secretary which resulted in a remaining balance of \$176. As of June 30, 2016, the shortage balance had not changed.

Hamilton High School – During an annual audit, \$9,178 of deposit shortages were identified based on a review of the May 31, 2015, bank reconciliation. The shortages were attributed in part to incomplete receipts and certain unrecorded transactions.

Disposition: As of June 30, 2016, the shortages had not been recovered, and the former financial secretary was employed by a different school in the district.

Administration – Facilities – An investigation of the Memphis City School's Facility Management Division conducted in 2007 revealed there was a kickback scheme with the vendor, Green Motors, for \$300,000. The investigation revealed fraudulent billing, falsified invoices and apparent forgeries. Memphis City Schools were combined with Shelby County Schools at the beginning of the June 30, 2014, fiscal year.

Disposition: As of the fiscal year ended June 30, 2014, there had been a shortage reduction of \$193,725. The remaining balance of \$106,275 was written off by the governing body as uncollectible as of June 30, 2016.

Administration – Student Support – An employee made unauthorized purchases of \$411 for personal use that related to student support.

Disposition: As of June 30, 2016, the funds were written off by the governing body as uncollectible.

Alton Elementary School – The school had unauthorized charges of \$606 that resulted from fraudulent activities and unexplained deposits in transit of \$501 that dated retroactively from 2013.

Disposition: As of June 30, 2016, the \$1,107 shortage had not been recovered by the school, and the financial secretary during this period was still employed by the district.

Arlington High School – An investigative report issued on January 16, 2014, by the Tennessee Comptroller of the Treasury, Division of Investigations, disclosed misappropriated and missing internal school funds at Arlington High School in the Shelby County School System. The investigation focused on the period July 1, 2008, through June 30, 2010.

Exhibit B

The investigative report revealed the former financial secretary misappropriated school collections of \$142,307 and retained the cash for her personal benefit. To conceal the misappropriation, the former financial secretary altered, destroyed and discarded school records. The former financial secretary also made personal purchases on the school's VISA card of \$566. An additional \$29,081 of misappropriated collections from ticket sales related to basketball games, football games and other activities such as winter concerts and locker fees was discovered.

Disposition: These matters were referred to the local district attorney general. The Shelby County Grand Jury indicted the former financial secretary on one count of theft over \$60,000 in December 2013. As of June 30, 2016, no restitution had been made, and the shortage balance remained \$171,954.

Carver High School – A burglary occurred at the school, and a deposit of \$814 was stolen from a safe.

Disposition: The incident was investigated by the Memphis Police Department. As of June 30, 2016, the shortage had not been recovered by the school.

Chickasaw Middle School – The school's financial secretary did not reconcile a bank account in a timely manner, and deposit shortages of \$1,102 were discovered.

Disposition: As of June 30, 2016, the shortage had not been recovered by the school.

Colonial Middle School – Suspected courier thefts of \$1,000 were reported.

Disposition: As of the fiscal year ended June 30, 2016, the shortage had not been recovered by the school.

Corry Middle School – A review of the school's bank reconciliation indicated receipted funds of \$1,814 were not deposited in the school's operating account.

Disposition: The financial secretary resigned. As of June 30, 2016, the shortage had not been recovered by the school.

Evans Elementary School – The school's financial secretary forged the name of the principal on various unauthorized checks. In addition, certain collections submitted to the financial secretary by teachers and other individuals were missing. It was determined that unrecorded checks were swapped for cash collections. The total amount of the shortages reported was \$1,458.

Disposition: The financial secretary resigned and was indicted. As of June 30, 2016, the shortage had not been recovered by the school.

Frayser High School – The school's financial secretary failed to receipt and deposit \$9,000.

Exhibit B

Disposition: As of June 30, 2016, the shortage had not been recovered by the school.

Germanshire Elementary School – Courier thefts of \$860 were suspected at this school.

Disposition: As of June 30, 2016, the shortage had not been recovered by the school.

Holmes Road Elementary School – Courier thefts of \$350 were suspected in this school.

Disposition: As of June 30, 2016, the shortage had not been recovered by the school.

Holmes Road Elementary School – SACC Program – A review of the School Age Child Care (SACC) Program revealed \$44,728 of tuition payments should have been collected for the period. After the tuition payments of \$19,800 for the period were verified and recorded, a variance of \$24,928 resulted, and the SACC program coordinator resigned.

Disposition: As of June 30, 2016, the \$24,928 shortage had not been recovered.

Kingsbury High School – A teacher collected funds that were submitted to the school's financial secretary, and a shortage of \$3,375 resulted.

Disposition: As of June 30, 2016, the shortage had not been recovered by the school.

Kirby High School – Courier thefts of \$1,500 were suspected.

Disposition: As of June 30, 2016, the shortages had not been recovered by the school.

Lester Middle School – Bank deposits were not made on a timely basis. As a result, \$600 could not be properly verified as deposited into the school's bank account. In addition, the school discovered there were unexplained deposits in transit of \$1,322 that dated retroactively to 2013.

Disposition: As of June 30, 2016, the \$1,922 shortages had not been recovered by the school, and the financial secretary was no longer employed by the school district.

Melrose High School – During the review of the school's regular audit, it was determined an employee operated the school's concession stand for which unaccounted funds of \$3,733 were reported. In addition, a wrestling stipend of \$4,744 was paid to an employee who did not coach; however, it was determined the school did not have a wrestling team during the period. A trip expense claim revealed overpayments to employees of \$780 and overpayments of \$2,120 for trip expenses.

Disposition: As of June 30, 2014, the shortage had been reduced by \$7,449, which resulted in an ending balance of \$3,928 that had not been recovered as of June 30, 2016.

Exhibit B

Newberry Elementary School – The School Age Child Care (SACC) Program coordinator submitted a receipt book to the school that was not part of the school's inventory. The receipt book revealed receipts written for \$9,830 were never submitted to the school office, and the receipts in question were considered missing.

Disposition: The SACC coordinator was terminated. As of the fiscal year ended June 30, 2016, the shortage had not been recovered by the school.

Northside High School – A shortage of \$1,283 was noted during the review of the school's bank reconciliation. In addition, the school discovered there were unexplained deposits in transit of \$790 that dated retroactively to 2013.

Disposition: As of June 30, 2016, the \$2,073 shortage had not been recovered by the school, and the financial secretary was employed by another school in the district.

Oak Forest Elementary School – Courier thefts of \$765 were suspected in this school.

Disposition: As of June 30, 2016, the shortage had not been recovered by the school.

Peabody Elementary School – School Age Child Care (SACC) Program collections of \$18,000 were never submitted to the school's office for receipting, depositing and recording in the school's accounting system.

Disposition: The SACC coordinator and financial secretary resigned. As of June 30, 2016, the shortage had not been recovered by the school.

Ross Elementary School – Courier thefts of \$299 were suspected in this school.

Disposition: As of June 30, 2016, the shortages had not been recovered by the school.

Southwest Prep Academy School – A financial secretary made cash withdrawals of \$1,180 from the school's operating account that appeared to be used for personal purchases.

Disposition: As of June 30, 2016, the secretary's employment had been terminated, and the shortage had not been recovered by the school.

Trezevant High School – The school's financial secretary misappropriated funds of \$11,877 for which the secretary's employment was terminated.

Disposition: As of June 30, 2016, the shortage had not been recovered by the school.

William H. Brewster Elementary School – During the review of the School Age Child Care (SACC) Program, the audit revealed some financial records were missing and not properly completed. The SACC payment schedules indicated the payments were not properly posted or recorded in the school's accounting system nor were they deposited in the school's operating account. It was determined the shortage was \$4,000.

Disposition: The SACC program coordinator and financial secretary's employment was terminated. As of June 30, 2016, the shortage had not been recovered by the school.

Wooddale Middle School – A financial secretary failed to enter transactions into the school's accounting records which resulted in unaccounted funds of \$1,900.

Disposition: The secretary resigned and signed a promissory note to repay \$1,900. As of June 30, 2016, the shortage had not been recovered by the school.

50. Sumner County Schools

Hendersonville High School – The audit for the Sumner County Schools Internal School Funds for the fiscal year ended June 30, 2014, reported a cash shortage of \$2,049. A fraud report was filed with the Tennessee Comptroller of the Treasury by the Sumner County Board of Education. The report revealed the wrestling coach did not remit \$1,320 of collections to the school bookkeeper to record and deposit into the school's bank account. It was also discovered the wrestling coach made questionable purchases of \$729 with a school credit card that appeared to be for personal use.

Disposition: The coach was found guilty of theft under \$1,000 and ordered to pay restitution of \$962 to the Sumner County Board of Education in May 2015. As of June 30, 2015, the \$2,049 balance was reduced by \$1,087, which resulted in a balance of \$962. The \$962 balance was paid as of June 30, 2016.

51. Tipton County Schools

Crestview Middle School – It was discovered during the fiscal year ended June 30, 2015, that a faculty member at Crestview Middle School used personal credit and debit cards to make purchases on behalf of the school for which the employee was subsequently reimbursed. The shortage consisted of a Sam's Club membership upgrade for \$32, an item of clothing purchased for a student valued at \$17 and reward dollars of \$106 that were earned, but they were not remitted to the school.

Disposition: As of June 30, 2016, the school received complete restitution of \$155 from the faculty member.

52. Union County Schools

Union County High School – An investigative report issued on January 14, 2016, by the Tennessee Comptroller of the Treasury, Division of Investigations, revealed a former bookkeeper misappropriated school funds of at least \$30,045 at Union County High School in the Union County School System. The investigation focused on the period January 2013 through September 2015. According to the investigative report, the former bookkeeper fabricated documentation and made false accounting entries to effectively conceal several fraudulent transactions. The misappropriations identified at June 30, 2016, are summarized in the following table:

Summary of Amounts Misappropriated by Former Bookkeeper

Payments for personal credit card accounts or debts	\$19,911
Checks payable to her or to “cash” for her benefit	5,507
Cash collections taken for personal use	3,225
Personal charges made on school store account	1,402
	\$30,045

Disposition: This matter was referred to the local district attorney general. On November 19, 2015, the Union County Grand Jury indicted the former bookkeeper on one count of theft over \$10,000. As of June 30, 2016, complete restitution had been paid by the former bookkeeper who was dismissed from employment.

Utility Districts

53. Chuckey Utility District and Cross Anchor Utility District

The Chuckey Utility District and the Cross Anchor Utility District are separately chartered utility districts. The utility districts are located in the Town of Greeneville, Greene County, Tennessee, and provide water utility services. The Chuckey Utility District reported 4,310 customers, and the Cross Anchor Utility District reported 3,131 customers in their 2013 audit reports.

The June 30, 2013, audits for the Chuckey Utility District and the Cross Anchor Utility District reported findings related to matters that were investigated by the Tennessee Comptroller of the Treasury. An investigative report was issued on August 18, 2014, by the Division of Investigations that focused primarily on the period July 1, 2011, through September 30, 2013; however, when warranted, this scope was expanded. The investigation focused on questionable transactions initiated by the retired general manager and her daughter who replaced her as general manager. The investigation questioned the following amounts:

Summary of Questioned Transactions
by the Retired General Manager and Former General Manager

The retired general manager received bonuses in December 2012 that had not been approved by the board of commissioners.	\$ 25,056
The former general manager used district funds to purchase a computer for her personal benefit	2,064

Exhibit B

Inconsistencies were noted regarding the interpretation, authorization and initiation date of an employment contract with the retired general manager.

182,334

\$ 209,454

The above issues were referred to the local district attorney. Additional disbursements of \$11,271 were questioned in the Comptroller's investigative report. District funds of \$7,671 were used for the retired general manager's retirement party, and the former general manager paid annual phone allowances of at least \$3,600 per individual to herself and certain other employees of the utility districts.

Disposition: As of June 30, 2014, the Division of Investigations had not reported on amounts related to the questionable expenses of \$11,271. Accordingly, no amounts of restitution had been made at June 30, 2015. The retired and former managers were indicted on several counts of official misconduct and multiple counts of theft in November 2014. The computer purchased using \$2,064 of the district's funds for the former general manager's personal benefit was returned to the district, which resulted in an ending balance of \$207,390. As of the fiscal year ended June 30, 2016, this balance remained unchanged.

54. Webb Creek Utility District

The Webb Creek Utility District is located in the City of Gatlinburg, Sevier County, Tennessee, and provides water and wastewater utility services. The district's 2014 audit reported 525 water customers and 107 wastewater customers.

The Tennessee Comptroller of the Treasury, in conjunction with the Fourth Judicial District Attorney General, performed an investigative audit of selected records of the Webb Creek Utility District for the period January 1, 2010, through April 30, 2013; however, the scope was expanded as necessary. An investigative report released by the Tennessee Comptroller of the Treasury, Division of Investigations, on September 3, 2014, revealed questionable purchases of \$43,929 by various employees including the district manager and the assistant district manager. A summary of the purchases is listed as follows:

Summary of Questionable Purchases

Gift purchases	\$ 19,320
Food purchases	7,965
Other questionable purchases	3,852
Missing electronic equipment	3,808
Unaccounted for gift cards	1,575
Personal use of cell phones	1,919
Unauthorized meal allowance	969
Entertainment purchases	647
Meals purchased	2,656

Unearned paid leave	1,218
	\$ 43,929

Disposition: The former district manager and the former assistant district manager’s employment was terminated on August 2, 2013. Utility district officials plan to seek restitution from responsible individuals for nonbusiness related purchases and to strengthen the district’s internal controls to include proper oversight of the district’s operations. In addition, the district filed a claim with its insurance company for reimbursement of questionable costs of \$43,929. As of the fiscal year ended December 31, 2016, the claim is still pending.

Housing Authorities

55. Gallaway Housing Authority

The Gallaway Housing Authority is located in the City of Arlington, Shelby County, Tennessee, and it administers funds received from the United States Department of Housing and Urban Development (HUD).

The audit of the Gallaway Housing Authority for the fiscal year ended September 30, 2014, disclosed misappropriations of \$250. Management discovered a property manager used the housing authority’s vehicle and vacuum for a weekend for his personal use, sold scrap materials from the housing authority for which he received the proceeds and completed his time records inaccurately to reflect the actual work he performed. An estimated \$250 in usage of the authority’s assets by the former property manager consisted of \$200 for use of the vehicle; \$10 for use of the vacuum; and \$40 in proceeds from the sale of scrap materials. There was insufficient supporting documentation to quantify a dollar amount related to time reporting.

Disposition: The property manager’s employment was terminated on August 26, 2013. The \$250 balance was recovered by the housing authority as of September 30, 2016.

56. Smyrna Housing Authority

The Smyrna Housing Authority is located in the City of Smyrna, Rutherford County, Tennessee, and it administers funds received from the United States Department of Housing and Urban Development (HUD).

During the fiscal year ended December 31, 2015, the authority became aware of the potential misappropriation of tenant receipts by tracking tenant charges and receipts. As a result, an employee was questioned regarding unauthorized deletions of rent charges and other adjustments to tenant accounts. In addition, copies of money orders and checks were obtained, and it was determined they were made payable to the suspected employee instead of to the authority. The potential fraud was reported to the Tennessee Comptroller of the Treasury’s Office and to the local police.

Disposition: The local police department performed an investigation, and an indictment was charged against the former employee. As of December 31, 2016, the authority had not recovered the \$14,210 balance that was attributed to the theft.

**57. South Pittsburg Housing Authority and
South Pittsburg Elderly Housing Authority**

The South Pittsburg Housing Authority (SPHA) and the South Pittsburg Elderly Housing Authority (SPEHA) are located in the City of South Pittsburg, Marion County, Tennessee, and they administer funds received from the United States Department of Housing and Urban Development (HUD). The authorities are separate legal entities, and they each have a board of commissioners. However, the housing authorities share office space and staff.

Investigative Report Issued on July 14, 2015

The Tennessee Comptroller of the Treasury, Division of Investigations, conducted a special investigation of selected records of SPHA and SPEHA for the period December 21, 2009, through January 21, 2014, related to allegations of malfeasance. An investigative report released on July 14, 2015, revealed a former accounting director, a former public housing manager and various other employees misappropriated at least \$228,980.

According to the investigative report, the former accounting director used at least three schemes to perpetrate the misappropriation of at least \$127,980 from the housing authorities. The schemes included charging at least \$100,368 for personal purchases on a housing authority credit card. The purchases included hotel visits in Las Vegas and New Orleans and lodging expenses at a casino in Mississippi. Additionally, the individual issued fraudulent checks of least \$27,612 to herself, of which \$2,490 consisted of payroll checks.

A former public housing authority manager misappropriated at least \$5,405 from the South Pittsburg Housing Authority. Fraudulent activities included a \$2,755 trip to Chicago for a conference that the manager never attended, and personal purchases of at least \$2,649 on a Lowe's housing authority account. The purchases included lumber and other supplies to build a pavilion adjacent to the swimming pool at the former employee's home.

Investigators also determined \$95,595 of cash collections were misappropriated from the housing authorities by the former public housing manager and the former accounting director who were responsible for collecting cash and making deposits. Investigators discovered multiple employees shared the same collection drawers and bank deposits were frequently manipulated so that the cash included in deposits was less than the amount of cash collected.

Investigative Report Issued on December 17, 2015

Comptroller investigators continued to investigate certain other matters that related to SPHA and SPEHA, and an additional investigative report was issued on December 17, 2015, by the Tennessee Comptroller of the Treasury, Division of Investigations. The second report revealed a former executive director requested, received and transacted fraudulent SPHA checks of at least \$7,000 that were written to him, and housing authority commissioners received at least \$37,975 of unauthorized compensation for attending board meetings.

Disposition: These matters were referred to the local district attorney general. On June 1, 2015, the Marion County Grand Jury indicted the former accounting director on one count of theft over \$60,000 and one count of theft over \$10,000, and the former public housing manager was indicted on one count of theft over \$1,000. In addition, on December 7, 2015, the Marion County Grand Jury indicted the former executive director on one count of theft over \$1,000. As of the fiscal year ended June 30, 2016, the \$273,956 shortage balance related to both investigations remained unchanged.

58. Other Related Housing Authority Thefts - Tenant Income Falsifications

On a routine basis, housing authorities report thefts that are not the result of cash missing from the authorities, but the result of the housing authorities determining that a tenant receiving Section 8 housing assistance had misrepresented their household income, thus originally receiving more federal assistance than legally allowed. The housing authorities are allowed to keep one-half of the recovery amounts, and the Department of Housing and Urban Development receives the other half.

Disposition: Ending balances represent amounts that have not been recovered or resolved as of the respective housing authorities' fiscal year end.

Nonprofit Entities

59. Faith Specialized Care Services, Inc.

Faith Specialized Care Services, Inc., provides day services, supported living, respite, personal assistance, and transportation to persons with intellectual disabilities as authorized by the State of Tennessee Department of Intellectual and Developmental Disabilities. Substantially all of the organization's revenues are derived from the State of Tennessee.

The audit for the fiscal year ended December 31, 2016, reported a cash shortage of \$2,465. Management reported three disbursement checks were paid by the bank with duplicate check numbers from disbursements that were previously approved. The items appeared on the month-end bank reconciliation, but they were not resolved in sufficient time to report the incidents to the bank for reversal of the transactions.

Disposition: As of the fiscal year ended December 31, 2016, restitution had not been made.

60. Madison-Haywood Developmental Services, Inc.

Madison-Haywood Developmental Services, Inc., (the Corporation) provides support to adults with intellectual disabilities through programs such as supported-living services, facility-based day services and industrial work opportunities for service recipients. The majority of revenue is derived from the State of Tennessee Department of Intellectual and Developmental Disabilities. The Corporation was created as a non-profit corporation under the laws of the State of Tennessee in 1972, and it has received tax-exempt status from the Internal Revenue Service under section 501(c)(3) of the Internal Revenue Code.

The audit for the fiscal year ended June 30, 2016, revealed several instances of gas theft. An off-duty employee used the Corporation's gas card multiple times for personal purchases that totaled \$202.

Disposition: As of June 30, 2016, the employee's employment was terminated, and the \$202 shortage had not been recovered.

61. United Neighborhood Health Services, Inc.

United Neighborhood Health Services, Inc., is a nonprofit organization that operates primary care centers located in Davidson, Trousdale and Wilson Counties. The entity provides a broad range of primary health care services to a large medically underserved population. The United States Department of Health and Human Services provides substantial support to the organization for which it is obligated to comply with specified conditions and program requirements set forth by the grantor(s).

A misappropriation of assets occurred due to a circumvention of the organization's internal controls. Management became aware of the situation through patient complaints regarding statements or collection letters the patients received related to payments they had previously submitted to the organization.

Disposition: As of the fiscal year ended January 31, 2016, the employee's job was terminated, and the \$2,500 balance attributed to a deductible for an employee dishonesty policy had not been recovered.

Other Governmental Entities

62. Southwest Human Resource Agency

The Southwest Human Resource Agency is located in the City of Henderson, Chester County, Tennessee. The agency was established in 1972 in accordance with *Tennessee Code Annotated*, Title 13, Chapter 26, as amended. Federal grants are the agency's primary source of funding.

During the fiscal year ended June 30, 2016, management discovered an employee had stolen lawn furniture valued at \$599 that was donated to one of the agency's programs. Subsequently, the agency submitted surveillance of the incident to local police.

Disposition: The employee was required to pay fines for the theft and to return the merchandise. As of June 30, 2016, the merchandise was returned to the agency, and the \$599 shortage balance was resolved. The employee was still employed by the agency for a probationary period.

63. Upper Cumberland Development District

The Upper Cumberland Development District is located in the City of Cookeville, Putnam County, Tennessee. The district is a multi-funded quasi-governmental agency created in accordance with Chapter 241 of the Public Acts of 1965, known as the Development District Act. The district was established in 1969, and it serves fourteen counties in the Upper Cumberland area. The primary function of the district is to assist local government agencies with economic development, which includes the areas of housing, assistance to the elderly and community development planning. These programs are funded primarily by federal grants with matching assistance from the local and state levels.

The audit for the fiscal year ended June 30, 2016, reported a cash shortage of \$16,566. As a result, the Tennessee Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Upper Cumberland Development District. An investigative report issued on April 1, 2016, revealed a former district employee fraudulently transacted district checks that totaled at least \$16,566 during November and December 2014.

The former finance department employee misappropriated agency funds by retaining the proceeds of thirty-three fraudulent district checks he generated and transacted. To facilitate his scheme, the employee created and printed checks made payable to legitimate agency vendors. He concealed the false payments by fabricating and submitting invoices, along with the checks, for management's review and approval. When the signed checks were returned to the individual to present to vendors, he transacted them for his own benefit.

Disposition: This matter was referred to the local district attorney general. The former finance department employee pled guilty to one count of theft over \$1,000 in March 2016. As of June 30, 2016, the individual paid \$16,566 in restitution to the district.

64. Watauga River Regional Water Authority

The Watauga River Regional Water Authority is located in the City of Elizabethton, Carter County, Tennessee. The authority was established by the State of Tennessee, Private Chapter Number 29, House Bill Number 1979, Private Acts of 2001, for the purpose of developing a regional source of treated potable water to serve water customers in Carter County. The authority's primary source of funding is derived from customer surcharges that are billed to customers of the participating utility districts.

The Tennessee Comptroller of the Treasury, Division of Investigations, investigated allegations of malfeasance related to the Watauga River Regional Water Authority

and the North Elizabethton Water Cooperative. An investigative report issued on May 4, 2015, revealed a former accounting clerk misappropriated at least \$11,325 of utility cash collections during the period March 2014 through September 2014. The investigation disclosed the clerk falsely voided certain cash payments in the collection records and never recorded various collections in the district's accounting records to conceal the misappropriations. The clerk resigned from the district after Comptroller investigators performed a surprise count of her cash drawer and discovered a \$100 shortage for which she could not provide an explanation.

Disposition: These matters were referred to the local district attorney general. On March 2, 2015, the Carter County Grand Jury indicted the former accounting clerk on one count of theft over \$10,000. The court ordered the former clerk to repay \$50 per month beginning in February 2016. The clerk violated parole conditions according to management, and she was returned to jail in Carter County, Tennessee. There have been no collections as of the fiscal year ended June 30, 2016.

Unaudited Entities

Nonprofit Organizations

65. All about Giving

All about Giving, Inc., (AAG) is a non-profit organization with former locations in Nashville and Knoxville, Tennessee, that began operations in February 2015. Both locations were operated from private residences. AAG is a sponsoring organization for residential daycare homes in the Child and Adult Care Food Program (CACFP) administered by the Tennessee Department of Human Services (DHS). DHS administers the CACFP in partnership with the United States Department of Agriculture (USDA) and contracts with subrecipients for administration of the CACFP and for the delivery of meals to eligible participants.

DHS is responsible for monitoring a sponsoring organization's activities to provide reasonable assurance that the organization administers an award in compliance with federal regulations. AAG submitted monthly reimbursement requests to DHS for meals provided to children through daycare home providers. AAG received \$2,198,621 of reimbursement funds from DHS for claims submitted between February 2015 and June 2016.

The Tennessee Comptroller of the Treasury, in conjunction with the United States Department of Agriculture, Office of Inspector General, conducted an investigation of selected records of AAG. Subsequently, an investigative report was issued on February 23, 2017, and the following deficiencies were noted:

- Investigators analyzed the entity's bank statements for the period March 1, 2015, through January 31, 2016, and they noted insufficient funds for 10 of the 11 months analyzed and overdraft charges of \$6,134. Bank activity included cash withdrawals of \$119,524 and ATM withdrawals of \$15,040. One cash withdrawal was for \$20,000, and two were each for \$30,000.

- Disbursements of \$230,569 other than checks written to sponsors were analyzed, and support documentation was located only for postage stamp purchases of \$20. In addition, numerous questionable disbursements included Xbox, Google Live, Big Fish Games, Shoe Carnival, Perfume Paradise and in-state and out-of-state hotel charges.
- A list of daycare homes provided by the chief executive officer revealed numerous daycare homes listed that were not official daycare homes according to the State of Tennessee. Additionally, several daycare homes appeared to relate to family members of the chief executive officer.

Disposition: The findings and recommendations presented in the investigative report have been reviewed with the District Attorney General for the Twentieth Judicial District and the Office of the United States Attorney for the Middle District of Tennessee as well as DHS management. On January 3, 2017, the chief executive officer of AAG pled guilty to conspiracy and wire fraud in the United States District Court for the Middle District of Tennessee, and was scheduled to be sentenced on April 12, 2017. DHS submitted a claim with the United States District Court against the chief executive officer for restitution of \$2,198,621. The amounts of court-ordered restitution are undetermined.

School Support Organizations

66. Collierville Middle School Band Boosters

The Tennessee Comptroller of the Treasury, Division of Investigations, performed an investigation of the Collierville Middle School Band Boosters for the period December 2011 through November 2016. According to an investigative report issued on November 28, 2017, a former Collierville Middle School band director misappropriated band booster funds of at least \$133,064 by utilizing various schemes.

The former employee obtained cash of at least \$89,476 from the band booster bank account for his personal benefit by personally signing the customer signature portion of at least 153 over-the-counter manual cash withdrawal slips. In addition, the individual initiated at least 139 electronic cash withdrawals for at least \$25,854 via ATM and point-of-sale debit transactions. The majority of these transactions occurred in gambling establishments located in Mississippi. However, investigators noted similar transactions also occurred in Arkansas and Las Vegas, Nevada. All of the transactions occurred on dates that coincided with weekends or observed school holidays or breaks. A summary of the schemes and related amounts are listed as follows:

Summary of Amounts Misappropriated by Former Band Director	
Manual cash withdrawals	\$ 89,476
Electronic cash withdrawals	25,854

Exhibit B

Electronic payments	12,230
Checks	2,873
Transfers to personal account	1,100
Debit card charges	881
Fees	650
	<hr/>
	\$133,064
	<hr/>

According to the investigative report, the former band director's repeated use of the band booster debit card resulted in withdrawal fees, balance inquiry fees and excess transaction fees of at least \$650. Additionally, the individual initiated numerous electronic transactions and e-checks of at least \$12,230 from the band booster account to pay personal loans and expenses.

Disposition: The former band director resigned on April 20, 2017. These matters were referred to the local district attorney general. On November 22, 2017, the former band director was arrested on a charge of theft of property over \$60,000.

67. LaFollette Elementary School Parent-Teacher Organization

The Tennessee Comptroller of the Treasury, Division of Investigations, investigated allegations of malfeasance related to the LaFollette Elementary School Parent-Teacher Organization (PTO) for the period October 2015 through February 2017. The investigative report revealed the former president and former events coordinator misappropriated PTO funds of at least \$8,286. The married couple used the PTO debit card to withdraw cash of at least \$7,038 from PTO bank accounts for their personal use. The couple also paid personal expenses of at least \$1,248 with the PTO debit card. The purchases included services for personal cell phones, games from Google Play, personal meals at local restaurants and entertainment in Gatlinburg and Pigeon Forge.

The former president manipulated the financial reports she provided to the PTO board members to conceal the misappropriations. However, in some instances, she did not provide the board members with financial reports. Investigators noted the wife omitted fraudulent purchases and cash withdrawals from the financial reports she submitted to the board.

Disposition: The PTO organization was administratively dissolved in March 2017. The Campbell County Grand Jury indicted the former president and former events coordinator each on one count of theft over \$2,500 on October 11, 2017.

68. Ridgeview Elementary School Parent-Teacher Organization

The Tennessee Comptroller of the Treasury, in conjunction with the Washington County Sheriff's Department, investigated allegations of malfeasance related to the Ridgeview Elementary School Parent-Teacher Organization (PTO) for the period January 2015 through July 2017. An investigative report released on March 12, 2018, revealed the former president misappropriated PTO funds of at least \$9,625.

The former president signed and transacted six unauthorized over-the-counter cash withdrawals, and she prepared and transacted six unauthorized PTO checks made payable to cash to obtain at least \$9,265 directly from the PTO bank account for her personal benefit. Additionally, the individual wrote at least nine unauthorized PTO checks payable to businesses that included Sam's Club, Food City and PetSmart to pay for invoices, which included personal expenses of at least \$360 for items such as cigarettes and a swimming pool mat.

Disposition: This matter was referred to the local district attorney general. On August 21, 2017, the former PTO president delivered a \$10,000 check payable to Washington County Schools to the principal of Ridgeview Elementary School as an apparent restitution payment. The Washington County Grand Jury indicted the former president on one count of theft over \$2,500 in February 2018.

69. Science Hill High School Boys Basketball Boosters

The Tennessee Comptroller of the Treasury, Division of Investigations, investigated allegations of malfeasance related to the Science Hill High School Boys Basketball Boosters for the period June 2015 through April 2016. An investigative report issued on November 17, 2017, revealed the former president misappropriated booster club funds that totaled at least \$6,150. The individual purchased and subsequently added boosters' funds of at least \$4,290 to a prepaid cash card she used to make personal purchases. The purchases included a relative's college fees, Mary Kay products and meals at Perkins Restaurant and Bakery. The former president informed certain club members that she lost the prepaid card she used to make these personal purchases.

In addition, cash collections of \$1,160 that were collected during a discount card sale were not deposited by the individual. The former president also prepared and transacted three counter checks to withdraw boosters' cash of \$700 that was used for her personal benefit. The memorandum on each counter check alluded to a club fundraiser; however, the cash was not used for booster activities or redeposited into the boosters' bank account.

Disposition: The individual stated she would repay the booster club, and she deposited \$1,000 in the boosters' checking account in July 2016. However, no other deposits or repayments have been made to the club. These matters were referred to the local district attorney general. The Washington County Grand Jury indicted the former president on one count of theft of property over \$2,500 in November 2017.

Volunteer Fire Departments

70. Humphreys County Volunteer Fire Department

The Humphreys County Volunteer Fire Department is located in Humphreys County, Tennessee. The county has five volunteer fire districts of which the District 2 firehouse is located in Waverly, Tennessee. Humphreys County provides operational funding for its fire districts through the annual budgetary process.

The Tennessee Comptroller of the Treasury, Division of Investigations, in conjunction with the Tennessee Bureau of Investigation, conducted an investigation of various records of the Humphreys County Volunteer Fire Department. The investigative report released on December 6, 2017, disclosed the former District 2 fire chief used \$47,693 of District 2 funds for personal purposes; \$10,394 for questionable purposes; and auto parts purchased by the county valued at \$392 were installed by the fire chief on his personal vehicles on five different occasions.

An examination of District 2 funds maintained exclusively by the former fire chief in two bank accounts revealed \$47,693 of the funds were used to pay for his home satellite system; personal monthly credit card billings for five credit cards; payments for Apple iTunes purchases; and other personal items. Other items included bank debit card charges and checks issued for purchases at Walmart, convenience stores, online purchases at Amazon.com, grocery stores, auto parts stores, fuel outlets, hardware stores, a membership for the National Rifle Association, magazine subscriptions, multiple restaurants, clothing purchases, etc.

Investigators questioned other bank disbursements of \$10,394 that included payments of \$8,895 for the purchase of soft drink products for the firehouse. Investigators were advised a large quantity of the drinks were purchased for the fire chief's personal use.

Disposition: The fire chief's employment was terminated on July 1, 2016. Subsequently, the former fire chief was indicted by the Humphreys County Grand Jury, and he was charged with Class B felony theft on December 4, 2017.

71. New Market Volunteer Fire Department

The New Market Volunteer Fire Department (NMVFD) is located in the Town of New Market, Jefferson County, Tennessee.

The Tennessee Comptroller of the Treasury, Division of Investigations, investigated allegations of malfeasance related to the NMVFD. According to the investigative report issued on April 18, 2017, the fire department chief misappropriated fire department funds of at least \$1,105 during July 2014 through October 2016. The chief charged personal purchases to fire department accounts at multiple auto parts stores. The purchases included auto parts and accessories for his personal vehicles, for a family member's vehicle, and for vehicles that he had contracted to repair for other individuals.

Exhibit B

Disposition: These matters were referred to the local district attorney general. The Jefferson County Grand Jury indicted the fire department chief on one count of theft over \$1,000, one count of sales tax fraud over \$500, one count of theft under \$500 and two counts of official misconduct in April 2017.