

**INVESTIGATIVE AUDIT OF THE RECORDS
OF THE CITY OF MORRISTOWN
FOR THE PERIOD JANUARY 1, 2002, THROUGH SEPTEMBER 30, 2002**

LEGAL ISSUES

1. **ISSUE:** **Reversed receipts**

Our investigative audit revealed that on at least 27 occasions, collections totaling \$9,179.33 which were originally receipted on the city's computerized accounting system were reversed, or voided, from the system. We were able to establish that there was no legitimate reason for these voids. In two instances, collections by check that had been voided were later reentered into the city's accounting system and deposited. However, in one case, checks totaling \$3,188 were reentered 28 days later, and in the other case, checks totaling \$1,210 were reentered 5 months later. The other voided collections were never deposited into the city's bank account. All the receipts and subsequent voids were identified with one city clerk.

2. **ISSUE:** **Undeposited collections**

The city finance director discovered that collections for two separate days in July 2002, totaling \$9,315.11, were not deposited into a city bank account. Our audit revealed that although these collections had been receipted, the clerk responsible for making the deposits failed to deliver these collections to the bank.

3. **ISSUE:** **Unrecorded business license collections**

During the audit, several business owners came forward and indicated that they had paid their business licenses; however, the city had no record of those payments. In addition, we determined that the related payments had not been deposited into the city's bank account. Without exception, those business owners had paid in cash and had never been issued an official city business license. The clerk who was responsible for issuing business licenses apparently failed to receipt these collections and deposit them in a city bank account.

Description	Amount
Voided Receipts	\$ 9,179.33
Checks originally voided, but later deposited	(4,398.00)
Undeposited Collections	9,315.11
Unreceipted Business Licenses	471.46
Total	<u>\$14,567.90</u>

In June 2003, the Hamblen County Grand Jury indicted a former city tax clerk on 18 counts, including theft of property, forgery, and official misconduct.

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GLOSSARY OF STATE STATUTES

Section 39-14-103, *Tennessee Code Annotated*

Theft of property.

A person commits theft of property if, with intent to deprive the owner of property, the person knowingly obtains or exercises control over the property without the owner's effective consent.

Section 39-14-105, *Tennessee Code Annotated*

Grading of theft.

Theft of property or services is . . .

(4) A Class C felony if the value of the property or services obtained is ten thousand dollars (\$10,000) or more but less than sixty thousand dollars (\$60,000) . . .

Section 39-16-402, *Tennessee Code Annotated*

Official misconduct.

(a) A public servant commits an offense who, with intent to obtain a benefit or to harm another, intentionally or knowingly . . .

(4) Violates a law relating to the public servant's office or employment; or

(5) Receives any benefit not otherwise authorized by law.

Section 39-14-114, *Tennessee Code Annotated*

Forgery.

(a) A person commits an offense who forges a writing with intent to defraud or harm another.

(1) "Forge" means to: . . .

(B) Make false entries in books or records. . . .