



State of Tennessee

Justin P. Wilson, State Comptroller

September 3, 2014

Questionable Spending Uncovered at Webb Creek Utility District

Tennessee Comptroller investigators have identified \$43,929.42 in questionable purchases made by the former management of the Webb Creek Utility District in Gatlinburg, TN. Investigators reviewed records for the period January 1, 2010 through April 30, 2013 in conjunction with the 4th Judicial District Attorney General.

The questionable purchases include \$19,320.24 in Christmas gifts purchased by the former assistant district manager for employees and at least one board member. These gifts included electronic items, such as laptop computers and iPads, and gift cards. These purchases were not approved by the board of commissioners.

Other questionable purchases included \$7,964.68 in food that the former assistant district manager admitted was for personal use. The former assistant district manager also purchased televisions and laptop computers at Sam's Club that could not be located in the utility district office.

In addition, the district credit card was used at various restaurants to purchase \$2,655.66 in meals. The majority of those purchases were at Alamo Steakhouse. The district's travel policy provides reimbursement for meals only when an employee is on overnight travel status.

The former district manager and the assistant district manager provided written statements that they used district funds for personal use. They were both terminated on August 2, 2013.

Comptroller investigators also found that a customer's \$149.88 account balance was written off by *another* former manager in September 2013 in exchange for a .38 caliber revolver. In January 2014 the district manager reversed the write-off and wrote a personal check to the district. The board demoted the district manager from his position, however, he remains an employee of the utility district.

Comptroller investigators recommend the board provide adequate oversight of district operations and establish financial checks and balances. Additionally, one person should not have too much control over the district's financial operations. The Board has indicated it is making changes and will seek financial restitution.

"Water and wastewater customers deserve to know their money is being used appropriately," Comptroller Justin P. Wilson said. "Utility boards must stay engaged in financial operations to prevent the abuse of ratepayer dollars. Lack of oversight contributes to loss of money."

To view the investigation online, go to: <http://www.comptroller.tn.gov/ia/>.



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