



COMPTROLLER'S INVESTIGATIVE REPORT

Sunnyside Volunteer Fire Department

July 19, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

July 19, 2023

Sunnyside Volunteer Fire Department
200 Carmel Hill
Greeneville, TN 37743

Sunnyside Volunteer Fire Department:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Sunnyside Volunteer Fire Department, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 3rd Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink that reads "Jason E. Mumpower". The signature is stylized and includes a long horizontal line extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Sunnyside Volunteer Fire Department

The Office of the Comptroller of the Treasury, in conjunction with an investigator from the District Attorney General's Office of the 3rd Judicial District, investigated allegations of malfeasance related to the Sunnyside Volunteer Fire Department. This investigation was initiated after Greene County officials reported concerns about the financial activity of the department. The investigation was limited to selected records for the period from January 2019 through August 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 3rd Judicial District.

BACKGROUND



The Sunnyside Volunteer Fire Department (department), in Greene County, Tennessee, is a 501(c)(3) nonprofit organization with 15 active and support members, and serves approximately 1,200 homes, businesses, and churches within its coverage area. Additionally, the department supports, through mutual aid calls, neighboring volunteer fire departments. Fire and rescue equipment currently owned by the department includes turnout gear provided to each active member, and three fire trucks: a 1,200-gallon pumper, 1,800-gallon tanker, and 300-gallon brush truck. The department is funded by appropriations from Greene County, member fundraising, and donations from citizens.

Misty Taylor served as treasurer for the department for four years. Her husband served as the department fire chief for the same period, until his resignation on September 14, 2022.

RESULTS OF INVESTIGATION

- **TREASURER MISTY TAYLOR MISAPPROPRIATED AT LEAST \$20,241.67 FROM THE SUNNYSIDE VOLUNTEER FIRE DEPARTMENT**

Our investigation revealed that between November 2019 and August 2022, Taylor knowingly misappropriated funds from the department's bank account totaling at least \$20,241.67, without authorization. Taylor made 78 transfers from the department's bank accounts to her and her husband's joint personal bank account. [Refer to Exhibits 1 & 2.] Investigators determined Taylor was in sole control of the department's online banking account access and made these transfers over a 3-year period without the knowledge of her husband or the department's members.

Exhibit 1

Business Primary Share					
Trans Date	Eff Date	Description	Deposit	Withdrawals	Balance
09-29		W/D Internet Transfer to ██████████ CK		-400.00	10,731.44

Transfers from the department’s bank account to Taylor’s personal bank account

Exhibit 2

03-28		W/D Internet Transfer to ██████████ CK		-500.00	7,500.84
03-30		W/D Internet Transfer to ██████████ CK		-5,000.00	2,500.84

Transfers from the department’s bank account to Taylor’s personal bank account

Taylor told investigators she borrowed funds from the department’s bank account multiple times with the intention of paying the money back. Many of the transfers from the department’s bank account appeared to either prevent or cover overdrafts in her personal bank account. Investigators identified transfers from Taylor’s personal bank account to reimburse the department’s bank account totaling \$13,594.05, leaving \$6,647.62 of the \$20,241.67 (total misappropriated amount) still due to the department.

Schedule of improper transfers and misappropriations by year

Misappropriation by Year		
Year	Improper Transfers	Misappropriation
2019	1	\$100.00
2020	8	\$1,357.29
2021	33	\$5,315.00
2022	36	\$13,469.38
Total	78	\$20,241.67

Taylor resigned from her position as department treasurer on September 14, 2022.

On July 17, 2023, the Greene County Grand Jury indicted Misty Taylor for one count of Theft of Property over \$10,000.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Sunnyside Volunteer Fire Department Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal controls and compliance, some of which contributed to Taylor's ability to make unauthorized transfers from the department's bank account without prompt detection:

Deficiency 1: The department failed to comply with the Tennessee Nonprofit Gaming Law when operating raffles

The department did not comply with the Tennessee Nonprofit Gaming Law when they held two gun raffles in 2019. Raffles are considered games of chance in Tennessee and are therefore prohibited under *Tennessee Code Annotated*, Section 39-17-501, et seq. However, certain charitable organizations are authorized to operate an annual event involving a game of chance if that event is conducted in accordance with the Tennessee Nonprofit Gaming Law, codified in *Tennessee Code Annotated*, Section 3-17-101, et seq. That law requires "A nonprofit organization seeking to operate an annual event for the benefit of that organization located in this state shall submit an annual event application to the [Secretary of State]." The Tennessee Secretary of State publishes a list of approved gaming events for each state fiscal year. Investigators reviewed these lists and determined the department did not receive approval from the Secretary of State for their 2019 gun raffles. The department should ensure the Tennessee Nonprofit Gaming Law is followed when holding future raffles.

Deficiency 2: Department officials did not adequately segregate duties among members

Department officials did not adequately segregate incompatible financial duties among its members or provide increased oversight when appropriate. Members responsible for maintaining records were also involved in collecting, depositing, and/or disbursing funds. Separating financial duties or providing increased oversight when appropriate reduces the risk that errors or intentional misappropriations will remain undetected.

Deficiency 3: The department did not properly maintain accounting records

The department did not record all transactions in an official accounting system. As a result, the accounting system did not reflect a credible and complete record of department transactions and balances. An official accounting system should be the department's control record and should reflect all financial activity, which allows for accurate budgeting and financial reporting.

Deficiency 4: Department officials did not review and reconcile bank statements

Department officials did not review and reconcile bank statements with accounting records. The review and reconciliation of bank statements are necessary procedures to ensure all collections and disbursements are recorded accurately in the accounting records.

Deficiency 5: Department officials did not require two signatures on checks

Department officials did not require dual signatures on checks during the period reviewed by investigators. Requiring two signatures on checks provides a degree of control for disbursements by indicating that both signers agree that the payment is proper and reasonable.

Deficiency 6: The department paid the personal cell phone service for the treasurer and her family

The department approved payment of the monthly personal cell phone bill for Taylor and her family. Although Taylor was expected to reimburse the department for this monthly cost, investigators were unable to determine that all reimbursements were made. Department officials should prohibit paying personal expenses of members.

Department officials have corrected or intend to correct these deficiencies.
