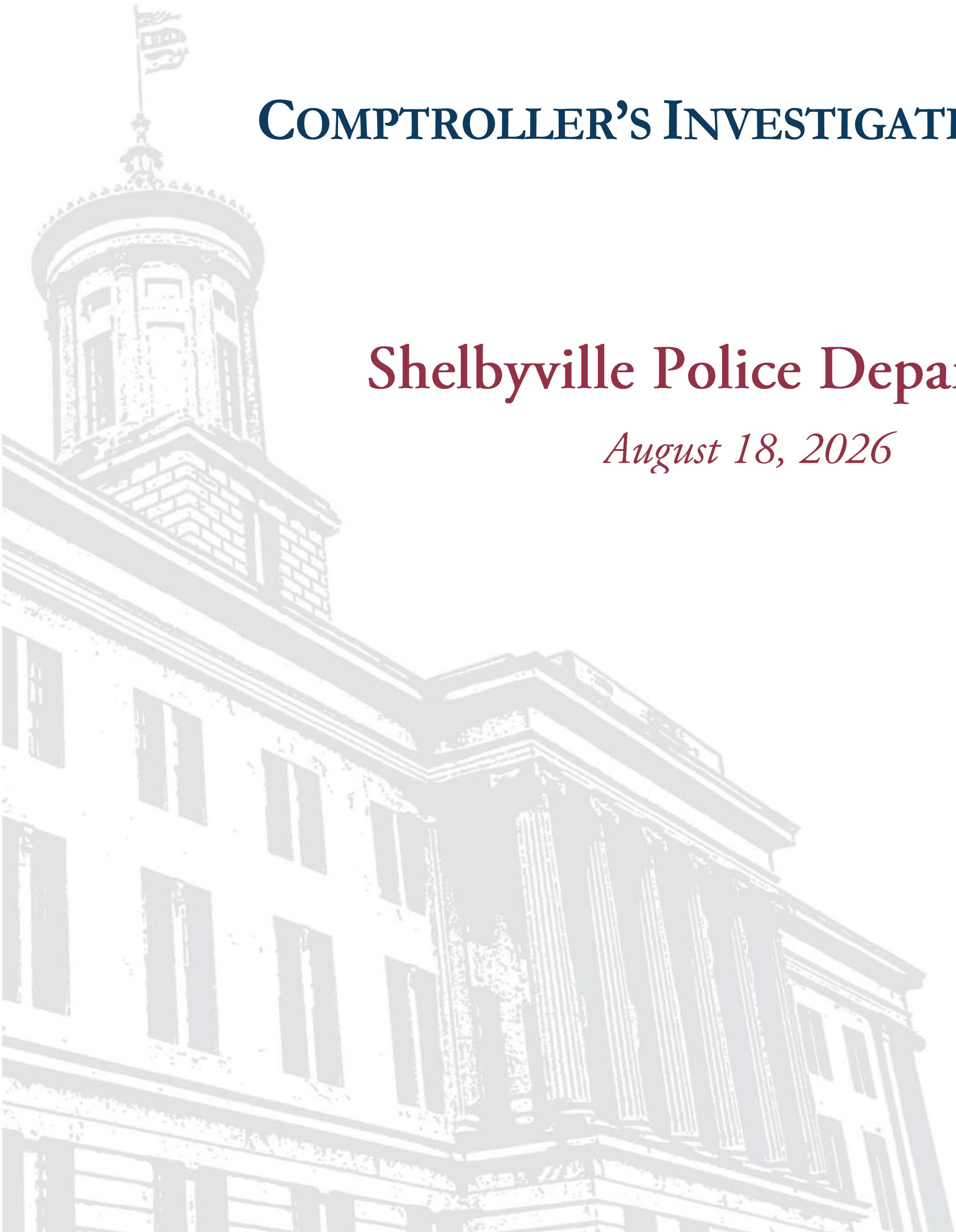
Tennessee Comptroller of the Treasury

Comptroller's Investigative Report

Shelbyville Police Department

August 18, 2026



Jason E. Mumpower

Comptroller of the Treasury

Division of Investigations

TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
Comptroller

August 18, 2026

Honorable Mayor and City Councilmembers
City of Shelbyville
201 North Spring Street
Shelbyville, Tennessee 37160

Honorable Mayor and City Councilmembers:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Shelbyville Police 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 17th 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,

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Shelbyville Police Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Shelbyville Police Department. The investigation was limited to selected records for the period January 3, 2023, through September 10, 2025. The results of the investigation were communicated with the Office of the District Attorney General of the 17th Judicial District.

BACKGROUND

The City of Shelbyville is located in Bedford County, Tennessee. It is governed by a mayor and city council, and provides various municipal services, including a police department. The Shelbyville Police Department (department) is led by a chief and employs commissioned law enforcement officers, as well as civilian dispatchers and administrative support staff.

Lilia Torres was hired by the department as a dispatcher in 2009 and later transferred to the department's administrative office. In the administrative office, Torres served as an interpreter, municipal clerk, and municipal court clerk. One of her primary responsibilities included collecting and processing payments for citations issued by the department. Torres worked in the department's administrative office for approximately ten years before being suspended in September 2025. Torres resigned from her employment with the department on October 20, 2025.

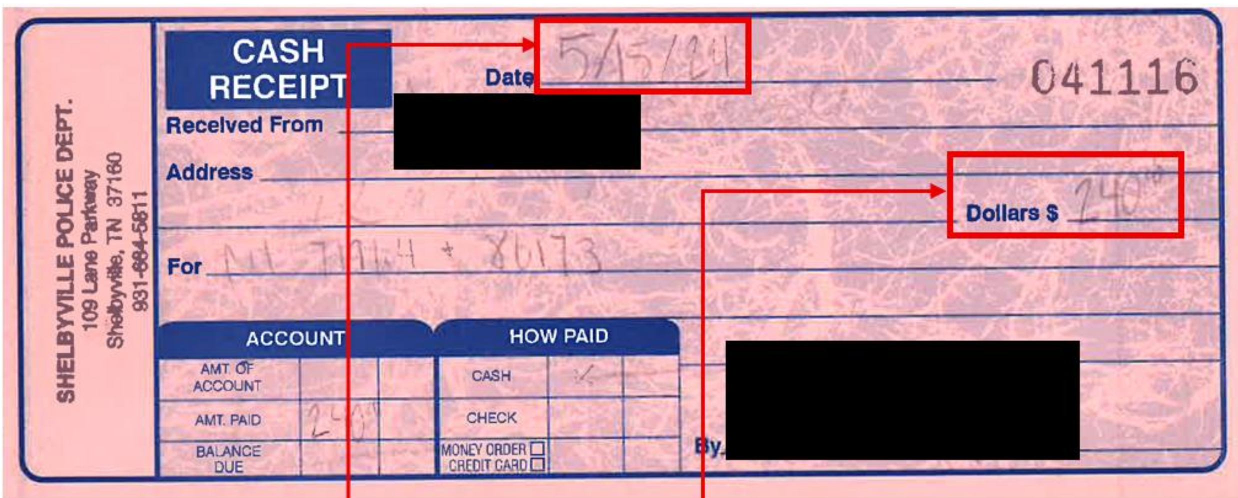
RESULTS OF INVESTIGATION

1. FORMER SHELBYVILLE POLICE DEPARTMENT CLERK LILIA TORRES MISAPPROPRIATED CASH TOTALING AT LEAST $23,382 FROM PAYMENTS MADE TO THE SHELBYVILLE POLICE DEPARTMENT

Torres was the primary employee responsible for collecting and processing citation payments in the department's administrative office. Although other employees could accept payments in her absence, Torres was the only employee who could record payments in the computerized cashiering system. Cash payments were receipted using manual paper receipts and held in Torres' workspace until she entered payment data into the computerized cashiering system. Torres was also able to record dismissed citations in the computerized cashiering system.

Without oversight, Torres collected cash payments and marked citations as dismissed before their respective court dates, and without a court order. In many instances, Torres retained complete customer payments for her personal benefit. In other instances, she recorded only a portion of the payment in the computerized cashiering system and retained the difference for her personal benefit **(Refer to Exhibit 1)**. The dismissed citations were removed from court dockets, preventing the payers from being reported as delinquent.

Exhibit 1



05/17/2024 17:06	202400623	$60.00	[redacted]	86173	TORRES, L.	CASH
05/17/2024 17:06	202400624	$105.00	[redacted]	86173	TORRES, L.	CASH

The top image is a carbon copy of the receipt issued for a $240 cash payment for citation 86173 on May 15, 2024. The bottom image shows the entry of payment into the computerized cashiering system for only $165, in cash, by Torres. The entry was made two days after payment was received and after working hours.

Investigators determined that from January 3, 2023, through September 8, 2025, Torres misappropriated at least $23,382 by diverting cash payments made to the department for citations to herself and, in some instances, dismissing citations in the department's records. Torres stated to investigators that she misappropriated cash payments and retained the funds for her personal benefit.

2. FORMER SHELBYVILLE POLICE DEPARTMENT CLERK LILIA TORRES MADE FALSE ENTRIES INTO A RECORDKEEPING SYSTEM CONCEALING MISAPPROPRIATIONS FROM THE SHELBYVILLE POLICE DEPARTMENT

Investigators determined that, from January 18, 2023, through August 7, 2025, Torres made 36 false entries into the department's computerized cashiering system by recording cash payments at lower amounts than what was actually received from individuals paying citations. Making these false entries in the recordkeeping system permitted Torres to retain the difference between the actual amounts paid by individuals and the amounts she recorded in the system without detection.

3. FORMER SHELBYVILLE POLICE DEPARTMENT CLERK LILIA TORRES REMOVED OFFICIAL RECEIPT BOOKS FROM THE DEPARTMENT, PREVENTING INVESTIGATORS FROM DETERMINING THE EXTENT OF THE MISAPPROPRIATION OR INACCURATE RECORDS

Investigators determined that Torres issued manual handwritten receipts when she processed citation payments. After becoming suspicious of Torres' activities in September 2025, a department employee photographed some receipts located in Torres' workspace.

Video surveillance footage showed Torres removing at least one receipt book from her office drawer on September 10, 2025, the day she was suspended. Torres then removed the receipt book from the department premises. Department personnel told investigators that Torres denied taking the receipt book, never returned it, and did not make it available for inspection. The original receipts photographed by the department employee were never located after Torres was suspended.

Following Torres' suspension, investigators recovered and reviewed seven department receipt books. Investigators identified gaps in the sequence of receipts issued and observed that multiple receipt books lacked prenumbered receipts. Investigators could not determine how many receipt books Torres removed or destroyed during her employment. As a result, investigators were unable to determine the extent of the misappropriation or the extent of inaccurate records.

On August 17, 2026, the Bedford County Grand Jury indicted Lilia Torres on one count of Theft of $10,000 or more but less than $60,000, one count of Official Misconduct, one count of Destruction, Tampering, or Fabrication of Government Records, and one count of Tampering with Evidence.

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.

Shelbyville Police Department Investigation Exhibit

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to Torres' ability to perpetrate her misappropriation without prompt detection. These deficiencies included:

Deficiency 1: City of Shelbyville management did not ensure funds were deposited within three days of collection

Tenn. Code Ann. § 6-56-111 requires every municipal official handling public funds to deposit the funds within three days after the funds are received. City of Shelbyville officials did not require department personnel to prepare and submit funds for deposit within the statutory time frame. Torres was solely responsible for preparing deposits for citation payments. Torres was permitted to prepare deposits without supervisory oversight or a regular deposit schedule. This lack of oversight allowed Torres to delay deposits and continue her misappropriation without prompt detection. The delay in depositing funds weakens internal controls over collections and increases the risk of fraud and misappropriation.

Deficiency 2: City of Shelbyville management did not ensure that prenumbered receipts were issued for some collections

City of Shelbyville officials did not ensure that prenumbered receipts were issued for all collections. Investigators recovered receipt books from Torres' workspace containing receipts that were not prenumbered. Tenn. Code Ann. § 9-2-104 requires official consecutively prenumbered receipts to be issued for all collections. Without official consecutively prenumbered receipts, investigators were unable to determine if all funds had been accounted for properly. The practice of not issuing official consecutively prenumbered receipts weakens internal controls over collections and increases the risk of fraud and misappropriation.

Deficiency 3: City of Shelbyville management failed to adequately segregate incompatible financial duties

City of Shelbyville officials failed to adequately segregate incompatible financial duties at the department. Torres was responsible for collecting cash payments, entering payments into the computerized cashiering system, and preparing all deposits for the department's administrative office. Although other employees could collect payments in her absence, only Torres could enter payments into the computerized cashiering system. City management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Segregating financial duties reduces the risk that errors or misappropriations will occur and remain undetected.

City of Shelbyville and Shelbyville Police Department officials indicated that they have corrected or intend to correct these deficiencies.