



COMPTROLLER'S INVESTIGATIVE REPORT

City of Kingston

June 9, 2026

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

June 9, 2026

City of Kingston Mayor
and City Council
900 Waterford Place
Kingston, TN 37763

City of Kingston Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the City of Kingston, 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 9th 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, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

City of Kingston

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the City of Kingston. The allegations were received by the Comptroller's Office in June 2024, and the investigation was limited to selected records for the period July 1, 2014, through June 30, 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 9th Judicial District.

BACKGROUND



The City of Kingston (city) is in Roane County, Tennessee, and has a population of approximately 6,000 residents. The city is governed by a mayor, a vice mayor, and five council members. A city manager and a finance director oversee day-to-day operations.

Carolyn Brewer began working for the city in August 1982 as the fiscal officer/office manager, a position that later evolved into finance director. As finance director, Brewer was responsible for overseeing the city's financial operations, including budgeting, accounting, payroll processing, purchasing, and financial reporting. Brewer's duties also included ensuring compliance with financial policies, procedures, and regulations, and providing financial information to city officials and stakeholders. Brewer retired from the city on June 30, 2020.

The city allowed employees to receive additional pay for selling their unused leave balances back to the city, a practice referred to as "cash-outs." These cash-outs were documented on either a city absence/leave report or a vacation and compensatory time buy-back request form. The buy-back request form required an evaluation of each request, consideration of budgetary impacts, and approval from the department head, finance director, and city manager. The buy-back request forms documented only the vacation and compensatory time cash-outs and did not include sick leave. In addition, the use of the buy-back request forms conflicted with the city's personnel policy. Under the applicable personnel policy, exempt employees who are department heads—which includes Brewer—could earn compensatory time. The policy further states, however, that compensatory time accrued by exempt employees must be taken as time away from work and cannot be cashed out.

RESULTS OF INVESTIGATION

1. FORMER CITY OF KINGSTON FINANCE DIRECTOR CAROLYN BREWER MISAPPROPRIATED \$131,596.22 BASED ON MANIPULATED LEAVE AND COMPENSATORY TIME BALANCES

Former City of Kingston Finance Director Carolyn Brewer misappropriated \$131,596.22 based on manipulated leave and compensatory time balances. The city's timekeeping software automatically updated monthly leave balances and accruals in the system based on the appropriate accrual rate for each employee. Investigators determined that Brewer circumvented the payroll and leave management system to create inaccurate leave balances, thereby enabling her to receive improper payments totaling at least \$131,596.22 between July 1, 2014, and June 30, 2020, as follows:

- A. Investigators determined that Brewer received \$41,980.04 by cashing out vacation leave that she did not earn. Analysis of leave records revealed that although Brewer earned leave each fiscal year, she used more leave than she accrued and maintained a negative leave balance each year beginning August 2018. However, the city's timekeeping software reflected adjustments increasing her leave balance, which allowed her to cash-out vacation leave through her retirement in June 2020.
- B. Investigators determined that Brewer received \$46,386.48 by cashing out sick leave that she did not earn. Analysis of leave records revealed that although Brewer earned leave each fiscal year, she used more leave than she accrued and maintained a negative leave balance each year beginning October 2019. However, the city's timekeeping software reflected unexplained adjustments increasing her leave balance, which allowed her to cash-out sick leave through her retirement in June 2020.
- C. Investigators determined that Brewer received \$18,248.50 in additional payroll and benefits for which there was no documentation or explanation. These payments exceeded Brewer's budgeted salary amounts.
- D. Investigators determined that Brewer received \$17,905.60 in payroll and benefits for 62 days of unearned vacation leave at the time of her retirement in June 2020. As noted above, Brewer maintained a negative vacation leave balance since August 2018.
- E. Investigators determined that Brewer received \$7,075.60 in payroll and benefits for 49 days of unearned sick leave, which was paid out at a rate of one day for every two, resulting in additional compensation for 24.5 days, despite having a negative sick leave balance since October 2019.

Brewer's total misappropriation of \$131,596.22 is summarized in the table below.

Brewer's Total Misappropriation	
Vacation Leave Cash-Outs	\$ 41,980.04
Sick Leave Cash-Outs	\$ 46,386.48
Salary Paid in Excess of Budget	\$ 18,248.50
Vacation Leave Paid at Retirement	\$ 17,905.60
Sick Leave Paid at Retirement	\$ 7,075.60
Total Misappropriation	<u>\$131,596.22</u>

2. FORMER CITY OF KINGSTON FINANCE DIRECTOR CAROLYN BREWER OVERSTATED HER ANNUAL SALARY TO THE TENNESSEE CONSOLIDATED RETIRMENT SYSTEM

Brewer overstated her annual salary to the Tennessee Consolidated Retirement System (TCRS) by including compensation she received for inaccurate leave she cashed-out. These overstatements resulted in inaccurate retirement benefit calculations. Brewer's salary for retirement purposes for the investigative period was overstated by \$106,615.02. The TCRS handbook states that lump sum compensation for unused leave or compensatory time is not creditable and should not be reported to TCRS as income. Including these impermissible cash-out payment amounts overstated Brewer's compensation for retirement benefits and increased the city's employer cost. A summary of total excess reported salary can be found in the table below.

Calendar Year	Annual Salary	Salary with Cash-Outs	Excess Salary
2014 1/2 year	33,384.80	39,961.76	6,576.96
2015	66,767.20	79,891.36	13,124.16
2016	70,145.80	81,442.20	11,296.40
2017	75,068.80	90,008.96	14,940.16
2018	73,720.80	97,230.84	23,510.04
2019	74,896.80	108,574.08	33,677.28
2020 1/2 year	<u>35,306.52</u>	<u>38,796.54</u>	<u>3,490.02</u>
Total	<u>429,290.72</u>	<u>535,905.74</u>	<u>106,615.02</u>

3. FORMER CITY OF KINGSTON FINANCE DIRECTOR CAROLYN BREWER SUBMITTED INACCURATE DAYS FOR SERVICE CREDIT TO THE TENNESSEE CONSOLIDATED RETIRMENT SYSTEM

Brewer submitted inaccurate days for service credit to TCRS. At her retirement, Brewer submitted 53 days of sick leave to TCRS, resulting in 2.65 months of additional service credit using days she did not have. Brewer had already improperly received compensation for 49 days of sick leave, and investigators had determined her sick leave balance was exhausted in October 2019; however, the

city paid her for these 49 days at two for one (see Finding 1B). The TCRS Employer Manual states, “Employees cannot be paid for accumulated sick leave and also receive retirement credit.”

4. THE CITY OF KINGSTON’S FINANCE DEPARTMENT OVERSTATED THE SALARIES OF OTHER EMPLOYEES TO TCRS

The city’s finance department overstated the salaries of other employees to TCRS. Investigators expanded their inquiry and determined that the salaries of two other city employees were overstated by at least \$23,192.13 and \$7,167.92 due to cash-outs being included in their respective yearly income rates. The TCRS Employer Manual states, “Employees cannot be paid for accumulated sick leave and also receive retirement credit.”

On June 5, 2026, Carolyn Brewer entered a guilty plea by way of Criminal Information to one count of Theft of Property over \$10,000, a Class C Felony, in Roane County Circuit Court. She has paid \$131,596.22 in restitution to the City of Kingston. The Court granted Brewer's request for judicial diversion and allowed her to enter a deferred plea under T.C.A. 40-35-313 and placed her on unsupervised probation for a period of 3 years.

[City of Kingston Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal controls and compliance, some of which resulted in Brewer receiving improper compensation and inaccurate retirement benefits. These deficiencies included:

Deficiency 1: City officials did not provide adequate oversight and did not implement adequate segregation of financial duties

City officials did not provide adequate oversight and did not implement adequate segregation of financial duties. The former finance director was responsible for processing each step of the city’s payroll without oversight. City officials are responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Separating financial duties and providing adequate oversight reduces the risk that errors or misappropriations will occur and remain undetected.

Deficiency 2: City officials did not comply with the terms of their personnel policy

City officials did not comply with the terms of their personnel policy by allowing employees to cash out more than 40 hours of leave per fiscal year, permitting the cash-out of sick leave, and

including compensatory time on the buy-back request form. The buy-back request forms used by the city for cash-outs stated that employees could sell no more than 40 hours of vacation or compensatory time per fiscal year. The city's personnel policy states, "Compensatory time off accrued as an exempt employee must be taken as time away from work and will not be cashed out." Not adhering to city policy increases the risk the city's funds could be misappropriated.

City of Kingston officials indicated that they have corrected or intend to correct these deficiencies.
