



## COMPTROLLER'S INVESTIGATIVE REPORT

# Mountain View Elementary School - Educare

*April 8, 2025*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

April 8, 2025

Johnson City Schools  
100 E Maple Street  
Johnson City, TN 37601

Johnson City Schools Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Mountain View Elementary School - Educare, 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 1<sup>st</sup> 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", is written over a light blue horizontal line.

Jason E. Mumpower  
Comptroller of the Treasury

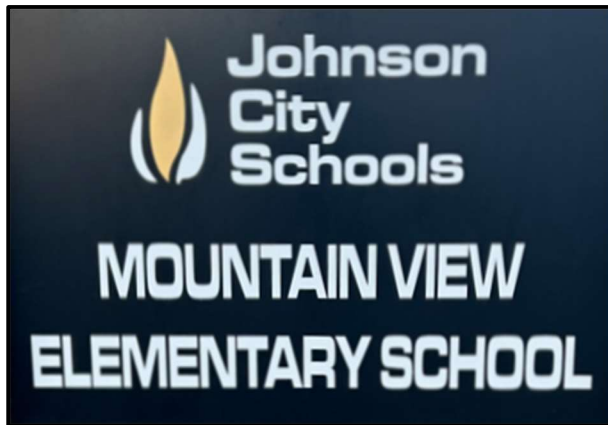
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# INVESTIGATIVE REPORT

## Mountain View Elementary School - Educare

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Mountain View Elementary School – Educare program. The investigation was limited to selected records for the period June 2023 through June 2024. The results of the investigation were communicated with the Office of the District Attorney General of the 1<sup>st</sup> Judicial District.

### BACKGROUND



Mountain View Elementary School (MVES), located in Johnson City, Tennessee, is part of Johnson City Schools (school system) and serves students in grades pre-kindergarten through 5. The school system operates a before and after school program called Educare. Educare is offered at MVES and at other schools in the school system. Educare provides elementary school students with opportunities for art, crafts, music, free play, tutoring, and homework assistance before and after school hours.

Parents of participating elementary school students are required to pay a program charge online or in person via cash or check. The Tennessee Department of Human Services (DHS) provides financial assistance to eligible students who apply and participate in the program. The school system provides a discount for other participating students that do not receive DHS financial assistance if they qualify for free or reduced meals.

### RESULTS OF INVESTIGATION

#### **1. MOUNTAIN VIEW ELEMENTARY SCHOOL – EDUCARE EMPLOYEES FAILED TO PROPERLY ACCOUNT FOR STUDENT PROGRAM CHARGES RESULTING IN UNPAID CHARGES TOTALING AT LEAST \$18,854**

From June 2023 through June 2024, MVES-Educare employees failed to properly account for program charges, resulting in unpaid or unaccounted for charges totaling at least \$18,854. Investigators determined this amount by comparing program student attendance records with DHS financial assistance, student discount documentation, and receipted student payments. Although many parents told investigators they made cash payments, investigators only found three receipted cash payments during the investigative period. Additionally, investigators found at least 27 students who continued participating in MVES-Educare although a review of program records

reflected unpaid balances. Some student accounts were found to be as many as 41 weeks delinquent, and many of these student accounts were not included in the Educare billing system. Because multiple MVES-Educare employees collected payments and did not maintain a cash drawer, investigators could not determine if all student payments were properly received or remitted for deposit.

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## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which led to unaccounted for and unpaid program charges. These deficiencies included:

**Deficiency 1: Mountain View Elementary School - Educare employees failed to use a separate and secure cash drawer**

MVES - Educare employees failed to use a separate and secure cash drawer while receipting payments. Sound business practices dictate that each employee has their own cash drawer, start the day with a standard fixed amount of cash for making change, and remove and deposit all but the beginning amount of cash at the end of the day. Management should verify daily deposits to the employee's receipts at the end of each day. Failure to maintain separate cash drawers greatly increases the risk of misappropriation without prompt detection.

**Deficiency 2: Mountain View Elementary School – Educare employees failed to consistently deposit collections within three days of collection**

MVES – Educare employees failed to consistently deposit collections timely. Tenn. Code Ann. § 6-56-111 requires all public funds to be deposited within three days of collection. The delay in depositing funds weakens internal controls over collections and increases the risk of fraud and misappropriation.

**Deficiency 3: Mountain View Elementary School – Educare employees failed to reconcile the Educare billing system attendance records and receipts**

MVES – Educare employees failed to reconcile the Educare billing system to collection receipts and Educare attendance records. Therefore, they did not find numerous MVES-Educare participants who were not included in the billing system. In addition, because receipts were not reconciled to the billing system, investigators could not determine if all receipted payments were posted to student accounts or if account balances were accurate. The lack of billing system reconciliations with attendance records and receipts weakens internal controls over collections and increases the risk of fraud and misappropriation.

School system officials indicated that they have corrected or intend to correct these deficiencies.