



COMPTROLLER'S INVESTIGATIVE REPORT

Town of Jonesborough

October 13, 2025

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

October 13, 2025

Town of Jonesborough Mayor
and Board of Aldermen
123 Boone Street
Jonesborough, TN 37659

Town of Jonesborough Mayor and Board of Aldermen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Town of Jonesborough, 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 1st 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 "J.E. Mumpower", written over a horizontal line.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Town of Jonesborough

The Office of the Comptroller of the Treasury, in conjunction with the Jonesborough Police Department, investigated allegations of malfeasance related to the Town of Jonesborough. The investigation was limited to selected records for the period December 2024 through July 2025. The results of the investigation were communicated with the Office of the District Attorney General of the 1st Judicial District.

BACKGROUND



The Town of Jonesborough (town) is in Washington County, Tennessee, and is governed by a board of mayor and aldermen. The town employs a full-time town administrator, operations manager, and a finance director/recorder. The town provides services, including police and fire protection, solid waste collection, street maintenance, water/wastewater utilities, parks and recreation, tourism, and operates the McKinney Center.

The McKinney Center is a multi-use facility that provides arts education to local residents. It also has two rental spaces available at varying prices for events such as wedding receptions, parties, reunions, and meetings. For fiscal year 2024-2025, the McKinney Center reported revenues of approximately \$154,145, including \$92,665 from education fees and \$13,965 from room rental spaces.

The Visitors Center is a multi-purpose facility that serves as a local artisan's shop and bookstore, as well as a venue space which can be rented to community groups, business sectors, or for private/public events. For fiscal year 2024-2025, the Visitors Center reported revenues of approximately \$255,243, including \$41,524 from the gift shop, \$20,533 for room rental space, \$13,794 for special programs, and \$11,183 from miscellaneous collections.

RESULTS OF INVESTIGATION

1. THE MCKINNEY CENTER REPORTED MISSING CASH COLLECTIONS AND HAD COLLECTION DEFICIENCIES

In July 2025, town officials reported that cash and coins totaling at least \$186 were missing from the McKinney Center. Investigators found the following collection deficiencies resulting from a lack of McKinney Center management oversight:

A. Gumball Machine

On July 22, 2025, the McKinney Center director reported to our office and the Jonesborough Police Department that approximately \$76 in coins was missing after the building's gumball machine was emptied. The director reported that she placed the change in envelopes and then left the change envelopes inside an unsecured room to be deposited the next day. The following day, another employee discovered the envelopes with \$76 missing and \$10 remaining. Due to a lack of supporting documentation and other evidence, investigators could not determine how much was missing from the envelopes or who took any missing money.

B. Unsecured Cash Boxes

On July 25, 2025, the McKinney Center director reported to our office and the Jonesborough Police Department that she discovered \$110 was missing from two cash boxes in her office. One box had \$60 missing, and the other had \$50 missing. The cash was stored in an unlocked cabinet (Refer to Exhibit 1) in the director's office, and all employees had access to the unsecured cash. Due to a lack of supporting documentation and other evidence, investigators could not determine how much was missing from the cash boxes or who took any missing money.

Exhibit 1



Unlocked cabinet and cash box in the McKinney director's office

The missing cash and coins were the direct result of management not properly securing collections. All employees shared the same cash boxes for collections and making change. Sound business practices dictate that each employee involved in collections has their own cash drawer, start the day with a standard fixed amount of cash for making change, and deposit all but the beginning amount of cash at the end of the day. Management should reconcile daily deposits to employees' receipts at the end of each day. Cash drawers should individually be locked when not in use, and

cash drawers and other collections should be secured in a safe during non-business hours. The failure to maintain separate cash drawers and secure collections greatly increases the risk of misappropriation without prompt detection.

In some instances, McKinney Center employees did not issue official prenumbered receipts for collections, as required by Tenn. Code Ann. §§ 9-2-103 and 9-2-104. Without official prenumbered receipts, investigators could not determine if all collections were properly accounted for or deposited in a timely manner.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following additional deficiencies in internal control and compliance. These deficiencies included:

Deficiency 1: Town officials failed to properly oversee town collections

Investigators noted the following additional collection deficiencies resulting from a lack of management oversight:

- A. Visitor Center employees did not remit funds for deposit within three days of collection, as required by Tenn. Code Ann. § 6-56-111. During the period reviewed, as many as seven days lapsed between the date funds were collected and the date the funds were remitted to the town recorder for deposit. Investigators determined that Visitor Center employees brought collections once a week to the town recorder's office to be deposited. The failure to deposit collections within three business days increases the risks of fraud and misappropriation without prompt detection.
- B. The Visitor Center did not maintain a set amount of cash on hand. Sound business practices dictate that a set amount of cash on hand be maintained to properly reconcile cash and collections at the end of each business day.
- C. McKinney Center and Visitor Center employees brought all collections to the town recorder's office for deposit in an unsecure box accessible to multiple employees. The town recorder's office usually did not issue receipts for these collections until later in the day. All collections should be brought to the town recorder's office for deposit, and the town recorder's office should issue and provide a receipt at the time of the deposit. The town recorder should reconcile deposits with department collections to ensure completeness and full accounting of collections. The failure to secure collections, issue timely deposit receipts, and reconcile deposits with department collections greatly increases the risk of misappropriation without prompt detection.

Town officials indicated that they have corrected these deficiencies.