TENNESSEE COMPTROLLER OF THE TREASURY

COMPTROLLER'S INVESTIGATIVE REPORT

Stoney Fork Volunteer Fire Department

November 7, 2025

Jason E. Mumpower
Comptroller of the Treasury

THE GREAT SEAL OF THE STATE OF TENNESSEE
XVI
AGRICULTURE
COMMERCE
1796

DIVISION OF INVESTIGATIONS

TENNESSEE COMPTROLLER OF THE TREASURY

JASON E. MUMPOWER
Comptroller

November 7, 2025

Chief Danny Disney
129 Clinchmore Road
Caryville, TN 37714

Stoney Fork Volunteer Fire Department Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Stoney Fork 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 8th 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

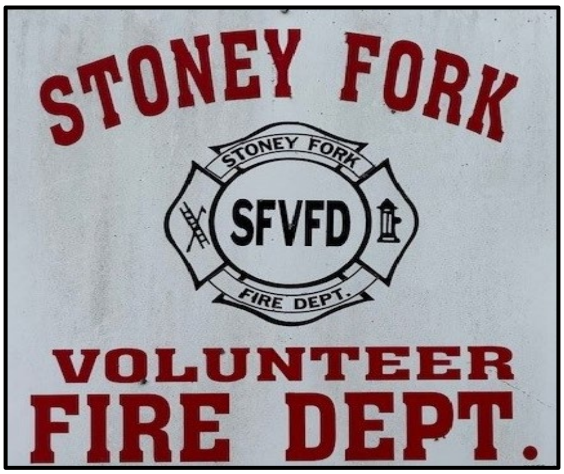
JEM/MLC

INVESTIGATIVE REPORT

Stoney Fork Volunteer Fire Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Stoney Fork Volunteer Fire Department. The investigation was limited to selected records for the period from January 1, 2024, through September 30, 2025. The results of the investigation were communicated with the Office of the District Attorney General of the 8th Judicial District.

BACKGROUND



The Stoney Fork Volunteer Fire Department (SFVFD), a nonprofit corporation, provides fire and rescue services to the Stoney Fork area of Campbell County, Tennessee. Additionally, the SFVFD supports neighboring volunteer fire departments through mutual aid calls. Comprised of approximately five volunteer members, the SFVFD is financially supported by contributions from Campbell County and is governed by a fire chief and a treasurer, who are married. During the investigative period, the SFVFD received approximately 16 emergency calls.

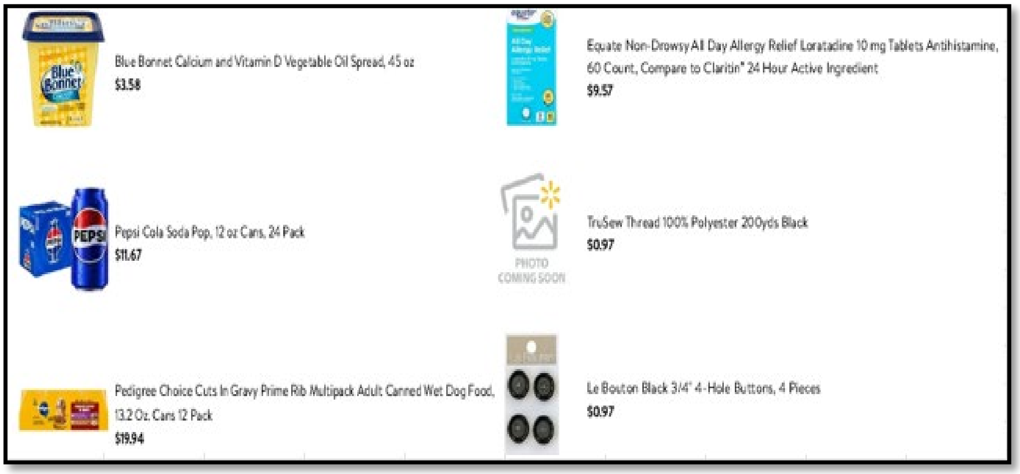
Pursuant to Tenn. Code Ann. § 68-102-309 *et seq.*, "The governing board of each recognized volunteer fire department receiving appropriations from the federal government, the state, a county, or a municipality, either directly or indirectly, shall file an annual financial report with the comptroller of the treasury and with each local government body from which the department received appropriations. The annual financial report shall be for the year ended June 30, in a form prescribed by the comptroller of the treasury, and such governing board shall file the report within six (6) months of the close of its fiscal year." To assist the board in discharging its duties, in August 2024, the Comptroller published the *Volunteer Fire Departments Financial Reporting and Procedures Manual (Manual)* to emphasize the importance of internal controls, describe the role of the governing body, highlight certain risks of financial activities of volunteer fire departments, and provide appropriate guidance.

RESULTS OF INVESTIGATION

1. THE STONEY FORK VOLUNTEER FIRE DEPARTMENT FIRE CHIEF MADE PERSONAL PURCHASES TOTALING AT LEAST $363

From January 2024 through July 2025, the SFVFD fire chief improperly used the SFVFD debit card to purchase personal items, including food, bird feed, sewing supplies, dog food, and medications totaling at least $363 **(Refer to Exhibit 1)**. The SFVFD does not have a policy addressing the proper use of its debit card. The fire chief stated he mistakenly used the SFVFD debit card instead of his personal debit card for the purchases. On October 8, 2025, the fire chief repaid $363 to the SFVFD for his personal purchases.

Exhibit 1



Examples of the fire chief's personal purchases made with the SFVFD debit card

2. THE STONEY FORK VOLUNTEER FIRE DEPARTMENT FIRE CHIEF MADE QUESTIONABLE PURCHASES TOTALING AT LEAST $2,389

During the investigative period, the SFVFD fire chief made questionable purchases using the SFVFD debit card totaling at least $2,389. The purchases included fuel, auto parts, and other items, without itemized receipts or sufficient supporting documentation. Without supporting documentation, investigators could not determine if these purchases were for the exclusive benefit of the SFVFD.

According to the *Manual*, "Complete records regarding all purchases and payments should be maintained for a minimum of five years. Records should include, as applicable: purchase requisitions, purchase orders, receiving tickets, invoices, expense reports, credit card statements, check copies, bid documents, bank statements, and bank reconciliations." Failure to retain and review supporting documentation for purchases increases the risk that errors or misappropriations could occur without prompt detection.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal control and compliance:

<u>Deficiency 1</u>: The Stoney Fork Volunteer Fire Department did not have a board of directors

The SFVFD did not have a formal board of directors. Pursuant to Tenn. Code Ann. § 48-58-101 *et seq*., volunteer fire departments registered as a nonprofit in the State of Tennessee are required to have a board of directors. The board of directors bears ultimate responsibility for the department. A volunteer fire department's board plays a crucial role in providing oversight and establishing departmental internal controls. Effective internal controls reduce the risks that errors or misappropriations of department assets will occur and remain undetected. Other board responsibilities may include establishing bylaws, protecting assets, authorizing salary increases, approving purchases, and reviewing financial activity. Tennessee nonprofit corporations must have at least three board members who are natural persons, and it is recommended that there are at least seven board members, when possible.

Deficiency 2: The Stoney Fork Volunteer Fire Department members did not meet regularly

According to the SFVFD fire chief, the SFVFD members had not met since 2020. The Tennessee Secretary of State's *A Guidebook for Tennessee Nonprofits* requires that the board of directors meet regularly to properly oversee and authorize organization finances and decisions, and that the board of directors' decisions be recorded in meeting minutes and maintained for at least three years. Due to the lack of meetings, the SFVFD members did not establish bylaws, written policies, and internal controls necessary to ensure accountability of SFVFD funds.

Deficiency 3: The Stoney Fork Volunteer Fire Department members did not adequately segregate financial duties

The SFVFD members did not adequately segregate financial duties. The SFVFD treasurer was responsible for maintaining records, accounting, disbursing certain funds, and reconciling bank statements. According to the *Manual*, "Ideally, no one person should initiate, approve, record, or reconcile a transaction." In addition, the treasurer's husband, the SFVFD fire chief, was responsible for all other financial duties and SFVFD decisions. Allowing one member to maintain control over all financial duties of a transaction, or close family members to make all SFVFD decisions with no oversight, increases the risk that fraud, waste, or abuse will occur without prompt detection.

Deficiency 4: The Stoney Fork Volunteer Fire Department had vehicle and fuel use deficiencies

The SFVFD had the following vehicle and fuel use deficiencies due to the lack of a formal board of directors and insufficient member oversight:

- The SFVFD members did not establish adequate controls over fuel purchases and use, including the development and adoption of a fuel use policy and the use of fuel logs in vehicles. A fuel use policy establishes internal controls over fuel purchases and details appropriate use. Fuel use logs document the date, payment amount, vehicle odometer mileage, and purpose of each purchase to ensure appropriate use. The lack of a fuel policy and fuel use logs increases the risk of fuel theft without prompt detection. Due to the lack of a fuel policy and fuel use logs, investigators could not determine if the SFVFD vehicles and fuel were used exclusively for SFVFD purposes.

- The SFVFD members did not always label department vehicles as belonging to the SFVFD, including the truck used by the SFVFD fire chief. In addition, the SFVFD fire chief routinely parked the SFVFD truck at his personal residence, and the SFVFD fire chief kept little to no emergency equipment in the truck. Investigators could not determine if the SFVFD fire chief or others used the SFVFD truck or other vehicles belonging to the SFVFD exclusively for SFVFD purposes.

- In some instances, the SFVFD members did not maintain invoices or other supporting documentation identifying the SFVFD vehicles for which parts were purchased. Therefore, investigators were unable to determine if all purchases were exclusively for the SFVFD vehicles.