

11/1/2012 Application  
+ Attachments

Name of Insurance Company to which Application is made (herein called the "Insurer")

**Commercial Crime Policy and  
Governmental Crime Policy**

**Crime Insurance Application**

**Section A.**

**GENERAL INFORMATION:**

1. Named Applicant: SHELBY COUNTY, TENNESSEE
- Principal Address: 160 N. Main St., #200, Memphis, TN 38103
2. Type of Organization:  Public  Private  Not-For-Profit  Governmental
3. Date Business Established: 1819 Annual Revenues: 1,078,003,952.
4. Website address: www.shelbycountyttn.gov

List (or attach a list of) ALL ENTITIES to be included as joint insureds (including Pension and Welfare plans) to be covered:

If all entities listed above (or attached to this application) are owned, controlled, or operated by the first named insured, check here  If not, please provide details for each listed entity.  
This application and any attachments include information for all joint insureds to be covered: check here

**Section B.**

**INSURANCE INFORMATION**

Present Coverage	Carrier: ACE/Westchester		Requested Coverage (if different)	
Insuring Agreement	Limit	Deductible	Limit	Deductible
Employee Theft	\$1,000,000	\$ 75,000	\$	\$
Forgery or Alteration	\$1,000,000	\$ 25,000	\$	\$
Inside Theft of Money & Securities	\$1,000,000	\$ 10,000	\$	\$
Inside Robbery of Other Property	\$1,000,000	\$ 10,000	\$	\$
Outside the Premises	\$1,000,000	\$ 10,000	\$	\$
Computer Fraud	\$1,000,000	\$ 25,000	\$	\$
Funds Transfer Fraud	\$1,000,000	\$ 25,000	\$	\$
Money Orders & Counterfeit	\$1,000,000	\$ 1,000	\$	\$
Other:	\$	\$	\$	\$

Expiring Annual Premium: \$ 24,245 plus 7480 - Trustee = \$31,727 Annual  
Expiration Date of Current Coverage 11/01/2012

Loss History (last six years, insured or uninsured): Check here if none

Date of Loss	Description	Paid Amount (exclusive of Loss Adjustment Expense)	Outstanding Amount (exclusive of Loss Adjustment Expense)	Open / Closed	Paid Date
2009	See Attachment - Register	\$ 0	\$ 0	closed	under deductible
2011	See Attachment - Chancery	\$ 884,306.61	\$ 0	closed	
		\$	\$		

For each loss listed above, please provide a description of the corrective measures taken:

See attachments.

### Section C.

#### EXPOSURE INFORMATION

Total number of employees: U.S.: 6,155 Canadian: \_\_\_\_\_ Foreign: \_\_\_\_\_

Total number of volunteers: U.S.: 1,000 est. Canadian: \_\_\_\_\_ Foreign: \_\_\_\_\_

Complete the schedule below to include all individuals who handle, have access to or maintain records of money, securities or other property

see attachments	#			#			#	
	U.S. & Canada	Foreign		U.S. & Canada	Foreign		U.S. & Canada	Foreign
Chairman of the Board			Assistant Sales Managers			Payroll Clerks		
President			Branch Sales Manager			Outside Messenger		
Vice President			Purchasing Agents			General Superintendent		
Treasurer			Buyers & Asst. Buyers			Asst. or Factory Superintendent		
Asst. Treasurer			Assistant Purchasing Agent			Timekeepers		
Secretary			Collectors			Paymasters		
Asst. Secretary			Salesmen Outside & Collecting			Receiving Clerks		
Comptroller			Salesmen Outside & Not Collecting			Shipping Clerks		
Assistant Comptroller			Accountants & Auditors			Traffic Managers		
Advertising Managers			Bookkeeper			Watchmen		
Office Manager			Cashiers			Gatemen & Guards		
Department Managers			Credit Managers			Drivers (Collections)		
Branch Managers			Cash Handling Clerk			Drivers (No Collections)		
Assistant Branch Managers			Sales Managers			Volunteers - fund soliciting		
Directors and non-compensated officers			Directors, Trustees Administrators handling employee benefit plan funds			Others who handle, have access to or maintain records of money, securities or other property		
<b>TOTAL</b>			<b>TOTAL</b>			<b>TOTAL</b>		

Office Clerks, Secretaries, Stenographers, Typists, Telephone Operators, Inside Salesmen, Inside Messengers, Business Machine Operators, Porters & other Like Personnel.

	U.S.A. & CANADA	FOREIGN	GRAND TOTAL
see attachments			
<b>TOTAL</b>			

If there are foreign employees, please complete the Foreign Practices Questionnaire.

Total number of locations: U.S. 100 est. Canadian \_\_\_\_\_ Foreign \_\_\_\_\_  
(attach a schedule of locations, or complete the information below)



State: All in Tennessee County: Shelby

Number of Locations: 100 est.

State: \_\_\_\_\_ County: \_\_\_\_\_

Number of Locations: \_\_\_\_\_

Total number of retail locations: none

**Section D.  
FINANCIAL INFORMATION**

**Current Year CAFR FY11**

Total Assets \$1.2B (page C-5)

Total Equity / Net Assets \$335M (page C-5)

Total Revenues \$1.078B (page C-9)

Operating Income \$42M (page C-9)

Net Income / Change in Net Assets \$87.5M (page C-3)

**Prior Year**

Total Assets \$1.2B

Total Equity / Net Assets \$293M

Total Revenues \$1.09B

Operating Income \$206M

Net Income / Change in Net Assets \$123M

**Section E.  
UNDERWRITING INFORMATION**

1. Describe your predominant business activity: Local Government

2. Do you have cash exposure that exceeds the lowest deductible amount on your current Crime/Fidelity policy? (if yes, please complete the High Cash Questionnaire) Yes  No

3. Do you have precious metals, precious or semi-precious stones, pearls, furs, or articles containing such materials exposure that exceeds the lowest deductible amount on your current Crime/Fidelity policy? (if yes, please complete the Precious Metals Questionnaire) Yes  No

4. Do you have access to your client's funds/property (including money, securities, inventory, high value property, banking systems, wire transfer systems, computer systems & sensitive data, etc.)? Yes  No

a. What type of property and \$ amount of value: \_\_\_\_\_

b. Number of employees who will be performing work for your client(s): \_\_\_\_\_

c. Total number of clients: \_\_\_\_\_

5. Are corporate credit, debit, charge or purchasing cards used? Yes  No

a. Number of Cards: 125

b. Maximum limit allowed under card: \$5,000

c. Controls in place for preventing and identifying unauthorized transactions: Procurement Card Policy attached.

6. If "Guests' Property" coverage is elected, please provide the total number of guest rooms: \_\_\_\_\_

**DISBURSEMENT PROCEDURES**

7. Are all checks countersigned? Yes  No

a. Over what amount is dual signature required? \$1,000

b. If there is no countersignature, who signs checks? Check Requests signed only by designated individuals

c. Are checks signed only by the owner(s) of the company? for under \$1,000, signature records file Yes  No   
in Finance Dept.

8. Is an approved voucher or Positive Pay system used? Yes  No



- 9. Are check signers instructed to require that all checks be accompanied by properly approved vouchers and/or invoices? Yes  No
- 10. Are systems designed so that no employee can control a process from beginning to end (i.e. request a check, approve a voucher and sign a check)? Yes  No
- 11. Are bank accounts reconciled on a monthly basis?  
a. If not, how often \_\_\_\_\_ Yes  No
- 12. Are those who reconcile bank statements prohibited from:  
a. Handling deposits in the accounts they reconcile? Yes  No   
b. Signing checks? Yes  No
- 13. Does a second person review the reconciliation on a monthly basis and initial their approval of the information? Yes  No

**AUDIT PROCEDURES**

- 14. How often and by who are audits of cash and accounts performed? Annual - CPA firm
- 15. How often and by who are inventory counts conducted? FY11 - Watkins Uiberall and Banks, Finley White & Co. Annual - various departments
- 16. Is there a CPA letter to management relating to internal control weaknesses? (if so, please provide a copy) Yes  No
- 17. If no CPA letter to management was issued, did the CPA make recommendations for improvement in internal control informally? (if so, provide details \_\_\_\_\_) Yes  No
- 18. Is there an internal audit department? Yes  No
- 19. Are all locations audited by the internal audit staff?  
a. How often? \_\_\_\_\_ Yes  No   
a. If no, please explain: Audits performed as assigned by CAO or upon request of department or elected official.
- 20. Are background checks performed on all new hires? Check all that apply: Yes  No   
 Criminal  Prior Employment  Credit History  References  Drug Testing
- 21. Are mid-employment screening performed when employees are promoted to sensitive positions? Not all - depends on position. Yes  No
- 22. Are employees' building access cards denied immediately upon termination and are all procurement, credit cards, etc. cancelled? Not all - depends on position. Yes  No
- 23. Are newly hired employees provided with a copy of your organization's fraud policy identifying and explaining conflicts of interest and other prohibited behavior? Yes  No
- 24. Are employees required to complete conflict of interest disclosure forms annually? Yes  No
- 25. Is there a system in place that allows employees to disclose suspicious or questionable activity confidentially? Yes  No   
a. If so, describe the procedure for investigating these reports Ethics Policy - attached & reporting program through Internal Audit.

**VENDOR INFORMATION**

- 26. Are background checks performed on vendors in order to determine ownership and financial capability prior to doing business with them? Yes  No   
**Vendors must apply for SC Vendor Number and SC EOC number prior do doing business with**

95010 (7/07) Shelby County.

# CHARTIS

27. Is an authorized vendor list utilized and updated annually for all annual purchases, with competitive bidding required over stated amounts?

Yes  No

**Purchasing Policy must be followed.**

28. Are vendors provided with a statement of your conflict of interest and gift policy (prohibiting gifts of any significant value)?

Yes  No

**Must sign a Gratuity Form.**

**CHARTIS**  
FUNDS TRANSFER AND COMPUTER SYSTEMS

29. What is the daily average number and dollar volume of wire transfers? Number: 3-5 Dollar: \$10,000 -  
**Twice a month payroll is \$7M; can range to \$50M** 2,000,000+

30. What is the maximum dollar volume that may be transferred per day?  
No maximum per day

31. Is approval by more than one person required to initiate a wire transfer? Yes  No

32. Does your financial institution call an employee other than one who requested the transfer before acting on the request? Yes  No

33. Do you receive hard copy confirmations on all wire transfers and are they sent directly to a department not authorized to initiate transfers? Yes  No

34. Are computer system access codes and passwords changed at least every 60 days? Yes  No   
**90 days**

35. Do any non-employees have access to the computer systems? Yes  No

a. If so, please explain **IT vendors have access.**

**NOTICE TO APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO ARKANSAS, NEW MEXICO AND WEST VIRGINIA APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT, OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO COLORADO APPLICANTS:** IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICYHOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICYHOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AUTHORITIES.

**NOTICE TO DISTRICT OF COLUMBIA APPLICANTS:** WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT.

**NOTICE TO FLORIDA APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY IN THE THIRD DEGREE.

**NOTICE TO KENTUCKY APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

**NOTICE TO LOUISIANA APPLICANTS:** ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO MAINE APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS.

# CHARTIS

**NOTICE TO MARYLAND APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.

**NOTICE TO MINNESOTA APPLICANTS:** A PERSON WHO FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

**NOTICE TO NEW JERSEY APPLICANTS:** ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO NEW YORK APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.

**NOTICE TO OHIO APPLICANTS:** ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD..

**NOTICE TO OKLAHOMA APPLICANTS:** WARNING: ANY PERSON WHO KNOWINGLY, AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY (365:15-1-10, 36 §3613.1).

**NOTICE TO OREGON APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

**NOTICE TO PENNSYLVANIA APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

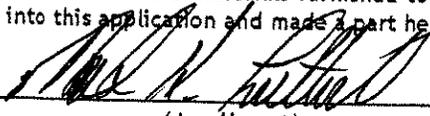
**NOTICE TO TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS:** IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

**NOTICE TO VERMONT APPLICANTS:** ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

The undersigned authorized officer/manager of the applicant declares that the statements set forth herein are true. The undersigned authorized officer/manager agrees that if the information supplied on this application changes between the date of this application and the effective date of the insurance, he/she (undersigned) will, in order for the information to be accurate on the effective date of the insurance, immediately notify the insurer of such changes, and the insurer may withdraw or modify any outstanding quotations and/or authorizations or agreements to bind the insurance

Signing of this application does not bind the applicant or the insurer to complete the insurance, but it is agreed that this application shall be the basis of the contract should a policy be issued.

All written statements and materials furnished to the insurer in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

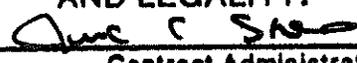
Signed   
(Applicant)

Date 10-19-12

Title MAYOR  
(must be signed by Authorized Representative)

Attest \_\_\_\_\_  
Broker \_\_\_\_\_  
License Number \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

**APPROVED AS TO FORM  
AND LEGALITY:**

  
**Contract Administration/  
Assistant County Attorney**

Statement of Activities  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General Government	\$ 68,219,812	\$ 23,553,934	\$ 4,926,028	\$ 228,669
Hospital	36,816,000	---	---	---
Planning and Development	6,061,205	868,894	5,554,431	---
Public Works	48,985,516	5,229,077	1,131,750	14,761,948
Corrections	1,608,821	---	1,323,644	---
Health Services	53,249,533	12,350,842	21,419,501	---
Community Services	83,537,889	865,347	75,843,478	151,177
Law Enforcement	152,448,879	8,375,562	1,277,829	469,765
Judicial	67,809,546	28,299,152	3,916,720	24,885
Other Elected Officials	26,302,063	35,612,955	73,250	---
Education	387,692,028	---	1,431,168	---
Interest on debt	71,559,500	---	---	---
Total governmental activities	<u>1,004,290,792</u>	<u>115,155,763</u>	<u>116,897,799</u>	<u>15,901,708</u>
Business-type activities:				
Code Enforcement	10,394,909	7,251,123	1,699,528	---
Fire Services	19,733,109	19,228,630	540	---
Corrections	56,737,346	48,279,566	36,852	---
Total business-type activities	<u>86,865,364</u>	<u>74,759,319</u>	<u>1,736,920</u>	<u>---</u>
Total primary government	<u>\$ 1,091,156,156</u>	<u>\$ 189,915,082</u>	<u>\$ 118,634,719</u>	<u>\$ 15,901,708</u>
<b>Component units:</b>				
Board of Education	\$ 469,908,036	\$ 37,215,857	\$ 219,946,511	\$ ---
Shelby County Health Care Corporation	292,475,647	240,421,490	97,916,765	---
Agricenter International	3,504,123	3,274,705	5,566	---
Emergency Communications District	4,795,119	6,708,708	1,523,919	---
Total component units	<u>\$ 770,682,925</u>	<u>\$ 287,620,760</u>	<u>\$ 319,392,761</u>	<u>\$ ---</u>

General revenues:

- Property taxes - levied for education
- Property taxes - levied for debt service
- Property taxes - levied for general government
- Sales taxes
- Business taxes
- Hotel/Motel/Car Rental taxes
- Wheel taxes
- Litigation taxes
- Beverage taxes
- Severance and income taxes
- Gasoline tax

Grants and contributions not restricted for specific programs:

- Payments from Shelby County
- Other sources (uses)
- Unrestricted investment earnings
- Extraordinary item - employee dishonesty loss
- Transfers, net
- Total general revenues and transfers
- Changes in net assets
- Net assets - June 30, 2010 restated
- Net assets - June 30, 2011

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and  
Changes in Net Assets

Primary Government		Total	Component Units
Governmental Activities	Business-type Activities		
\$ (39,511,181)	\$ ---	\$ (39,511,181)	\$ ---
(36,816,000)	---	(36,816,000)	---
362,120	---	362,120	---
(27,862,741)	---	(27,862,741)	---
(285,177)	---	(285,177)	---
(19,328,013)	---	(19,328,013)	---
(6,359,299)	---	(6,359,299)	---
(142,530,224)	---	(142,530,224)	---
(35,568,789)	---	(35,568,789)	---
9,384,142	---	9,384,142	---
(386,260,860)	---	(386,260,860)	---
(71,559,500)	---	(71,559,500)	---
<u>(756,335,522)</u>	<u>---</u>	<u>(756,335,522)</u>	<u>---</u>
---	(1,444,258)	(1,444,258)	---
---	(503,939)	(503,939)	---
---	<u>(8,420,928)</u>	<u>(8,420,928)</u>	---
---	<u>(10,369,125)</u>	<u>(10,369,125)</u>	---
<u>(756,335,522)</u>	<u>(10,369,125)</u>	<u>(766,704,647)</u>	---
---	---	---	(212,745,668)
---	---	---	45,862,608
---	---	---	(223,852)
---	---	---	3,437,508
---	---	---	<u>(163,669,404)</u>
350,524,961	---	350,524,961	---
153,605,330	---	153,605,330	---
251,747,629	---	251,747,629	---
22,983,679	---	22,983,679	41,681,158
12,208,730	---	12,208,730	---
13,701,394	---	13,701,394	---
29,090,186	---	29,090,186	---
3,604,939	---	3,604,939	---
2,530,519	---	2,530,519	---
992,835	---	992,835	---
9,866,129	---	9,866,129	---
---	---	---	150,509,489
---	---	---	5,746,747
3,703,351	22,979	3,726,330	1,506,461
(82,548)	---	(82,548)	---
<u>(10,557,785)</u>	<u>10,557,785</u>	---	---
<u>848,919,249</u>	<u>10,580,764</u>	<u>854,500,113</u>	<u>199,443,855</u>
87,583,827	211,639	87,795,466	35,774,451
<u>(838,700,327)</u>	<u>36,339,153</u>	<u>(802,361,174)</u>	<u>458,814,421</u>
<u>\$ (751,116,500)</u>	<u>\$ 36,550,792</u>	<u>\$ (714,565,708)</u>	<u>\$ 494,588,872</u>

See D.  
Net Income  
Changes in Net Assets

	General Fund	Debt Service Fund	Capital Projects Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 43,972,320	\$ 62,943,022	\$ 108,637,280
Investments	30,250,000	41,000,000	38,022,226
Accrued interest receivable	1,147,808	27,504	---
Property taxes receivable, net of allowance for uncollectibles	279,179,640	148,777,446	---
Accounts receivable and accrued revenues	1,017,916	86,511	---
Due from other governmental entities	4,071,006	---	91,927
Due from other funds	29,615,481	3,469,036	---
Deposits held by others	21,200	---	---
Notes receivable	340,255	4,603,033	2,325,000
<b>Total assets</b>	<b>\$ 389,615,626</b>	<b>\$ 260,906,552</b>	<b>\$ 149,076,433</b>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 9,582,694	\$ 805,098	\$ 619,854
Accrued interest payable	---	398,586	---
Due to other governmental entities	11,012,120	---	571,485
Due to component units	---	---	2,377,650
Due to other funds	4,122,273	---	---
Deposits held for others	343,513	---	2,771,562
Deferred revenue	277,609,131	151,887,910	2,531,565
Claims payable, current	78,511	---	---
<b>Total liabilities</b>	<b>302,748,242</b>	<b>153,091,594</b>	<b>8,872,116</b>
<b>Fund balances:</b>			
Restricted	737,713	8,193,886	92,826,243
Committed	278,675	99,621,072	4,425,564
Assigned	215,871	---	42,952,510
Unassigned	85,635,125	---	---
<b>Total fund balance</b>	<b>86,867,384</b>	<b>107,814,958</b>	<b>140,204,317</b>
<b>Total liabilities and fund balances</b>	<b>\$ 389,615,626</b>	<b>\$ 260,906,552</b>	<b>\$ 149,076,433</b>

The notes to the financial statements are an integral part of this statement.

Education Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 852,258	\$ 9,358,878	\$ 22,339,905	\$ 248,103,663
---	---	---	109,272,226
---	---	---	1,175,312
370,109,781	---	---	798,066,867
---	14,787,895	1,744,091	17,636,413
---	24,749,277	1,769,120	30,681,330
1,358,285	---	1,333,548	35,776,350
---	4,966	698,274	724,440
---	2,345,491	---	9,613,779
<u>\$ 372,320,324</u>	<u>\$ 51,246,507</u>	<u>\$ 27,884,938</u>	<u>\$ 1,251,050,380</u>
\$ ---	\$ 9,867,187	\$ 7,984,380	\$ 28,859,213
---	---	---	398,586
3,938,818	45,985	409,906	15,978,314
1,791,508	---	---	4,169,158
---	28,783,043	2,038,596	34,943,912
---	1,687,723	698,274	5,501,072
366,589,998	27,062,698	25,712	825,707,014
---	---	---	78,511
<u>372,320,324</u>	<u>67,446,636</u>	<u>11,156,868</u>	<u>915,635,780</u>
---	5,438,738	16,728,070	123,924,650
---	---	---	104,325,311
---	---	---	43,168,381
---	(21,638,867)	---	63,996,258
---	(16,200,129)	16,728,070	335,414,600
<u>\$ 372,320,324</u>	<u>\$ 51,246,507</u>	<u>\$ 27,884,938</u>	<u>\$ 1,251,050,380</u>

Sect. D  
Total Assets

Sect. D  
Total Equity / Net Assets

**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	General Fund	Debt Service Fund	Capital Projects Fund
<b>Revenues:</b>			
Property taxes	\$ 240,027,270	\$ 147,047,410	\$ ---
Other local taxes	36,481,924	35,372,934	---
State revenue	17,585,648	---	106,913
Federal and local revenue	4,508,066	3,538,587	1,760,725
Charges for services	3,720,574	136,000	102,230
Fines, fees and permits	64,386,433	---	---
Other revenue	1,067,862	812,339	---
Investment income	407,728	467,758	529,679
Total revenues	<u>368,185,505</u>	<u>187,375,028</u>	<u>2,499,547</u>
<b>Expenditures:</b>			
<b>Current</b>			
General Government	28,268,211	---	---
Hospital	36,816,000	---	---
Planning and Development	363,064	---	---
Public Works	19,275,332	---	---
Corrections	---	---	---
Health Services	24,708,153	---	106,009
Community Services	8,083,943	310,500	---
Law Enforcement	142,512,918	---	1,317,085
Judicial	60,638,382	---	---
Other Elected Officials	25,038,082	---	11,000
Education	---	---	---
Debt service and related cost	---	183,240,991	---
Capital outlay: capital projects	---	---	37,035,762
Total expenditures	<u>345,704,085</u>	<u>183,551,491</u>	<u>38,469,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,481,420</u>	<u>3,823,537</u>	<u>(35,970,309)</u>
<b>Other financing sources (uses):</b>			
Transfers in	1,373,906	7,460,264	8,489,200
Transfers out	(14,517,504)	(6,916,000)	(942,721)
Refunding bonds issued	---	73,795,000	---
Premium on bonds issued	---	6,892,922	---
Payment to refunding bond escrow agent	---	(79,770,000)	---
Long term debt issued other than bonds	---	---	67,260,000
Sale of capital assets	243,250	---	28,538
Insurance recoveries	110,947	---	---
Total other financing sources (uses)	<u>(12,789,401)</u>	<u>1,462,186</u>	<u>74,835,017</u>
<b>Extraordinary item:</b>			
Employee dishonesty loss	(982,548)	---	---
Net change in fund balances	8,709,471	5,285,723	38,864,708
Fund balances June 30, 2010	<u>78,157,913</u>	<u>102,529,235</u>	<u>101,339,609</u>
Fund balances June 30, 2011	<u>\$ 86,867,384</u>	<u>\$ 107,814,958</u>	<u>\$ 140,204,317</u>

The notes to the financial statements are an integral part of this statement.

Education Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 344,434,029	\$ ---	\$ ---	\$ 731,508,709
7,717,112	---	13,819,173	93,391,143
---	66,295,893	20,350,763	104,339,217
---	52,063,266	43,544	61,914,188
---	1,990,956	2,958,117	8,907,877
---	297,364	6,591,668	71,275,465
---	1,026,447	2,195,161	5,101,809
---	83,345	77,034	1,565,544
<u>352,151,141</u>	<u>121,757,271</u>	<u>46,035,460</u>	<u>1,078,003,952</u>
---	4,362,993	17,580,538	50,211,742
---	---	---	36,816,000
---	6,335,038	---	6,698,102
---	7,775,144	13,616,209	40,666,685
---	1,458,284	---	1,458,284
---	24,297,356	3,943,502	53,055,020
---	74,835,379	---	83,229,822
---	1,604,250	2,783,510	148,217,763
---	4,523,078	---	65,161,460
---	50,000	404,862	25,503,944
361,288,000	---	---	361,288,000
---	---	---	183,240,991
---	---	---	37,035,762
<u>361,288,000</u>	<u>125,241,522</u>	<u>38,328,621</u>	<u>1,092,583,575</u>
<u>(9,136,859)</u>	<u>(3,484,251)</u>	<u>7,706,839</u>	<u>(14,579,623)</u>
---	4,862,892	663,248	22,849,510
---	(2,063,861)	(9,228,658)	(33,668,744)
---	---	---	73,795,000
---	---	---	6,892,922
---	---	---	(79,770,000)
---	---	---	67,260,000
---	1,200	13,375	286,363
---	12,497	24,243	147,687
---	<u>2,812,728</u>	<u>(8,527,792)</u>	<u>57,792,738</u>
---	---	---	(982,548)
(9,136,859)	(671,523)	(820,953)	42,230,567
<u>9,136,859</u>	<u>(15,528,606)</u>	<u>17,549,023</u>	<u>293,184,033</u>
<u>\$ ---</u>	<u>\$ (16,200,129)</u>	<u>\$ 16,728,070</u>	<u>\$ 335,414,600</u>

#3 + Sect D.  
TOTAL Revenue

Sect. D  
Operating  
Income

Name of Insurance Company to which Application is made (herein called the "Insurer")

Commercial Crime Policy and  
Governmental Crime Policy

**Crime Loss Detail Questionnaire**

**Section A.**

**GENERAL INFORMATION:**

Named Applicant: Shelby County, Tennessee

Principal Address: 160 N. Main, #1150, Memphis, TN 38103

**Section B.**

**LOSS DETAILS**

Please provide the following details for all claims in the past 6 years, whether reimbursed or not.

1. Date of loss. 04/21/2011
2. Dollar amount of loss. 1,063,903.20
3. Type of loss (employee theft, robbery/burglary, etc.). employee theft
4. How did the loss occur?  
employee wrote checks to his own company or other party for excess funds collected when property was sold at tax sale
5. How long did the loss occur before it was discovered? May 2008 - March 2011
6. How was the loss discovered and by whom?  
Attorney for former owner of property that was sold at tax sale requested payment of excess proceeds from the sale of the property. It was discovered that those funds had been disbursed improperly; this discovery and name of payee led to additional improper disbursements.
7. Did the loss occur due to  lack of internal controls or  that established procedures were not being followed?
8. What controls/procedures would have prevented the loss or resulted in earlier detection of the loss?  
Countersignature of checks by proper level of staff; verification of court documents for funds disbursement  
Future disbursements to require check to be payable to attorney and taxpayer; establish a shared drive between Trustee & Chancery Clerk's office; document to be verified as original and must include court order. See attachment.
9. What correctives have been implemented?  
Countersignature of checks by proper level of staff; verification of court documents for funds disbursement  
uture disbursements to require check to be payable to attorney and taxpayer; establish a shared drive between Trustee and Chancery Clerk's office; document to be verified as original and must include court order. Email attached.
10. Did the individual involved have any prior dishonesty?
11. Were charges pressed against the individual? Yes  No
12. To what degree were background checks conducted prior to the loss? Yes  No
13. After the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing

14. Any recovery/salvage?

Employee and accomplice plead guilty, sentenced and restitution ordered.  
See attached summary of claim.

Signed   
(Applicant)

Date 10-19-12

Title MAYOR  
(must be signed by Authorized Representative)

**APPROVED AS TO FORM  
AND LEGALITY:**

  
**Contract Administration/  
Assistant County Attorney**

CLAIM INFO

1,063,903.20	total claimed			
-81,355.49	BG refunded cashiers check			
	Travelers disallowed as after knowledge of dishonesty check 3/17/2011 #38283			
-73,241.10				
909,306.61	final claim			
-25,000	deductible			
884,306.61	Travelers paid			

> 982,547.71

## Second man in Chancery Court embezzlement case gets 46 months in prison

By Lawrence Buser

Originally published 11:52 a.m., June 8, 2012

Updated 11:03 p.m., June 8, 2012

A second man involved in the embezzlement of more than \$1 million from Chancery Court was sentenced Friday to just under four years in federal prison.

Correy Isom, 36, pleaded guilty earlier this year to three felony counts involving conspiracy, theft and money-laundering of tax foreclosure funds in a scheme with an employee of the court clerk's office.

Isom was sentenced to 46 months in prison, which was on the low end of the federal sentencing guidelines. He could have been sentenced to as much as 57 months.

In March, former Chancery Court bookkeeper Brandon Gunn, 47, was sentenced to four years in prison for engineering the scheme in which he wrote checks on the court's account to bogus companies which Isom, a former restaurant employee, then cashed and split with Gunn.

Gunn wrote some 38 checks worth more than \$1 million during the scheme from 2008 to 2011. Authorities said Gunn always had Isom cash the checks between 11 a.m. and noon to be sure Gunn would answer the phone at the clerk's office when the bank called to get approval.

"They stole from Chancery Court and they were very successful in doing that for a period of time," said U.S. Dist. Judge Jon McCalla. "This wasn't a single event. This was a series of checks written over a period of time."

The embezzlement scheme came to light when one homeowner seeking to claim a surplus tax payment discovered that it had been paid to a company set up by Gunn.

Gunn said he targeted old tax accounts, including some that had gone unclaimed for as many as 17 years.

When he first was caught, he tried to pay back money by stealing even more money.

Isom has failed or missed several court-ordered random drug screens this year, but will remain free until he receives orders from the Bureau of Prisons when and where to report to begin serving his sentence. That typically takes about four to six weeks.

Isom and Gunn both are ordered to make restitution of \$1,063,903.20, including \$884,306.61 to Travellers Insurance and \$179,596.59 to Shelby County.

After the systematic theft was discovered, the county said it began implementing new financial software and other office accounting measures. A Chancery Court policy now says there must be two signers on every check and high-level officials in the office must sign all checks greater than \$5,000.

-- *Lawrence Buser: (901) 529-2385*



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Name of Insurance Company to which Application is made (herein called the "Insurer")

Commercial Crime Policy and  
Governmental Crime Policy

Crime Loss Detail Questionnaire

**Section A.**

**GENERAL INFORMATION:**

Named Applicant: Shelby County, Tennessee

Principal Address: 160 N. Main, #1150, Memphis, TN 38103

**Section B.**

**LOSS DETAILS**

Please provide the following details for all claims in the past 6 years, whether reimbursed or not.

1. Date of loss. Sept. 2008 - Feb. 2009
2. Dollar amount of loss. \$4,000+
3. Type of loss (employee theft, robbery/burglary, etc.). employee theft
4. How did the loss occur?  
altering checks
  
5. How long did the loss occur before it was discovered? Sept 2008-Feb. 2009
6. How was the loss discovered and by whom?  
Attorneys would provide blank checks to be filled out by employees upon calculation of proper fees
  
7. Did the loss occur due to  lack of internal controls or  that established procedures were not being followed?
8. What controls/procedures would have prevented the loss or resulted in earlier detection of the loss?  
Requirement of law firms to complete checks, not provide a blank check to the office.
  
9. What correctives have been implemented?  
All checks submitted to the office must be fully completed.
  
10. Did the individual involved have any prior dishonesty? Yes  No
11. Were charges pressed against the individual? Yes  No
12. To what degree were background checks conducted prior to the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing
13. After the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing

14. Any recovery/salvage?

ordered probation and restitution, paid restitution and had not paid the cost of investigation.  
deceased July 12, 2011

Signed

*[Handwritten Signature]*  
(Applicant)

Date

10-18-12

Title

Mayor

(must be signed by Authorized Representative)

APPROVED AS TO FORM  
AND LEGALITY:

*[Handwritten Signature]*

Contract Administration/  
Assistant County Attorney

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WMS Damir Echaz Mother: I Survived  
Be Free | MyFox Memphis | Fox 13 News

Sheriff's Office Searching for Missing Teen | MyFoxMemphis | Fox 13 News

Facebook social plugin

# Millington Shooting Leaves Neighbors Baffled

Updated: Saturday, 25 Jun 2011, 10:00 PM CDT  
Published: Saturday, 25 Jun 2011, 10:00 PM CDT

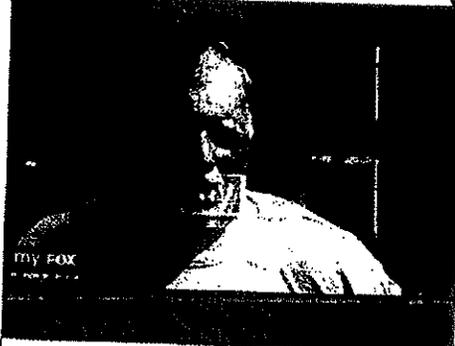


Millington, Tn - A day after yellow crime tape enclosed a Millington home after a double shooting, neighbors still baffled.

"It was a shock because we've known them for such a long time. I believe they'd been there at least ten years," said neighbor Perry York.

63 year old retired Memphis Police Captain Troy Daniel died on the scene, and his wife, 51 year old Regina Daniel was airlifted to the Med in critical condition. Investigators say shots had been fired inside the Walsh Road home Friday

- 6/24/2011



Like

night at around 6:30.  
Add New Comment  
Neighbors going over to visit say they discovered the shooting. They tell us the couple was found in the kitchen, with a revolver on the table.

Investigators have not confirmed whether the incident was an attempted murder-suicide.

"Troy had had a couple strokes and heart attacks in the last few years...he wasn't able to do things he'd done in the past and I'm sure he was depressed about that," said York.

The stroke caused paralysis to Daniel's right side and he was using a cane and wheelchair at times. Neighbors say the couple was also battling financial problems and would argue at times.

Type your comment here.  
The motive is still unclear.

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- Company Plans New Space Hotel
- 3 Charged for Burglary, Officer Assault
- 2011 Total Woman Women's Conference
- Child Ejected in I-55 Crash



David Lenoir  
Shelby County Trustee

**Subject: Cash and Check Payment Processing Policy**

<b>Policy Number: 16 Version: 5</b> <b>Document Type: Policy</b> <b>Created Date: 10/09/2000</b>	<b>Department: Operations</b> <b>Document Owner: Director of Operations</b> <b>Affected Departments: Branches, Customer Service, Customer Service/Remittance, Remittance</b> <b>Readers: Remittance; Operations Director; Branches; Operations Manager</b>
<b>Status: 11/12/2010</b>	<b>Revised Date: 11/1/2003</b>
<b>Approvers: Chief Administrator</b> <b>Effective Date: 10/09/2000</b>	

**Purpose:** To communicate the Trustee policy in regards to teller processing of cash and checks.

**Scope:** This policy affects all branches as well as the main office. Branches will continue deposit cash and "failed" checks manually.

**Policy:** **Payment Processing**

- Payments will be cashiered into the STAR system in accordance with established and approved procedures.

**Cash**

- Tellers will be provided an initial amount of cash in his/her assigned cash drawer. They are responsible for obtaining sufficient quantities of change and small bills throughout the day.
- Cash drawers will be locked when not in use.
- All cash is subject to audit at any time.
- Tellers will not have access to the same cash drawer. Access to keys will be closely controlled by Remittance dual control.
- If a cashier is asked to work out of another teller drawer or a new teller drawer, all monies will be "dual verified" (two people count the cash in the presence of each other). A teller sheet (attachment 1) will be completed recording the amount of cash in the drawer. The teller sheet will be signed by each person and kept on file by the Remittance Supervisor.

- If a cashier will be absent for more than 3 days, dual verification of cash will be conducted at the end of the last day at work.
- Unexpected absences of more than 3 days will require dual verification of cash by the Remittance Supervisor and another person.
- The initial cash amount in an assigned drawer will be declared in the STAR system.
- Any suspicious bill received at the teller counter will be tested to verify authenticity. Procedures to detect counterfeit bills will be followed. If a teller accepts a counterfeit bill because of failure to follow procedures, that teller will be required to reimburse the cash drawer for that amount.
- A maximum of \$3,000 will be kept in the teller drawer. Interim deposits will be made to ensure that amount is not exceeded.
- A copy of the deposit slip will be kept by the teller for balancing all cash deposited at the end of the day.
- The teller sheet and daily balancing report will be submitted to the Head Cashier by the end of the day.

### **Checks**

- Checks should be made payable to David Lenoir or Shelby County Trustee.
- Checks will be accepted if made payable to *both* the taxpayer and David Lenoir. However, the taxpayer *must* endorse the check.
- Checks made payable to the Tax Assessor (any amount) must be endorsed by the Assessor to David Lenoir or Shelby County Trustee for application to taxes.
- Third party checks will not be accepted from taxpayers.
- Counter checks (no encoding for account or check number) will not be accepted.
- Trustee warrants issued as a refund and made payable to the taxpayer can be applied to the taxpayer's open taxes. The check must be endorsed by the taxpayer.
- Checks made payable for an amount greater than tax due will be applied as an overpayment and a refund issued no sooner than 6 business days from application. Change will not be returned to taxpayers from excess check amounts.
- Unsigned checks for an amount of \$100 and less can be applied to taxes as if the check was signed in accordance with depository bank policy.
- Unsigned checks exceeding \$100 will be returned to the payer for signature. Notes will be added to STAR to

document action taken by Remittance personnel. A letter of explanation and the check will be returned to the taxpayer. Both documents will be imaged.

- Mailed, incomplete checks (dollar amount or written amount missing) will be returned to the taxpayer with an appropriate letter of explanation. The letter and check will be imaged before mailing. Notes will be entered in STAR to document action taken.
- Blank checks mistakenly mailed by the taxpayer will be voided by the Remittance Supervisor. Contact will be made with the taxpayer to explain why the check was voided and being returned. Notes will be entered in STAR to document action taken. A letter of explanation will accompany the returned check. The letter and voided check will be imaged before mailing.

### **Imaging**

- All checks will be imaged at the counter as part of the processing. Images will be immediately available for research and reference.

### **Balancing**

- Teller drawers will be balanced at the end of each workday.
- Overages and shortages in drawer cash amounts are addressed in the Teller Differences Policy.

### **Deposits**

- Deposits of cash and checks payments will comply with established procedures.
- Dual control procedures will be followed in securing daily deposits, i.e., deposits will be locked in the dual control vault.

### **Permissions:**

A system change request must be completed and forwarded to the STAR Administrator to establish cashiering rights.

Cashiering 2 rights are appropriate for non-supervisory personnel. View only access is necessary in Till Maintenance to view till status throughout the day.

**Procedure:** Cash and Check Payment Processing Procedure

**Related Documents/Forms:** N/A

**References:** Teller Differences Policy



David Lenoir  
Shelby County Trustee

**Subject: Roving Cashier Operations - Policy**

<b>Policy Number:</b> Version: 1 <b>Document Type:</b> Policy <b>Created Date:</b> 10/20/2010  <b>Status:</b> 11/05/2010  <b>Approvers:</b> Chief Administrator <b>Effective Date:</b> 11/05/2010	<b>Department:</b> Operations <b>Document Owner:</b> Director of Operations <b>Affected Departments:</b> Customer Service, Remittance, Systems, Systems/Software <b>Readers:</b> Remittance; Customer Service/Remittance; Roving Cashier  <b>Revised Date:</b> 11/05/2011
--	--

**Purpose:** To establish guidelines and controls for payment acceptance associated with roving cashier branch collections.

**Scope:** This policy specifically applies to roving cashier collection activities/ equipment/systems, not to Main Office cashiers or cashiers at dedicated processing facilities.

**General Information**

The Trustee provides seasonal branch locations for the convenience of taxpayers who choose to pay their property taxes in person. Each seasonal branch has a specified day of the week for collection activity beginning the first Monday in October, and ending the last business day in February of the following year. The schedule of days and hours of operation for each location is published on the Trustee's website, on the back of the tax notice, and in the Trustee's tax brochure.

The following seasonal branch locations are staffed by a Roving Cashier who travels to each branch on its specified collection day(s).

- Bartlett City Hall
- Collierville Town Hall
- Germantown City Hall
- Regions Bank, Whitehaven

**Policy:**

Payments for taxes will be accepted at seasonal branch locations beginning the 1<sup>st</sup> Monday in October each year through the last business day in February of the following year, unless otherwise directed by the Trustee. Payments are accepted in the form of

cash, check, and credit card. Automated payment kiosks are available at most roving branch locations. Checks and credit card payments will be electronically processed at the kiosk whenever it is possible to do so.

It is the responsibility of the Roving Cashier to safeguard all money and any Trustee assets including cash, checks and computer equipment. Cash and checks must be stored in a secure location out of sight and reach of the public.

All payments accepted in the seasonal branches must be processed into the Trustee Accounts Receivable System by the close of the same business day.

A transaction made-in-error will require supervisory or managerial assistance at the time the transaction is posted into the Trustee Accounts Receivable System. In order to establish a clear audit trail of the transaction, a transaction cannot be reversed or voided from the seasonal branch location.

Reconciliation of manually processed checks and cash will be performed periodically throughout the day as time permits, and reconciliation of all payments will be performed at the close of business. The Daily Balancing Report and a copy of the deposit slip will be faxed to the Remittance Supervisor before leaving the host facility each afternoon. Deposits of cash and manual checks will occur immediately following reconciliation, and will be deposited in the nearest bank in which the Trustee has a business relationship. The roving cashier shall not travel unnecessary mileage while carrying the daily deposit.

All equipment and supplies including, but not limited to, the laptop computer, rolling carry-all case, cash box, night-deposit keys, scanner, surge protector, power and connection cords, and receipt books, shall be checked out and returned to inventory under dual control via a written record or log in the Systems and Remittance areas. Beginning cash in the amount of \$200.00 will be disbursed to the Roving Cashier the evening prior to the first day of seasonal operations, and returned to Remittance the evening of the last business day of tax season.

In the event damage or loss is incurred by the Trustee as a result of employee negligence, the employee will be required to reimburse the Trustee for the loss or damage.

The Remittance Supervisor or above will conduct an audit of the receipt books prior to their release to the roving cashier, and

immediately upon their return. In addition, a surprise audit of cash may be performed at any time during the tax season.

The Roving Cashier should report to each branch assignment at least 15 minutes prior to the established hours for collection. In the event the Roving Cashier is unable to report to a specific location at the specified time, he/she will call the director of the facility with information about late arrival.

If the Roving Cashier is unable to report to work for any reason, the Operations Director must be contacted at least one hour prior to the beginning of the workday.

Systems will be responsible for: contacting the host facilities at least one month prior to tax season to ensure workspace availability; ordering connectivity service with firewall protection; installing all necessary software, connecting peripheral equipment, and thoroughly testing functionality; setting up workstations at each location; re-testing connectivity and functionality; training the Roving Cashier in-house one week prior to tax season; accompanying the Roving Cashier the first hour of operation for each location to test payments and ensure all functions are working properly.

**Procedure: Roving Cashier Operations - Procedure**

**Related Documents/Forms:**

Cash and Check Payment Processing Policy  
Cash and Check Payment Processing Procedure  
Teller Differences Policy  
Teller Differences Procedure  
Payment Processing Policy

Name of Insurance Company to which Application is made (herein called the "Insurer")

**Commercial Crime Policy and  
Governmental Crime Policy**

**Crime Loss Detail Questionnaire**

**Section A.  
GENERAL INFORMATION:**

Named Applicant: Shelby County, Tennessee

Principal Address: 160 N. Main, #1150, Memphis, TN 38103

**Section B.  
LOSS DETAILS**

Please provide the following details for all claims in the past 6 years, whether reimbursed or not.

1. Date of loss. 04/21/2011
2. Dollar amount of loss. 1,063,903.20
3. Type of loss (employee theft, robbery/burglary, etc.). employee theft
4. How did the loss occur?  
employee wrote checks to his own company or other party for excess funds collected when property was sold at tax sale
5. How long did the loss occur before it was discovered? May 2008 - March 2011
6. How was the loss discovered and by whom?  
Attorney for former owner of property that was sold at tax sale requested payment of excess proceeds from the sale of the property. It was discovered that those funds had been disbursed improperly; this discovery and name of payee led to additional improper disbursements.
7. Did the loss occur due to  lack of internal controls or  that established procedures were not being followed?
8. What controls/procedures would have prevented the loss or resulted in earlier detection of the loss?  
Countersignature of checks by proper level of staff; verification of court documents for funds disbursement  
Future disbursements to require check to be payable to attorney and taxpayer; establish a shared drive between  
Trustee & Chancery Clerk's office; document to be verified as original and must include court order. See attachment.
9. What correctives have been implemented?  
Countersignature of checks by proper level of staff; verification of court documents for funds disbursement  
uture disbursements to require check to be payable to attorney and taxpayer; establish a shared drive between  
Trustee and Chancery Clerk's office; document to be verified as original and must include court order. Email attached.
10. Did the individual involved have any prior dishonesty? Yes  No
11. Were charges pressed against the individual? Yes  No
12. To what degree were background checks conducted prior to the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing
13. After the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing

14. Any recovery/salvage?

Employee and accomplice plead guilty, sentenced and restitution ordered.  
See attached summary of claim.

Signed \_\_\_\_\_  
(Applicant)

Date \_\_\_\_\_

Title \_\_\_\_\_  
(must be signed by Authorized Representative)

**CLAIM INFO**

1,063,903.20	total claimed			
-81,355.49	BG refunded cashiers check			
	Travelers disallowed as after knowledge of dishonesty check 3/17/2011 #38283			
-73,241.10				
909,306.61	final claim			
-25,000	deductible			
884,306.61	Travelers paid			

> 982,547.71

## Second man in Chancery Court embezzlement case gets 46 months in prison

By Lawrence Buser

Originally published 11:52 a.m., June 8, 2012

Updated 11:03 p.m., June 8, 2012

A second man involved in the embezzlement of more than \$1 million from Chancery Court was sentenced Friday to just under four years in federal prison.

Correy Isom, 36, pleaded guilty earlier this year to three felony counts involving conspiracy, theft and money-laundering of tax foreclosure funds in a scheme with an employee of the court clerk's office.

Isom was sentenced to 46 months in prison, which was on the low end of the federal sentencing guidelines. He could have been sentenced to as much as 57 months.

In March, former Chancery Court bookkeeper Brandon Gunn, 47, was sentenced to four years in prison for engineering the scheme in which he wrote checks on the court's account to bogus companies which Isom, a former restaurant employee, then cashed and split with Gunn.

Gunn wrote some 38 checks worth more than \$1 million during the scheme from 2008 to 2011. Authorities said Gunn always had Isom cash the checks between 11 a.m. and noon to be sure Gunn would answer the phone at the clerk's office when the bank called to get approval.

"They stole from Chancery Court and they were very successful in doing that for a period of time," said U.S. Dist. Judge Jon McCalla. "This wasn't a single event. This was a series of checks written over a period of time."

The embezzlement scheme came to light when one homeowner seeking to claim a surplus tax payment discovered that it had been paid to a company set up by Gunn.

Gunn said he targeted old tax accounts, including some that had gone unclaimed for as many as 17 years.

When he first was caught, he tried to pay back money by stealing even more money.

Isom has failed or missed several court-ordered random drug screens this year, but will remain free until he receives orders from the Bureau of Prisons when and where to report to begin serving his sentence. That typically takes about four to six weeks.

Isom and Gunn both are ordered to make restitution of \$1,063,903.20, including \$884,306.61 to Travellers Insurance and \$179,596.59 to Shelby County.

After the systematic theft was discovered, the county said it began implementing new financial software and other office accounting measures. A Chancery Court policy now says there must be two signers on every check and high-level officials in the office must sign all checks greater than \$5,000.

-- Lawrence Buser: (901) 529-2385



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Name of Insurance Company to which Application is made (herein called the "Insurer")

**Commercial Crime Policy and  
Governmental Crime Policy**

**Crime Loss Detail Questionnaire**

**Section A.**

**GENERAL INFORMATION:**

Named Applicant: Shelby County, Tennessee

Principal Address: 160 N. Main, #1150, Memphis, TN 38103

**Section B.**

**LOSS DETAILS**

Please provide the following details for all claims in the past 6 years, whether reimbursed or not.

1. Date of loss. Sept. 2008 - Feb. 2009
2. Dollar amount of loss. \$4,000 +
3. Type of loss (employee theft, robbery/burglary, etc.). employee theft
4. How did the loss occur?  
altering checks
5. How long did the loss occur before it was discovered? Sept 2008-Feb. 2009
6. How was the loss discovered and by whom?  
Attorneys would provide blank checks to be filled out by employees upon calculation of proper fees
7. Did the loss occur due to  lack of internal controls or  that established procedures were not being followed?
8. What controls/procedures would have prevented the loss or resulted in earlier detection of the loss?  
Requirment of law firms to complete checks, not provide a blank check to the office.
9. What correctives have been implemented?  
All checks submitted to the office must be fully completed.
10. Did the individual involved have any prior dishonesty? Yes  No
11. Were charges pressed against the individual? Yes  No
12. To what degree were background checks conducted prior to the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing
13. After the loss?  
 Prior employment  Reference checks  Criminal records  Credit history  Drug testing

14. Any recovery/salvage?

ordered probation and restitution, paid restitution and had not paid the cost of investigation.  
deceased July 12, 2011

---

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Signed \_\_\_\_\_  
(Applicant)

Date \_\_\_\_\_

Title \_\_\_\_\_  
(must be signed by Authorized Representative)

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## Millington Shooting Leaves Neighbors Baffled

Updated: Saturday, 25 Jun 2011, 10:00 PM CDT  
Published: Saturday, 25 Jun 2011, 10:00 PM CDT



Millington, Tn - A day after yellow crime tape enclosed a Millington home after a double shooting, neighbors still baffled.

"It was a shock because we've known them for such a long time. I believe they'd been there at least ten years," said neighbor Perry York.



63 year old retired Memphis Police Captain Troy Daniel died on the scene, and his wife, 51 year old Regina Daniel was airlifted to the Med in critical condition. Investigators say shots had been fired inside the Welsh Road home Friday

- 6/24/2011

Like

night at around 6:30.

Add New Comment

Neighbors going over to visit say they discovered the shooting. They tell us the couple was found in the kitchen, with a revolver on the table.

Investigators have not confirmed whether the incident was an attempted murder-suicide.

"Troy had had a couple strokes and heart attacks in the last few years...he wasn't able to do things he'd done in the past and I'm sure he was depressed about that," said York.

The stroke caused paralysis to Daniel's right side and he was using a cane and wheelchair at times. Neighbors say the couple was also battling financial problems and would argue at times.

Type your comment here.

The motive is still unclear.

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REGINA HANSON DANIEL, 51, died July 12, 2011. Covington Funeral Home, (901)476-3757

Published in The Commercial Appeal on July 14, 2011

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Watkins Uiberall, PLLC  
 Certified Public Accountants & Financial Advisors  
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November 23, 2011

To the Chairman and Members  
 Shelby County Board of Commissioners and  
 the Mayor of Shelby County, Tennessee

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of Shelby County, Tennessee (the County) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the County's internal control in our report dated November 23, 2011. This letter does not affect our report dated November 23, 2011, on the financial statements of the County.

The County's written response, if provided, to the comments identified has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

*Watkins Uiberall, PLLC*  
*Banks, Finley, White & Co.*

## Management Letter Points

### General Sessions Court Clerk – Civil

1. The General Sessions Court Clerk, Civil division uses a general ledger system and other software packages to perform various accounting functions for the Clerks' office. The cycle of transactions through each software program causes overstated balances in various accounts. The volume of transactions has created difficulty in reconciling general ledger accounts. As a result of these issues, certain accounts are more likely to contain incorrect balances and could potentially conceal fraud.

We recommend that the Clerk's office evaluate its entire accounting software system and make necessary changes to ensure a system that is established, reliable, and maintains proper safeguards.

2. At the end of the year, General Session Court Clerk, Civil division could not provide subsidiary ledgers to support liabilities listed on the general ledger. These ledgers are crucial in reconciling the amounts owed to individuals.

We recommend that the subsidiary ledgers be made available and reconciled to the general ledger on a monthly basis. If adjustments must be made, then make the necessary adjustments.

*Response (Items 1 – 2): This audit represents findings applicable to the management under previous General Sessions' Clerk. Edward L. Stanton, Jr. was appointed August 2011 as General Sessions Clerk Pro Tempore. Under his leadership, changes were made in management and the organizational structure was changed for the bookkeeping/accounting area for both Civil and Criminal divisions. These changes will ensure the integrity of the financial reporting tools/data and related reconciliations. In addition, the Civil accounting staff received additional training on the functionalities of the ACS system to utilize reporting tools, which they were not familiar with. ACS is working to develop various report modifications to provide sub-ledgers and is performing an evaluation of the SQL scripts, which may be creating some of the out of balance issues in various accounts.*

3. The Clerk maintains undeliverable funds which have not been remitted to the recipient. According to *Tennessee Code Annotated 66-29-110*, property that has remained unclaimed by the owner for more than one (1) year is presumed to be abandoned, except property in the custody or control of any state or federal court in any pending action. *Tennessee Code Annotated 66-29-113* requires that a report on abandoned property be filed with the State and *Tennessee Code Annotated 66-29-115* requires payment or delivery of the abandoned property to the State Treasurer. In addition, ~~*Tennessee Code Annotated 66-29-115(d)*~~

states that property paid or delivered to the State Treasurer shall include all interest earned on the account through the day the property is paid or delivered to the State Treasurer.

We recommend that the *Tennessee Code Annotated* be followed and funds be properly remitted to the State Treasurer.

*Response: General Sessions Civil Court management agrees with the finding. Procedures are in place to identify all unclaimed funds and the appropriate notification will be provided. There was a past ruling established applicable to these funds, which was used for justification to hold the funds. However, County attorney has provided the following statement for the disposition of unclaimed funds held by General Sessions Clerk of Court: "The provisions of Tenn. Code Ann. § 5-8-401 et seq. pertaining to "unclaimed funds" and the provisions of the Uniform Disposition of Unclaimed Property Act (UDUPA) essentially provide that the county treasurer, or the state treasurer, is the custodian of unclaimed funds paid over by the clerk, to hold until claimed by the rightful owner. However, it is the conclusion of this office that the provisions of the UDUPA, Tenn. Code Ann. § 66-29-101 et seq., enacted by the legislature in 1978 that require unclaimed funds held for more than one (1) year to be reported to the state, apply to unclaimed funds held by the General Sessions Court Clerk and supersede the provisions of Tenn. Code Ann. § 5-8-401 et seq. which date back to the 1860's."*

4. Bank reconciliations were performed on a monthly basis but were not completed correctly. This resulted in an adjusting entry of approximately \$500,000.

We recommend that all bank reconciliations be reviewed for completeness and accuracy on a monthly basis and reconciled using the ACS general ledger system.

*Response: General Sessions Civil Court (GS) management agrees with the finding and the recommended procedures will be implemented. Please note the review relative to the bank reconciliations corrections subsequent to the external auditor review identified outstanding checks as of the June 30, 2011, which had cleared. Therefore, the amount has been reduced from approximately \$500,000 to \$291,975. GS is continuing to research and identify the checks that have cleared the bank but not marked cleared in the ACS system and other reconciling items, which is overstating the report used for the outstanding checks and general ledger cash to bank variances.*

**Chancery Court**

1. The comprehensive listing of funds held for others did not reconcile to the general ledger balance. We recommend that the comprehensive listing be reconciled to the general ledger monthly in order to ensure a complete listing.

*Response: The Chancery Court Clerk is working closely with the Shelby County Internal Auditors to resolve these matters and significant progress has been made.*

**Sheriff's Office**

1. Bank reconciliations were not being performed on a monthly basis.

*Response: During an employee's leave of absence several bank reconciliations were not being performed on a monthly basis. As of October 2011, the past bank reconciliations were completed and reconciliations are now being performed on a timely basis each month.*

Horton, Louise

---

**From:** Evans, Adrienne  
**Sent:** Friday, August 19, 2011 4:27 PM  
**To:** Horton, Louise; Evans, Adrienne  
**Cc:** Cates, Tommy  
**Subject:** RE: RE: Tax Sale Shared Drive Process-Chancery Court Internal Control Study

I failed to add a key recommendation:

Chancery will establish with the assistance of the Trustee's banking division a separate bank account from Chancery Fund Account for the accountability of receipts and disbursements related to tax sales transactions and reconciliations.

Thanks!

*Adrienne Dailley-Evans, MBA, CICA, Auditor*

Shelby County Internal Audit Department  
1075 Mullins Station  
Memphis, TN 38134  
Phone: (901)-379-7048  
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**From:** Evans, Adrienne  
**Sent:** Friday, August 19, 2011 3:48 PM  
**To:** Horton, Louise  
**Cc:** Cates, Tommy  
**Subject:** Tax Sale Shared Drive Process-Chancery Court Internal Control Study

Please review the e-mail below, regarding the shared drive that was implemented for the use by Chancery Court and the County Trustee Office-Tax Sale Department. In addition to the items noted, the shared drive ensures the following related to Tax Sale properties that are redeemed and petitions for excess funds:

- Dual review of supporting documentation for funds received and disbursed.
- Review and approval by the Trustee's Tax Sale Supervisor Real Estate Attorney on requests for funds to verify the accuracy of the contents, such as the parcel no., property owner, exhibits, purchaser, etc for all orders/petitions for tax sales transaction.
- All funds disbursed will require the original orders/petitions and related approval/review by the Trustee's Tax Sale department.
- The owners of the properties at the time of sale are readily identified for excess fund requests.
- Petition for excess funds requested by an attorney (representing the taxpayer-property owner at time of sale) checks will be issued in the name of the attorney and property owner.
- All receipt of funds for redemptions and excess funds disbursement are verified to prevent duplicate payments.

The Chancellors have agreed not to execute any orders without the sign-off on a checklist form, which require signatures verification by the Chancery Court Bookkeeping and the Trustee's Tax Sale Supervisor or the Real Estate Attorney to ensure documentation accurately reflects the tax sale transactions.

They use Tax Sale 0801(held June 13, 2011) to "test" the shared drive for various aspects of the tax sale processes, which included confirmation of sale and the preparation of the deeds. The Trustee Office Tax Sale Department, Wendi Blanton was instrumental in the development and implementation of the redemption processes, which will automatically calculate the funds due from property owner. Currently, the Chancery Court utilizes a manual process to calculate the redemptions.

In addition, the tax sale sub-ledger, receipting, disbursements, and related transactions will be automated utilizing their current ACS system and a related database.

Thanks!

*Adrienne Dailey-Evans, MBA/HR, CPA, Auditor*  
Shelby County Internal Audit Department  
1075 Mullins Station  
Memphis, TN 38134  
Phone: (901)-379-7048  
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**From:** Evans, Adrienne  
**Sent:** Wednesday, August 17, 2011 12:58 PM  
**To:** 'dlenoir@shelbycountytrustee.com'; 'd gates@shelbycountytrustee.com'; 'bstephenson@shelbycountytrustee.com'  
**Cc:** 'Blanton, Wendie'; Cates, Tommy  
**Subject:** Special Thanks

Good Afternoon!

I would like to extend a special thanks to Wendi for her support during my visit. The database for tax sales was beneficial in reducing the time it would have taken utilizing the manual process at Chancery Court. In addition, she was instrumental in assisting with the documentation needed for the shared drive, which will be used for Tax Sales transactions. The benefits of the shared drive have already been demonstrated, it was used for the preparation of the deeds. A process that normally takes a week was completed in last than 15 minutes. I will finalize my "test drive" of the shared drive on tomorrow, pending posting of additional documentation requested today. In addition, shared information from Wendi files was instrumental in the completion of the tax sale confirmation. Wendi and Jeanette will coordinate any additional documentation and efforts related to the Tax Sales shared drive.

Wendi and Greg will be reviewing the recommended checklist/forms for redemption and petition for excess funds on tomorrow morning, which be used to ensure the documentation is complete and reviewed by both Chancery and Trustees office prior to submitting to the Chancellors. The recommended forms will be included in the report.

On another note, I would like to let you know it was refreshing to see that you devoted time in your "staff meetings" to recognize personal accomplishments of staff/children. From my observation of the non-verbal reactions around the room, your staff appreciates the time and recognition. Also, I had an opportunity during one of my visit to hear of the "360" report; curious I asked Wendi to explain it. What an awesome way to identify strengths, motivate, and embrace what others have to say about you.

Thanks for making me a part of your team!! Wendi is AWEOME!!

*Adrienne Dailey-Evans, MBA/HR, CICA, Auditor*

Shelby County Internal Audit Department  
1075 Mullins Station  
Memphis, TN 38134  
Phone: (901)-379-7048  
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8/19/2011

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Employee Handbook

Travel Policy

Travel Card Policy

Procurement Card Policy

Internal Audit information

Position listing

Ethics Policy

Copy of Check Request form

Several policies from Finance

Several Policies from Trustee

Purchasing Manual index

Cash handling information from various offices

Response to the 2010 Management Letter

Response to the 2011 Management letter