



COMPTROLLER'S INVESTIGATIVE REPORT

Town of Oneida

May 15, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 15, 2023

Town of Oneida
Board of Mayor and Alderman
19922 Alberta Street
Oneida, TN 37841

Town of Oneida Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Town of Oneida, 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,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Town of Oneida

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Town of Oneida. This investigation was initiated after the Comptroller's Office received allegations of questionable practices. The investigation was limited to selected records for the period January 1, 2022, through October 31, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 8th Judicial District.

BACKGROUND



Incorporated in 1905, the Town of Oneida (town) is in Scott County, Tennessee. The Board of Mayor and Aldermen (board) is vested with legislative authority for the town. The board is comprised of the mayor and four aldermen elected at-large to four-year terms, and the mayor serves as head of the board. The town operates through departments that provide various services to residents, including the water and wastewater department, street department, and the Bear Creek Sports Complex.

RESULTS OF INVESTIGATION

1. EQUIPMENT OPERATOR NASH LAY PURCHASED GASOLINE TOTALING AT LEAST \$811.23 FOR PERSONAL USE WITH A TOWN-OWNED FUEL CARD

Nash Lay knowingly used a town-owned fuel card to purchase gasoline totaling at least \$811.23 for his personal truck, a white 2022 Ford F-150 (**Refer to Exhibit 1**), on at least seven occasions. Each of the seven personal gasoline purchase transactions by Lay were captured on security camera footage. Lay worked for the town's water and wastewater department as an equipment operator and was provided a town fuel card for fuel purchases for town vehicles and equipment. Lay told investigators he used the town's fuel card to purchase gasoline for his personal truck on several occasions when he did not have any personal funds available to pay for the gasoline. The town terminated Lay's employment on July 11, 2022. On July 28, 2022, Lay wrote a personal check for \$811.23 (**Refer to Exhibit 2**) to the town's water and wastewater department as repayment for his improper

personal gasoline purchases. The following table details Lay's misappropriation of town funds:

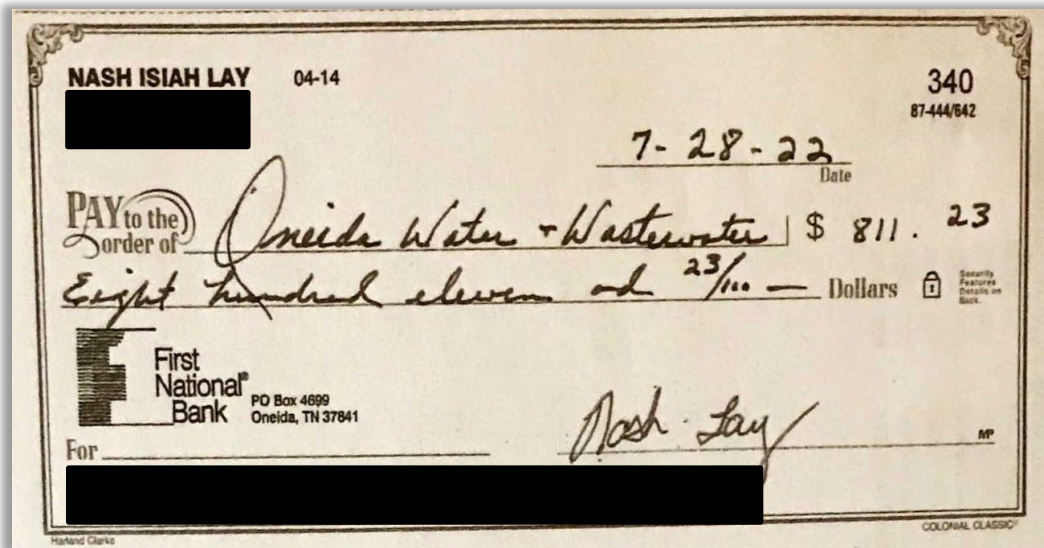
Misappropriation By Date					
Date	Time	Fuel Type	Price	Gallons	Amount
5/28/2022	3:18pm	Unleaded E10	\$ 3.669	28.545	\$ 104.73
6/4/2022	2:25pm	Unleaded E10	\$ 3.769	30.725	\$ 115.80
6/8/2022	10:28pm	Unleaded E10	\$ 4.069	31.124	\$ 126.64
6/12/2022	10:15pm	Unleaded E10	\$ 4.069	26.895	\$ 109.44
6/18/2022	3:49pm	Unleaded E10	\$ 4.069	33.570	\$ 136.60
6/23/2022	7:01pm	Unleaded E10	\$ 4.069	25.124	\$ 102.23
7/6/2022	10:07pm	Unleaded E10	\$ 4.069	<u>28.456</u>	<u>\$ 115.79</u>
				<u>204.439</u>	<u>\$ 811.23</u>

Exhibit 1



Security camera image on June 23, 2022, of Lay making a personal gasoline purchase using the town's fuel card.

Exhibit 2



Lay's repayment to the town for his personal gasoline purchases using the town's fuel card.

2. THE DIRECTOR OF THE BEAR CREEK SPORTS COMPLEX STORED HIS PERSONAL CAMPER AND BOAT ON TOWN PROPERTY WITHOUT BOARD AUTHORIZATION

In September 2022, investigators received a photograph (**Refer to Exhibit 3**) allegedly showing a camper and pontoon boat owned by the director of the Bear Creek Sports Complex (complex) stored next to a concession stand at the complex. Investigators confirmed that the concession stand in the photograph was located at the complex, and that the camper and pontoon boat were owned by the director of the complex.

According to the director, upon returning from a camping trip Labor Day week, the driveway leading to his house was washed out by significant rain. Needing a place to temporarily store his camper and pontoon boat, he parked them at the complex. The director told investigators he only temporarily stored the camper and boat at the complex until his driveway was repaired, and he did not use any of the town's utilities during this time. Investigators confirmed the camper and pontoon boat were no longer located at the complex as of September 12, 2022, and found no evidence the board had approved this action, and the director had not paid for his personal use of the town's property.

According to Chapter 3, Section 4-305, of *The Oneida Municipal Code*, "No municipal officer or employee shall use or authorize the use of municipal time, facilities, equipment, or supplies for private gain or advantage to himself or any other private person or group. Provided, however, that this prohibition shall not apply where the board of mayor and aldermen has authorized the use of such time, facilities, equipment, or supplies, and the

town is paid at such rates as are normally charged by private sources for comparable services.” Employees should not use town property for personal use, even temporarily, without the board’s authorization and the employee’s payment for use at comparable market rates.

Exhibit 3



Investigator obtained photograph of the director’s camper and pontoon boat parked next to a concession stand at the complex.

3. CASH FROM THE SALE OF SCRAP METAL TOTALING AT LEAST \$2,289.76 WAS NOT REMITTED TO THE TOWN RECORDER-TREASURER

The town’s street department sold scrap metal at a scrap yard business located in Kentucky accumulated from town demolition projects and street collections (**Refer to Exhibit 4**) totaling at least \$2,289.76 and failed to remit cash from those sales to the town recorder-treasurer. Instead, the cash was placed in an envelope and locked in a filing cabinet at the street department. On October 26, 2022, investigators determined the remaining cash on hand from scrap sales totaled \$388. According to the street department supervisor, the cash was primarily used for street department cookouts and to occasionally purchase street department materials. While the street department maintained certain receipts for cash purchases, they did not maintain a log to track receipts, expenditures, and cash balances; therefore, investigators could not confirm completeness of scrap metal sales, total expenditures, or the appropriate cash balance. In addition, investigators could not determine the number of individuals with keys to the filing cabinet containing the cash envelope.

According to Section 9-1-116(a), *Tennessee Code Annotated*, “Notwithstanding any other law to the contrary, availability of programs and services to people in this state shall be limited to the extent that funds are appropriated by the general assembly or the appropriate governing body of a political subdivision.” In addition, Section 62-9-111(b), *Tennessee Code Annotated*, requires payment for scrap metal sold by a government entity be made by check or money order to the government entity and be delivered by mail to the government entity’s address. Therefore, all town scrap metal sales should be paid by check or money order to the town, delivered to the town address by mail, deposited with the town’s official

bank account within three (3) working days after receipt as required by Section 6-56-111, *Tennessee Code Annotated*, and the town's board should appropriate the funds to authorize proper use.

Exhibit 4



Scrap metal at the street department on October 26, 2022.

On May 11, 2023, the Scott County Grand Jury indicted Nash Lay for one count of Misdemeanor Theft of Property under \$1,000.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Town of Oneida Investigative Exhibit](#)

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal control, some of which are related to the investigative findings reported above. These deficiencies included:

Deficiency 1: Bear Creek Sports Complex management did not maintain adequate documentation for cash collections and inventory

The town's only source of revenue from the sports complex is concession stand sales. All other collections at the complex are revenues for entities separate from the town. Investigators determined complex management failed to create or maintain cash counts or other documentation confirming amounts collected from concession stand sales. Therefore, investigators could not verify that all concession stand revenue was properly and timely remitted to the town recorder-treasurer. In addition, complex management did not maintain inventory documentation accounting for purchased resale items or supplies on hand. Finally, the town recorder-treasurer did not account for complex revenues and expenditures separately for officials to perform complex budget and profitability analysis. Adequate documentation of cash collections and inventory increases accountability and reduces the risk that funds will be misused or misappropriated. Accounting for complex revenues and expenditures separately will allow town officials to better budget complex expenditures and determine profitability.

Deficiency 2: Water and wastewater department management did not ensure employees entered necessary information when fueling to allow adequate reconciliation of fuel card purchases

Water and wastewater department management issued fuel cards to individual employees for each vehicle. When purchasing fuel for vehicles or equipment, the employee would scan their fuel card and the vehicle card to document the purchase; however, employees rarely entered vehicle odometer readings or equipment hour readings (**Refer to Exhibit 5**) needed to calculate miles/hours per gallon and properly reconcile fuel purchases. Water and wastewater department management should ensure employees enter accurate odometer or hour readings at each fuel purchase so management can reconcile fuel purchases monthly to reduce the risk of fuel being misused or misappropriated.

Exhibit 5

Date	Time	Tran	Acnt	Drivr	Vehcl	Odomtr	Keyboard	Type	Pump	Prod	Quantity	Price	Amount
MAR 01, 2022	08:48	0024	032	1042	1138	??????	???????????	0-Normal	04	01-ULTR LS DIES	00036.000	\$ 3.899	\$ 0140.36
MAR 01, 2022	14:04	0044	032	1059	0605	113660	???????????	0-Normal	03	03-UNLEADED-E10	00013.800	\$ 3.419	\$ 0247.18
MAR 02, 2022	07:13	0027	032	1145	1050	??????	???????????	0-Normal	01	01-ULTR LS DIES	00019.300	\$ 3.999	\$ 0077.18
MAR 02, 2022	13:03	0038	032	1047	1144	??????	???????????	4-WPD	03	03-UNLEADED-E10	00021.300	\$ 3.619	\$ 0073.99
MAR 03, 2022	08:25	0015	032	0890	1051	??????	???????????	0-Normal	03	03-UNLEADED-E10	00019.600	\$ 3.619	\$ 0070.93
MAR 03, 2022	08:26	0016	032	1146	1088	??????	???????????	0-Normal	01	01-ULTR LS DIES	00028.700	\$ 4.199	\$ 0120.51
MAR 04, 2022	08:32	0014	032	1148	1050	??????	???????????	0-Normal	04	01-ULTR LS DIES	00025.300	\$ 4.199	\$ 0106.23
MAR 04, 2022	10:24	0023	032	1074	1075	??????	???????????	0-Normal	03	03-UNLEADED-E10	00021.300	\$ 3.619	\$ 0077.98
MAR 04, 2022	13:17	0031	032	1013	1090	??????	???????????	0-Normal	04	01-ULTR LS DIES	00024.300	\$ 4.199	\$ 0102.04
MAR 07, 2022	08:42	0024	032	1125	1050	??????	???????????	0-Normal	03	03-UNLEADED-E10	00019.400	\$ 3.619	\$ 0070.21
MAR 07, 2022	14:03	0035	032	1146	1079	??????	???????????	2-Handle	01	01-ULTR LS DIES	00000.000	\$ 4.499	\$ 0000.00
MAR 07, 2022	14:03	0036	032	1146	1079	??????	???????????	0-Normal	04	01-ULTR LS DIES	00019.700	\$ 4.499	\$ 0088.63
MAR 08, 2022	10:45	0035	032	0890	1051	??????	???????????	0-Normal	03	03-UNLEADED-E10	00018.400	\$ 3.619	\$ 0066.59
MAR 08, 2022	11:47	0043	032	1013	1090	??????	???????????	0-Normal	03	03-UNLEADED-E10	00007.500	\$ 3.619	\$ 0024.30
MAR 08, 2022	14:48	0051	032	1146	1138	??????	???????????	0-Normal	04	01-ULTR LS DIES	00035.400	\$ 4.999	\$ 0176.96
MAR 09, 2022	12:55	0024	032	0966	1089	??????	???????????	0-Normal	04	01-ULTR LS DIES	00025.200	\$ 4.999	\$ 0125.97
MAR 09, 2022	14:59	0029	032	0754	1050	??????	???????????	0-Normal	04	01-ULTR LS DIES	00021.000	\$ 4.999	\$ 0104.98
MAR 11, 2022	12:54	0044	032	1059	0605	118830	???????????	0-Normal	03	03-UNLEADED-E10	00014.300	\$ 3.999	\$ 0059.19
MAR 14, 2022	07:36	0024	032	0890	1153	??????	???????????	0-Normal	03	03-UNLEADED-E10	00020.500	\$ 3.999	\$ 0081.98
MAR 14, 2022	10:02	0036	032	1047	1138	??????	???????????	0-Normal	04	01-ULTR LS DIES	00037.300	\$ 4.999	\$ 0188.96
MAR 15, 2022	07:57	0020	032	0754	1050	??????	???????????	0-Normal	04	01-ULTR LS DIES	00019.600	\$ 4.999	\$ 0077.98
MAR 15, 2022	09:19	0022	032	1013	1090	??????	???????????	0-Normal	04	01-ULTR LS DIES	00032.600	\$ 4.999	\$ 0162.97
MAR 16, 2022	08:34	0018	032	1146	1088	??????	???????????	0-Normal	04	01-ULTR LS DIES	00033.600	\$ 4.999	\$ 0167.97
MAR 16, 2022	11:39	0024	032	1074	1075	??????	???????????	0-Normal	03	03-UNLEADED-E10	00023.500	\$ 3.999	\$ 0093.98
MAR 16, 2022	12:58	0032	032	1047	1144	??????	???????????	0-Normal	03	03-UNLEADED-E10	00022.500	\$ 3.999	\$ 0089.98
MAR 17, 2022	07:13	0020	032	0890	1153	??????	???????????	0-Normal	03	03-UNLEADED-E10	00019.500	\$ 3.999	\$ 0077.98
MAR 17, 2022	07:29	0022	032	1125	1052	??????	???????????	0-Normal	03	03-UNLEADED-E10	00012.800	\$ 3.999	\$ 0051.19
MAR 17, 2022	13:05	0037	032	1059	0605	113980	???????????	0-Normal	03	03-UNLEADED-E10	00013.000	\$ 3.999	\$ 0051.99
MAR 21, 2022	07:52	0020	032	0754	1050	??????	???????????	0-Normal	04	01-ULTR LS DIES	00022.700	\$ 4.999	\$ 0113.48

March 2022 water and wastewater department fuel card purchases. As shown, odometer or hour readings are rarely entered and not always accurate when entered.

Town officials indicated they have corrected or intend to correct these deficiencies.