



COMPTROLLER'S INVESTIGATIVE REPORT

City of Jamestown

September 16, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

September 16, 2022

City of Jamestown
Board of Mayor and Aldermen
314 Central Ave. East
Jamestown, TN 38556

City of Jamestown Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the City of Jamestown, 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

City of Jamestown

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the City of Jamestown. The investigation was limited to selected records for the period March 1, 2016, through February 28, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 8th Judicial District.

BACKGROUND



Incorporated in 1920, the City of Jamestown (city) is in Fentress County, Tennessee. The Board of Mayor and Aldermen (board) is vested with legislative authority for the city. The board is comprised of the mayor and five aldermen elected at-large to four-year terms, and the mayor serves as head of the board. The city operates through departments that provide various services to residents, including a utility department that provides water, sewer, and natural gas services. In early 2016, the city utility department transitioned to a new accounting system; therefore, investigators were only able to review utility department accounts and transactions beginning March 2016.

On June 14, 2010, Patricia “Gail” Dishmon was appointed by the board as city recorder, and she holds this position as of the date of this report. As city recorder, she is responsible for the administration of all financial affairs of the city. This includes collecting all taxes and receiving all revenues, having custody of all funds, and making all disbursements. The city recorder also performs all clerical duties not delegated to another officer, acts as clerk and secretary, attends all meetings of the board, and maintains custody of all public records. On March 8, 2021, Dishmon’s son was hired by the city’s street department.

RESULTS OF INVESTIGATION

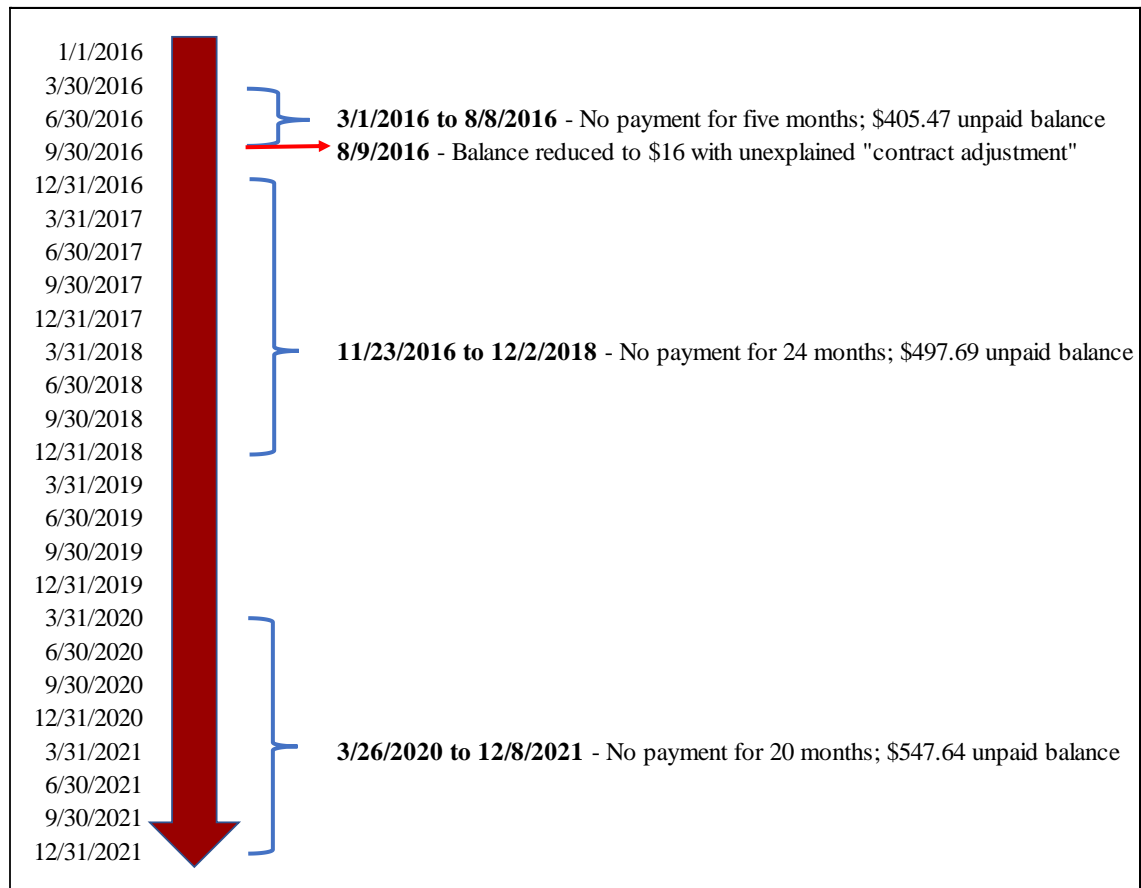
1. CITY RECORDER GAIL DISHMON FAILED TO PAY PERSONAL UTILITY DISTRICT ACCOUNTS TIMELY AND INITIATED IMPROPER TRANSACTIONS

For the period March 1, 2016, through December 30, 2021, Dishmon failed to pay personal utility accounts timely, including delinquent balances totaling \$1,758.05 that were not paid until December 2021 after they came under scrutiny by the city’s financial auditors. In addition, Dishmon, while acting under color of her office or employment, initiated improper transactions on her personal accounts and the personal account of her son, resulting in

Dishmon and her son receiving services and benefits they were not entitled to. Dishmon’s acts of impropriety resulted in a misappropriation of city services and funds totaling at least \$1,758.05. The following information details these accounts and transactions:

A. Primary Residence Natural Gas Account

Dishmon failed to make any payments on her primary residence city natural gas account for periods as great as two years, accumulated unpaid account balances as high as \$547.64, and failed to include her natural gas service on the disconnect or “cut-off” list for nonpayment. In addition, Dishmon gave herself an unexplained “contract adjustment” of \$389.47 in August 2016, reducing her account balance to \$16. Investigators could not determine the appropriateness of this adjustment. The account most recently went unpaid until December 9, 2021, when these and other transactions came under scrutiny by the city’s financial auditor. The following timeline summarizes questionable activity in Dishmon’s personal natural gas account during the period:



B. Inactive Natural Gas Account

As of March 1, 2016, Dishmon maintained an inactive city natural gas account in her name on a rental property she owned. Prior to March 1, 2016, a separate natural gas account for this rental property was created in the name of Dishmon's son, which was billed monthly for natural gas usage at this property. On December 29, 2017, and October 24, 2018, Dishmon transferred accumulated unpaid balances of \$489.22 and \$270.52, respectively, from her son's active account into her inactive account. Each of these transfers created a \$0 balance in Dishmon's son's account and created a balance of \$759.74 as of October 24, 2018, in Dishmon's inactive account. The inactive account went unpaid for over three years until December 9, 2021, when these and other transactions came under scrutiny by the city's financial auditor.

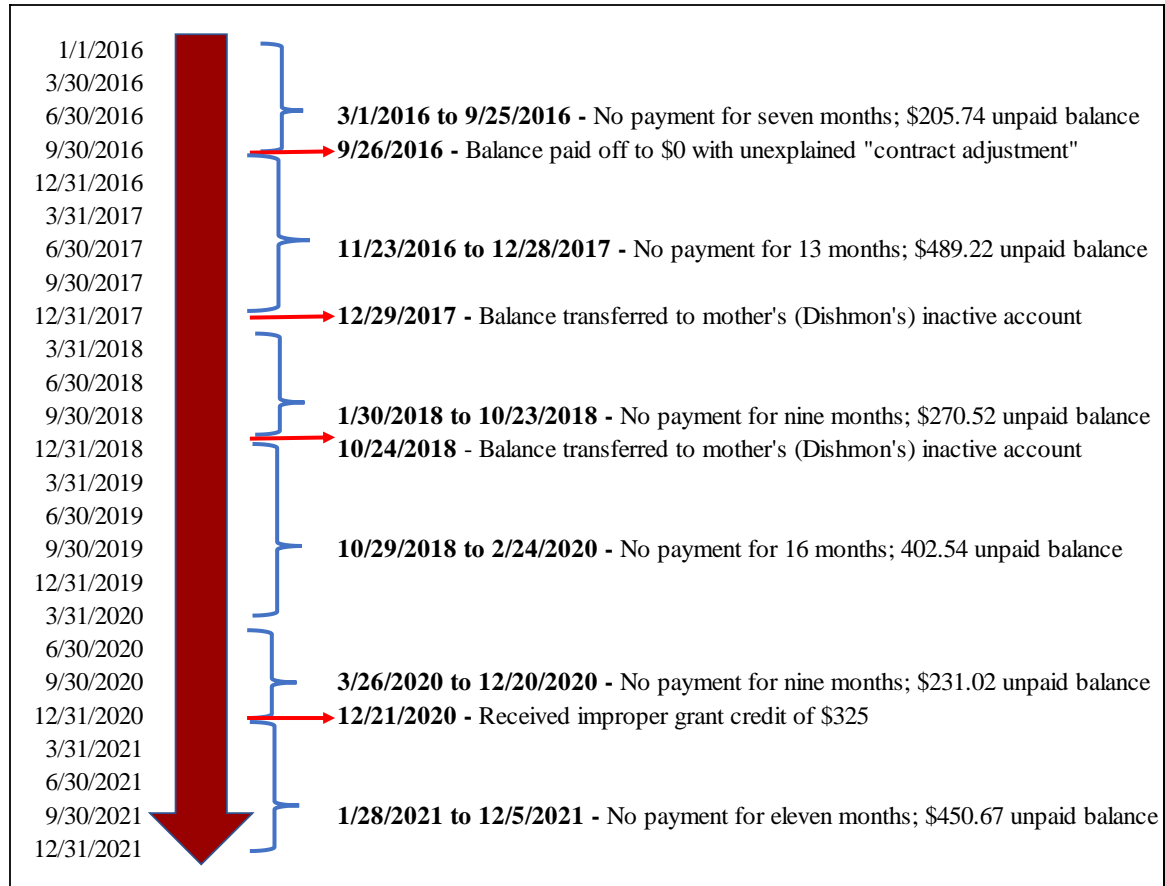
C. Son's Natural Gas Account

Prior to March 1, 2016, a natural gas account was created in the name of Dishmon's son for a rental property originally owned by Dishmon but purchased by her son in March 2018. For the period March 1, 2016, through February 24, 2020, only \$61 was paid on the account in the name of Dishmon's son, and for the period March 10, 2020, through December 5, 2021, no payments were made on this account. On September 26, 2016, Dishmon gave her son an unexplained "contract adjustment" of \$205.74 which reduced the account balance to \$0, and investigators could not determine the appropriateness of this adjustment. As discussed in Section B above, Dishmon transferred \$489.22 (December 29, 2017) and \$270.52 (October 24, 2018) from her son's account to her inactive account, and each transfer reduced her son's account balance to \$0. This account was never disconnected for nonpayment.

On December 21, 2020, Dishmon applied a grant credit of \$325 to her son's account, reducing that account balance to -\$93.98 (a negative balance). According to Dishmon, city grant funds from an outside agency for a program to help low-income citizens pay utility bills were left unused. Dishmon requested approval to apply the unused grant funds to three citizens' accounts, which was approved by the outside agency grant supervisor. Dishmon did not disclose to the outside agency grant supervisor that Dishmon's son was on the list. In addition, the grantor agency had no application or information on file showing Dishmon's son qualified for the grant funds.

This personal relationship between Dishmon and her son created the appearance of a conflict of interest. Due to this close personal relationship, it was not possible for management to ensure that the motivation for selecting that customer as a grant recipient was purely in the city's best interest. Government officials hold a position of public trust and therefore must strive to hold themselves to the highest standards. Officials should not engage in any action, whether specifically prohibited by statute, regulation, or policy, which might result in or create the appearance of private gain, preferential treatment, or impeding government efficiency.

The account most recently went unpaid for almost one year until December 9, 2021, when these and other transactions came under scrutiny by the city's financial auditor. The following timeline summarizes improper activity in Dishmon's son's natural gas account during the period:



Summary of Misappropriation of City Services and Funds

Unpaid Natural Gas Accounts	
Date	Amount
Dishmon's Primary Account	\$547.64
Dishmon's Inactive Account	\$759.74
Dishmon's Son's Account	\$450.67
Total	\$1,758.05

2. DISHMON USED QUESTIONABLE ANNUAL AND SICK LEAVE

On June 1, 2018, Dishmon was loaned 40 hours annual leave from another city employee and transferred these hours to her personal annual leave balance. According to Dishmon and

the other city employee, Dishmon did not have an annual leave balance and needed annual leave for a cruise vacation. On June 15, 2018, Dishmon wrote herself a payroll check for the loaned 40 hours annual leave at her hourly rate totaling \$757.20, which again left her without annual leave. Dishmon told investigators she took the cruise on June 14, 2018, through June 17, 2018, and she needed the annual leave payout to help pay for the trip. Dishmon then used unallowable sick leave on June 14, 2018 (Thursday), June 15, 2018 (Friday), and June 18, 2018 (Monday) to go on the cruise. The time off request forms documenting the sick leave were not signed by her supervisor, the city mayor (**Refer to Exhibit 1**).

Exhibit 1

TIME OFF REQUEST FORM	
Your request for time off must be submitted and approved by management in advance.	
EMPLOYEE INFORMATION	
EMPLOYEE NAME: <u>Gail Dishmon</u>	DEPARTMENT: _____
TODAY'S DATE: <u>6-7-2018</u>	SUPERVISOR: _____
AMOUNT OF TIME REQUESTED: <u>16</u> HRS	
DATE OF ABSENCE(S): <u>14-15</u>	
TYPE OF REQUEST	
<input checked="" type="checkbox"/> VACATION	<input type="checkbox"/> BEREAVEMENT LEAVE
<input checked="" type="checkbox"/> SICK LEAVE	<input type="checkbox"/> OTHER
<input type="checkbox"/> COMP TIME	
REASON FOR REQUEST	
<u>Trip out of state Family Sick</u>	
<u>Approved By Mayor</u>	
EMPLOYEE CERTIFICATION	
I understand that time away from work is subject to management approval and company policies.	
Employee Signature: <u>Gail Dishmon</u>	Date: <u>6-7-18</u>
APPROVAL	
APPROVED: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
Supervisor/Manager Approval: _____	Date: <u>6-7-18</u>
Payroll Input: _____	Date: _____

The time off request form above was not signed by the mayor, and the leave type was changed from vacation to sick leave with a note stating "Family Sick"

On April 26, 2019, Dishmon was loaned another 40 hours annual leave from the same city employee and transferred these hours to her personal annual leave balance. On May 3, 2019, Dishmon wrote herself a payroll check for the loaned 40 hours annual leave at her hourly rate totaling \$880, which again left her without annual leave.

According to Dishmon, she repaid the city employee for the loaned 80 hours of annual leave by transferring some of her sick leave to the employee and paying the remaining difference to the employee in cash. Investigators confirmed 24 hours of sick leave were transferred to the city employee in 2018 but could not corroborate or confirm any cash repayments. According to municipal code, sick leave may only be taken for sickness and may not be used to supplement time off for tardiness; therefore, Dishmon's use of sick leave for a cruise vacation was unallowable. Investigators could not determine if annual leave transfers between employees and annual leave payouts were allowed at the time of these transactions.

3. DISHMON PAID HERSELF QUESTIONABLE COMPENSATION

For the period March 1, 2019, through October 31, 2021, Dishmon paid herself questionable compensation. Her questionable compensation is as follows:

A. Compensatory Time Pay

Dishmon received four additional payroll checks during the period reviewed totaling \$3,254.12. In addition, Dishmon received nine payroll checks between July 24, 2020, and October 29, 2021, in which overtime hours (work performed in excess of 40 hours per week) were recorded but paid at regular time, or her standard pay rate. Three of these nine payroll checks also included overtime paid at a rate of time and one-half.

According to Dishmon, she and certain supervisors accrued compensatory time at a rate of time and one-half during the COVID-19 pandemic, and they were paid the accrued compensatory time at regular time at their discretion. Dishmon stated this compensatory time was not recorded in the city's timekeeping system, and she elected to pay herself accrued compensatory time both as additional checks and as hours added to normal paychecks. Dishmon provided investigators with a scanned piece of notebook paper recording her compensatory time and payment requests allegedly signed by the city mayor; however, investigators could not clearly trace the accrual and use of her compensatory time or the appropriateness of related payments. It appears Dishmon was the only supervisor to pay herself accrued compensatory time instead of taking time off from work. Prior to these questionable payments, the board removed compensatory time from the municipal code and authorized overtime to be paid to all hourly employees at a rate of time and one-half for work performed in excess of 40 hours per week.

B. Extra Payment for Garnishment

On March 29, 2019, Dishmon paid herself \$204.60, of which the full amount was deducted for a garnishment (\$188.94) and related payroll taxes (\$15.66). Investigators found no supporting documentation or authorization for this payment.

On September 15, 2022, the Fentress County Grand Jury indicted Patricia Dishmon on one count of Official Misconduct, and one count of Theft of Services over \$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.

[City of Jamestown Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to questionable city transactions and practices without prompt detection. These deficiencies included:

Deficiency 1: Dishmon failed to enforce city disconnect policies for delinquent city employee utility accounts

Investigators found several city utility accounts belonging to city employees with unpaid balances as high as \$566.38. Many of these unpaid accounts were for utility service at city employees' former home or business addresses where service had been shutoff; however, the city failed to collect amounts due. As with Dishmon and her son's natural gas accounts, certain employee accounts were not disconnected for nonpayment. The city's practice for other utility customers is to disconnect service on the 21st day of the month for nonpayment. Dishmon failed to comply with or properly administer the board's approved utility disconnect policies. To adequately perform the responsibilities entrusted to her, Dishmon should implement and enforce all provisions of approved policies.

Deficiency 2: Dishmon did not appropriately record and pay overtime hours

Investigators determined certain employees accrued compensatory time instead of or in addition to overtime pay for hours worked in excess of 40 hours per week. The accrual, use, and payment

of compensatory time was in violation of city ordinances and municipal code, and the related recordkeeping did not follow appropriate internal controls. According to the city municipal code, all hours worked in excess of 40 hours per week should be paid as overtime at a rate of time and one-half. Dishmon failed to adhere to or properly administer board approved payroll policies. To adequately perform the responsibilities entrusted to her, Dishmon should implement and enforce all provisions of approved policies.

Deficiency 3: Dishmon allowed inappropriate uses of employee accrued leave

According to city officials and employees, the city has historically allowed employees to receive a payout of accrued annual leave instead of using it for vacation or personal time off. Investigators found numerous instances where employees received a payment for accrued annual leave but found no city policy or municipal code authorizing these payments. In addition, investigators noted certain instances where city employees transferred annual leave to other city employees for personal use or payout. According to municipal code as authorized December 9, 2019, annual or sick leave may be donated to another city employee but only for purposes involving a medical emergency. Investigators found no board authorization for leave transfers/donations prior to this date. Finally, investigators found that Dishmon used sick leave for vacation, which is not allowable per municipal code. According to Dishmon, historically, the city allowed employees to use sick leave for vacation.

Dishmon failed to comply with or properly administer the board's approved leave policies. She received benefits she was not entitled to and may have permitted other employees to violate leave policies. To adequately perform the responsibilities entrusted to her, Dishmon should implement and enforce all provisions of approved policies.

Deficiency 4: Supervisors used city funds to provide meals to employees without authority

Investigators found at least 43 food purchases on city credit cards totaling \$1,665.99 during the period reviewed. Documentation for most of these purchases indicated food was purchased for office staff due to staff being too busy to take a lunch period. Investigators found no board policy or municipal code authorizing or providing guidance for non-travel related employee meal purchases. The city should authorize a policy for non-travel related employee meal purchases to ensure compliance with IRS fringe benefit guidelines and appropriateness of transactions.

Deficiency 5: The city used signature stamps for certain disbursement authorizations

The city used signature stamps for both the mayor's signature and Dishmon's signature to authorize certain disbursement documentation during the period. In addition, the city failed to secure the signature stamps and allowed the stamps use by unauthorized personnel. According to city municipal code, "All disbursements shall be approved by the Recorder and Mayor. The Recorder and Mayor shall thus determine that each claim against the City is correct and due and shall approve each invoice for payment prior to approval by the Board of Mayor and Aldermen." Prior to the start of the investigation, city officials destroyed and stopped the use of signature stamps.

Deficiency 6: City board minutes were not always signed timely

According to Dishmon and a former city official, board minutes were not always fully signed until months or years after board meetings were held. Board minutes should be timely signed by the city recorder, mayor, and a majority of aldermen to document accuracy and completeness of the meeting record.

Deficiency 7: Dishmon paid herself a Christmas bonus that exceeded the appropriate amount

On November 27, 2020, Dishmon paid Christmas bonuses to eligible employees. Christmas bonuses were paid at \$50 per each year of city service, not to exceed \$1,000. On this date, Dishmon had worked for the city for 14 years (since July 2006) and was due a payment of \$700; however, Dishmon paid herself \$750.

City management has indicated they have corrected or will correct these deficiencies.
