



## COMPTROLLER'S INVESTIGATIVE REPORT

### Siam Utility District

*September 30, 2026*

Jason E. Mumpower

*Comptroller of the Treasury*



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER  
*Comptroller*

September 30, 2026

Board of Commissioners  
2483 Siam Road  
Elizabethton, TN 37643

Siam Utility District Board of Commissioners:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Siam Utility District, 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 1<sup>st</sup> 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, reading "Jason E. Mumpower".

Jason E. Mumpower  
Comptroller of the Treasury

JEM/MLC

# INVESTIGATIVE REPORT

## Siam Utility District

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Siam Utility District. The investigation was limited to selected records for the period January 1, 2023, through April 30, 2025. The results of the investigation were communicated with the Office of the District Attorney General of the 1<sup>st</sup> Judicial District.

### BACKGROUND



The Siam Utility District (district) in Elizabethton, Tennessee, provides water service to approximately 1,100 customers in a portion of Carter County, Tennessee. The district is governed by a three-person board of commissioners (board), who are appointed by the Carter County mayor. The board is responsible for setting customer rates and establishing and maintaining an adequate system of internal controls.

On March 31, 2025, the district's former office manager, Royce Gentry, abruptly abandoned his employment without submitting a letter of resignation or notifying the board. He was employed by the district for approximately 25 years, serving in various roles, and was the office manager for approximately 14 years. During the investigative period, Gentry was responsible for employee management, customer billing, collections, deposits, payroll processing, payments to suppliers, and all financial and water quality reports. A board commissioner rehired Gentry on a part-time basis for the period May 22, 2025, through August 4, 2025, to provide training to the district's acting office manager.

## RESULTS OF INVESTIGATION

### 1. FORMER OFFICE MANAGER ROYCE GENTRY PROCESSED UNAUTHORIZED AND QUESTIONABLE PAYROLL PAYMENTS AND EMPLOYER-PAID BENEFITS TO HIMSELF, TOTALING AT LEAST \$98,340.53

During the investigative period, Gentry processed unauthorized and questionable payroll payments and employer-paid benefits to himself using district funds totaling at least \$98,340.53. This amount reflects the total cost to the district, including both wages and associated employer-paid payroll taxes and retirement contributions, as follows:

#### A. Unused Leave Balance Payments

On March 31, 2025, the day he abruptly abandoned his employment, Gentry processed two unauthorized payroll payments to himself totaling at least \$24,364.15. District check 9560 was issued for 120 hours of unused vacation leave (\$2,712.78), and district check 9561 was issued for 957.75 hours of unused sick leave (\$21,651.37). Both checks were blank when pre-signed by two board commissioners, who stated that they routinely signed blank checks at Gentry's request and did not know the purpose of these two checks. They did not discuss or authorize payments for Gentry's unused leave balances.

The district did not have a formal written policy governing leave accruals or payments for unused leave. However, investigators confirmed that the district's standard practice required formal board approval for any payment of unused leave. The board previously approved a payment of unused leave to another employee after receiving their resignation. Additionally, another employee resigned without notice on March 31, 2025, but Gentry did not issue a payment for unused leave to that employee. Investigators also noted that Gentry was responsible for tracking all employee leave balances, and due to inadequate timekeeping practices, the accuracy and support for his own leave balances were questionable. Based on these findings, investigators determined that Gentry's payments to himself for his unused leave balances were unauthorized, unsupported, and inconsistent with district practices and other employee resignations.

| Summary of Unauthorized Payments for Unused Leave |                |               |                     |                    |                             |
|---------------------------------------------------|----------------|---------------|---------------------|--------------------|-----------------------------|
| Check Number                                      | Vacation Hours | Sick Hours    | Gross Wages         | Employer Taxes     | Total Unauthorized Payments |
| 9560                                              | 120.00         | -             | \$ 2,520.00         | \$ 192.78          | \$ 2,712.78                 |
| 9561                                              | -              | 957.75        | \$ 20,112.75        | \$ 1,538.62        | \$ 21,651.37                |
| <b>Total</b>                                      | <b>120.00</b>  | <b>957.75</b> | <b>\$ 22,632.75</b> | <b>\$ 1,731.40</b> | <b>\$ 24,364.15</b>         |

Investigators confirmed that the two unauthorized checks were properly excluded from wage reporting to the Tennessee Consolidated Retirement System (TCRS) in accordance with Tenn. Comp. R. & Regs. 1700-03-01-.15 and Tenn. Code Ann. §§ 8-34-101(14) and 8-34-313. Excluding payments for unused leave balances from wage reporting to TCRS prevents artificial inflation of an employee's average final compensation, which is used to calculate the employee's pension.

## B. Overtime Payments

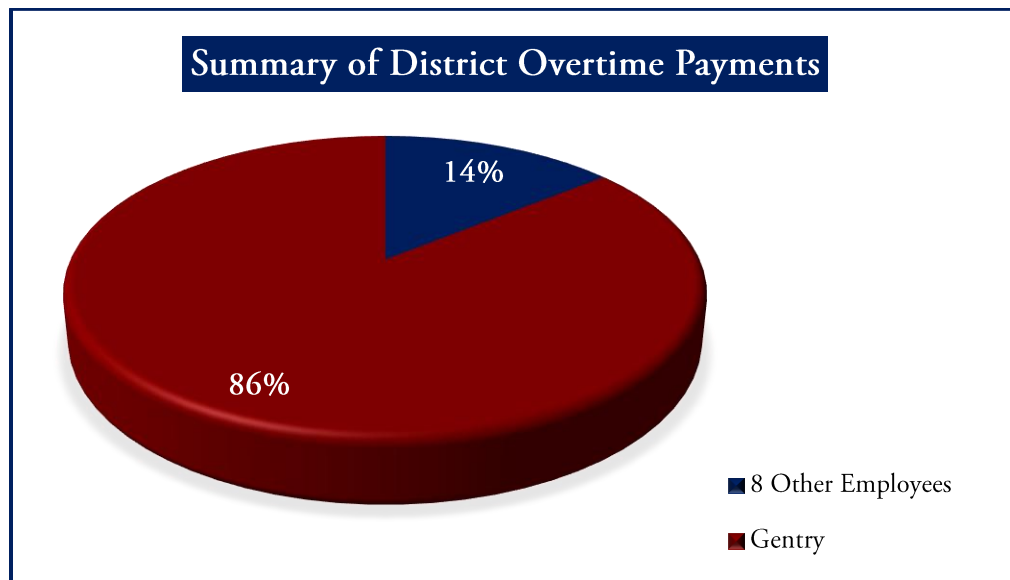
From January 2023 through March 2025, Gentry processed questionable payments to himself totaling at least \$73,976.38 for 2,012.04 overtime hours. Although district personnel policy restricted overtime to emergency repairs only, Gentry recorded an average of 20 overtime hours per week during the investigative period. Investigators were unable to verify the accuracy of these reported hours due to inadequate timekeeping practices and Gentry's sole responsibility for recording and approving his own time. His timecards contained missing, altered, and manually entered data instead of time-clock stamps; calculation errors; unrecorded meal breaks; two-hour minimums for checking the office on nights, weekends, and holidays; and instances when leave and work hours were combined to exceed an eight-hour workday (**Refer to Exhibit 1**). The timecards also lacked supervisor or board approval. As a result, investigators determined that all overtime paid to Gentry that was not documented as an emergency repair is considered unsupported and questionable.

Certain former and current board commissioners stated they were unaware that Gentry was earning overtime. They also reported that the amount of work completed did not match Gentry's extensive overtime claimed and the related payments. During the investigative period, Gentry received 86 percent of all overtime paid by the district, and his overtime compensation accounted for 41 percent of his total pay.

Finally, based on Gentry's salary level and supervisory responsibility for all district employees, he potentially met the criteria for exempt status under the *Fair Labor Standards Act*, as set forth in Title 42 U.S.C. § 201 *et seq.* If classified as exempt, he would likely not have been eligible for overtime.

The board should ensure the district's policies document appropriate overtime practices, and the board should monitor overtime payments to ensure compliance.

| Summary of Questionable Payments for Overtime |                 |                     |                    |                    |                             |
|-----------------------------------------------|-----------------|---------------------|--------------------|--------------------|-----------------------------|
| Description                                   | Overtime Hours  | Overtime Wages      | Employer Taxes     | Employer TCRS      | Total Questionable Overtime |
| Total Overtime Payments                       | 2,133.00        | \$ 63,919.66        | \$ 4,889.85        | \$ 9,779.71        | \$ 78,589.22                |
| Less Emergency Repairs                        | (120.96)        | \$ (3,751.80)       | \$ (287.01)        | \$ (574.03)        | \$ (4,612.84)               |
| <b>Total Questionable Overtime</b>            | <b>2,012.04</b> | <b>\$ 60,167.86</b> | <b>\$ 4,602.84</b> | <b>\$ 9,205.68</b> | <b>\$ 73,976.38</b>         |



Unrecorded  
Meal Break

## Altered Entries

Manual  
Entries

## Two-Hour Minimum

## Illegible Entries

*Example of Gentry's timecard with an unrecorded meal break, altered, manual, two-hour minimum, and illegible entries*

The table below summarizes the total of Gentry's unauthorized and questionable payments to himself:

| Summary of Unauthorized and Questionable Payments |                     |
|---------------------------------------------------|---------------------|
| Type                                              | Amount              |
| A. Unused Leave Balance Payments                  | \$ 24,364.15        |
| B. Overtime Payments                              | \$ 73,976.38        |
| <b>Total</b>                                      | <b>\$ 98,340.53</b> |

On September 10, 2026, the Carter County Grand Jury indicted Royce Gentry on one count of Theft over \$60,000, one count of Theft over \$10,000, and two counts of Official Misconduct.

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.

[Siam Utility District Investigation Exhibit](#)

## INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to the investigative findings above. These deficiencies included:

**Deficiency 1:** The Siam Utility District board did not establish and adopt an internal control manual or sufficient formal written policies

The board did not establish and adopt an internal control manual or sufficient formal written policies, including policies for leave and overtime compensation. Tenn. Code Ann. § 9-18-102 requires utility districts to establish, document, and implement internal controls. Without sufficient written policies, investigators could not determine whether unused leave balances and overtime payments were appropriate. The lack of an internal control manual and formal written policies increases the risk of fraud, waste, and abuse.

**Deficiency 2:** The Siam Utility District board failed to provide adequate oversight and internal controls over financial processes

Investigators identified multiple deficiencies in internal controls over the district's financial processes, resulting from a lack of board oversight, as follows:

*A. Segregation of Duties*

The board did not maintain adequate segregation of duties by allowing Gentry to be solely responsible for all key financial duties. Allowing one individual to have exclusive control over all financial duties of a transaction increases the risk of fraud, errors, or irregularities without prompt detection.

*B. Cash Management*

1. From August 2024 through March 2025, the district's operating bank account withdrawals exceeded deposits each month except for February 2025, which was supplemented by \$83,000 of transfers from the district's certificate of deposit accounts. This indicates the district was spending more money than it was receiving, even temporarily, and creates a risk of negative cash balances and disrupted operations.
2. The district's operating bank account had a negative balance for one day on November 12, 2024, resulting in a \$30 overdraft fee. To prevent overdrafts and fees, district staff should ensure that funds are available before making disbursements.
3. The district's cash drawer was left unlocked, which increases the risk of theft, loss, or misappropriation as cash is accessible to unauthorized individuals.

*C. Reconciliations*

1. Bank reconciliations for the district were not completed in a timely manner, leading to inaccurate and incomplete financial records. As of April 17, 2025, the district had not recorded deposits totaling \$53,420.72 and withdrawals totaling \$21,854.12 for activity occurring between November 2024 and March 2025.
2. Credit card statements for the district were not reconciled with corresponding receipts during the investigative period. Avoidable fees and charges totaling \$2,467.64 were incurred because Gentry did not make payments by the due date. In addition, Gentry recorded each credit card payment as a single entry to "supplies" rather than allocating each transaction to the appropriate general ledger account.
3. Gentry did not retain copies of all fuel card statements. In addition, he failed to account for payments made but not yet applied between statement closing dates before issuing new payments. As a result, on two occasions, the fuel card statement showed a credit balance, yet he still issued additional payments, resulting in further overpayments on the account.

4. Gentry did not properly reconcile or verify TCRS retirement reporting. Investigators identified incorrect handling of employee contributions and misreported wages.
5. Gentry did not reconcile leave balances, resulting in inconsistent awarding of leave hours and at least two employees using more leave hours than they had earned.

These deficiencies in reconciliation processes increase the risk of overspending, undetected errors, unauthorized charges, unnecessary costs, overpayments, and inaccurate financial reporting.

#### *D. Disbursements*

1. As noted in the investigative finding, authorized check signers routinely signed blank checks at Gentry's request without reviewing supporting documentation or knowing the intended purpose of the payment. In addition, the board neither approved nor reviewed the payments Gentry submitted online.
2. The district did not maintain sufficient supporting documentation for certain disbursements. As a result, investigators could not determine whether \$1,098.03 in credit card charges benefited district operations.
3. All district drivers used the same identification number for fuel card purchases, and Gentry did not review detailed fuel statements for unusual or inconsistent activity.
4. The district routinely paid sales tax on purchases, even though, as a government entity, the district is exempt from paying sales tax on qualifying goods and services.

These deficiencies in disbursement controls expose the district to significant risks of undetected misappropriation, unauthorized payments, and improper or unsupported spending.

#### *E. Timekeeping*

As detailed in the investigative finding, district timekeeping records were unreliable and lacked the controls necessary to ensure accuracy of hours worked and leave used. Unreliable timekeeping exposes the district to improper or fraudulent payments, compliance risks, and potential liabilities.

The board indicated that they have corrected or intend to correct these deficiencies.