



JASON E. MUMPOWER
Comptroller

May 5, 2022

Honorable Emmitt Gooden, Mayor
and Honorable Board of Aldermen
Town of Mason
12157 Main Street
Mason, TN 38049

Dear Mayor Gooden and Members of the Board:

The Corrective Action Plan for the Town of Mason has been amended as agreed to by both the Town and the Comptroller's Office. The following Amended Corrective Action Plan memorializes that agreement:

1. The Town of Mason will repay the balance owed to the Town's Water and Sewer Fund, estimated by the Town to be \$248,656.00, within 48 months from May 20, 2022. This amount is subject to change when the fiscal year 2021 audit is released. Even if the fiscal year 2021 audit, or any subsequent audit, reveals that the balance the Town owes to its Water and Sewer Fund deviates significantly from the currently estimated \$248,656.00 amount, the Town must repay the audit-indicated amount within 48 months of May 20, 2022. There will be no penalties if this fund is reimbursed according to the schedule or prior to the lapse of 48 months.
2. Beginning May 20, 2022, and by the 20th of each month until the balance is paid in full, the Town's General Fund will pay the new minimum monthly payment amount of \$5,180.33 to the Water and Sewer Fund. The monthly payment must be made before any other expenditures can be made from the Town's General Fund. Payment may be made by ACH. A copy of the payment check must be sent via electronic mail to the Comptroller's Office the following day by 4:30pm central time.
3. The Town will immediately discontinue borrowing funds in any manner that violates Tenn. Code Ann. § 7-34-115 or any other provision of law or that is contrary to generally accepted accounting principles. For cash-flow purposes, the Town may continue utilizing the Water and Sewer Fund for payroll purposes but will immediately reimburse the fund the following month. This practice will not be considered a violation of Tenn. Code Ann. § 7-34-115. However, if the Town fails to immediately and completely reimburse the fund in the following month, the Town will have used the Water and Sewer Fund as a source of revenue in violation of § 7-34-115(a)(1) and will have breached this agreement.

4. This revised repayment plan is developed in accordance with Tenn. Code Ann. § 7-34-115, and any violation by the Town is a violation of law. Proof of payment must be submitted to the Comptroller's Office as described above until the debt is paid in full.
5. The Town must submit the following recurring items beginning May 9, 2022, and every month thereafter until the Town complies with subsection c:
 - a. A monthly spending form submitted to the Comptroller's office every month, starting May 9, 2022, for planned expenses for the current month. For all subsequent months, the spending plan shall be due to the Comptroller a week before the first business day of the month. The monthly spending form must include the following:
 - The Comptroller's designated Spending Form (Attached Excel File—Tabs 1 and 2 must be filled in). On Tab 1, please list all payroll expenses. On Tab 2, please list all planned non-payroll expenses over \$1,000.
 - Attestation Form (Attached Fillable PDF) completed by a licensed certified public accountant employed by the Town's CPA firm, which firm shall be mutually agreed upon by the Town and the Comptroller, certifying that the Town is currently operating under a balanced budget that reflects reasonably anticipated revenues and expenses. If an accountant with the CPA firm is unable, in good faith, to make such an attestation, the Town will be considered out of compliance with the terms of this Amended Corrective Action Plan. If the Town and the Comptroller are unable to mutually agree upon a qualified CPA firm to assist the Town under this part 5 by May 6, 2022, the Comptroller may appoint a qualified CPA firm. The Town shall be responsible for the compensation of the CPA firm. If the Town ceases to employ the mutually agreed upon or appointed CPA Firm, it shall immediately notify the Comptroller's Office of the change and the Town and the Comptroller shall mutually agree upon a new CPA firm, or the Comptroller may appoint one if the parties do not reach an agreement within thirty (30) days, who shall assume the responsibilities previously assigned to the former CPA Firm by this Amended Corrective Action Plan. If the Town ceases to employ a CPA firm, the Town will be deemed out of compliance with this Amended Corrective Action Plan and the Comptroller's office may require additional supporting documentation to be submitted by the Town on a weekly basis, including, but not limited to, the Comptroller's weekly expense approval form for every non-payroll expense over \$100.
 - b. Bank statements for every Town account (account numbers redacted) by the 10th of each month.
 - c. These recurring submission items must be followed until the fiscal year 2021 audit is filed with the Comptroller's Office and the fiscal year 2023 budget is approved. A balanced fiscal year 2023 budget must be submitted to the Comptroller's Office no later than July 31, 2022, and the fiscal year 2021 audit must be filed with the Comptroller's Office by August 31, 2022. The fiscal year 2023 budget cannot be approved until the 2021 audit is

filed. Once these milestones are accomplished, the Town will no longer be subject to heightened financial supervision pursuant to Tenn. Code Ann. § 9-21-403(c). However, the Town will still be subject to the requirements in parts 1-4 above. If the Town does not comply with the foregoing deadlines, it is deemed to be out of compliance with this Amended Corrective Action Plan.

6. The Town will utilize the services of a qualified CPA firm, which may but need not be the same firm provided for in part 5, and/or law firm mutually agreed upon by the Town and the Comptroller's Office, to expedite outstanding audits, assist with budgeting and support the Town of Mason going forward with periodic trainings and staff support. In addition, the Town shall engage said CPA firm and/or law firm to assist in developing policies and procedures to correct all outstanding audit findings and any subsequent findings in future audits. If the Town and the Comptroller are unable to mutually agree upon a qualified CPA firm and/or law firm to assist the Town under this part 6 by May 6, 2022, the Comptroller may appoint a qualified CPA firm and/or law firm. The Town shall be responsible for the compensation of the chosen CPA firm and/or law firm.

If either party fails to comply with the terms of this Amended Corrective Action Plan, either party may pursue any recourse allowed by law. Failure by the Town to maintain regular contact with the Comptroller's Office through scheduled calls or meetings will be considered a violation of this Amended Corrective Action Plan. The Comptroller's Office retains the right to take additional and immediate action if it determines that the Town is no longer operating under a balanced budget, is operating outside its approved budget, fails to meet its financial obligations, or if the Comptroller determines the Town's financial status has materially deteriorated. Nothing in this Amended Corrective Action Plan shall prevent the Comptroller's Office from engaging in the constitutional and statutory functions of its Office, including the investigation of fraud, waste, and abuse.

If you should have questions or need assistance, please continue to contact our Office. If requested, we are pleased to assist the Town in the creation of its fiscal year 2023 budget. We have also asked the Tennessee Municipal League and the Municipal Technical Advisory Service to provide assistance to the Town. We look forward to working with local officials to establish financial stability.

Very truly yours,



Betsy Knotts
Director of the Division of Local Government Finance

Enclosures

cc: Mr. Jason Mumpower, Comptroller of Treasury
Ms. Jean Suh, Local Government Audit, COT
Mr. Ross Colona, Utility Manager