



JASON E. MUMPOWER
Comptroller

March 17, 2022

Mayor Gooden
Town of Mason
12157 Main St.
Mason, TN 38049

Dear Mayor Gooden:

The Tennessee Comptroller's Office (the "Office") is exercising its authority under Tenn. Code Ann. § 9-21-403(c) to supervise the financial affairs of the Town of Mason (the "Town") in an effort to improve and correct its fiscal condition.

For several years, the Office has attempted to assist the Town in remediating the Town's financial issues, including efforts to have the Town develop and follow a corrective action plan to repay monies illegally transferred from enterprise to operating funds. To date, the Town's general fund still owes the water and sewer fund a significant amount, while the water and sewer fund owes a significant amount to the gas fund.

The Town has consistently submitted late audits since at least 2001. Audits from 2004 to 2016 had disclaimers indicating that because the Town lacked sufficient supporting financial documentation, the auditors were unable to provide an audit opinion, and its 2017-2019 audits contained numerous material findings. The Town's 2020 audit, which was expected to be filed by December 31, 2021, is still not complete. Due to the foregoing issues, our Office was unable to approve the Town's budgets for fiscal years 2019 through 2022.

All expenditures made by the Town must be approved by the Comptroller's Division of Local Government Finance. This Division, after a thorough examination of all financial records, may further direct the Town to adjust its estimates, to reduce expenditures, or to make additional tax levies if necessary. Please review the attached documents, as they will be important to the success of the Town going forward.

I know you care deeply about Mason, and we believe this is a vital step for your citizens and taxpayers. We are ready to work together with you to build a better financial future for the Town.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", is written over a blue ink stamp of the same name.

Jason E. Mumpower



JASON E. MUMPOWER
Comptroller

March 17, 2022

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

Dear Mayor Gooden and Board of Aldermen:

Beginning March 28, 2022, the Town of Mason will only spend and transfer monies as approved by the Comptroller of the Treasury. The following items constitute a corrective action plan and rules that must be followed to further reduce expenditures. Approvals will be made in accordance with the Town's legally adopted budget and only if cash is available. Additional requirements may be necessary to determine the current financial status of the Town at any given time.

Corrective Action Plan:

Complete the following by March 25, 2022:

1. Initial Request for Information:
 - Budget to actual for each fund as of March 1, 2022;
 - Last 3 months of bank statements (account numbers redacted and fund clearly marked on each page);
 - Contact information for the individual from Mason with financial knowledge that will work with the Comptroller's Office as the main contact;
 - Listing of current grants being administered;
 - Listing of all ongoing and planned capital and maintenance projects;
 - List of current and proposed employees and contractors (including wage, all benefits, and titles for positions); and
 - List and copies of all contractual agreements, including agreements for contract employees.
2. Open and maintain separate bank accounts for the following funds:
 - Water/Sewer
 - Sanitation
 - Gas
 - General
 - State Street Aid

Begin the Repayment of Restricted Monies on April 4, 2022:

1. The Town will repay the balance owed in its entirety within 27 months.
2. FY20 audit data will initially be used and then updated as more current audit information is available.

3. Beginning April 4, 2022, the Town will begin repaying the Water and Sewer Fund the estimated \$597,905 in illegally transferred monies with a scheduled final repayment date of June 30, 2024. The General Fund will make monthly payments of \$22,145 to the Water and Sewer Fund before any other expenditures can be made. A copy of the payment check will be sent to the Comptroller by noon the following day.

Recurring Submission Items Beginning March 28, 2022:

1. A completed weekly expense approval request, including any planned financial transfers between funds or bank accounts. The weekly expense approval request must include the following forms:
 - Spending Form (Excel File—Tabs 1 and 2 must be filled in.)
 - Attestation Form (Fillable PDF)
 - Expense Approval Form (Fillable PDF—Must be filled out for each non-payroll expense over \$100.)
2. Bank statements for every town account (account numbers redacted) at beginning of month.

Rules:

- Everything involving taxpayer/ratepayer monies (whether planned or new) must be reviewed and approved by Comptroller of the Treasury prior to spending.
- All new contracts or contract extensions shall be reviewed and approved by the Comptroller of the Treasury prior to execution.
- Grant applications requiring local matches must be reviewed and approved by Comptroller of the Treasury prior to submission to the grant making agency.
- Financial transfers between accounts must be reviewed and approved by Comptroller of the Treasury prior to occurring.
- All planned and new purchases must be reviewed and approved by Comptroller of the Treasury prior to spending.

If you should have questions or need assistance, you may contact your financial analyst with our office, Adam Tschida, at 615.747.5340 or Adam.Tschida@cot.tn.gov. 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

cc: Honorable Jason Mumpower, Comptroller of Treasury
Ms. Jean Suh, Local Government Audit, COT
Mr. Ross Colona, Technical Secretary to the WWFB

Enclosure: Approval Request Templates for Disbursements