

## COMMUNITY

# TN Comptroller taking financial control of a small town outside of Memphis | Here's why it matters

Mason has held its charter for 153 years. Despite a history of financial struggles, the state's financial takeover is troubling for local officials.



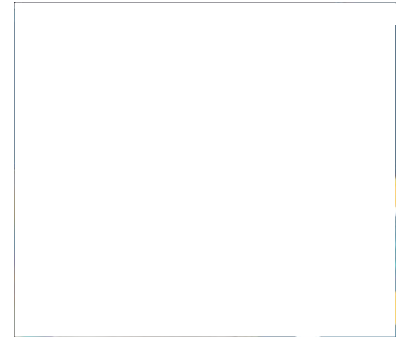
Credit: Tennessee Comptroller's Office

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MEMPHIS, Tenn. — Tennessee Comptroller of Treasury, Jason Mumpower, announced in a press release Thursday, March 17, that he would be taking over the finances of Mason, a small town about 45 minutes northeast of Memphis, right off Highway 79.

The Comptroller's move on Thursday will only place the town's finances under state supervision.



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A financial takeover allows the Comptroller the power to review all expenses, veto expenses that exceed \$100, and limit authority for officials that serve in elected positions. Mumpower would also be able to cut or increase budgets.

In an interview with [Tennessee Lookout](#), Vice Mayor of Mason, Virginia Rivers, called Mumpower's plan a "hostile takeover."

Mumpower's decision to take control of the town's finances comes after he wrote an open letter to the residents of the majority Black town on March 3, alleging that the town has been "poorly run."

He originally advised the town's government to give up its 153-year-old charter or risk a financial takeover by the state of Tennessee.

Town leaders strongly condemned the move, vowing to fight for their charter. Rivers spoke at several town halls leading up to the takeover, questioning the timing of the move.

Both Mason's Mayor Emmet Gooden and the town's Alderman voted against relinquishing the town's charter.

A spokesperson with the comptroller's office said Mason voted Monday, March 14, to retain its charter, a decision that has always been up to the local government. Although Mason's government managed to hold a grip on the charter, the town ultimately lost control of its finances to the state of Tennessee.

## What led up to the takeover

The Town of Mason has dealt with financial issues for several years, including two indictments by the Comptroller of Treasury's office after investigations revealed [misconduct and theft of town funds](#) in the amount of \$602,865 committed by the former public works superintendent between the years 2007 and 2016, and [fraud](#) in the amount of \$96,000 committed by a former [city clerk](#) between 2007 and 2008.

Vice Mayor Rivers acknowledged that the history of fraud and theft that Mumpower criticizes were criminal acts committed by past Republican town officials, who have since been removed from office.

Mason now has new, Black Democratic leaders and governing officials. Despite the town's new governing officials, Mumpower said the town has made no progress.

"For at least 20 years, the town government has been poorly managed. Audits have been late, budgets have not been approved, major infrastructure needs have been ignored, and fraud has taken place...just to name a few issues," Mumpower wrote in the letter. "For years we have been told the problems are getting fixed, but the facts tell a different story. Due to financial mismanagement, the Town of Mason finds itself in a deep hole."

According to Mumpower, the town has not submitted a tax audit on time since 2001, and his office has not approved the town's budget for the last four years.

The Comptroller office's [Financial Fact sheet](#) shows that the town has borrowed money from its water, sewer, and gas funds to offset basic government operations.

Vice Mayor Rivers said the plans to take the town's finances comes at an "unprecedented" time, taking away the town's opportunity to resolve its own issues.

Mason is expected to experience a recognizable increase in revenue after the construction of the [new Ford plant](#)—less than 15 minutes away—is complete.

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Comptroller Mumpower said that he does not trust the town to properly handle the increase in funds that the new Ford plant will potentially bring.

"The construction of the new Ford plant in West Tennessee could offer hope to your community, but I worry that if you remain an incorporated town these opportunities will be missed," Mumpower said in his open letter. "New jobs, infrastructure improvements, and economic investments are made in places with a track record of good government."

The Vice Mayor and other government officials questioned why Comptroller Mumpower is so eager to rip the town's charter away now, as opposed to taking over the town's finances sooner when the previous Republican administration was actively committing fraud and theft, causing residents to experience financial hardship.

Director of Communications John Dunn said that financial control of a city or town to this degree is rare, assuring that the decision came after the town failed to make improvements after more than one corrective active plan was instated.

"This level of oversight is not a first step; rather, it is usually the final step in restoring financial stability to a local government," Dunn said. "As as our Financial Fact sheet on Mason details... we've attempted two, five-year corrective action plans in Mason beginning in FY 2013 and FY 2016 that did not work."

Dunn acknowledged that the closing of the Federal prison in September of 2021 crippled the towns finances even more. Mason collected property tax and a third of its water and sewer fees from the prison, which sat on 44-acres of land, making its closure a hard hit.

According to Dunn, when the Comptroller's office asked Mayor Gooden on February 24 about contingency plans to make up lost revenue due to the prison closing, he did not have plans in place, but Dunn said that Gooden mentioned the prison was still performing some functions and paying its water bills.

However, Gooden said Mumpower has offered "little to no help" in assisting the town's financial needs.

The Comptroller's Office said that it asked Mason for a spreadsheet outlining its water and sewer collections with a breakdown of revenue from the prison, but claims that it has not received the requested information from Mason officials.

## Moving forward

According to Mumpower's press release, all expenditures involving taxpayer or ratepayer money going forward must be reviewed and approved by the Comptroller's Office.

Mumpower will also direct the town to operate on a balanced budget and pay back the estimated \$597,905 that Mason currently owes to its Water and Sewer Fund by June 30, 2024.

In his previous open letter, Mumpower acknowledged that Mason currently has the highest municipal property tax rate in Tipton County, which he criticized.

"I asked your mayor how these taxes help you," Mumpower said. "Other than the town's 26 paid employees, it was difficult for the mayor to identify any benefit to the citizens from the town's existence as an incorporated municipality. This is unfair to you and your neighbors."

Dunn said that Comptroller Mumpower "would not look to a tax increase as a means of balancing the town's budget and repaying the improper transfers from its Water and Sewer Fund."

It is unclear how the citizens of Mason will be impacted by the takeover. Although Mumpower criticized the town's tax rate, he has not announced any specific plans to lower them.

What Mumpower's office also has not said is what financial metrics Mason would need to meet to regain control of its finances, nor has it given a set timeline for its control, leaving its plans for oversight open.

"The Comptroller's division of Local Government Finance will continue its direct supervision over the town government for as long as it takes for Mason to improve its financial condition and demonstrate that it is capable of managing a balanced budget with strong internal controls," Mumpower said.

What is clear is that the citizens and elected officials of Mason will not have any control over how tax money is spent. Residents fear that their desires, needs, and values may be disregarded and unmet.

**Editor's Note:** *The original article stated that the Comptroller's Office was set to remove the town's charter which is not true. The Comptroller has decided to intercede in Mason's finances because the town refused to give up its charter. This article has been edited to reflect those facts.*

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