



State of Tennessee

Justin P. Wilson, State Comptroller

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City of South Pittsburg Improperly Took Money from Its Utility District

The City of South Pittsburg improperly took almost \$750,000 from its local utility department, an investigation by the Comptroller's Division of Municipal Audit has revealed.

The improper fund transfer occurred after the city's mayor misinterpreted a 21-year-old city ordinance.

The ordinance, adopted in 1990, was intended to provide assurances that the local utilities, Marion Natural Gas System and the Board of Water Works and Sewers, would pay for any roadwork expenses related to utility line installation, repair or maintenance. To make sure all costs were covered, the ordinance gave the utilities the option of placing a \$20,000 annual deposit for all projects that might occur in a given year.

The utilities paid a \$20,000 deposit in 1990. However, in a letter dated Dec. 31, 2009, South Pittsburg's mayor asserted that the utilities should have been paying \$20,000 deposits every year, even though they had paid for their roadwork expenses and the original \$20,000 deposit remained intact.

In a letter sent today, Dennis Dycus, director of the Division of Municipal Audit, advised city officials to take corrective action to repay the money owed to the utility districts. As provided by state law, city officials who fail to reimburse the utility can be subject to ouster from office.

To view the letter online, go to:

http://www.comptroller1.state.tn.us/RA_MA_Financial/Report_Investigative.aspx

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