



# State of Tennessee

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## **Audit Shows Northeast Henry County Utility District Failed to Follow Law, Improperly Billed Customers and Allowed District Commissioner to Personally Benefit from Water Line Work**

The Comptroller's Division of Investigations conducted an investigative audit of the Northeast Henry County Utility District which revealed that the district failed to obtain legally-required state approval for extensions to its water distribution system. The audit also found that the district manager submitted improper billings and one of the district's commissioners personally benefited from work performed by the district.

Tennessee law requires all plans for new construction to public water systems to be approved by the Tennessee Department of Environment and Conservation (TDEC). The audit revealed that the district installed equipment and 2,530 feet of new water lines without obtaining the required approval and permits from the state. This failure to follow the law could expose the district to civil penalties levied by TDEC. As a result of these water line extensions, the district manager billed three customers a total of more than \$1,380 in excess of authorized amounts and one customer was billed at least \$1,300 less than the authorized amount.

The audit also revealed that while installing three meters for a new customer, district employees used district equipment to dig trenches from the meters to the customer's three houses. It was unnecessary and improper for the district to perform work on private property under these circumstances. In performing this task, district employees accidentally cut the customer's underground sewer line, forcing the utility district to incur the costs of repairing the line.

After contacting the district and requesting the new meters, but prior to installation, the property owner accepted a bid from a local contractor to install the water lines from the meters to the houses. The contractor was a utility district commissioner who was able to avoid the time and expense of digging the trenches, although that was part of his original contract with the property owner. Although the commissioner/contractor saved money because the utility district already dug the trenches, he billed the property owner for the full amount of the contract.

The audit, which was released today, is available online at: <http://www.comptroller.tn.gov/ia/>

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