

**JOURNAL OF PROCEEDINGS OF
THE CRAIGHEAD COUNTY
QUORUM COURT
MAY 7, 2012**

The Quorum Court of Craighead County, Jonesboro, Arkansas, met in special session at 7:00 p.m. on May 7, 2012 in the Craighead County Courthouse Annex with Judge Ed Hill presiding.

The Pledge of Allegiance was recited by all.

Judge Hill called the meeting to order and a prayer was offered by Justice Render. A roll call was taken by Chief Deputy Clerk Marla Lewis. The following Quorum Court members were present: Justices Stacks, Bowers, Bryant, Hendrix, Weinstock, Render, Hoke, Tennison, Suiter, Hawkins, Blankenship, Couch and Cox. Also present was Waylon Harris from The Jonesboro Sun, Allison Munn representing KAIT, Greg Chance of KASU Radio and many concerned citizens.

Judge Hill stated that the sole reason of this specially called meeting was to get facts and information regarding the issue with the IRS from Clerk Nelms. He emphasized that Ms Nelms would be allowed to speak without interruption for as long as she needed to explain. The judge then said that after Clerk Nelms statement each member of the court would be able to ask questions in an orderly fashion.

Clerk Nancy Nelms read a statement which she had prepared explaining the exchanges which had went on between an IRS agent and herself which would hopefully clear up the situation. In the statement she apologized to the judge, the quorum court and the public for her errors and shortcomings. She told that \$42,457.82 in refunds had been received to date from the IRS. She stated that several times during the years in question she had received letters that the county was actually overpaid at different times so she assumed that there wasn't a problem.

A representative from the IRS instructed Clerk Nelms to start at 2004 and work her way up until present and report her findings.

Clerk Nelms reported that she had come to Judge Hill and his staff when the IRS sent a letter threatening to put a lien on the county if the penalties and interest weren't paid in a timely fashion. She let him know of the error and inquired if a check could be written because she didn't want Craighead County to be all over the news like the city of Blytheville had been recently.

After finishing her statement, Judge Hill opened the floor to the members of the quorum court for the purpose of questioning Clerk Nelms. He allowed each member, one at a time, to ask the clerk questions regarding the situation.

Justice Weinstock went first, wanting to know “Where do we stand today?” (with the IRS)

Justice Hoke referred to the legislative audit. He stated that the audit had findings for the last seven years and that the findings referenced the IRS and 941's. He said that the clerk's office had only been in compliance one time in that period which was 2010. He also questioned the clerk as to what was causing the problem.

Clerk Nelms stated that a change of payroll programs in 2009 had some bearing and also a shortage of staff was part of the problem.

Justice Stacks remarked that all notices reflected problems dating back from 2003 until 2011. He wanted to know if there would be more penalties to come. Clerk Nelms said that she wasn't completely sure, but the IRS said that the county was paid up to date when they received the check.

Justice Stacks stated that there seemed to be a recurring pattern. Nelms agreed and apologized explaining that she had tried to work things out with the auditor and the IRS.

Justice Blankenship questioned Nelms saying that since she had not declared a date that this situation might be resolved earlier and wanted to know did she know a date now. Nelms declared that she would try to have things worked out by July.

Justice Render questioned as to whether FICA and Federal were on the same report to which Nelms replied that they were.

Justice Suiter wanted to know if there were any existing liens on the county. Clerk Nelms explained that there were not.

Justice Bowers wanted to know if the county was bonded in the event that we could not recover all the money, the answer came from another court member who stated that the county wasn't bonded against the IRS. He also wanted to know if the Association of Arkansas Counties could be of any help. Clerk Nelms said that she didn't know.

Justice Tennison spoke regarding Nelms earlier statement that a CPA had volunteered to help her. He wanted to know if she had taken the CPA up on that. Nelms said that she had told the unidentified volunteer that she would let them know after this meeting.

Justice Bowers offered a statement that Russell Patton, III, the former treasurer had said that he would help any way that he could.

Justice Hoke asked if the Arkansas state taxes had been affected by this at all. Nelms stated "Not to my knowledge".

Justice Weinstock then said that if the time came that Clerk Nelms needed help, would she please run it by Judge Hill stating that some CPA's were good and some were not so good.

Other justices stated that their questions had already been addressed. Since there were no other questions or comments Judge Hill entertained a motion to adjourn.

A motion was made by Justice Hawkins with a second by Justice Suiter to adjourn. The motion carried and the Craighead County Quorum Court stood adjourned until the next regularly scheduled meeting.

Attest: County Clerk