

# **Town of Jerome, Arkansas**

**(Dissolved October 14, 2021)**

## **Financial and Compliance Report**

**For the Period January 1, 2021 to October 14, 2021  
and  
The Year Ended December 31, 2020**

**LEGISLATIVE JOINT AUDITING COMMITTEE**

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AND THE YEAR ENDED DECEMBER 31, 2020

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# Arkansas

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**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Jerome, Arkansas Officials and Council Members  
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the Town of Jerome, Arkansas, as of and for the period January 1, 2021 to October 14, 2021 and year ended December 31, 2020, and have issued our report thereon dated August 7, 2023. These procedures were not performed for the Water and Sewer Department. Management of the Town is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relates to the following officials who held office during 2021 and 2020:

Mayor: Glenn Reynolds (Resigned position due to charter revocation on October 14, 2021)  
Recorder/Treasurer: Judy Sandlin (Resigned position due to charger revocation on October 14, 2021)

We evaluated the Town's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the office of **Mayor**.

### Mayor

1. Internal Revenue Service (IRS) Form W-3 for 2021 was not made available for inspection, as required by Ark. Code Ann. § 14-59-114. In addition, payroll records for 2020 were not provided for review.
2. The minutes of the governing body did not document the review of the prior report by the governing body, as required by Ark. Code Ann. § 10-4-418. A similar finding was issued in the prior report.
3. General Fund disbursements exceeded budgeted appropriations by \$5,627 (60%) and \$22,500 (233%) in 2021 and 2020, respectively, in noncompliance with Ark. Code Ann. §14-58-203.
4. In 2020, Street Fund disbursements exceeded appropriations by \$17,251 (2,285%), in noncompliance with Ark. Code Ann. § 14-58-203.
5. The Town paid utilities and insurance and receiving rental fees, without a contract, on a building it did not own, in apparent conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1992-099. A similar finding was issued in the prior report.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Handwritten signature of Roger A. Norman in cursive.

Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

Little Rock, Arkansas  
August 7, 2023  
LOM308921

TOWN OF JEROME, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE PERIOD JANUARY 1, 2021 TO OCTOBER 14, 2021  
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Fund - Street</u>
Cash Balance, January 1, 2021	\$ 35,239	\$ 25,827
Receipts:		
State aid	568	2,757
Property taxes	1,434	520
Franchise fees	1,032	
Sales taxes	6,028	
Interest	49	28
Other	801	
Total Receipts	<u>9,912</u>	<u>3,305</u>
Disbursements:		
General government	14,960	
Highways and streets		834
Total Disbursements	<u>14,960</u>	<u>834</u>
Cash Balance, October 14, 2021	<u>\$ 30,191</u>	<u>\$ 28,298</u>

TOWN OF JEROME, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (UNAUDITED)

Schedule 2

	General Fund	Special Revenue Fund - Street
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2020	\$ 27,416	\$ 40,222
Receipts:		
State aid	579	2,944
Property taxes	3,317	605
Franchise fees	1,166	
Sales taxes	6,586	
Interest	97	62
Insurance settlement	28,273	
Total Receipts	<u>40,018</u>	<u>3,611</u>
Disbursements:		
General government	32,195	
Highways and streets		18,006
Total Disbursements	<u>32,195</u>	<u>18,006</u>
Cash Balance, December 31, 2020	<u>\$ 35,239</u>	<u>\$ 25,827</u>

TOWN OF JEROME, ARKANSAS  
OTHER INFORMATION  
FOR THE PERIOD JANUARY 1, 2021 TO OCTOBER 14, 2021  
AND THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.
2. On October 14, 2021, the Prosecuting Attorney for the 10th Judicial District of Arkansas filed a petition for Surrender of Town Charter in the Drew County Court.  
On October 14, 2021, the Drew County Judge filed a court order revoking the Town charter.  
On November 3, 2021, Arkansas Governor Asa Hutchinson appointed Searcy & Associates as receiver and back-tax collector.