

**City of Paragould, Arkansas**

**Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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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

City of Paragould, 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 City of Paragould, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated September 5, 2023. These procedures were not performed for the Paragould Light, Water, and Cable Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2022:

Mayor: Josh Agee  
City Clerk: Andrea Williams  
Treasurer: Teresa Stormes  
Police Chief: Todd Stovall

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

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City 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  
September 5, 2023  
LOM107222

CITY OF PARAGOULD, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2022  
(UNAUDITED)

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,847,626	\$ 8,462,299	\$ 1,960,219
Accounts receivable	1,313,232	13,713	168,438
Interfund receivables	5,119		
	<u>17,165,977</u>	<u>8,476,012</u>	<u>2,128,657</u>
<b>TOTAL ASSETS</b>	<b>\$ 17,165,977</b>	<b>\$ 8,476,012</b>	<b>\$ 2,128,657</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 513,238	\$ 42,709	\$ 330
Interfund payables		3,781	1,338
Settlements pending			4,055
Total Liabilities	<u>513,238</u>	<u>46,490</u>	<u>5,723</u>
Fund Balances:			
Restricted	50,625		1,751,191
Committed			355,070
Assigned		8,429,522	16,673
Unassigned	16,602,114		
Total Fund Balances	<u>16,652,739</u>	<u>8,429,522</u>	<u>2,122,934</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,165,977</b>	<b>\$ 8,476,012</b>	<b>\$ 2,128,657</b>

The accompanying notes are an integral part of these financial statements.

CITY OF PARAGOULD, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 1,217,861	\$ 2,550,125	
Federal aid	15,083	166,794	\$ 3,010,947
Property taxes	1,171,392	209,981	
Franchise fees	2,615,651		
Sales taxes	8,689,639		1,711,777
Fines, forfeitures, and costs	458,906		130,749
Interest	151,676	104,459	43,656
Local permits and fees	536,108	50,578	4,250
Sanitation fees	2,594,289		
Advertising and promotion taxes			151,163
Emergency 911 fees	719,441		
Park fees, rentals, and sales	904,131		
Airport sales	343,244		
Return of prior year funding			388
Other	591,022	2,942	1,843
	<u>20,008,443</u>	<u>3,084,879</u>	<u>5,054,773</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	2,549,688		
Law enforcement	3,609,768		1,838,621
Highways and streets		4,544,346	
Public safety	3,754,821		1,300,269
Sanitation	2,532,213		
Health	168,547		
Recreation and culture	5,003,894		
Social services	65,304		12,734
Advertising and promotion			157,807
Economic development			2,147,902
Airport	721,983		
	<u>18,406,218</u>	<u>4,544,346</u>	<u>5,457,333</u>
TOTAL EXPENDITURES			

CITY OF PARAGOULD, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,602,225</u>	<u>\$ (1,459,467)</u>	<u>\$ (402,560)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	14,944		2,000
Transfers out	(2,000)		(14,944)
Contribution from Greene County	<u>819,210</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>832,154</u>		<u>(12,944)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,434,379	(1,459,467)	(415,504)
FUND BALANCES - JANUARY 1	<u>14,218,360</u>	<u>9,888,989</u>	<u>2,538,438</u>
FUND BALANCES - DECEMBER 31	<u>\$ 16,652,739</u>	<u>\$ 8,429,522</u>	<u>\$ 2,122,934</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PARAGOULD, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
State aid	\$ 1,217,861	\$ 1,217,861	\$ 0	\$ 2,550,125	\$ 2,550,125	\$ 0
Federal aid	15,083	15,083	0	166,794	166,794	0
Property taxes	1,171,392	1,171,392	0	209,981	209,981	0
Franchise fees	2,615,651	2,615,651	0			
Sales taxes	8,689,639	8,689,639	0			
Fines, forfeitures, and costs	458,906	458,906	0			
Interest	147,154	151,676	4,522	104,459	104,459	0
Local permits and fees	540,362	536,108	(4,254)	50,578	50,578	0
Sanitation fees	2,594,289	2,594,289	0			
Emergency 911 fees	805,442	719,441	(86,001)			
Park fees, rentals, and sales	899,377	904,131	4,754			
Airport sales	343,244	343,244	0			
Other	503,778	591,022	87,244	2,942	2,942	0
<b>TOTAL REVENUES</b>	<b>20,002,178</b>	<b>20,008,443</b>	<b>6,265</b>	<b>3,084,879</b>	<b>3,084,879</b>	<b>0</b>
<b>EXPENDITURES</b>						
Current:						
General government	2,574,688	2,549,688	25,000			
Law enforcement	3,621,768	3,609,768	12,000			
Highways and streets				4,554,346	4,544,346	10,000
Public safety	3,762,832	3,754,821	8,011			
Sanitation	2,537,213	2,532,213	5,000			
Health	168,547	168,547	0			
Recreation and culture	4,968,816	5,003,894	(35,078)			
Social services	78,995	65,304	13,691			
Airport	726,983	721,983	5,000			
<b>TOTAL EXPENDITURES</b>	<b>18,439,842</b>	<b>18,406,218</b>	<b>33,624</b>	<b>4,554,346</b>	<b>4,544,346</b>	<b>10,000</b>

CITY OF PARAGOULD, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,562,336	\$ 1,602,225	\$ 39,889	\$ (1,469,467)	\$ (1,459,467)	\$ 10,000
OTHER FINANCING SOURCES (USES)						
Transfers in	27,593	14,944	(12,649)			
Transfers out		(2,000)	(2,000)			
Contribution from Greene County	819,210	819,210	0			
TOTAL OTHER FINANCING SOURCES (USES)	846,803	832,154	(14,649)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,409,139	2,434,379	25,240	(1,469,467)	(1,459,467)	10,000
FUND BALANCES - JANUARY 1	14,195,289	14,218,360	23,071	9,888,989	9,888,989	0
FUND BALANCES - DECEMBER 31	<u>\$ 16,604,428</u>	<u>\$ 16,652,739</u>	<u>\$ 48,311</u>	<u>\$ 8,419,522</u>	<u>\$ 8,429,522</u>	<u>\$ 10,000</u>

The accompanying notes are an integral part of these financial statements.



CITY OF PARAGOULD, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 1

	SPECIAL REVENUE FUNDS						CUSTODIAL FUND		
	District Court Automation	Economic Development	Street Crimes and Drug Buy	Linwood Cemetery	Airport Improvement Grant	Emergency Vehicle Act 988	Advertising and Promotion	Payroll	Totals
<b>ASSETS</b>									
Cash and cash equivalents	\$ 181,419	\$ 1,260,123	\$ 47,375	\$ 356,408	\$ 1	\$ 13,613	\$ 97,057	\$ 4,223	\$ 1,960,219
Accounts receivable	2,790	145,680				3,674	16,294		168,438
<b>TOTAL ASSETS</b>	<b><u>\$ 184,209</u></b>	<b><u>\$ 1,405,803</u></b>	<b><u>\$ 47,375</u></b>	<b><u>\$ 356,408</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 17,287</u></b>	<b><u>\$ 113,351</u></b>	<b><u>\$ 4,223</u></b>	<b><u>\$ 2,128,657</u></b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 40		\$ 75				\$ 47	\$ 168	\$ 330
Interfund payables				\$ 1,338					1,338
Settlements pending								4,055	4,055
Total Liabilities	<u>40</u>		<u>75</u>	<u>1,338</u>			<u>47</u>	<u>4,223</u>	<u>5,723</u>
Fund Balances:									
Restricted	184,169	\$ 1,405,803	30,627		\$ 1	\$ 17,287	113,304		1,751,191
Committed				355,070					355,070
Assigned			16,673						16,673
Total Fund Balances	<u>184,169</u>	<u>1,405,803</u>	<u>47,300</u>	<u>355,070</u>	<u>1</u>	<u>17,287</u>	<u>113,304</u>		<u>2,122,934</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 184,209</u></b>	<b><u>\$ 1,405,803</u></b>	<b><u>\$ 47,375</u></b>	<b><u>\$ 356,408</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 17,287</u></b>	<b><u>\$ 113,351</u></b>	<b><u>\$ 4,223</u></b>	<b><u>\$ 2,128,657</u></b>

CITY OF PARAGOULD, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 2

SPECIAL REVENUE FUNDS										
	District Court Automation	Economic Development	Street Crimes and Drug Buy	Linwood Cemetery	Airport Improvement Grant	Emergency Vehicle Act 988	Advertising and Promotion	American Rescue Plan Act	Homeless Shelter Project Grant	Totals
REVENUES										
Federal aid								\$ 3,002,654	\$ 8,293	\$ 3,010,947
Sales taxes		\$ 1,711,777								1,711,777
Fines, forfeitures, and costs	\$ 37,019		\$ 12,442			\$ 81,288				130,749
Interest	2,181	19,972	541	\$ 4,441		747	\$ 830	14,944		43,656
Local permits and fees				4,250						4,250
Advertising and promotion taxes							151,163			151,163
Return of prior year funding							388			388
Other			1,843							1,843
<b>TOTAL REVENUES</b>	<b>39,200</b>	<b>1,731,749</b>	<b>14,826</b>	<b>8,691</b>		<b>82,035</b>	<b>152,381</b>	<b>3,017,598</b>	<b>8,293</b>	<b>5,054,773</b>
EXPENDITURES										
Current:										
Law enforcement	11,179		10,099			81,328		1,736,015		1,838,621
Public safety								1,300,269		1,300,269
Social services				4,441					8,293	12,734
Advertising and promotion							157,807			157,807
Economic development		2,147,902								2,147,902
<b>TOTAL EXPENDITURES</b>	<b>11,179</b>	<b>2,147,902</b>	<b>10,099</b>	<b>4,441</b>		<b>81,328</b>	<b>157,807</b>	<b>3,036,284</b>	<b>8,293</b>	<b>5,457,333</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>28,021</b>	<b>(416,153)</b>	<b>4,727</b>	<b>4,250</b>		<b>707</b>	<b>(5,426)</b>	<b>(18,686)</b>		<b>(402,560)</b>
OTHER FINANCING SOURCES (USES)										
Transfers in			2,000							2,000
Transfers out								(14,944)		(14,944)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			<b>2,000</b>					<b>(14,944)</b>		<b>(12,944)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>28,021</b>	<b>(416,153)</b>	<b>6,727</b>	<b>4,250</b>		<b>707</b>	<b>(5,426)</b>	<b>(33,630)</b>		<b>(415,504)</b>
FUND BALANCES - JANUARY 1	156,148	1,821,956	40,573	350,820	\$ 1	16,580	118,730	33,630		2,538,438
FUND BALANCES - DECEMBER 31	\$ 184,169	\$ 1,405,803	\$ 47,300	\$ 355,070	\$ 1	\$ 17,287	\$ 113,304	\$ 0	\$ 0	\$ 2,122,934

CITY OF PARAGOULD, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2022

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Economic Development	Established to account for a quarter-cent sales and use tax levied for economic development purposes and/or to secure the repayment of bonds issued to finance capital improvements of a public nature.
Street Crimes and Drug Buy	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Linwood Cemetery	Paragould Ordinance no. 980 (June 9, 1975) established a trust fund to account for lot sales and interest to be used for maintenance and upkeep of Linwood Cemetery.
Airport Improvement Grant	Established to account for federal grants received to be used for improvements to the airport.
Emergency Vehicle Act 988	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Homeless Shelter Project Grant	Established to account for a grant received from the Department of Housing and Urban Development to be used for renovations to the City of Paragould homeless shelter.
Payroll	Established for payroll expenditures.

CITY OF PARAGOULD, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

1.     **A.     Basis of Presentation – Regulatory**

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general and street funds; notes to financial statements; and a supplemental schedule of capital assets.

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management’s Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

**General Fund** - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

**Street Fund** - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback, federal aid, and property taxes that are restricted or committed for maintaining and constructing highways and streets.

**Other Funds in the Aggregate** - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Street Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds presented on Schedules 1 and 2 are reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). The Custodial Fund presented on Schedule 1 is reported with other funds in the aggregate.

**B.     Basis of Accounting - Regulatory**

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

CITY OF PARAGOULD, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

1. (Continued)

**B. Basis of Accounting – Regulatory (Continued)**

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

In 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases. The significant/material effect on the Regulatory Basis of Accounting in the current period is that certain items included in debt service in the previous period are included in the expenditure/function code of the applicable opinion unit.

**C. Assets, Liabilities, and Fund Balances**

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit.

Settlements Pending

Settlements pending are considered excess payroll transfers due to other City funds and unremitted payroll withholdings.

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**D. Property Taxes**

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year, but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

CITY OF PARAGOULD, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

1. (Continued)

**E. Budget Law**

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

**F. Fund Balance Classification Policies and Procedures**

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

CITY OF PARAGOULD, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**2. Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2022, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances			
Restricted for:			
Law enforcement	\$ 46,861		\$ 232,083
Public safety	1,202		
Recreation and culture	2,562		
Advertising and promotion			113,304
Economic development			1,405,803
Airport			1
Total Restricted	50,625		1,751,191
Committed for:			
Social services			355,070
Assigned to:			
Law enforcement			16,673
Highways and streets		\$ 8,429,522	
Total Assigned		8,429,522	16,673
Unassigned	16,602,114		
Totals	\$ 16,652,739	\$ 8,429,522	\$ 2,122,934

**3. Commitments**

Total commitments consist of the following at December 31, 2022:

	December 31, 2022
Long-term liabilities	\$ 1,239,300
Leases	534,962
Total Commitments	\$ 1,774,262

Long-term liabilities

Long-term liabilities at December 31, 2022, are comprised of the following:

	December 31, 2022
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost.	\$ 1,239,300

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

CITY OF PARAGOULD, ARKANSAS  
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**3. Commitments (Continued)**

Leases

The City entered into a lease agreement for a sanitation vehicle on March 10, 2022. Terms of the lease are monthly rental payments of \$5,177 for 24 months. At the end of the lease term, the City will return the sanitation vehicle or enter into another agreement.

The City entered into a lease agreement for a sanitation vehicle on March 22, 2022. Terms of the lease are monthly rental payments of \$3,685 for 24 months. At the end of the lease term, the City will return the sanitation vehicle or enter into another agreement.

The City entered into a lease agreement for three sanitation vehicles on March 22, 2022. Terms of the lease are monthly rental payments of \$17,099 for 24 months. At the end of the lease term, the City will return the sanitation vehicles or enter into another agreement.

The City entered into a lease agreement for a sanitation vehicle on July 18, 2022. Terms of the lease are monthly rental payments of \$4,265 for 24 months. At the end of the lease term, the City will return the sanitation vehicle or enter into another agreement.

The City entered into a lease agreement for tower space on August 9, 2021. Terms of the lease are monthly rental payments of \$1,500 for 60 months. At the end of the lease term, the City has the option to renew with payments increasing by 2.5%.

The City is obligated for the following amounts for the next four years:

Year	Amount
2023	\$ 380,721
2024	125,741
2025	18,000
2026	10,500
Total	<u>\$ 534,962</u>

Lease expense for 2022 was \$272,979.

**4. Interfund Transfers**

The General Fund transferred \$2,000 to Other Funds in the Aggregate (Street Crimes and Drug Buy Fund) for law enforcement expenditures. The American Rescue Plan Act Fund transferred \$14,944 of interest earned to the General Fund to close the fund.

**5. Subsequent Events**

On October 24, 2022, the City approved purchasing a firetruck from Emergency Vehicle Specialists in the amount of \$1,464,476. The City paid \$725,000 as a down-payment on October 25, 2022. The balance will be paid upon delivery in 2023.

On January 16, 2023, the City entered into a \$6,679,874 contract with Tate General Contractors, Inc., for the construction of a new City Hall Facility.

On April 28, 2023, the City sold the old Fire Station No. 1 property, located at 1405 West Kingshighway in the amount of \$864,273.

On May 31, 2023, the City sold the Turbo Ice property, located at 1310 West Kingshighway in the amount of \$781,340.

On May 23, 2023, the city entered into a \$350,000 memorandum of understanding with Greene County Court for the construction of Greene County Extension Office facility.



CITY OF PARAGOULD, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**6. Local Police and Fire Retirement System (LOPFI)  
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website [www.lopfi-prb.com](http://www.lopfi-prb.com).

On September 10, 2002, administration of the City of Paragould Firemen's Pension and Relief Fund and on November 22, 2003, the City of Paragould Policemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$820,875 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$502,282 for the year ended December 31, 2022.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2022, (actuarial valuation date and measurement date) was \$11,672,338.

**7. Arkansas Public Employees Retirement System**

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website [www.apers.org](http://www.apers.org).

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.2% as of July 1, 2022. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan was \$662,960 for the year ended June 30, 2022.

CITY OF PARAGOULD, ARKANSAS  
OTHER GENERAL INFORMATION  
DECEMBER 31, 2022

**7. Arkansas Public Employees Retirement System (Continued)**

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$5,582,196.

**8. Capital Assets**

The Municipality's capital assets records are summarized below :

		December 31, 2022
Land	\$	3,292,059
Buildings		20,952,652
Improvements		8,900,685
Equipment		14,967,411
Total	\$	48,112,807

**9. Corona Virus (COVID-19)**

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The City was awarded \$6,005,344 in federal aid from the American Rescue Plan Act of 2021, and as of the report date, \$6,005,344 of this amount has been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

**10. Interlocal Agreement**

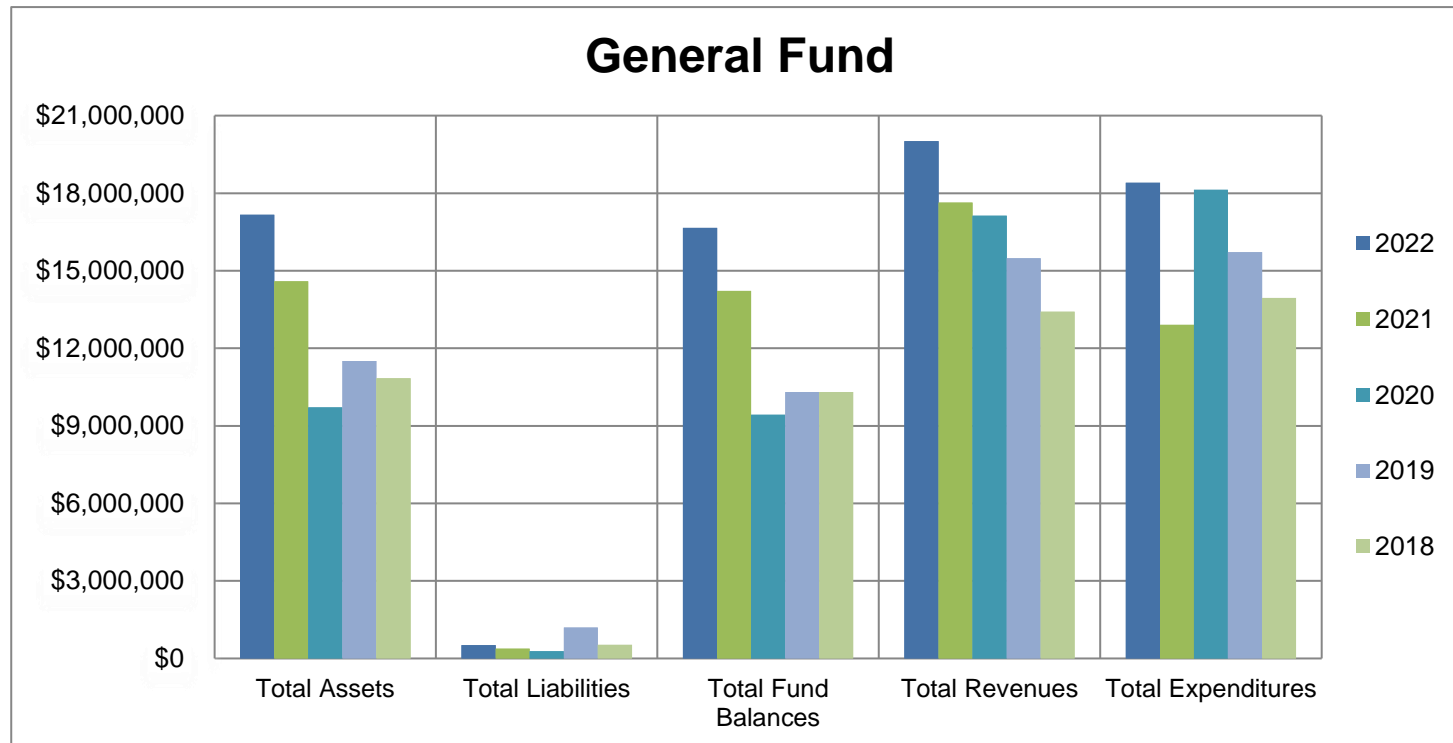
District Court

The City of Paragould entered into a cost-sharing agreement with Greene County, Clay County, and the Cities of Piggott, Corning, and Rector to facilitate adequate District Court personnel and support for the 17<sup>th</sup> Judicial District. The agreement creates the new position of Managing Court Clerk, who, along with all Court deputies and staff, will serve under the sole direction of the District Judge but shall be considered employees of Greene County for the purposes of being subject to its employee handbook. Additionally, the Managing Court Clerk will be classified as an exempt employee. The entities' share of the expenses will be prorated as follows: 40% by Greene County, 10% by Clay County, 40% by Paragould, 3.7% by Piggott and Corning, and 2.6% by Rector. Greene County will send a monthly itemized bill to each county and city for the agreed-upon share of expenses. The City of Paragould paid \$103,696 to Greene County in 2022 for their share of the prorated expenses.

CITY OF PARAGOULD, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS  
 DECEMBER 31, 2022  
 (Unaudited)

Schedule 3-1

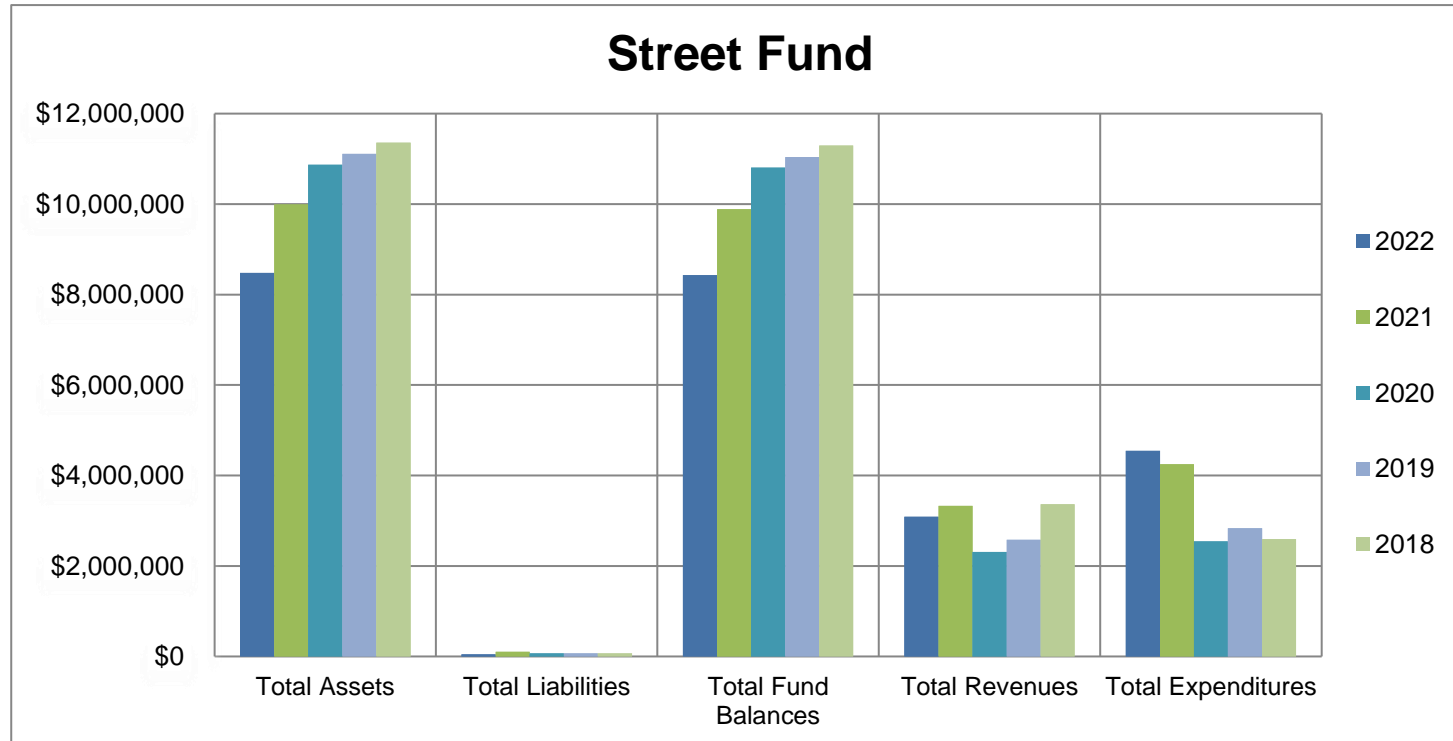
<u>General</u>	2022	2021	2020	2019	2018
Total Assets	\$ 17,165,977	\$ 14,593,637	\$ 9,707,044	\$ 11,501,806	\$ 10,833,574
Total Liabilities	513,238	375,277	281,148	1,190,586	531,319
Total Fund Balances	16,652,739	14,218,360	9,425,896	10,311,220	10,302,255
Total Revenues	20,008,443	17,630,145	17,128,193	15,485,232	13,419,684
Total Expenditures	18,406,218	12,906,891	18,126,277	15,716,763	13,944,617
Total Other Financing Sources/Uses	832,154	69,210	112,760	240,496	87,359



CITY OF PARAGOULD, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS  
 DECEMBER 31, 2022  
 (Unaudited)

Schedule 3-2

<u>Street</u>	2022	2021	2020	2019	2018
Total Assets	\$ 8,476,012	\$ 9,989,297	\$ 10,871,376	\$ 11,108,357	\$ 11,358,521
Total Liabilities	46,490	100,308	64,130	68,666	66,837
Total Fund Balances	8,429,522	9,888,989	10,807,246	11,039,691	11,291,684
Total Revenues	3,084,879	3,330,907	2,311,885	2,581,077	3,364,384
Total Expenditures	4,544,346	4,249,164	2,544,330	2,833,070	2,593,311
Total Other Financing Sources/Uses					



CITY OF PARAGOULD, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 DECEMBER 31, 2022  
 (Unaudited)

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Assets	\$ 2,128,657	\$ 5,358,071	\$ 2,052,472	\$ 1,507,289	\$ 1,046,879
Total Liabilities	5,723	2,819,633	70,018	30,897	2,023
Total Fund Balances	2,122,934	2,538,438	1,982,454	1,476,392	1,024,856
Total Revenues	5,054,773	4,976,441	1,767,408	1,616,415	1,585,746
Total Expenditures	5,457,333	4,420,457	1,261,346	1,166,879	2,904,424
Total Other Financing Sources/Uses	(12,944)			2,000	4,000

