

City of Paragould, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF PARAGOULD, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

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Arkansas



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Senate Vice Chair

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House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
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, 2023, and have issued our report thereon dated December 3, 2024. These procedures were not performed for the Paragould Municipal Utilities Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2023:

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.

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

Mayor and Treasurer

Between March and April 2023, eight unauthorized withdrawals of \$14,988 were made from the City's bank account. City personnel discovered these transactions upon reconciliation of the affected bank account; however, one transaction was not identified within the bank's timeframe to refund the transaction, resulting in unrecovered funds of \$2,798.

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

A handwritten signature in black ink, appearing to read "Kevin White", written over a light blue horizontal line.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 3, 2024
LOM107223

CITY OF PARAGOULD, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023
(UNAUDITED)

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 13,667,310	\$ 8,839,160	\$ 1,511,405
Accounts receivable	1,296,470	5,245	171,951
TOTAL ASSETS	\$ 14,963,780	\$ 8,844,405	\$ 1,683,356
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 841,165	\$ 30,607	\$ 62,539
Fund Balances:			
Restricted	44,862	333,887	1,232,435
Committed			371,709
Assigned		8,479,911	16,673
Unassigned	14,077,753		
Total Fund Balances	14,122,615	8,813,798	1,620,817
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,963,780	\$ 8,844,405	\$ 1,683,356

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, 2023
(UNAUDITED)

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 1,110,171	\$ 2,491,640	
Federal aid	160,277		\$ 293,207
Property taxes	1,245,600	223,293	
Franchise fees	2,875,049		
Sales taxes	9,041,659		1,772,217
Fines, forfeitures, and costs	439,228		130,004
Interest	467,190	215,212	59,932
Local permits and fees	482,520	50,389	3,950
Sanitation fees	2,715,440		
Advertising and promotion taxes			142,315
Emergency 911 fees	708,734		
Park fees, rentals, and sales	807,883		
Airport sales	365,025		
Return of prior year promotional funding			103
Other	709,974	96,644	
TOTAL REVENUES	21,128,750	3,077,178	2,401,728
EXPENDITURES			
Current:			
General government	7,593,063		
Law enforcement	5,616,372		133,478
Highways and streets		2,692,902	
Public safety	5,647,128		
Sanitation	2,376,637		
Health	171,075		
Recreation and culture	2,970,368		
Social services	145,138		293,207
Advertising and promotion			206,186
Economic development			2,270,974
Airport	1,231,773		
Total Current	25,751,554	2,692,902	2,903,845
Debt Service:			
Financed purchase principal	45,859		
Financed purchase interest	5,323		
TOTAL EXPENDITURES	25,802,736	2,692,902	2,903,845

CITY OF PARAGOULD, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (4,673,986)</u>	<u>\$ 384,276</u>	<u>\$ (502,117)</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	2,493,862		
Contribution to Greene County	<u>(350,000)</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,143,862</u>		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,530,124)	384,276	(502,117)
FUND BALANCES - JANUARY 1	<u>16,652,739</u>	<u>8,429,522</u>	<u>2,122,934</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 14,122,615</u></u>	<u><u>\$ 8,813,798</u></u>	<u><u>\$ 1,620,817</u></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, 2023
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,306,856	\$ 1,110,171	\$ (196,685)	\$ 2,491,640	\$ 2,491,640	\$ 0
Federal aid	153,849	160,277	6,428			
Property taxes	1,347,508	1,245,600	(101,908)	245,522	223,293	(22,229)
Franchise fees	2,875,049	2,875,049	0			
Sales taxes	9,041,659	9,041,659	0			
Fines, forfeitures, and costs	439,228	439,228	0			
Interest	467,190	467,190	0	215,212	215,212	0
Local permits and fees	486,624	482,520	(4,104)	53,028	50,389	(2,639)
Sanitation fees	2,715,440	2,715,440	0			
Emergency 911 fees	708,734	708,734	0			
Park fees, rentals, and sales	807,733	807,883	150			
Airport sales	365,025	365,025	0			
Other	705,901	709,974	4,073	96,643	96,644	1
TOTAL REVENUES	21,420,796	21,128,750	(292,046)	3,102,045	3,077,178	(24,867)
EXPENDITURES						
Current:						
General government	7,605,619	7,593,063	12,556			
Law enforcement	5,663,185	5,616,372	46,813			
Highways and streets				2,698,223	2,692,902	5,321
Public safety	5,691,084	5,647,128	43,956			
Sanitation	2,384,567	2,376,637	7,930			
Health	171,075	171,075	0			
Recreation and culture	2,975,086	2,970,368	4,718			
Social services	150,460	145,138	5,322			
Airport	1,237,944	1,231,773	6,171			
Total Current	25,879,020	25,751,554	127,466	2,698,223	2,692,902	5,321
Debt Service:						
Financed purchase principal	45,859	45,859	0			
Financed purchase interest	5,323	5,323	0			
TOTAL EXPENDITURES	25,930,202	25,802,736	127,466	2,698,223	2,692,902	5,321

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, 2023
(UNAUDITED)

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (4,509,406)	\$ (4,673,986)	\$ (164,580)	\$ 403,822	\$ 384,276	\$ (19,546)
OTHER FINANCING SOURCES (USES)						
Transfers out	(3,950)		3,950			
Sale of assets	2,493,862	2,493,862	0			
Contribution to Greene County	(350,000)	(350,000)	0			
TOTAL OTHER FINANCING SOURCES (USES)	2,139,912	2,143,862	3,950			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,369,494)	(2,530,124)	(160,630)	403,822	384,276	(19,546)
FUND BALANCES - JANUARY 1	16,653,978	16,652,739	(1,239)	8,423,117	8,429,522	6,405
FUND BALANCES - DECEMBER 31	\$ 14,284,484	\$ 14,122,615	\$ (161,869)	\$ 8,826,939	\$ 8,813,798	\$ (13,141)

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, 2023
 (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
ASSETS									
Cash and cash equivalents	\$ 198,887	\$ 837,932	\$ 39,857	\$ 371,709	\$ 1	\$ 327	\$ 44,825	\$ 17,867	\$ 1,511,405
Accounts receivable	3,231	151,591	5,187			5,850	6,092		171,951
TOTAL ASSETS	\$ 202,118	\$ 989,523	\$ 45,044	\$ 371,709	\$ 1	\$ 6,177	\$ 50,917	\$ 17,867	\$ 1,683,356
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable		\$ 44,672						\$ 17,867	\$ 62,539
Fund Balances:									
Restricted	\$ 202,118	944,851	\$ 28,371		\$ 1	\$ 6,177	\$ 50,917		1,232,435
Committed				\$ 371,709					371,709
Assigned			16,673						16,673
Total Fund Balances	202,118	944,851	45,044	371,709	1	6,177	50,917		1,620,817
TOTAL LIABILITIES AND FUND BALANCES	\$ 202,118	\$ 989,523	\$ 45,044	\$ 371,709	\$ 1	\$ 6,177	\$ 50,917	\$ 17,867	\$ 1,683,356

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, 2023
 (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	Homeless Shelter Project Grant	Totals
REVENUES									
Federal aid								\$ 293,207	\$ 293,207
Sales taxes		\$ 1,772,217							1,772,217
Fines, forfeitures, and costs	\$ 45,578		\$ 8,719			\$ 75,707			130,004
Interest	5,448	37,805	1,226	\$ 12,689		1,383	\$ 1,381		59,932
Local permits and fees				3,950					3,950
Advertising and promotion taxes							142,315		142,315
Return of prior year promotional funding							103		103
TOTAL REVENUES	<u>51,026</u>	<u>1,810,022</u>	<u>9,945</u>	<u>16,639</u>		<u>77,090</u>	<u>143,799</u>	<u>293,207</u>	<u>2,401,728</u>
EXPENDITURES									
Current:									
Law enforcement	33,077		12,201			88,200			133,478
Social services								293,207	293,207
Advertising and promotion							206,186		206,186
Economic development		<u>2,270,974</u>							<u>2,270,974</u>
TOTAL EXPENDITURES	<u>33,077</u>	<u>2,270,974</u>	<u>12,201</u>			<u>88,200</u>	<u>206,186</u>	<u>293,207</u>	<u>2,903,845</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,949	(460,952)	(2,256)	16,639		(11,110)	(62,387)		(502,117)
FUND BALANCES - JANUARY 1	<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>
FUND BALANCES - DECEMBER 31	<u>\$ 202,118</u>	<u>\$ 944,851</u>	<u>\$ 45,044</u>	<u>\$ 371,709</u>	<u>\$ 1</u>	<u>\$ 6,177</u>	<u>\$ 50,917</u>	<u>\$ 0</u>	<u>\$ 1,620,817</u>

CITY OF PARAGOULD, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2023
 (UNAUDITED)

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.
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, 2023

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 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, 2023

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.

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.

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.

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.

CITY OF PARAGOULD, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

1: (Continued)

E. Budget Law (Continued)

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.

2. **Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2023, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement	\$ 41,097		\$ 236,666
Highways and streets		\$ 333,887	
Public safety	1,203		
Recreation and culture	2,562		
Advertising and promotion			50,917
Economic development			944,851
Airport			1
Total Restricted	<u>44,862</u>	<u>333,887</u>	<u>1,232,435</u>
Committed for:			
Social services			<u>371,709</u>
Assigned to:			
Law enforcement			16,673
Highways and streets		<u>8,479,911</u>	
Total Assigned		<u>8,479,911</u>	<u>16,673</u>
Unassigned	<u>14,077,753</u>		
Totals	<u>\$ 14,122,615</u>	<u>\$ 8,813,798</u>	<u>\$ 1,620,817</u>

CITY OF PARAGOULD, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

3. Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	\$ 1,631,759
Leases	124,284
Construction contracts	6,613,691
 Total Commitments	 \$ 8,369,734

Long-term liabilities

Long-term liabilities at December 31, 2023, are comprised of the following:

	December 31, 2023
<u>Direct Borrowings</u>	
The City entered into a financed purchase agreement for \$203,652 for a freightliner on July 18, 2022. Terms of the agreement are monthly payments of \$4,265 for 24 months and one final payment of \$112,000, interest of 3.2%. Payments are to be made from the General Fund.	\$ 139,135
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	1,492,624
 Total Long-term liabilities	 \$ 1,631,759

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

The City's outstanding direct borrowings of \$139,135 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Direct Borrowings</u>					
7/18/22	7/18/24	3.20%	\$ 203,652	\$ 139,135	\$ 64,517

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
<u>Direct Borrowings</u>				
Financed purchases	\$ 184,994	\$ 0	\$ 45,859	\$ 139,135

*Direct borrowings reclassified from a lease to a financed purchase on January 1, 2023.

CITY OF PARAGOULD, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

3. Commitments (Continued)

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2024	\$ 139,135	\$ 2,721	\$ 141,856

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 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%.

Year	December 31, 2023
2024	\$ 95,784
2025	18,000
2026	10,500
Total	\$ 124,284

Lease expense for 2023, was \$329,638.

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2023:

Project Name	Completed or Estimated Completion Date	Contract Balance December 31, 2023
Hangar and Access Taxiway	March 22, 2024	\$ 248,624
City Hall	December 31, 2024	2,376,999
Event Center	December 31, 2024	3,988,068
Total Construction Contracts		\$ 6,613,691

CITY OF PARAGOULD, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

4. Jointly Governed Organizations- Second Judicial District Drug Task Force

The Prosecuting Attorney's Office of the Second Judicial District, the Sheriffs' Departments of Clay, Craighead, Greene, Mississippi, and Poinsett Counties and the Police Departments of Blytheville, Corning, Jonesboro, Marion, Osceola, Paragould, Piggott, Trumann, and West Memphis entered into an agreement to establish the Second Judicial District Drug Task Force. This agreement covers the period January 1, 2023 to December 31, 2024, and may be extended upon written mutual agreement. Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Second Judicial District. No contributions or payments for expenditures were made to the Second Judicial District Drug Task Force. The 2023 financial statements of the Second Judicial District Drug Task Force have not been audited.

**5. 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. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website 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 \$844,170 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$565,936 for the year ended December 31, 2023.

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, 2023, (actuarial valuation date and measurement date) was \$10,216,523.

CITY OF PARAGOULD, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

6. 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.

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 5.5% as of July 1, 2023. 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 for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$707,650.

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, 2023, (actuarial valuation date and measurement date) was \$ 6,073,315.

7. Capital Assets

The Municipality's capital assets records are summarized below :

	December 31, 2023
Land	\$ 3,252,059
Buildings	22,029,197
Improvements	8,935,635
Equipment	15,983,668
Construction in progress	5,570,813
 Total	 \$ 55,771,372

8. 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 17th 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 \$121,825 to Greene County in 2023 for their share of the prorated expenses.

CITY OF PARAGOULD, ARKANSAS
OTHER GENERAL INFORMATION
DECEMBER 31, 2023

9. Subsequent Events

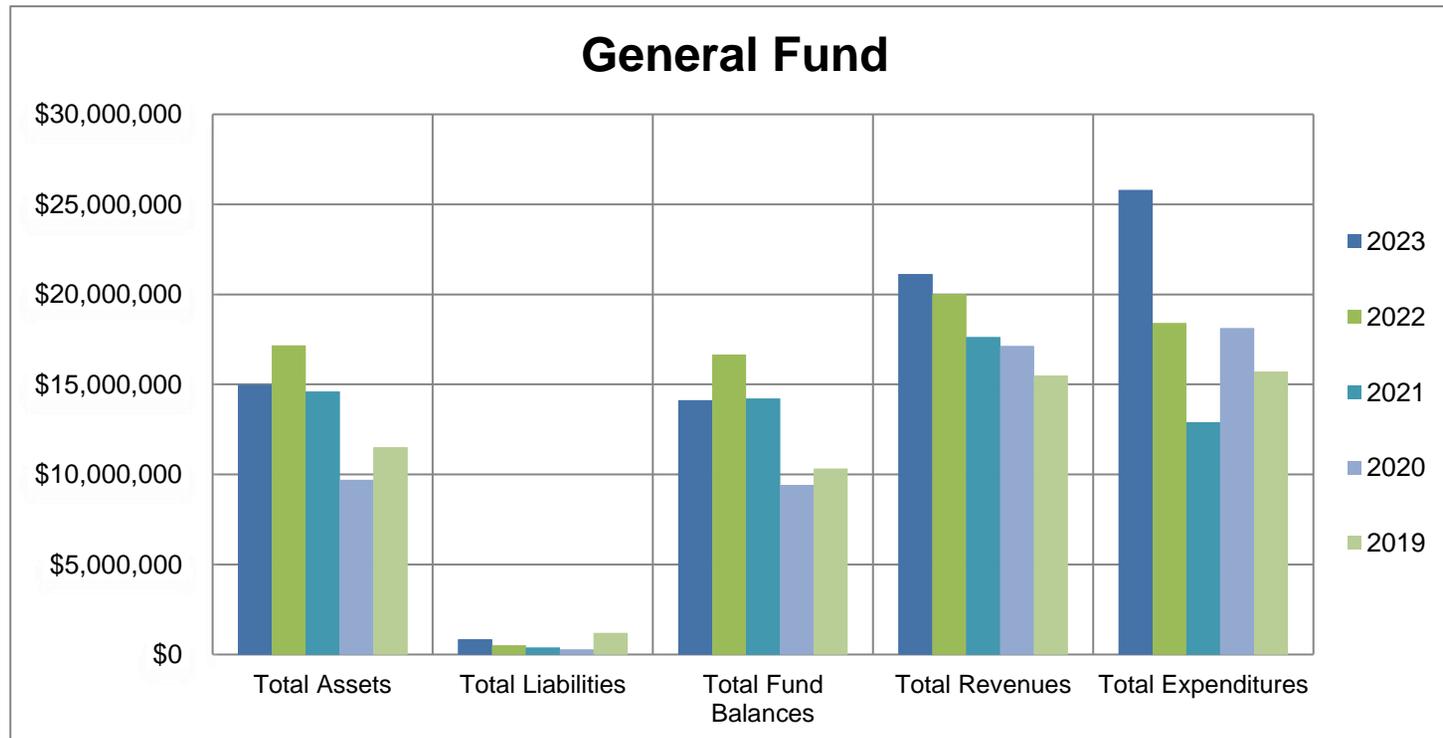
On August 27, 2024, the city issued a five-year promissory note in the amount of \$6,065,000 with an interest rate of 4.29% for capital improvements.

The city signed a construction and architect contract on September 19, 2024, and June 19, 2024, for a public works facility in the amount of \$3,025,920 and \$180,000, respectively.

CITY OF PARAGOULD, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 3-1

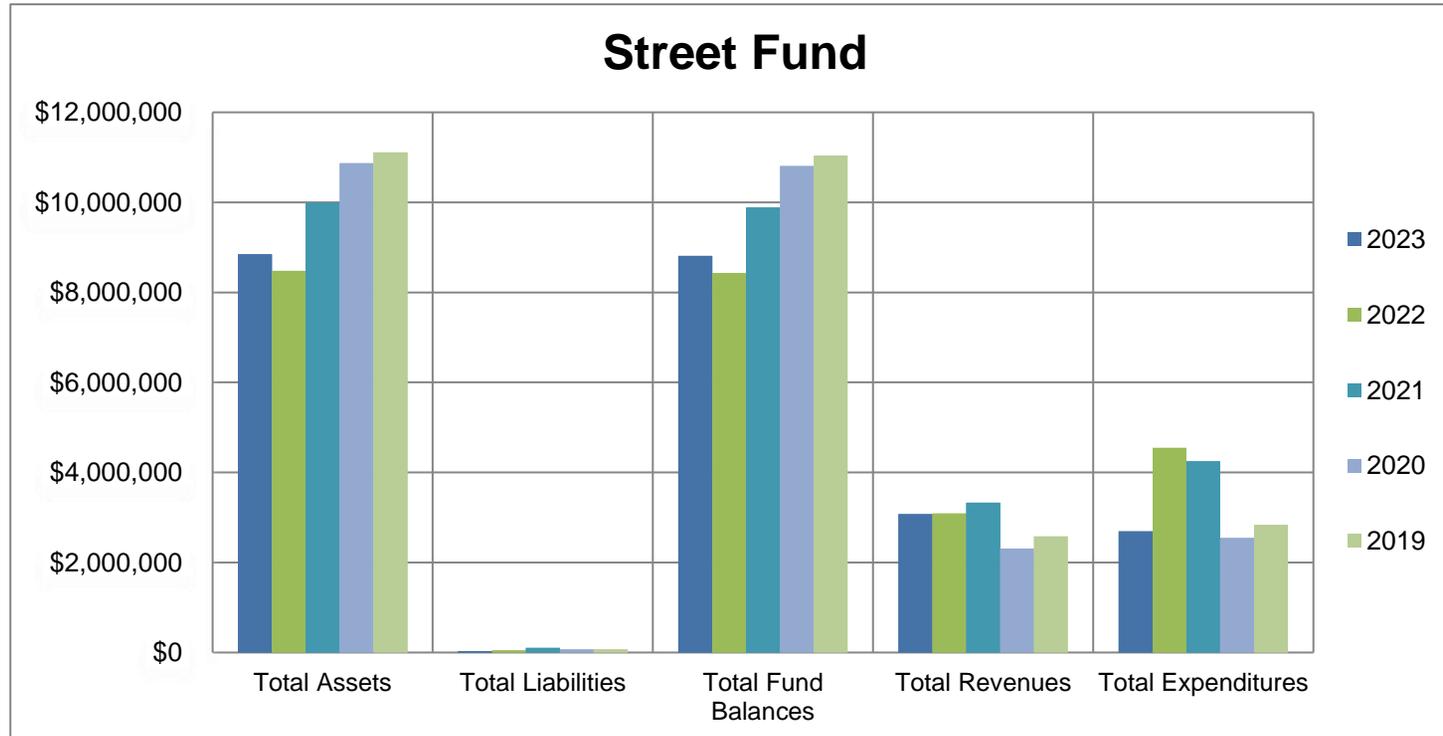
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 14,963,780	\$ 17,165,977	\$ 14,593,637	\$ 9,707,044	\$ 11,501,806
Total Liabilities	841,165	513,238	375,277	281,148	1,190,586
Total Fund Balances	14,122,615	16,652,739	14,218,360	9,425,896	10,311,220
Total Revenues	21,128,750	20,008,443	17,630,145	17,128,193	15,485,232
Total Expenditures	25,802,736	18,406,218	12,906,891	18,126,277	15,716,763
Total Other Financing Sources/Uses	2,143,862	832,154	69,210	112,760	240,496



CITY OF PARAGOULD, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 3-2

<u>Street</u>	2023	2022	2021	2020	2019
Total Assets	\$ 8,844,405	\$ 8,476,012	\$ 9,989,297	\$ 10,871,376	\$ 11,108,357
Total Liabilities	30,607	46,490	100,308	64,130	68,666
Total Fund Balances	8,813,798	8,429,522	9,888,989	10,807,246	11,039,691
Total Revenues	3,077,178	3,084,879	3,330,907	2,311,885	2,581,077
Total Expenditures	2,692,902	4,544,346	4,249,164	2,544,330	2,833,070
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, 2023
 (Unaudited)

Schedule 3-3

<u>Other Funds in the Aggregate</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total Assets	\$ 1,683,356	\$ 2,128,657	\$ 5,358,071	\$ 2,052,472	\$ 1,507,289
Total Liabilities	62,539	5,723	2,819,633	70,018	30,897
Total Fund Balances	1,620,817	2,122,934	2,538,438	1,982,454	1,476,392
Total Revenues	2,401,728	5,054,773	4,976,441	1,767,408	1,616,415
Total Expenditures	2,903,845	5,457,333	4,420,457	1,261,346	1,166,879
Total Other Financing Sources/Uses		(12,944)			2,000

