City of Paris, Arkansas

Financial Statements
December 31, 2024

(With Independent Auditor's Report Thereon)

City of Paris, Arkansas

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Balance Sheet – Regulatory Basis	5
Statement of Revenues, Expenditures, and Changes In Fund Balances – Regulatory Basis	6
Statement of Revenues, Expenditures, and Changes In Fund Balance – Regulatory Basis General Fund – Budget to Actual Comparison	8
Statement of Revenues, Expenditures, and Changes In Fund Balance – Regulatory Basis Street Fund – Budget to Actual Comparison	10
Notes to Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Capital Assets (Unaudited)	30
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	31
Combining Schedules of Revenues, Expenditures, and Changes In Fund Balances – Other Funds in the Aggregate – Regulatory Basis	32
Notes to Combining Schedules	33
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36
INDEPENDENT AUDITOR'S OPINION ON CITY'S COMPLIANCE WITH STATE LAWS	37
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	39
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	44
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	46

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Paris, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statements of the general fund; street fund; enterprise funds in aggregate; and other funds in aggregate of the City of Paris, Arkansas (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and fund balances of the funds as presented of the City as of December 31, 2024, and their respective revenues, expenditures, and changes in fund balances and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the State of Arkansas (State) described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City as of December 31, 2024, or the changes in financial position thereof for the year then ended.

Basis for Unmodified Opinion on Regulatory Basis of Accounting

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the City on the basis of accounting practices prescribed or permitted by the State to demonstrate compliance with the State's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting

Landmark PLC, Certified Public Accountants
3101 S. 70th Street | Fort Smith, AR 72903 | Telephone (479) 484-5740 | Fax (479) 484-0670 | www.landmarkcpas.com

principles generally accepted in the United States of America, to meet the requirements of the State. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the State to demonstrate compliance with the State's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting practices prescribed or permitted by the State, which practices differ from accounting principles generally accepted in the United States of America, require that certain supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the State, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 6, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Landmark PLC

Fort Smith, Arkansas
October 6, 2025

Basic Financial Statements

City of Paris, Arkansas

Balance Sheet – Regulatory Basis
December 31, 2024

	General Fund	Street Fund	Enterprise Funds	Other Funds	Total
ASSETS					
Cash					
Unrestricted	$ 479,885	$ 115,480	$ 640,384	$ 24,116	$ 1,259,865
Restricted	-	-	261,930	722	262,652
Certificates of deposit					
Unrestricted	-	-	107,976	-	107,976
Restricted	-	6,763	190,698	-	197,461
Accounts receivable	268,606	22,959	417,556	29,802	738,923
Investments - restricted	-	-	-	9,534	9,534
Inventory	-	-	295,945	-	295,945
Capital assets, net	-	-	9,984,373	-	9,984,373
TOTAL ASSETS	$ 748,491	$ 145,202	$ 11,898,862	$ 64,174	$ 12,856,729
LIABILITIES AND FUND BALANCES					
Accounts payable	$ 285,594	$ 6,182	$ 427,470	$ 29,802	$ 749,048
Current maturities of long-term debt	-	-	126,505	-	126,505
Settlements pending	-	-	-	13,897	13,897
Taxes withheld and payable	-	-	16,023	-	16,023
Customer deposits	-	-	69,292	-	69,292
Long-term debt	-	-	4,209,901	-	4,209,901
Total Liabilities	285,594	6,182	4,849,191	43,699	5,184,666
FUND BALANCES					
Governmental funds:					
Restricted	-	6,763	-	10,256	17,019
Assigned	21,629	-	-	10,201	31,830
Unassigned	441,268	132,257	-	18	573,543
Proprietary funds:					
Invested in fixed assets, net of related debt	-	-	5,647,967	-	5,647,967
Restricted	-	-	452,628	-	452,628
Unrestricted	-	-	949,076	-	949,076
Total Fund Balances	462,897	139,020	7,049,671	20,475	7,672,063
TOTAL LIABILITIES AND FUND BALANCES	$ 748,491	$ 145,202	$ 11,898,862	$ 64,174	$ 12,856,729

See accompanying notes to financial statements.

City of Paris, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis
Year ended December 31, 2024

	General Fund	Street Fund	Enterprise Funds	Other Funds	Total
REVENUES					
Charges for services	$ -	$ -	$ 5,702,284	$ -	$ 5,702,284
Taxes and assessments	1,399,180	313,419	-	343,094	2,055,693
Grant income	617,487	-	-	-	617,487
Federal funds	-	-	831,155	-	831,155
Licenses and permits	46,904	-	-	-	46,904
Fines and fees	39,522	-	-	85,419	124,941
Contributions					
State	11,302	-	-	-	11,302
Investment return	1,106	576	9,870	519	12,071
Rent	7,050	-	-	-	7,050
Proceeds from long-term debt	76,000	-	-	-	76,000
Miscellaneous	97,057	-	46,238	5,590	148,885
Total Revenues	2,295,608	313,995	6,589,547	434,622	9,633,772
EXPENDITURES					
Operations and Maintenance					
Energy purchased	-	-	2,509,729	-	2,509,729
Maintenance of systems	-	-	238,226	-	238,226
Cost of operating equipment	57,775	58,098	145,367	-	261,240
Salaries	808,718	204,048	777,830	-	1,790,596
Plant expense	-	-	60,243	-	60,243
Chemicals	-	-	146,523	-	146,523
Departmental operating expenses	151,799	-	84,801	-	236,600
Depreciation	-	-	363,407	-	363,407
Other operating expenses	114,915	-	-	-	114,915
General and Administrative					
Salaries	195,019	-	48,581	-	243,600
Supplies	-	-	21,408	-	21,408
Travel expense	-	-	3,169	-	3,169
Telephone	-	-	9,024	-	9,024
Professional services	10,687	5,490	29,759	-	45,936
Insurance	314,228	43,303	156,699	686	514,916
Payroll taxes	74,775	15,519	62,862	-	153,156
Employee retirement	127,030	31,210	118,576	-	276,816
Dues and donations	-	-	4,204	-	4,204
Miscellaneous	37,171	451	102,236	4,893	144,751
Debt Service					
Principal	-	23,468	34,416	-	57,884
Interest expense	-	347	85,152	-	85,499
Other					
Sales tax remittance to hospital	-	-	-	343,094	343,094
Filing fees	-	-	-	77,213	77,213
Capital outlays	170,173	-	-	-	170,173
Grants given	891,042	-	-	-	891,042
Total Expenditures	2,953,332	381,934	5,002,212	425,886	8,763,364
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(657,724)	(67,939)	1,587,335	8,736	870,408

See accompanying notes to financial statements.

City of Paris, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis
Year ended December 31, 2024

	General Fund	Street Fund	Enterprise Funds	Other Funds	Total
TRANSFERS					
Transfers in	1,341,863	80,000	917,330	-	2,339,193
Transfers out	(803,936)	-	(1,527,051)	(8,206)	(2,339,193)
Total Transfers	537,927	80,000	(609,721)	(8,206)	-
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	(119,797)	12,061	977,614	530	870,408
FUND BALANCES, BEGINNING OF YEAR	582,694	126,959	6,072,057	19,945	6,801,655
FUND BALANCES, END OF YEAR	$ 462,897	$ 139,020	$ 7,049,671	$ 20,475	$ 7,672,063

See accompanying notes to financial statements.

City of Paris, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis
General Fund – Budget to Actual Comparison
Year ended December 31, 2024

	Budget	Actual	Variance with Budget Favorable (Unfavorable)
REVENUES			
Taxes and assessments	$ 1,432,860	$ 1,399,180	$ (33,680)
Grant income	10,000	617,487	607,487
Licenses and permits	62,500	46,904	(15,596)
Fines and fees	35,500	39,522	4,022
State contributions	-	11,302	11,302
Investment return	60	1,106	1,046
Rent	5,000	7,050	2,050
Proceeds from long-term debt	-	76,000	76,000
Miscellaneous	99,350	97,057	(2,293)
Total Revenues	1,645,270	2,295,608	650,338
EXPENDITURES			
Operations and Maintenance			
Cost of operating equipment	34,500	57,775	(23,275)
Salaries	863,000	808,718	54,282
Departmental operating expenses	208,012	151,799	56,213
Other operating expenses	63,300	114,915	(51,615)
General and Administrative			
Salaries	164,317	195,019	(30,702)
Professional services	15,000	10,687	4,313
Insurance	336,792	314,228	22,564
Payroll taxes	90,180	74,775	15,405
Employee retirement	125,836	127,030	(1,194)
Miscellaneous	18,900	37,171	(18,271)
Debt service			
Principal	60,000	-	60,000
Other			
Capital outlays	85,500	170,173	(84,673)
Grants given	124,500	891,042	(766,542)
Total Expenditures	2,189,837	2,953,332	(763,495)
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(544,567)	(657,724)	(113,157)

See accompanying notes to financial statements.

City of Paris, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis
General Fund – Budget to Actual Comparison
Year ended December 31, 2024

	Budget	Actual	Variance with Budget Favorable (Unfavorable)
TRANSFERS			
Transfers in	1,425,657	1,341,863	(83,794)
Transfers out	(871,642)	(803,936)	67,706
Total Transfers	554,015	537,927	(16,088)
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	$ 9,448	$ (119,797)	$ (129,245)

See accompanying notes to financial statements.

City of Paris, Arkansas

Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis
Street Fund – Budget to Actual Comparison
Year ended December 31, 2024

	Budget	Actual	Variance with Budget Favorable (Unfavorable)
REVENUES			
Taxes and assessments	$ 310,465	$ 313,419	$ 2,954
Investment return	50	576	526
Miscellaneous	100	-	(100)
Total Revenues	310,615	313,995	3,380
EXPENDITURES			
Operations and Maintenance			
Cost of operating equipment	58,517	58,098	419
Salaries	207,500	204,048	3,452
General and Administrative			
Professional services	2,850	5,490	(2,640)
Insurance	46,932	43,303	3,629
Payroll taxes	18,800	15,519	3,281
Employee retirement	31,500	31,210	290
Miscellaneous	700	451	249
Debt Service			
Principal	23,816	23,468	348
Interest expense	-	347	(347)
Total Expenditures	390,615	381,934	8,681
(DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(80,000)	(67,939)	12,061
TRANSFERS			
Transfers in	80,000	80,000	-
EXCESS OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	$ -	$ 12,061	$ 12,061

See accompanying notes to financial statements.

NOTE 1: *NATURE OF ACTIVITIES*

The City of Paris, Arkansas (the City) was incorporated under the laws of the State of Arkansas (the State) and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. The criteria provided in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* have been considered, and there are no agencies or entities which should be presented with the City.

NOTE 2: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Basis of Presentation

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 accounting principles generally accepted in the United States of America (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP requires the following 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 the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for 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 specific purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback, property taxes, and sales taxes that are restricted or committed for maintaining and constructing highways and streets.

Enterprise Funds – The Enterprise Funds consist of the Electric, Water, Sewer, and Sanitation funds and are used to account for the receipt of funds generated by charges to citizens for utility services provided by the City and the disbursements of those funds to provide utility services to citizens, as well as assisting in financing the activities of other funds of the City.

Other Funds – Other Funds consist of all other funds of the City. The following types of funds are included in this column:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific receipt sources that are legally restricted to disbursement for specific purposes. The Hospital Sales Tax Fund and the Oakwood Cemetery Fund are the special revenue funds of the City included in the other funds column.

Capital Projects Funds – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Custodial Funds – Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Custodial funds such as the City payroll fund are presented in the Other Aggregate Funds. The Administration of Justice Fund is a custodial fund of the City included in the other funds column.

Basis of Accounting – Regulatory

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 City 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 City. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the City on or before the end of the current period that are paid within 60 days of the end of the 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.

The regulatory basis of accounting is not in accordance with GAAP. GAAP requires 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.

Budgets and Budgetary Accounting
State law requires that the following procedures be followed in establishing the budgetary data reflected in the financial statements:

a. Prior to December 1 each year, the Mayor submits to the City Council a proposed operating budget for the General and Special Revenue Funds 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 action of the City Council.

d. Appropriations lapse at the end of the year.

e. Under certain conditions, the budget may be amended subsequent to year-end.

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

Investments
Investments are reported at fair value. The Cemetery Fund holds five equities which were donated in previous years. These equities are donor restricted and therefore were not liquidated and converted to cash. All five equities are recorded at fair market value, and all are considered level 1 investments. See Note 5.

Inventory
Inventory is valued at the lower of cost (first-in, first-out method) or net realizable value. Inventory consists of transformers, poles, meters, piping, and other miscellaneous items used for utilities maintenance. Inventory applies only to the enterprise funds.

Note Receivable
During 2022, the City entered into an agreement with a limited liability company for the promotion and maintenance of industrial development for the City. The City has transferred property to Big River Property, LLC by deed with a deferred mortgage with forgiveness based on continued operation within the Paris Industrial Park. The amount of the mortgage is $480,250 bearing interest from date until maturity of 3% per annum based on a ten-year amortization. Each payment including interest and principal is deferred until January 15, 2032, at which time, the City may elect to forgive the mortgage under certain parameters involving the business staying in the City, maintaining a certain amount of employees and maintaining electric service with the City. Consistent with the regulatory basis of accounting, the City has chosen not to record this note receivable in these financial statements.

Capital Assets
Capital assets, which include enterprise fund assets constructed since 2001, are reported in the City's funds.

Fixed assets are recorded at cost. Contributed property is recorded at fair value at the date of contribution. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. The ranges of estimated useful lives are as follows:

Building and improvements	5 - 50 years
Collection and distribution system	5 - 50 years
Infrastructure	20 - 40 years
Machinery and equipment	3 - 50 years
Recreational facilities	10 - 20 years
Trucks and mobile equipment	5 - 15 years

The City's capitalization policy states that assets with an initial value or cost greater than or equal to $1,000 and an estimated useful life of greater than one year are capitalized. The cost basis of fully depreciated property and equipment still in use by the City at December 31, 2024 amounted to approximately $3,331,000.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and local permits and fees that have not been transferred to the appropriate entities. The City had settlements pending of $13,897 as of December 31, 2024.

Fund Balance Classifications

Fund balance is classified and could be displayed in the following components:

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.

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).

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.

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.

Enterprise Funds and Trust and Agency Funds

Invested in fixed assets, net of related debt – represents the amount of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – represents amounts with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted – represents all other amounts that do not meet the definition of "invested in fixed assets, net of related debt" or "restricted."

Fund Balance Classification Policies and Procedures
The City'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 City 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 City 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.

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 City for property tax credits in accordance with Arkansas Code.

Donations
Donations received, if any, are recorded as revenues in the period received as assets, expenses, or decreases of liabilities, depending on the type of benefit received. Donations are measured at estimated fair market values.

Gifts of land, buildings, and equipment are presented as unrestricted support unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the City reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Advertising
The City follows the policy of charging advertising to expense as incurred.

Use of Estimates
Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSITS IN FINANCIAL INSTITUTIONS

Deposits in financial institutions are financial instruments that could potentially subject the City to a risk of accounting loss to the extent of the uninsured/uncollateralized portion of those deposits. The City maintains deposit balances in three financial institutions, and all deposit balances are carried at cost. See Note 19 for further details.

Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

Pension Trust Fund – Firemen's Pension and Relief Fund

State law provides certain restrictions for firemen's pension trust funds. If the total assets of the fund are less than one hundred thousand dollars ($100,000), the funds may be deposited or invested as noted in the preceding paragraph and may also include the following: deposits in federally insured savings and loans located in the State and notes secured by mortgages on real estate guaranteed either by the United States government or by a corporation approved by the State Commissioner of Insurance. Investments of other types are allowed by State law, but it has not been a common practice to utilize them. If the total assets of the fund exceed one hundred thousand dollars ($100,000), the fund may employ a professional investment counselor to invest the assets subject to the prudent investor rule and/or in no-load mutual funds.

NOTE 4: RESTRICTED BALANCES

The City has classified certain cash and certificate of deposit balances as restricted and not available for use in its normal operations. As of December 31, 2024, the City had the following amounts as restricted balances:

Customer Deposit Fund: Cash restricted to refund customer deposits or reimburse the revenue fund when deposits are applied to bills of customers with a history of timely payment. Additions to this fund are new customer deposits received. Restricted deposits related to this fund amounted to $69,292 at December 31, 2024.

USDA Loan Reserve Fund: Certificate of deposit restricted for a required reserve as part of the loan requirements of the United States Department of Agriculture (USDA) for the water system improvement project. Restricted certificate of deposit related to this fund amounted to $190,698 at December 31, 2024.

Sidewalk Construction Fund: Certificate of deposit restricted for sidewalk construction. Restricted certificate of deposit related to this fund amounted to $6,763 at December 31, 2024.

Administration of Justice Fund: Cash restricted to pay the City's portion of the District judge salary. Restricted cash and certificate of deposit related to this fund amounted to $722 at December 31, 2024.

Short Lived Asset Replacement Fund: Cash restricted to replace capital assets in the water fund when needed. Restricted cash to this fund amounted to $192,638 at December 31, 2024.

See Note 5 for restricted investments.

NOTE 5: INVESTMENTS

The Oakwood Cemetery Fund had investments with a fair market value of $9,534 at December 31, 2024. These investments are held by CompuServe in the City's name and are subject to risk of market value decline. These investments are restricted for cemetery maintenance.

Investments are reported at fair value. GASB Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

- **Level I** – quoted prices in active markets for identical assets
- **Level II** – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)
- **Level III** – significant unobservable assumptions (i.e., prices or valuations using observable techniques supported by little or no market activity)

At December 31, 2024, the City's investments were all considered to be Level 1.

NOTE 6: *ACCOUNTS RECEIVABLE*

The accounts receivable balance at December 31, 2024 is composed of the following:

Description	General Fund	Street Fund	Enterprise Funds	Other Funds in the Aggregate
Property taxes	$ 18,506	$ -	$ -	$ -
Franchise fees	10,306	-	-	-
Sales taxes	188,652	22,959	-	29,802
Charges for services	-	-	417,556	-
School resource officer	15,398	-	-	-
Other	35,744	-	-	-
Total	$ 268,606	$ 22,959	$ 417,556	$ 29,802

NOTE 7: *CAPITAL ASSETS, NET*

The capital asset balances at December 31, 2024 for all enterprise funds are composed of the following:

	Balance January 1, 2024	Additions	Deletions	Transfers	Balance December 31, 2024
Land	$ 239,630	$ -	$ -	$ -	$ 239,630
Building and improvements	161,637	13,667	-	-	175,304
Machinery and equipment	611,119	7,890	-	-	619,009
Trucks and mobile equipment	896,283	5,780	-	-	902,063
Infrastructure	558,544	-	-	-	558,544
Collection and distribution system	13,589,499	1,478,310	-	-	15,067,809
	16,056,712	1,505,647	-	-	17,562,359
Accumulated depreciation	(7,214,579)	(363,407)	-	-	(7,577,986)
Fixed assets, net of accumulated depreciation	$ 8,842,133	$ 1,142,240	$ -	$ -	$ 9,984,373

NOTE 8: *LONG-TERM DEBT*

Water Fund
At December 31, 2024, the Water Fund was indebted to the United States Department of Agriculture (USDA) in the amount of $3,346,199. This loan was for the development and improvement of the City's water system. The loan accrues interest at 1.75% with payments of $12,824 due monthly maturing in 2050.

Sewer Fund
At December 31, 2024, the Sewer Fund was indebted to Arkansas Development Finance Authority in the amount of $988,286. This loan was for the development and improvement of the City's sewer system. The loan accrues interest at 3.50% with payments of $20,519 due semi-annually maturing in 2055.

Following is a summary of changes in long-term debt:

	Balance January 1, 2024	Issued/ Borrowed	Retired/ Paid	Balance December 31, 2024	Amounts Due Within One Year
Water Fund					
USDA	$ 3,114,086	$ 331,138	$ 97,104	$ 3,348,120	$ 90,672
Sanitation Fund					
FNB - sanitation truck	$ 30,816	$ -	$ 30,816	$ -	$ -
Sewer Fund					
ADFA loan	$ 988,286	$ -	$ -	$ 988,286	$ 35,833

The following is a summary of debt service requirements:

Year Ending	Water Fund		Sewer Fund	
December 31,	Principal	Interest	Principal	Interest
2025	$ 90,672	$ 63,216	$ 35,833	$ 17,045
2026	92,272	61,616	24,416	16,622
2027	93,899	59,989	24,847	16,191
2028	95,556	58,332	25,285	15,753
2029	97,242	56,646	25,731	15,307
2030-2034	817,387	256,887	135,626	69,564
2035-2039	892,073	210,054	148,019	57,171
2040-2044	973,585	158,941	161,544	43,646
2045-2049	195,434	37,028	176,304	28,886
2050-2054	-	-	192,414	12,776
2055	-	-	38,267	337
Total	$ 3,348,120	$ 962,709	$ 988,286	$ 293,298

NOTE 9: LEGAL DEBT LIMIT

Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2024, the legal debt limit for the bonded debt was $5,712,570. There were no property tax secured bond issues.

Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2024, the legal debt limit for short-term financing obligations was $1,428,142. The short-term obligations listed above are within the legal debt limit.

NOTE 10: DETAILS OF FUND BALANCE CLASSIFICATIONS

Fund balance classifications at December 31, 2024, are composed of the following:

Description	General Fund	Street Fund	Enterprise Funds	Other Funds in the Aggregate
Fund Balances				
Restricted				
Cemetery maintenance	$ -	$ -	$ -	$ 9,534
Sidewalk construction	-	6,763	-	-
Animal control	-	-	-	722
Assigned				
Cemetery maintenance	-	-	-	10,201
Airport commission	21,096	-	-	-
Train project	533	-	-	-
Unassigned	441,268	132,257	-	18
Enterprise funds				
Invested in fixed assets, net of related debt	-	-	5,647,967	-
Restricted	-	-	452,628	-
Unrestricted	-	-	949,076	-
Totals	$ 462,897	$ 139,020	$ 7,049,671	$ 20,475

NOTE 11: PROPERTY TAX

The City levies its property tax during the month of October, prior to the current fiscal year. The County is the collecting agent for the levy and remits the collections to the City, net of a collection fee. Taxes are delinquent after October 15th.

The amount of property taxes the City may levy is subject to a statutory limitation set by the State. The tax levy may not be increased except by amendment to the State Constitution.

The assessed value of taxable property upon which the property tax is levied is determined by the County Assessor. The Assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

NOTE 12: HOSPITAL REVENUE FUND

During March 2000, the City passed a half-cent sales tax for the purpose of assisting in operations of the North Logan Mercy Hospital. The sales tax was effective July 1, 2000, and all proceeds are distributed to the hospital.

NOTE 13: JOINTLY GOVERNED ORGANIZATIONS

West River Valley Solid Waste Management District
Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties, and the cities of Van Buren, Ozark, Atkins, Booneville, Alma, Clarksville, Russellville, Paris, Charleston, Morrilton, Waldron, and Dardanelle entered into an agreement in 1997 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann 8-6-707. The City did not contribute any funding to the district during 2024. Separate financial statements may be obtained at 24087 Highway 164, Clarksville, Arkansas 72830.

NOTE 14: INTERLOCAL AGREEMENTS

Paris School District
In 2021, the City of Paris and the Paris School District entered into an agreement to jointly support a safe and healthy school environment for students, staff, faculty, and visitors. During 2024, the City received $43,045 in reimbursements from the Paris School District for the salaries of the School Resource Officers. Under the terms of this agreement, the salaries of the School Resource Officer's will be shared by the City of Paris and the Paris School District, unless funded completely by grant monies.

NOTE 15: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation – This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the City. Rates for municipalities for participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Municipal Vehicle Program

Liability – This program may pay all sums the City legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the City is liable. The limit of payment by the program is as follows: $25,000 because of bodily injury to or death of one person in any one accident; $50,000 because of bodily injury to or death of two or more persons in any one accident; and $25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a change established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.

Physical Damage – This program covers motor vehicles and permanently attached equipment which are the property of the participating City. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of $1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program – This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating City. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating City and program. Loss amounts payable will be reduced by the deductible amount of $10,000, or in the case of flood or earthquake, $500,000. The City agrees to pay into the program each year a service charge established annually by the program administrator for property for which the City desires coverage.

Municipal Legal Defense Program – The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating City and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at a time the lawsuit was filed or the judgment becomes final, or $1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first $3,000 of the aggregate cost for all expenses on each lawsuit. The cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Government Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of $300,000 or in the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a $2,500 deductible per occurrence.

NOTE 16: LOCAL POLICE AND FIRE RETIREMENT SYSTEM

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 in their website www.lopfi-prb.com.

During July 2022, the administration and assets of the Firemen's Pension 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:

- Paid service not covered by Social Security: 8.5% of gross pay
- Paid service also covered by Social Security: 2.5% of gross pay
- 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 contributions to the plan was $11,508 for the year ended December 31, 2024.

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 for the plan at December 31, 2024 (actuarial valuation date and measurement date) was $88,563.

NOTE 17: 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. 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 $254,332 for the plan year ended June 30, 2024.

Net Pension Liability
The City's proportionate share of the collective net pension liability at June 30, 2024 (actuarial valuation date and measurement date) was $1,818,285.

NOTE 18: EMPLOYEE BENEFIT PLANS

The City offers all active full-time employees and elected City officials who receive a W-2 form the option to participate in a flexible benefit plan administered by the Mayor and City Clerk. The flexible benefit plan has been established as a cafeteria plan as permitted under Section 125 of the Internal Revenue Code (IRC) of 1954, as amended, to provide for group medical/dental assistance for its eligible employees and dependents. The plan is funded solely by salary redirections as elected on a voluntary basis by participants.

The City enacted an IRC Section 457 deferred compensation plan as of January 1, 2000 for all interested employees. Each employee may contribute amounts up to the maximum allowed under the IRC. Other than incidental expenses of collecting and disbursing the employees' deferrals and other minor administrative matters, there are no costs to the City for the deferred compensation plan.

NOTE 19: CONCENTRATIONS AND RISK OF ACCOUNTING LOSS

Deposits in financial institutions are financial instruments that could potentially subject the City to a risk of accounting loss to the extent of the uninsured/uncollateralized portion of those deposits. All deposits are carried at cost. The amounts of deposits are separately displayed on the Balance Sheet – Regulatory Basis at December 31, 2024 as "Cash" and "Certificates of deposit." "Cash" includes petty cash of $125.

	Carrying Amount	Bank Amount
Insured (FDIC)	$ 250,000	$ 250,000
Uninsured		
Collateralized	1,577,829	1,753,845
Uncollateralized	-	-
	$ 1,827,829	$ 2,003,845

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy is to attempt to match investment maturities with cash flow requirements. The City's investments generally are certificates of deposit with maturities primarily one year or less.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to minimize credit risk losses due to default of security issuers or backers by limiting investments to the safest types of securities.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Financial instruments that potentially subject the City to credit risk consist primarily of accounts receivable. The City provides water, electric, sewer, and sanitation services primarily to customers within the Paris area. During the year ended December 31, 2024, the City sold water to the City of Scranton totaling approximately $310,000, which amounted to approximately 28% of total water sales. During the year ended December 31, 2024, the City also sold water to the Central Logan County Water Association totaling approximately $146,000, which amounted to approximately 13% of total water sales.

The City purchases electricity from three vendors. During the year ended December 31, 2024, the City purchased electricity from Oklahoma Municipal Electric Systems totaling approximately $1,387,000, which amounted to approximately 57% of total electricity purchases. The City also purchased electricity from Southwestern Power Administration totaling approximately $848,000, which amounts to approximately 35% of total electricity purchases.

NOTE 20: CONTINGENCIES AND COMMITMENTS

The City was the recipient of various federal and state grants. These grant programs are subject to audit by the federal or state government or their representatives. Accordingly, the amount, if any, of expenditures which may be disallowed by the program representatives cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 21: LITIGATION

The City is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the assets, liabilities, fund balances, revenues, and expenditures of the City.

NOTE 22: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds that provide electric, water, sewer, and sanitation services. Segment information is as follows:

	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Charges for services	$ 4,273,142	$ 1,103,059	$ 312,886	$ 13,197	$ 5,702,284
Federal funds	-	831,155	-	-	831,155
Nonoperating revenues	37,125	16,732	201	2,050	56,108
Expenditures	3,225,127	1,111,774	378,635	286,676	5,002,212
Excess (Deficiency) of Revenues Over Expenditures Before Transfers	1,085,140	839,172	(65,548)	(271,429)	1,587,335
Transfers:					
In	160,000	444,997	-	312,333	917,330
Out	(1,160,000)	(333,657)	(33,394)	-	(1,527,051)
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	85,140	950,512	(98,942)	40,904	977,614
Fixed Assets:					
Additions	5,657	1,420,594	79,396	-	1,505,647
Depreciation	39,188	133,623	159,942	30,654	363,407
Working Capital	925,991	227,260	523	121,425	1,275,199
Total Assets	1,629,252	8,518,023	1,411,761	339,826	11,898,862
Total Liabilities	236,755	3,624,150	988,286	-	4,849,191
Long-Term Debt:					
USDA	-	3,348,120	-	-	3,348,120
ADFA loan	-	-	988,286	-	988,286
Total Fund Balance	1,392,497	4,893,873	423,475	339,826	7,049,671

NOTE 23: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 6, 2025, the date that the financial statements were available to be issued.

Required Supplementary Information

City of Paris, Arkansas

Required Supplementary Information
Schedule of Capital Assets (Unaudited)
Year ended December 31, 2024

General Fund:

	Balance January 1, 2024	Additions	Deletions	Transfers	Balance December 31, 2024
Land	$ 953,045	$ -	$ -	$ -	$ 953,045
Building and improvements	1,099,880	-	-	-	1,099,880
Machinery and equipment	393,601	87,853	(9,990)	-	471,464
Trucks and mobile equipment	878,140	81,000	-	-	959,140
Infrastructure	2,691,869	-	-	-	2,691,869
Recreational facilities	1,236,806	1,320	-	-	1,238,126
	7,253,341	170,173	(9,990)	-	7,413,524
Accumulated depreciation	(3,918,996)	(280,285)	9,990	-	(4,189,291)
Fixed assets, net of accumulated depreciation	$ 3,334,345	$ (110,112)	$ -	$ -	$ 3,224,233

Street Fund:

	Balance January 1, 2024	Additions	Deletions	Transfers	Balance December 31, 2024
Machinery and equipment	$ 173,555	$ -	$ -	$ -	$ 173,555
Trucks and mobile equipment	243,910	-	-	-	243,910
Infrastructure	1,762,607	-	-	-	1,762,607
	2,180,072	-	-	-	2,180,072
Accumulated depreciation	(1,246,208)	(110,675)	-	-	(1,356,883)
Fixed assets, net of accumulated depreciation	$ 933,864	$ (110,675)	$ -	$ -	$ 823,189

Other Funds:

	Balance January 1, 2024	Additions	Deletions	Transfers	Balance December 31, 2024
Building and improvements	$ 55,881	$ -	$ -	$ -	$ 55,881
Trucks and mobile equipment	1,475	-	-	-	1,475
	57,356	-	-	-	57,356
Accumulated depreciation	(35,517)	(3,089)	-	-	(38,606)
Fixed assets, net of accumulated depreciation	$ 21,839	$ (3,089)	$ -	$ -	$ 18,750

See Independent Auditor's Report

City of Paris, Arkansas

Combining Balance Sheet – Other Funds in the Aggregate -
Regulatory Basis
December 31, 2024

	Special Revenue Funds			Custodial Fund			
	Hospital Fund	Oakwood Cemetery Fund	Grants Fund	Administration of Justice Fund	Police Drug Fund	Payroll Fund	Total
ASSETS							
Cash							
Unrestricted	$ 18	$ 10,201	$ -	$ 3,768	$ 5,109	$ 5,020	$ 24,116
Restricted	-	-	722	-	-	-	722
Accounts receivable	29,802	-	-	-	-	-	29,802
Investments - restricted	-	9,534	-	-	-	-	9,534
TOTAL ASSETS	$ 29,820	$ 19,735	$ 722	$ 3,768	$ 5,109	$ 5,020	$ 64,174
LIABILITIES AND FUND BALANCE							
Accounts payable	$ 29,802	$ -	$ -	$ -	$ -	$ -	$ 29,802
Settlements pending	-	-	-	3,768	5,109	5,020	13,897
Total Liabilities	29,802	-	-	3,768	5,109	5,020	43,699
FUND BALANCES							
Restricted	-	9,534	722	-	-	-	10,256
Assigned	-	10,201	-	-	-	-	10,201
Unassigned	18	-	-	-	-	-	18
Total Fund Balances	18	19,735	722	-	-	-	20,475
TOTAL LIABILITIES AND FUND BALANCES	$ 29,820	$ 19,735	$ 722	$ 3,768	$ 5,109	$ 5,020	$ 64,174

See Independent Auditor's Report and Notes to Combining Schedules

City of Paris, Arkansas

Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate - Regulatory Basis
December 31, 2024

	Special Revenue Funds			Custodial Fund	
	Hospital Fund	Oakwood Cemetery Fund	Grants Fund	Administration of Justice Fund	Total
REVENUES					
Taxes and assessments	$ 343,094	$ -	$ -	$ -	$ 343,094
Fines and fees	-	-	-	85,419	85,419
Investment return	-	519	-	-	519
Miscellaneous	-	5,590	-	-	5,590
Total Revenues	343,094	6,109	-	85,419	434,622
EXPENDITURES					
Insurance	-	686	-	-	686
Miscellaneous	-	4,893	-	-	4,893
Sales tax remittance	343,094	-	-	-	343,094
Filing fees	-	-	-	77,213	77,213
Total Expenditures	343,094	5,579	-	77,213	425,886
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	530	-	8,206	8,736
Transfers					
Transfers out	-	-	-	(8,206)	(8,206)
Total Transfers	-	-	-	(8,206)	(8,206)
EXCESS OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	-	530	-	-	530
FUND BALANCES, BEGINNING OF YEAR	18	19,205	722	-	19,945
FUND BALANCES, END OF YEAR	$ 18	$ 19,735	$ 722	$ -	$ 20,475

See Independent Auditor's Report and Notes to Combining Schedules

City of Paris, Arkansas

Notes to Combining Schedules
December 31, 2024

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

Fund Name	Fund Description
Hospital Fund	Established fund to receive sales taxes to distribute to the Paris Community Hospital.
Oakwood Cemetery Fund	Ark. Code Ann. 20-17-1016 established fund to receive cemetery fees and provide for the perpetual operation and maintenance of the cemetery.
Grants Fund	Established to process grants to be used for specific purposes.
Administration of Justice Fund	Ark. Code Ann. 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Police Drug Fund	Ark. Code Ann 16-10-204 established fund to receive fines, forfeitures, and costs collected by the police department.
Payroll Fund	Established to process payroll for all employees.

Supplementary Information

City of Paris, Arkansas

Schedule of Expenditures of Federal Awards
Year ended December 31, 2024

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Revenues	Expenditures
Federal Awards			
U.S. Department of Justice			
Pass through State of Arkansas Department of Finance and Administration	16.592	$ 7,400	$ 7,400
U.S. Department of Treasury			
Pass through State of Arkansas Natural Resources Commission (ANRC)	21.027	84,863	84,863
U.S. Department of Transportation Federal Highway Administration (FHWA)			
Pass through Arkansas Department of Transportation (ARDOT)	20.205	572,733	572,733
U.S. Department of Housing and Urban Development			
Pass through Arkansas Economic Development Commission	14.228	344,948	344,948
U.S. Department of Agriculture			
Direct Loan Program			
Water and Waste Disposal Systems for Rural Communities	10.760	331,138	331,138
Total Expenditures of Federal Awards		$ 1,341,082	$ 1,341,082

See Independent Auditor's Report

City of Paris, Arkansas

Notes to Schedule of Expenditures of Federal Awards
Year ended December 31, 2024

Scope of Audit Pursuant to the Uniform Guidance

All federal financial award programs of the City of Paris, Arkansas (the City) are included in the scope of the Uniform Guidance audit. For purposes of this schedule, federal awards include those received from other agencies, the original source of which was a federal agency.

Summary of Significant Accounting Policies

The City's grant funds are accounted for on the regulatory basis of accounting as prescribed or permitted by Ark. Code Annotated 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. 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 period, are considered to be expenditures of the current period. These grant funds are included in the "Federal funds" line of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis. See loan program below for additional federal funds. The City is the recipient of federal grant awards. The grant programs are administered by various departments within the City. The activities of these departments are monitored by City staff to ensure compliance with the requirements of grants.

Relationship to Federal Financial Reports

Grant expenditures reports as of December 31, 2024, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

10% De Minimis Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Loan Program

During the year ended December 31, 2021, the water department issued a revenue bond in the amount of $4,422,000 which was purchased through a loan program by the United States Department of Agriculture. During the year ended December 31, 2024, total advances on the revenue bond under the loan program were $331,138. This loan was for the development and improvement of the City's water system. At December 31, 2024, the balance on this loan was $ 3,348,120.

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S OPINION ON
CITY'S COMPLIANCE WITH STATE LAWS

Honorable Mayor and City Council
City of Paris, Arkansas

We have examined management's assertions that the **City of Paris, Arkansas** complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2024.

- Municipal Accounting Law, §14-59-101 et seq.;
- District Courts and City Courts, §16-10-201 et seq.;
- Improvement Contracts, §§22-9-202 – 22-9-204;
- Budgets, Purchases, and Payments of Claims, Etc., §14-58-201 et seq. and 14-58-301 et seq.;
- Investment of Public Funds, §19-1-501 et seq.;
- Deposit of Public Funds, §§19-8-101 – 19-8-107.

Management is responsible for the City's compliance with these requirements. Our responsibility is to express an opinion on the City's compliance based upon our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Paris, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2024.

These conditions were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 financial statements, and this report does not affect our report dated October 6, 2025 on those financial statements.

Landmark PLC, Certified Public Accountants
3101 S. 70th Street | Fort Smith, AR 72903 | Telephone (479) 484-5740 | Fax (479) 484-0670 | www.landmarkcpas.com

Honorable Mayor and City Council
City of Paris, Arkansas

This report is intended solely for the information and use of management, the City Council, the Mayor, Arkansas Division of Legislative Audit, and applicable bonding agencies and funding sources and is not intended to be and should not be used by anyone other than these specified parties.



Fort Smith, Arkansas
October 6, 2025

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Paris, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the **City of Paris, Arkansas** (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 6, 2025. We issued an adverse opinion because the City prepared the financial statements using accounting practices prescribed or permitted by the State of Arkansas, which practices differ from accounting principles generally accepted in the United State of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the assets, liabilities, and fund balances of the funds as presented by the City as of December 31, 2024, and their respective revenues, expenditures and changes in fund balance and budgetary comparisons for the year then ended, in accordance with the basis of accounting described in Note 2.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs as item 2024-001, we did identify a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

Landmark PLC, Certified Public Accountants
3101 S. 70th Street | Fort Smith, AR 72903 | Telephone (479) 484-5740 | Fax (479) 484-0670 | www.landmarkcpas.com

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. As described above, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs**.** The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Landmark PLC

Fort Smith, Arkansas
October 6, 2025

LANDMARK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Paris, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Paris, Arkansas' (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Landmark PLC, Certified Public Accountants
3101 S. 70th Street | Fort Smith, AR 72903 | Telephone (479) 484-5740 | Fax (479) 484-0670 | www.landmarkcpas.com

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Honorable Mayor and City Council
City of Paris, Arkansas

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Fort Smith, Arkansas
October 6, 2025

City of Paris, Arkansas

Schedule of Findings and Questioned Costs
Year ended December 31, 2024

I. SUMMARY OF INDEPENDENT AUDITOR'S FINDINGS

1. The opinion expressed in the independent auditor's report on accounting principles generally accepted in the United States of America:

   □ Unmodified □ Qualified ☒ Adverse □ Disclaimer

   The opinion expressed in the independent auditor's report on the basis of accounting prescribed or permitted by the State of Arkansas:

   ☒ Unmodified □ Qualified □ Adverse □ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? □ Yes ☒ None reported
   Material weakness(es)? ☒ Yes □ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

   □ Yes ☒ No

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program disclosed:

   Significant deficiency(ies)? □ Yes ☒ None reported
   Material weakness(es)? □ Yes ☒ No

5. The opinions expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on each major federal awards program were:

   ☒ Unmodified □ Qualified □ Adverse □ Disclaimer

6. The audit disclosed findings required to be reported by the Uniform Guidance?

   □ Yes ☒ No

7. The City's major program was:

Name of Federal Program or Cluster	Assistance Listing Number
HIGHWAY PLANNING AND CONSTRUCTION	20.205

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was $750,000.

9. The City qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

   □ Yes ☒ No

City of Paris, Arkansas

Schedule of Findings and Questioned Costs
Year ended December 31, 2024

I. FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

2024-001: Lack of Segregation of Duties

Condition: During the year ended December 31, 2024, we noted that there was a lack of segregation of duties in some areas, including the review of journal entries.

Criteria and Cause: A good system of internal accounting control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute and record the same transaction. Due to having a limited number of employees to handle all accounting functions, many duties and functions performed are contrary to ideal control procedures.

Effect: A lack of proper segregation of duties increases the risk that errors or fraud may occur and may not be detected in a timely manner.

Recommendation: We recommend a high-level review of journal entries be performed by either the Mayor or the City Clerk position on a monthly basis, including review of supporting documentation and explanation as applicable. The process should also include assurance that the complete population of journal entries is included in the review procedure.

Views of Responsible Officials and Planned Corrective Action:

The City will make every effort to implement the recommended procedures in order to segregate duties and further strengthen internal controls.

II. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters are reportable.

City of Paris, Arkansas

Summary Schedule of Prior Year Audit Findings
Year ended December 31, 2024

Prior Year Finding No. 2023-001. Lack of segregation of duties

Condition: During the year ended December 31, 2023, we noted that there was a lack of segregation of duties in some areas, including the review of journal entries.

Recommendation: We recommend a high-level review of journal entries be performed by either the Mayor or the City Clerk position on a monthly basis, including review of supporting documentation and explanation as applicable. The process should also include assurance that the complete population of journal entries is included in the review procedure.

Current Status: See current year finding 2024-001 for status