Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas

Independent Auditor's Report and Financial Statements

December 31, 2024

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
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Independent Auditor's Report

Board of Trustees
Fayetteville Public Library
Fayetteville, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Fayetteville Public Library (Library), a component unit of the City of Fayetteville, Arkansas, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Library, as of December 31, 2024 and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (*Government Auditing Standards*). 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 Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Library'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 Library'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Governmental Accounting Standards Board, 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.

Other Information

Report on Summarized Comparative Information

We have previously audited the Library's December 31, 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund in our report dated August 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2025 on our consideration of the Library'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 Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standar*ds in considering Library's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Rogers, Arkansas
August 6, 2025

Introduction

As management of Fayetteville Public Library (Library), we offer readers of the Library's financial statements this narrative overview and analysis of the Library's financial activities for the year ended December 31, 2024. It should be read in conjunction with the accompanying basic financial statements of the Library. The basic financial statements of the Library include Fayetteville Public Library Foundation (Foundation), which is a blended component unit of the Library.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The assets of the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $56,989,012 (*net position*). Unrestricted net position of $16,264,714, of which $13,681,312 may be used to meet the Library's ongoing obligations and $2,583,402 is available to meet the Foundation obligations.
- Total net position increased by $3,400,571. The Library's portion of net position increased by $1,519,496, or 4%. The Foundation's net position increased by $1,881,075, or 10%.
- As of the close of the current year, the Library's governmental funds reported ending fund balances of $7,337,549 attributable to the Library and $7,602,901 attributable to its Foundation, a decrease of $280,276, or 4.5%, for the Library and a decrease of $1,107,792, or 15%, for the Foundation in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was $7,219,464 or 36% of total governmental fund expenditures. The Library portion of this amount excluding its Foundation was $7,219,464, or 53%, of Library governmental fund expenditures.

Overview of Financial Statements

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information* (Budgetary Comparison Schedule). The basic financial statements include information that presents two different views of the Library.

The Library's basic financial statements not only include the Library but also its blended component unit, Fayetteville Public Library Foundation (Foundation). The Foundation, although a legal separate entity, is, in substance, part of the Library's operations since its primary function is to raise funds for the benefit of the Library. The Board of Directors for the Foundation is appointed by the Board of Trustees for the Library. The effect of the transactions between the Library and Foundation is eliminated in the basic financial statements.

Governmental funds are used to account for essentially the same functions reported as in the government-wide financial statements (statement of net position and statement of activities columns on pages 9 and 10, respectively). However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Major funds of the Library are as follows:

General Fund – This is the Library's primary operating fund. It accounts for all financial resources of the general government.

Fayetteville Public Library (FPL) Foundation Fund – This fund accounts for restricted and unrestricted contributions and other funds of the Library not included in the General Fund.

The adjustment column of the financial statements represents adjustments necessary to convert the governmental fund financial statements to the government-wide financial statements under the full accrual method of accounting. The adjustments columns provide reconciliations to facilitate the comparison between the governmental fund and government-wide financial statements.

The fourth column presents the Library's *government-wide financial statements*, which are designed to provide readers with a broad overview of the Library's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Library's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented for the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities and deferred inflows of resources by $56,989,012 at the close of the most recent fiscal year.

A portion of the Library's net position (29%) is unrestricted and may be used to meet the Library's ongoing obligations to citizens and creditors.

Table 1: Statements of Net Position

	2024	2023
Current and other assets	$ 25,620,039	$ 27,387,253
Capital assets, net	33,149,885	33,126,148
Total assets	58,769,924	60,513,401
Current and other liabilities	1,780,912	6,924,960
Total liabilities	1,780,912	6,924,960
Net investment in capital assets	32,568,538	27,596,672
Restricted	8,155,760	7,610,078
Unrestricted	16,264,714	18,381,691
Total net position	$ 56,989,012	$ 53,588,441

An additional portion of the net position (57%) reflects its net investment in capital assets (*e.g.*, land, buildings, library materials, and furniture and equipment). The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of net position (14%) represents resources that are subject to external restrictions on how they may be used. Combined unrestricted net position decreased 12% and total net position increased 6% due to revenues exceeding expenses in 2024 by $3,400,571.

Table 2: Statements of Activities

	2024	2023
Revenues		
Grants and contributions	$ 6,776,562	$ 5,375,493
Property taxes	9,814,219	9,223,129
Fines and fees	82,398	102,915
Investment income	813,864	796,829
Miscellaneous	654,181	747,165
Total Revenues	18,141,224	16,245,531
Expenses	14,740,653	14,302,006
Changes in Net Position	3,400,571	1,943,525
Net Position, Beginning of Year	53,588,441	51,644,916
Net Position, End of Year	$ 56,989,012	$ 53,588,441

In 2024, revenues increased by $1,765,930, or 12%, and expenses increased by $308,884, or 2%, primarily due to:

- An increase in property tax revenue of $591,090.
- An increase in capital campaign contributions of $2,130,420.
- A decrease of $663,000 of contributions from the primary government.
- An increase in personnel services of $327,840 due to the Library expansion.

Financial Analysis of the Governmental Fund

As noted earlier, the focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a Library's net resources available for discretionary use at the end of the fiscal year.

As of the end of the current fiscal year, the general fund of the Library reported ending fund balances of $7,337,549. Approximately 98% of the Library's ending fund balance amount constitutes unassigned fund balance, which is available for spending at the Library's discretion. The remainder of the fund balance has spending constraints placed on the purpose for which resources can be used.

As of the end of the current fiscal year, the FPL Foundation fund reported ending fund balances of $7,602,901. 100% of the fund balance has spending constraints placed on the purpose for which resources can be used.

The total fund balance of the general fund of the Library decreased by $280,276 during the current fiscal year. A key factor in the change is an increase in capital outlay.

The total fund balance of the FPL Foundation fund decreased by $1,107,792 during the current fiscal year. A key factor in the change is an increase in debt service payments.

Capital Assets

At the end of 2024, the Library had $33,149,885 investment in capital assets, as detailed in Note 4 to the financial statements, an increase of $23,737. The increase is primarily due to capital assets additions of $2,314,900 and depreciation expense of $2,220,798.

Long-Term Debt

At the end of 2024, the Foundation had total debt outstanding of $581,347. This is a decrease of $4,871,840 from 2023 mainly due to accelerated principal reduction on the outstanding debt due to amounts received on pledges.

Budgetary Highlights

Differences between the final budget and the actual results (budgetary basis) as reported on page 24 can be briefly summarized as follows:

- Total revenues were over budget by 6.7%.
- Total expenditures were under budget by 15.9%.
- Overall change in fund balance was a decrease of $260,083.

Economic Factors and Next Year's Budget

Economic conditions for the Library continued to show improvement compared to 2024. Assessed value for total property used for property tax revenue for the Library has shown stable growth throughout the years and continued to increase by 10.2% in 2024.

The Library's adopted operating budget for 2025 was decreased to $14.0 million, which was a $2.3 million decrease from the 2024 budget. Revenues in the 2025 budget decrease approximately $1.7 million from the 2024 budget. These changes were primarily due to 2024 grant revenue and expenditures not expected to be repeated in 2025 and a decrease in property tax revenues in 2025.

The Library continues to face uncertain economic conditions in 2025. However, even though future economic conditions remain unclear at this time, the administration of the Library feels confident that the economic future of the Library remains very bright in the long run.

Contacting the Library's Financial Management

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional financial information should be mailed to the following address:

Office of the Director of Financial Services
Fayetteville Public Library
401 W. Mountain
Fayetteville, AR 72701

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Governmental Funds Balance Sheet/Statement of Net Position
(With Summarized Comparative Financial Information for the Statement of Net Position for the Year Ended December 31, 2023)
December 31, 2024

	General Fund	FPL Foundation Fund	Total	Adjustments	Statement of Net Position	2023 Summarized Statement of Net Position
ASSETS						
Cash and cash equivalents	$ 3,983,451	$ 1,945,227	$ 5,928,678	$ -	$ 5,928,678	$ 5,255,468
Investments	2,577,626	195,262	2,772,888	-	2,772,888	3,471,226
Accounts receivable	245,065	-	245,065	-	245,065	87,231
Property taxes receivable, net	10,353,216	-	10,353,216	-	10,353,216	9,336,343
Pledges receivable, net	-	148,227	148,227	-	148,227	1,636,216
Grants receivable	47,476	-	47,476	-	47,476	245,517
Other receivable	16,056		16,056	-	16,056	3,354
Accrued interest receivable	14,945	1,485	16,430	-	16,430	33,600
Due from other funds	533,802	-	533,802	(533,802)	-	-
Prepaid expense	118,085	10,626	128,711	-	128,711	127,082
Long-term note receivable	-	460,479	460,479	-	460,479	467,408
Restricted						
Cash and cash equivalents	-	1,171,061	1,171,061	-	1,171,061	1,774,705
Investments	-	4,320,314	4,320,314	-	4,320,314	4,938,981
Accrued interest receivable	-	11,438	11,438	-	11,438	10,122
Capital assets, net	-	-	-	33,149,885	33,149,885	33,126,148
Total Assets	$ 17,889,722	$ 8,264,119	$ 26,153,841	$ 32,616,083	$ 58,769,924	$ 60,513,401

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Governmental Funds Balance Sheet/Statement of Net Position
(With Summarized Comparative Financial Information for the Statement of Net Position for the Year Ended December 31, 2023)
December 31, 2024 **(Continued)**

	General Fund	FPL Foundation Fund	Total	Adjustments	Statement of Net Position	2023 Summarized Statement of Net Position
LIABILITIES						
Accounts payable	$ 160,626	$ 1,636	$ 162,262	$ -	$ 162,262	$ 490,812
Accrued expenses	104,463	9,911	114,374	412,947	527,321	568,121
Due to other funds	-	533,802	533,802	(533,802)	-	-
Notes payable	-	-	-	581,347	581,347	5,453,187
Unearned revenue	504,982	5,000	509,982	-	509,982	412,840
Total Liabilities	770,071	550,349	1,320,420	460,492	1,780,912	6,924,960
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue – property taxes	9,782,102	-	9,782,102	(9,782,102)	-	-
Unavailable revenue – contributions	-	110,869	110,869	(110,869)	-	-
Total Deferred Inflows of Resources	9,782,102	110,869	9,892,971	(9,892,971)	-	-
FUND BALANCES/NET POSITION						
Fund balances						
Nonspendable						
Prepaid expense	118,085	-	118,085	(118,085)		
Permanent endowment	-	1,250,000	1,250,000	(1,250,000)		
Restricted	-	3,880,368	3,880,368	(3,880,368)		
Assigned	-	2,472,533	2,472,533	(2,472,533)		
Unassigned	7,219,464	-	7,219,464	(7,219,464)		
Total Fund Balances	7,337,549	7,602,901	14,940,450	(14,940,450)		
Total Liabilities, Deferred Inflows, and Fund Balances	$ 17,889,722	$ 8,264,119	$ 26,153,841	$ (24,372,929)		
NET POSITION						
Net investment in capital assets				$ 32,568,538	$ 32,568,538	$ 27,596,672
Restricted for capital assets						
Expendable				73,864	73,864	52,638
Nonexpendable				500,000	500,000	500,000
Restricted for debt service						
Expendable				3,025,392	3,025,392	2,734,041
Restricted for children's library						
Nonexpendable				750,000	750,000	750,000
Restricted for the volunteer program						
Expendable				556,527	556,527	511,612
Restricted for NEH Grant						
Expendable				3,249,977	3,249,977	3,061,787
Unrestricted				16,264,714	16,264,714	18,381,691
Total Net Position				$ 56,989,012	$ 56,989,012	$ 53,588,441

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Statement of Activities
(With Summarized Comparative Financial Information for the Statement of activities For The Year Ended December 31, 2023)
December 31, 2024

	General Fund	FPL Foundation Fund	Total	Adjustments	Statement of Activities	2023 Summarized Statement of Activities
Revenues						
Contributions						
From primary government	$ 2,618,401	$ -	$ 2,618,401	$ -	$ 2,618,401	$ 3,281,401
Capital campaign – expansion	-	3,597,861	3,597,861	(1,016,307)	2,581,554	451,134
Other	101,251	58,361	159,612	-	159,612	120,118
Property taxes	8,872,183	-	8,872,183	942,036	9,814,219	9,223,129
Investment income	242,792	571,072	813,864	-	813,864	796,829
Fines and fees	82,398	-	82,398	-	82,398	102,915
Grant revenue	732,022	516,806	1,248,828	-	1,248,828	1,358,378
State aid	168,167	-	168,167	-	168,167	164,462
Insurance proceeds	-	289,522	289,522	(289,522)	-	-
Miscellaneous	473,878	180,303	654,181	-	654,181	747,165
Total Revenues	13,291,092	5,213,925	18,505,017	(363,793)	18,141,224	16,245,531
Expenditures/Expenses						
Current						
Personnel services	5,707,992	205,434	5,913,426	32,667	5,946,093	5,618,253
Services and charges	1,633,610	-	1,633,610	-	1,633,610	1,815,506
Materials and supplies	943,062	-	943,062	-	943,062	756,192
Maintenance	176,064	-	176,064	-	176,064	365,419
Public relations	-	25,940	25,940	-	25,940	15,018
Depreciation	-	-	-	2,220,798	2,220,798	2,123,030
Other	66,384	593,633	660,017	-	660,017	695,520
Loss on fire event	348,920	-	348,920	(219,157)	129,763	-
Transfers to primary government	2,853,191	-	2,853,191	-	2,853,191	2,658,269
Capital outlay	2,314,900	-	2,314,900	(2,314,900)	-	-
Debt Service						
Principal	-	4,871,840	4,871,840	(4,871,840)	-	-
Interest	-	152,115	152,115	-	152,115	254,799
Total Expenditures/Expenses	14,044,123	5,848,962	19,893,085	(5,152,432)	14,740,653	14,302,006
Excess (Deficiency) of Revenues Over Expenditures	(753,031)	(635,037)	(1,388,068)	4,788,639	3,400,571	-
Other Financing Sources (Uses)						
Transfers – internal activities	472,755	(472,755)	-	-	-	-
Total Other Financing Sources (Uses)	472,755	(472,755)	-	-	-	-
Net Change in Fund Balances	(280,276)	(1,107,792)	(1,388,068)	1,388,068	3,400,571	-
Change in Net Position	-	-	-	3,400,571	3,400,571	1,943,525
Fund Balances/Net Position						
Beginning of the year	7,617,825	8,710,693	16,328,518	38,006,915	53,588,441	51,644,916
End of Year	$ 7,337,549	$ 7,602,901	$ 14,940,450	$ 42,795,554	$ 56,989,012	$ 53,588,441

Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Fayetteville Public Library (Library) is located in Fayetteville, Arkansas. The Library is a component unit of the City of Fayetteville, Arkansas (City). The Mayor of the City appoints all seven members of the Library's board of trustees and the City provides the Library with financial assistance and a major portion of the Library's budget. The accompanying financial statements present the Library and its component unit, an entity for which the Library is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Library's operations.

Blended Component Unit. Fayetteville Public Library Foundation (Foundation) provides fundraising for the Library and is governed by a board comprised of members appointed by the board of trustees of the Library. The Foundation is reported as the Library's other major governmental fund. Complete financial statements of the Foundation may be obtained from the office of its Director of Development at 401 W. Mountain, Fayetteville, Arkansas.

Measurement Focus, Basis of Accounting, and Presentation

Government-Wide Financial Statements

The government-wide financial statements of the Library have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally grants and property taxes) are recognized when all applicable eligibility requirements are met. Revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. The Library first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

Fund financial statements provide information about the Library's funds.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities. The Library considers revenues to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Major revenue sources susceptible to accrual include property taxes and grants.

Fund Accounting

The financial activities of the Library are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. The Library uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Library reports the following major governmental funds:

General Fund – This is the Library's primary operating fund. It accounts for all financial resources of the general government.

Fayetteville Public Library (FPL) Foundation Fund – This fund accounts for restricted and unrestricted contributions and other funds of the Library not included in the General Fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows/outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Library considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024, cash equivalents consisted of money market funds with brokers.

Restricted cash equivalents consist of those short-term liquid investments held for use by the Library that have been limited by donors to a specific time period or purpose.

Property Taxes

Property taxes are levied each November 1 on the assessed value listed as of January 1 for all real and personal property. The property tax is considered due on the first Monday in February (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes, which remain delinquent for a period of three years, are certified to the land commissioner where a lien is recorded and held on file. If property taxes remain delinquent for a period of seven years, the property will be subsequently sold by the land commissioner.

In the governmental funds, property taxes are measurable when levied even though not available. As a result, at December 31, 2024, property taxes receivable of $10,353,216 and related deferred inflows of resources of $9,782,102 have been recorded in the governmental funds. In the government-wide statement of net position, property taxes are considered earned at the time levied. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible. The appraised 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.

During August 2016, the City of Fayetteville, Arkansas, held a special election related to an increase in property taxes for the benefit of the Library. An increase of one and one-half (1.5) mills was passed as it relates to the maintenance and operation of Fayetteville Public Library. In addition, a separate tax of one and two-tenths (1.2) mills was passed to be pledged to the issuance of bonds not to exceed $26,500,000 to finance capital improvements to Fayetteville Public Library. These bonds were issued in June 2017. Property taxes of $3,025,392 for the 1.2 mills are included in the property tax receivable of $10,353,216 and are shown as restricted for debt service on the statement of net position.

Pledges Receivable

Pledges receivable consist of promises to give made by donors. Pledges receivable are recorded net of estimated uncollectible amounts and discounted to present value for pledges due in more than one year. The Foundation provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Notes Receivable

Notes receivable consist of amounts due from sale of property. Notes receivable are recorded net of estimated uncollectible amounts. The Foundation provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Investments and Investment Income

Investments in U.S. Treasury, agency, and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Restricted investments consist of those investments held for use by the Library that have been limited by donors to a specific time period or purpose.

Investment earnings include dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Library:

Film	5 years
Books and publications	3–10 years
Software	5–10 years
Equipment	5–15 years
Furniture and fixtures	5–20 years
Buildings	30–50 years

Collections

All collections of works of art, historical treasures, and similar assets are capitalized. Items added to the collections are capitalized at cost if purchased or at estimated acquisition value on the acquisition date if donated. Collection items sold or removed are reported as unrestricted or temporarily restricted gains or losses depending on donor stipulations, if any, placed on the items at the time of acquisition. These collections are considered inexhaustible and have extraordinarily long useful lives, and as such, these items are not depreciated.

Compensated Absences

Library policies permit most employees to accumulate leave with pay benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. The Library's policy is that leave earned in the current year is used prior to leave earned in a previous period. Expenses and the related liability are recognized when it is more likely than not that leave will be taken or settled through cash payments. Compensated absence liabilities are computed using the regular pay rates in effect at the balance sheet date plus an additional amount for

compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability is included in accrued expenses on the statement of net position.

Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the Library that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the Library that is applicable to a future period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenditures until the period(s) to which they relate. The governmental funds report unavailable revenues from two sources: property taxes and contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The statement of net position reports unavailable revenue from contributions only due to time restrictions.

Net Position

Net position of the Library is classified in four components. Net investment in capital assets consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the Library. Restricted nonexpendable net position is noncapital assets whose restrictions are permanent in nature as specified by donors external to the Library. Unrestricted net position is remaining assets and deferred outflows less remaining liabilities and deferred inflows that do not meet the definition of net investment in capital assets, restricted expendable, or restricted nonexpendable.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance – Governmental Funds

The fund balances for the Library's governmental funds are displayed in four components:

Nonspendable – Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted – Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Assigned – Assigned fund balances include amounts intended to be used for specific purposes as specified by the Foundation's management or governing board.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The Library considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unassigned fund balance is available. The Library applies restricted amounts first and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

The Foundation is exempt from income taxes under section 501 of the Internal Revenue Code and similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. Federal Jurisdiction.

Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balances and the net change in fund balances of the Library's General Fund and the FPL Foundation Fund differs from net position and change in net position of the governmental activities reported in the statement of net position and statement of activities. These differences primarily result from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances. The following are reconciliations of fund balances to net position and the net change in fund balances to the net change in net position:

Total fund balances	$ 14,940,450
Amounts reported in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,149,885
Amounts reported as deferred inflows of resources are not recognized at the fund level on the modified accrual basis are reported as revenues on the full accrual basis in the government-wide financial statements.	9,892,971
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Accrued compensated absences	(412,947)
Notes payable	(581,347)
Total net position	$ 56,989,012

Change in fund balances	$ (1,388,068)
Amounts reported in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, for government-wide statements, the costs of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	23,737
Contribution revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	(1,016,307)
Property tax revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	942,036
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment consumes current financial resources. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	4,871,840
Accrued expenses, such as compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not expenditures in the funds.	(32,667)
Change in net position	$ 3,400,571

Deposits, Investments, and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it.

State law requires collateralization of all deposits of public funds with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the State of Arkansas. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

Library

The Library's deposit policy for custodial credit risk requires compliance with the provisions of state law. At December 31, 2024, the Library had bank balances of $1,277,174 that were all insured (FDIC) or collateralized with securities held by the Library or the Library's agents in the Library's name. The carrying value of these deposits as of December 31, 2024 was $1,302,043.

Foundation

The Foundation's deposit policy for custodial credit risk requires compliance with the provisions of state law. At December 31, 2024, bank balances of $547,275 were all insured (FDIC) or collateralized with securities held by the Foundation or the Foundation's agent in the Foundation's name. The carrying value of these deposits as of December 31, 2024 was $609,794.

Investments

Library

The Library may legally invest in direct obligations of the U.S. Government and agencies, collateralized certificates of deposit, prerefunded municipal bonds, corporate bonds, collateralized repurchase agreements, treasury money markets, local government trusts, and savings accounts.

The Library had the following investments and maturities at December 31, 2024:

		Maturities in Years		
Type	Fair Value	Less Than 1	1–5	6–10
U.S. treasury obligations	$ 1,885,365	$ 1,659,307	$ 226,058	$ -
Money market mutual funds	2,641,499	2,641,499	-	-
Corporate bonds	614,493	317,819	296,674	-
	$ 5,141,357	$ 4,618,625	$ 522,732	$ -

In compliance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Library had the following recurring fair value measurements as of December 31, 2024:

- U.S. treasury obligations of $1,885,365 are valued using quoted market prices (Level 1 inputs).
- Money market mutual funds of $2,641,499 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of $614,493 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Library's investment policy attempts to match investment maturities with cash flow requirements. Money market mutual funds are used to meet the short-term cash flow needs of the Library. Other investments are allowed within a range of maturities of 90 days to 10 years and over. Some of the Library's investments have maturities over five years to maximize interest earnings.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Library's investment policy does not address custodial credit risk.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Library's policy to invest no more than 20% in corporate debt or in securities of a management type investment company or investment trust. It is the Library's policy to limit its investments in corporate bonds to issues that are rated investment grade by Standard & Poor's and Moody's Investors Service and shall maintain an A- average rating or better for Standard & Poor's and an A3 average rating or better for Moody's Investors Service. Investment in commercial paper will be rated A-1/P-1. At December 31, 2024, the Library's investments in U.S. agencies obligations and corporate bonds were rated an average rate of AA by Standard & Poor rating and an average rate of Aa1 by Moody's Investors Service.

Concentration of Credit Risk – The Library's policy states that investments shall be diversified by limiting investments to avoid concentration in securities from a specific issuer less than or equal to 5% of the cost basis of the Library's portfolio at the time of purchase.

Foundation

The Foundation had the following investments and maturities at December 31, 2024:

		Maturities in Years		
Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**
Corporate bonds	$ 1,036,130	$ 19,845	$ 877,683	$ 138,602
Money market mutual funds	2,506,494	2,506,494	-	-
U.S. treasury obligations	675,030	412,350	262,680	-
	4,217,654	$ 2,938,689	$ 1,140,363	$ 138,602
Corporate stocks	2,409,429			
Exchange-traded funds	219,969			
Certificates of deposit	46,846			
Mutual funds	128,172			
	$ 7,022,070			

In compliance with GASB 72, the Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Foundation had the following recurring fair value measurements as of December 31, 2024:

- Corporate bonds and stocks of $1,036,130 and $2,409,429, respectively, are valued using quoted market prices (Level 1 inputs).
- Money market mutual funds and mutual funds of $2,506,494 and $128,172, respectively, are valued using quoted market prices (Level 1 inputs).
- Exchange-traded funds of $219,969 are valued using quoted market prices (Level 1 inputs).
- Certificates of deposit of $46,846 are valued using observable inputs for similar securities (Level 2 inputs).
- U.S. agency obligations of $675,030 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy limits its investment fixed income portfolio to maturities of no more than 10 years or non-public in nature.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Foundation's policy to limit its investments in corporate bonds to issues that are rated investment grade by Standard & Poor's and Moody's Investors Service and shall maintain an A+ average rating or better for Standard & Poor's and an A1 average rating or better for Moody's Investors Service. At December 31, 2024, the Foundation's investments in U.S. agencies obligations and corporate bonds were rated an average rate of A by Standard & Poor rating and an average rate of A1 by Moody's Investors Service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Foundation's investment policy does not address custodial credit risk.

Concentration of Credit Risk – The Foundation's investment policy dictates that except for U.S. Treasury or agency obligations, the Foundation's investment portfolio shall contain no more than 5% exposure to any issuer.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statement of net position as follows:

Carrying value	
Library	
Deposits	$ 1,338,877
Cash on hand	3,074
Investments	5,219,126
Foundation	
Deposits	588,294
Cash on hand	21,500
Investments	7,022,070
	$ 14,192,941
Included in the following statement of net position captions	
Cash and cash equivalents	$ 5,928,678
Restricted cash and cash equivalents	1,171,061
Investments	2,772,888
Restricted investments	4,320,314
	$ 14,192,941

Investment Income

Investment income consisted of the following for the year ended December 31, 2024:

Interest and dividend income	$ 443,161
Net increase in fair value of investments	370,703
	$ 813,864

Capital Assets

Capital assets activity was as follows for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Land	$ 2,029,755	$ -	$ -	$ -	$ 2,029,755
Buildings	33,039,099	-	(47,704)	-	32,991,395
Software	359,669	-	(137,887)	-	221,782
Books and publications	7,001,438	545,207	(4,925,947)	-	2,620,698
Furniture, fixtures, and equipment	10,290,379	1,769,693	(1,382,608)	93,116	10,677,464
Library-owned art	1,008,291	-	-	-	1,008,291
Film	180,000	-	-	-	180,000
Construction in progress	93,116	-	-	(93,116)	93,116
	54,001,747	2,314,900	(6,494,146)	-	49,822,501
Less accumulated depreciation					
Buildings	8,896,516	660,659	(30,141)	-	9,527,034
Software	179,168	36,459	(136,505)	-	79,122
Books and publications	6,144,444	501,716	(4,925,947)	-	1,720,213
Furniture, fixtures, and equipment	5,475,471	1,021,964	(1,331,188)	-	5,166,247
Film	180,000	-	-	-	180,000
	20,875,599	2,220,798	(6,423,781)	-	16,672,616
Capital assets, net	$ 33,126,148	$ 94,102	$ (70,365)	$ -	$ 33,149,885

Long-Term Loan

Foundation

The Foundation had a $7,486,532 promissory note maturing on June 1, 2027, with annual principal payments of $500,000. At December 31, 2024, there was $581,347 outstanding on this loan. See rollforward below. The loan is collateralized by all pledges of the Foundation. Interest was 3.95% at December 31, 2024 and is payable monthly.

Debt Outstanding	Balance at December 31, 2023	Payments	Balance at December 31, 2024
Generations Bank Loan	$ 5,453,187	$ 4,871,840	$ 581,347

The following is a schedule of remaining debt service payments to maturity on an annual basis:

Year Ending	Principal	Interest	Total
2025	$ 500,000	$ 19,750	$ 519,750
2026	81,347	3,213	84,560
	$ 581,347	$ 22,963	$ 604,310

Interfund Transfers

During the year ended December 31, 2024, the following transfers were made between the Library and the Foundation:

- $118,246 transfer of funds from the Foundation to the Library for payments relating to investments
- $64,987 transfer of funds from the Foundation to the Library related to federal grant funds

Pension Plan

The Library contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the Library's required contributions, determined in accordance with the terms of the plan. The plan is administered by Bank of Arkansas Wealth Management. The plan provides retirement benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the Library's governing body. Plan members were required to contribute, at a minimum, 3% of covered payroll up to a maximum of $19,500 for 2024. The Library's contribution is a discretionary 6% to 12% of each participant's annual compensation and both the employer and employee contributions are immediately fully vested. Contributions actually made during 2024 by plan members and the Library aggregated $312,678 and $357,632, respectively.

Risk Management

The Library is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Foundation Endowments and Similar Funds

The Foundation's board of directors has established an investment policy with the objective of protecting the principal of these investments and maximizing total investment return without assuming extraordinary risks. It is the goal of the Foundation to provide spendable income levels that are reasonably stable and sufficient to ensure a proper balance between the preservation of corpus and enhancement of the purchasing power of investment earnings. As of December 31, 2024, the Foundation had a total of $73,864 of net appreciation from investment of donor-restricted endowments available for expenditure. This amount is reported in restricted fund balance in the governmental fund balance sheet and in various categories of expendable restricted net position on the statement of net position. The laws of the State of Arkansas do not currently restrict the Foundation's ability to spend net appreciation on donor-restricted endowment funds.

Required Supplementary Information

Fayetteville Public Library
A Component Unit of the City of Fayetteville, Arkansas
Budgetary Comparison Schedule and Notes to Required Supplementary Information
Budgetary Basis
Year Ended December 31, 2024

	Original	Final	GAAP Basis	Adjustments	Budgetary Basis	Final Budget-Budgetary Basis Variance
Revenues						
Contributions						
From primary government	$ 2,618,401	$ 2,618,401	$ 2,618,401	$ -	$ 2,618,401	$ -
From Foundation	-	-	472,755	-	472,755	472,755
Other	4,000	-	101,251	-	101,251	101,251
Property taxes	8,543,097	8,543,097	8,872,183	-	8,872,183	329,086
Investment income	-	-	242,792	-	242,792	242,792
Fines and fees	62,700	62,700	82,398	-	82,398	19,698
Grant revenue	305,000	499,750	732,022	-	732,022	232,272
State aid	141,150	141,152	168,167	-	168,167	27,015
Miscellaneous	725,500	725,500	473,878	20,193	494,071	(231,429)
Total Revenues	12,399,848	12,590,600	14,112,767	20,193	14,132,960	1,542,360
Expenditures						
Current						
Personnel services	5,881,535	5,935,889	5,707,992	-	5,707,992	(227,897)
Materials and supplies	2,863,447	3,016,599	943,062	-	943,062	(2,073,537)
Services and charges	1,819,919	2,040,339	1,633,610	-	1,633,610	(406,729)
Maintenance	157,455	189,088	176,064	-	176,064	(13,024)
Other	-	-	66,384	-	66,384	66,384
Transfers to primary government	2,809,000	2,809,000	2,853,191	-	2,853,191	44,191
Other	270,500	284,489	-	-	-	(284,489)
Capital outlay	1,884,385	2,013,303	2,314,900	-	2,314,900	301,597
Total Expenditures	15,686,241	16,288,707	13,695,203	-	13,695,203	(2,593,504)
Excess of Revenues Over (Under) Expenditures	(3,286,393)	(3,698,107)	417,564	20,193	437,757	4,135,864
Change in Fund Balances	(3,286,393)	(3,698,107)	417,564	20,193	437,757	4,135,864
Fund Balances, Beginning of Year	7,617,825	7,617,825	7,617,825	-	7,617,825	-
Fund Balances, End of Year	$ 4,331,432	$ 3,919,718	$ 8,035,389	$ 20,193	$ 8,055,582	$ 4,135,864

Budgets and Budgetary Accounting

The annual budget is prepared on the modified accrual basis for revenues and expenditures and adopted by the Library board of trustees. Subsequent amendments are approved by the board. Budgetary control is maintained at the Library program level.

The budgetary basis used for budget purposes excludes the revenues and expenditures of the Foundation since it is a blended component unit of the Library and does not adopt an annual budget.

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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*

Independent Auditor's Report

Board of Trustees
Fayetteville Public Library
Fayetteville, Arkansas

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Fayetteville Public Library, as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated August 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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 entity'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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity's financial statements are free from 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Rogers, Arkansas
August 6, 2025