



Bi-State Justice Center

Independent Auditor's Reports and Financial Statements

December 31, 2024



**Bi-State Justice Center
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December 31, 2024**

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Independent Auditor's Report

Intergovernmental Advisory Committee
Bi-State Justice Center
Texarkana, Arkansas-Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Bi-State Justice Center (Center), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Center, as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 Center, 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Center'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 the Center'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 Center'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026 on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Rogers, Arkansas
February 12, 2026**

**Bi-State Justice Center
Governmental Fund Balance Sheet/Statement of Net Position
December 31, 2024**

	Governmental Fund Balance Sheet	Adjustments	Statement of Net Position
Assets			
Cash	795,035	\$ -	\$ 795,035
Other receivables	330	-	330
Due from federal, state, and city governments	557,287	-	557,287
Lease receivable, current	61,666	-	61,666
Prepaid expense	17,689	-	17,689
Capital assets, net	-	6,549,725	6,549,725
Total Assets	1,432,007	6,549,725	7,981,732
Liabilities			
Accounts payable	102,344	-	102,344
Accrued expenses	14,978	-	14,978
Due to other local governments	1,252,119	-	1,252,119
Long-term liabilities			
Due within one year			
Accrued compensated absences	-	3,777	3,777
Due after one year			
Accrued compensated absences	-	173,586	173,586
Total Liabilities	1,369,441	177,363	1,546,804
Deferred Inflows of Resources			
Deferred inflows of resources, leases	61,666	-	61,666
Fund Balances/Net Position			
Fund Balances			
Nonspendable	17,689	(17,689)	
Unassigned	(16,789)	16,789	
Total Fund Balances	900	(900)	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,432,007		
Net Position			
Net investment in capital assets		6,549,725	6,549,725
Unrestricted		(176,463)	(176,463)
Total Net Position		\$ 6,373,262	\$ 6,373,262

**Bi-State Justice Center
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/
Statement of Activities
Year Ended December 31, 2024**

	Governmental Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental			
Bowie County, Texas	\$ 2,196,549	\$ -	\$ 2,196,549
City of Texarkana, Arkansas	1,769,313	-	1,769,313
City of Texarkana, Texas	2,232,922	-	2,232,922
Rental	93,473	-	93,473
Miscellaneous	427,195	-	427,195
Total Revenues	6,719,452	-	6,719,452
Expenditures/Expenses			
Current			
Building administration	2,176,314	11,531	2,187,845
Central records and communications	3,091,531	12,706	3,104,237
Depreciation	-	395,869	395,869
Capital outlay	1,450,707	(1,450,707)	-
Total Expenditures/Expenses	6,718,552	(1,030,601)	5,687,951
Change in Fund Balances/Net Position	900	1,030,601	1,031,501
Fund Balances/Net Position			
Beginning of the year	-	5,341,761	5,341,761
End of year	<u>\$ 900</u>	<u>\$ 6,372,362</u>	<u>\$ 6,373,262</u>

**Bi-State Justice Center
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 5,828,443	\$ 5,793,018	\$ 6,198,784	\$ 405,766
Rental	93,543	93,545	93,473	(72)
Miscellaneous	430,250	433,500	427,195	(6,305)
Total Revenues	6,352,236	6,320,063	6,719,452	399,389
Expenditures				
Building administration				
Current	2,216,741	2,254,281	2,176,314	77,967
Capital outlay	602,000	852,030	960,346	(108,316)
Total building administration	2,818,741	3,106,311	3,136,660	(30,349)
Central records and communications				
Current	913,525	2,914,350	3,091,531	(177,181)
Capital outlay	-	490,361	490,361	-
Total central records and communications	913,525	3,404,711	3,581,892	(177,181)
Total Expenditures	3,732,266	6,511,022	6,718,552	(207,530)
Net Change in Fund Balances	2,619,970	(190,959)	900	191,859
Fund Balances at Beginning of Year	-	-	-	-
Fund Balances at End of Year	\$ 2,619,970	\$ (190,959)	\$ 900	\$ 191,859

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Bi-State Justice Center (Center) is jointly occupied by the law enforcement and criminal justice agencies of the City of Texarkana, Arkansas; the City of Texarkana, Texas; and Bowie County, Texas. The facility is located on the state line, 50% in Texarkana, Arkansas, and 50% in Texarkana, Texas. The Intergovernmental Advisory Committee is responsible for the operations of the Center. This seven member committee is comprised of the two members from the City of Texarkana, Texas City Council; two members from the City of Texarkana, Arkansas Board of Directors; the Bowie County Judge; one Bowie County Commissioner; and one independent member. The Center, which began operations in October 1985, accounts only for the operations of the facility itself. Each participating entity separately accounts for the operations of its own law enforcement and criminal justice agencies. The Center is reported as a joint venture in each of the participating entity's financial statements.

Measurement Focus, Basis of Accounting, and Presentation

The Center has one fund, the General Fund, which is the Center's operating fund.

The General Fund is accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under-accrual accounting except for principal and interest on long-term debt and compensated absences.

In addition to presenting information for the General Fund, the financial statements present information for the Center using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that 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, expenses, and changes in net position during the reporting period. Actual results could differ from those estimates.

Lease Receivable

The Center's lease receivable is measured at the present value of the lease payments to be received during the term of the lease. A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the lease receivable and is amortized on a straight-line basis over the term of the lease.

Prepaid Items

Prepaid items in governmental funds are accounted for under the consumption method.

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.

**Bi-State Justice Center
Notes to Financial Statements
December 31, 2024**

The following estimated useful lives are being used by the Center:

Building improvements	20–40 years
Other structures	20 years
Furniture and equipment	5–10 years
Radio equipment	5–10 years
Shop equipment	10 years
Vehicles	5 years

Compensated Absences

Center employees earn sick pay and vacation leave benefits on the basis of length of service time. All vacation and sick leave is accrued when earned in the government-wide financial statements. In the General Fund, a liability for these amounts is reported only as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. The Center's policy is that leave earned in the current year will be used prior to leave earned in previous periods. The compensated absences liability presented in Note 6 is the net change in the liability.

Deferred Inflows of Resources

The governmental fund balance sheet/statement of net position will include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as revenue until that time. Lease-related deferred inflows represent the initial value of the lease receivable systematically reduced and recognized as lease revenue over the term of the lease.

Net Position

Net position of the Center is classified in two components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt, if applicable. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets.

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

Fund Balance – Governmental Funds

The fund balances for the Center's governmental fund are displayed in two components:

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

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

Budgets and Budgetary Accounting

The annual budget is adopted on a basis consistent with GAAP for the General Fund. The annual budget is underwritten by the participating entities based on a formula that uses floor space occupied, number of records processed by Central Records and Communication, and the number of prisoners in the detention facility for each entity. All budgeted annual appropriations lapse at year-end and are re-established in the succeeding year.

The legal level of budgetary control (*i.e.*, the lowest level at which expenditures may not legally exceed appropriation) is the fund level. The Board of Directors made several supplemental budgetary appropriations throughout the year.

**Bi-State Justice Center
Notes to Financial Statements
December 31, 2024**

Comparison of budgeted and actual amounts for the General Fund is included in the accompanying financial statements.

Allocation of Expenditures

For the two departments of the Center, the expenditures have been allocated as follows:

Building Administration

Expenditures are allocated based on floor space utilized by each of the three participating entities, resulting in the following:

Bowie County, Texas	35.27%
City of Texarkana, Arkansas	31.28%
City of Texarkana, Texas	33.45%

Central Records and Communication (CRC)

Expenditures are allocated evenly by one-third for each of the three participating entities, resulting in the following:

Bowie County, Texas	33.33%
City of Texarkana, Arkansas	33.33%
City of Texarkana, Texas	33.33%

Beginning January 1, 2021, Bowie County, Texas, took over the detention operations and pays all costs related to detention. The City of Texarkana, Arkansas, and City of Texarkana, Texas, are billed by Bowie County, Texas, when they have inmates housed in detention.

New Governmental Accounting Standards Board (GASB) Pronouncements

GASB has issued the following statements, which the Center has not yet adopted and that require adoption subsequent to December 31, 2024:

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this statement is to provide users of financial statements with essential information regarding certain concentrations and constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. This statement is effective for periods beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government’s accountability. This statement is effective for periods beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 105, *Subsequent Events* – The objective of this statement is to enhance consistency in the application of requirements for subsequent events. The requirements of this statement are effective for fiscal years beginning after June 15, 2026 and all reporting periods thereafter. Earlier application is encouraged.

**Bi-State Justice Center
Notes to Financial Statements
December 31, 2024**

The effect of these statements on the Center has not been determined but could have a significant impact on the Center's overall net position.

Adoption of GASB Statements

The Center adopted GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, for the year ended December 31, 2024. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and comparable information for making decisions or assessing accountability. The adoption of GASB 100 had no effect on the beginning net position or fund balances at January 1, 2024.

The Center adopted GASB Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Adoption of GASB 101 had no effect on beginning net position or fund balances at January 1, 2024.

Note 2. Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

Total fund balances and the net change in fund balances of the Center's General Fund differ 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	\$ 900
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 fund.	6,549,725
Compensated absences are not due and payable in the current and therefore are not reported in the fund.	<u>(177,363)</u>
Total net position	<u><u>\$ 6,373,262</u></u>

**Bi-State Justice Center
Notes to Financial Statements
December 31, 2024**

Change in fund balances	\$	900
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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.

Capital asset purchases		1,450,707
Depreciation expense		(395,869)

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

This amount is the net change in compensated absences this year.		<u>(24,237)</u>
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Change in net position	<u>\$</u>	<u>1,031,501</u>
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Note 3. 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.

The Center's deposit policy for custodial credit risk requires compliance with the provisions of state law. At December 31, 2024, the Center's bank balance was fully collateralized.

Note 4. Lease Receivable

The Center leases certain property to a third party through August 2025 who uses the property to conduct their business operations. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term. Revenue recognized for the lease contract during the year ended 2024 was \$95,473, which includes both lease revenue and interest.

**Bi-State Justice Center
Notes to Financial Statements
December 31, 2024**

Note 5. Capital Assets

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Building improvements	\$ 3,836,875	\$ 45,696	\$ -	\$ 3,516,575	\$ 7,399,146
Furniture and equipment	709,707	160,804	-	126,615	997,126
Radio equipment	173,469	-	-	-	173,469
Vehicles	37,553	39,236	-	-	76,789
Software	260,825	-	-	-	260,825
Construction in progress	3,747,643	1,204,971	-	(3,643,190)	1,309,424
	<u>8,766,072</u>	<u>1,450,707</u>	<u>-</u>	<u>-</u>	<u>10,216,779</u>
Less accumulated depreciation					
Building improvements	2,523,483	271,597	-	-	2,795,080
Furniture and equipment	352,481	74,997	-	-	427,478
Radio equipment	99,496	42,982	-	-	142,478
Vehicles	34,900	6,293	-	-	41,193
Software	260,825	-	-	-	260,825
	<u>3,271,185</u>	<u>395,869</u>	<u>-</u>	<u>-</u>	<u>3,667,054</u>
Capital assets, net	<u>\$ 5,494,887</u>	<u>\$ 1,054,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,549,725</u>

Note 6. Long-Term Liabilities

Changes in long-term liabilities were as follows for the year ended December 31, 2024:

Governmental Activities	Balance December 31, 2023	Increases	Decreases	Balance December 31, 2024	Amounts Due in One Year
Compensated absences	\$ 153,126	\$ 24,237	\$ -	\$ 177,363	\$ 3,777
Total governmental activity long-term liabilities	<u>\$ 153,126</u>	<u>\$ 24,237</u>	<u>\$ -</u>	<u>\$ 177,363</u>	<u>\$ 3,777</u>

Note 7. Pension Plan

Some of the employees of the Center were formerly employed by Bowie County, the City of Texarkana, Texas, and the City of Texarkana, Arkansas Police Department. Retirement coverage for these transferred employees was continued by the former local government employer through December 26, 1998. Effective December 27, 1998, all non-civil service CRC employees are included in the Texas Municipal Retirement System (TMRS). Other employees of the Center, as well as the civil service employee in the CRC department, were included in the Texarkana, Arkansas Public Employees Retirement System (TAPERS). Retirement plan disclosures and actuarial

**Bi-State Justice Center
Notes to Financial Statements
December 31, 2024**

data for TMRS participants are included in the annual comprehensive financial report of the City of Texarkana, Texas, and the City of Texarkana, Arkansas. Retirement plan disclosures and actuarial data for other employees of the Center are included in the annual comprehensive financial report of the City of Texarkana, Arkansas. The associated liabilities and obligations related to these pension plans are the obligation of each City, respectively, and, therefore, no liability has been recorded for the Center, as the Center is not responsible for funding or paying retirement benefits for either plan.

Note 8. Risk Management

The Center 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.

The Center's employees are provided workers' compensation insurance through either the City of Texarkana, Arkansas, or the City of Texarkana, Texas.

The City of Texarkana, Arkansas, provides statutory workmen's compensation benefits under an insured plan of the Arkansas Municipal League Workers' Compensation Trust. The cost of the program is charged to the general fund. Contributions are made by members, and the funds are deposited in the trust account managed by the Arkansas Municipal League and used to pay claims. Depending on the status of the fund at the end of the year, assessments are made or dividends declared.

The City of Texarkana, Texas workers' compensation insurance coverage is obtained through the Texas Municipal League Intergovernmental Risk Pool (TML Pool). The TML Pool was established by the various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. Losses under a stated amount for workers' compensation that are incurred by TML members are paid with TML Pool funds. Claims in excess of this limit are paid under terms of insurance policies obtained by the TML Pool. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board or by the State Board of Insurance of Texas. Such rates are estimated to include all claims expected to occur during the policy period, including claims incurred but not reported. The TML has established claim reserves for each of the types of insurance offered. Thus, although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contributed rate for subsequent years. Members are also entitled to returns of contributions if actual results are more favorable than estimated.

Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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

Intergovernmental Advisory Committee
Bi-State Justice Center
Texarkana, Arkansas-Texas

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 the major fund of the Bi-State Justice Center (Center), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated February 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center'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
February 12, 2026**