

FINANCIAL STATEMENTS
AND
AUDITOR'S REPORTS

THE TOWN OF FARGO
For the years ended
JUNE 30, 2023 and 2022

TABLE OF CONTENTS

Independent Auditor's Report	1
Statements of Net Position	5
Statements of Activities	6
Balance Sheets – Governmental Fund	7
Statements of Revenues, Expenditures and Changes in Fund Balances Governmental Fund	8
Statements of Net Position – Proprietary Fund	9
Statements of Revenue, Expenditures and Changes in Fund Net Position - Proprietary Fund	10
Statements of Cash Flows – Proprietary Fund	11
Notes to the Financial Statements	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Schedule of Expenditures of Federal and State Awards	20

dwg, inc. Certified Public Accountant and Consultant

Independent Auditor's Report

To the Board of Trustees
Town of Fargo, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the business-type activities of Town of Fargo, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Town of Fargo'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 the business-type activities of Town of Fargo as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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. 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 Town of Fargo 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

Town of Fargo's 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; this includes 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 Town of Fargo's ability to continue as a going concern for one year after the date that the financial statements are issued [or when applicable, one year after the date that the financial statements are available to be issued].

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 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, 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 Town of Fargo'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 [Entity Name]'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

The board of trustees and management of the Town of Fargo have omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America is required 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.

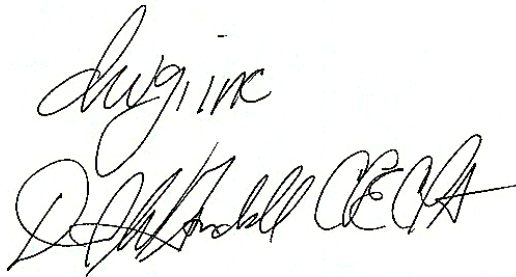
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Fargo's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by grantor agencies. This schedule is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal and State Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023 on our consideration of Town of Fargo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Town of Fargo's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Eugene D. Hall CPA". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 8, 2023

Town of Fargo
Statements of Net Position
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS						
Cash	\$ 266,980	\$ 156,733	\$ 423,713	\$ 220,033	\$ 147,908	\$ 367,941
Accounts receivable	-	27,992	27,992	-	23,432	23,432
Less: allowance for doubtful accounts	-	(2,500)	(2,500)	-	(2,500)	(2,500)
Taxes receivable	19,766	-	19,766	18,726	-	18,726
Capital grants receivable	-	-	-	-	8,455	8,455
Prepaid expenses	2,716	4,225	6,941	2,208	2,861	5,069
Internal balances	15,140	(15,140)	-	7,818	(7,818)	-
Restricted cash	-	1,089	1,089	-	1,089	1,089
Depreciable capital assets	503,904	1,165,078	1,668,982	421,359	1,165,078	1,586,437
Accumulated depreciation	(371,102)	(706,400)	(1,077,502)	(363,840)	(674,030)	(1,037,870)
TOTAL ASSETS	437,404	631,077	1,068,481	306,304	664,475	970,779
LIABILITIES						
Accounts payable	19,565	5,450	25,015	2,267	735	3,002
Payroll liabilities	49	79	128	65	54	119
Customer overpayments	-	3,438	3,438	-	3,295	3,295
Refundable fees and deposits	-	16,148	16,148	-	16,506	16,506
TOTAL LIABILITIES	19,614	25,115	44,729	2,332	20,590	22,922
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue (Note 7)	-	-	-	30,041	-	30,041
TOTAL DEFERRED INFLOWS	-	-	-	30,041	-	30,041
NET POSITION						
Invested in capital assets						
net of related debt	132,803	458,678	591,481	57,519	491,048	548,567
Unrestricted	284,988	147,284	432,272	216,412	152,837	369,249
TOTAL NET POSITION	\$ 417,791	\$ 605,962	\$ 1,023,753	\$ 273,932	\$ 643,885	\$ 917,816

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

Town of Fargo
Statements of Activities
For the Years Ended June 30, 2023 and 2022

2023		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Activities
Functions/Programs	Expenses						
Governmental activities:							
General government	\$ (98,186)	\$ 12,317	-	\$ 127,876	\$ 42,007	\$ -	\$ 42,007
Economic development	-	-	-	-	-	-	-
Police and Court	-	-	-	-	-	-	-
Rents	-	975	-	-	975	-	975
Other Income	-	-	-	-	-	-	-
Total governmental activities	(98,186)	13,292	-	127,876	42,982	-	42,982
Business-type activities:							
Utility administration	(34,682)	7,886	-	-	-	(26,799)	(26,799)
Sewer	(46,426)	21,425	-	-	-	(25,001)	(25,001)
Trash	(33,999)	35,813	-	-	-	1,814	1,814
Water	(54,430)	47,787	-	-	-	(6,643)	(6,643)
Total business-type activities	(169,536)	112,911	-	-	-	(56,628)	(56,628)
Total all activities	(267,722)	126,203	-	127,876	42,982	(56,628)	(13,647)
General revenues:							
Sales and use taxes					58,504	18,203	76,707
Franchise taxes					15,667	-	15,667
Tobacco taxes					372	-	372
Alcohol beverage taxes					25,052	-	25,052
State gasoline taxes					561	-	561
Commercial vehicle taxes					-	-	-
Investment income					721	502	1,223
Transfers					-	-	-
Total general revenues and transfers					100,877	18,705	119,582
Change in net position					143,859	(37,923)	105,936
Net Position, beginning					273,932	643,885	917,817
Net Position, ending					\$ 417,791	\$ 605,962	\$ 1,023,753

2022		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Activities
Functions/Programs	Expenses						
Governmental activities:							
General government	\$ (94,796)	\$ 8,191	\$ -	\$ -	\$ (86,605)	\$ -	\$ (86,605)
Economic development	-	-	-	-	-	-	-
Police and Court	-	-	-	-	-	-	-
Rents	-	705	-	-	705	-	705
Other Income	-	-	-	-	-	-	-
Total governmental activities	(94,796)	8,896	-	-	(85,900)	-	(85,900)
Business-type activities:							
Utility administration	(36,232)	(45)	-	-	-	(36,277)	(36,277)
Sewer	(19,478)	22,447	-	-	-	2,969	2,969
Trash	(31,432)	35,599	-	-	-	4,167	4,167
Water	(59,030)	46,887	-	16,507	-	4,364	4,364
Total business-type activities	(146,171)	104,888	-	16,507	-	(24,776)	(24,777)
Total all activities	(240,967)	113,784	-	16,507	(85,900)	(24,776)	(110,677)
General revenues:							
Sales and use taxes					55,303	14,173	69,476
Franchise taxes					11,834	-	11,834
Tobacco taxes					322	-	322
Alcohol beverage taxes					27,701	-	27,701
State gasoline taxes					802	-	802
Commercial vehicle taxes					-	-	-
Investment income					270	206	476
Transfers					-	-	-
Total general revenues and transfers					96,232	14,379	110,611
Change in net position					10,332	(10,397)	(66)
Net Position, beginning					263,600	654,282	917,882
Net Position, ending					\$ 273,932	\$ 643,885	\$ 917,816

**Town of Fargo
Balance Sheets
Governmental Fund
As of June 30, 2023 and 2022**

	<u>General/Governmental Fund</u>	
	2023	2022
ASSETS		
Cash	\$ 266,980	\$ 220,033
Taxes receivable	19,766	18,726
Prepaid expenses	2,716	2,208
Due from other funds	15,140	7,818
TOTAL ASSETS	304,602	248,785
LIABILITIES		
Accounts payable	19,565	2,267
Payroll liabilities	49	65
TOTAL LIABILITIES	19,614	2,332
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue (Note 7)	-	30,041
TOTAL DEFERRED INFLOWS	-	30,041
FUND BALANCES		
General fund unreserved	284,988	216,412
TOTAL LIABILITIES AND FUND BALANCES	\$ 304,602	\$ 248,785

Reconciliation of general fund balance to net assets of governmental activities:

Capital assets	132,802	57,519
Net assets of governmental activities	417,631	303,972

Town of Fargo
Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Years Ended June 30, 2023 and 2022

	<u>General/Governmental Fund</u>	
	2023	2022
REVENUES		
Sales and use taxes	58,506	\$ 55,303
Franchise taxes	15,667	11,834
Other taxes	25,985	28,825
Investment	721	270
Rental	975	705
Grants and awards revenue	127,876	-
Other revenues	12,317	8,191
TOTAL REVENUES	242,047	105,128
EXPENDITURES		
Personal services	19,548	29,838
Maintenance & supplies	40,942	38,905
Other goods & services	30,436	19,895
TOTAL EXPENDITURES	90,926	88,638
REVENUES OVER (UNDER) EXPENDITURES FROM OPERATIONS	151,121	16,490
OTHER FINANCIING SOURCES (USES)		
Capital asset purchases	(82,545)	(3,476)
TOTAL OTHER FINANCING SOURCES (USES)	(82,545)	(3,476)
NET CHANGE IN FUND BALANCE	68,576	13,014
BEGINNING FUND BALANCE	216,412	203,398
ENDING FUND BALANCE	\$ 284,988	\$ 216,412

Reconciliation of the net change in fund balance to the change in net assets of governmental activities:

Net change in fund balance	68,576	13,014
Capital asset purchases capitalized	82,545	3,476
Depreciation expense	(7,262)	(6,159)
Change in net assets of governmental activities	\$ 143,859	\$ 10,332

Town of Fargo
Statements of Net Position
Proprietary Fund
As of June 30, 2023 and 2022

	<u>Proprietary Fund</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Unrestricted cash	\$ 156,733	\$ 147,908
Capital grants receivable	-	8,455
Utility billing receivables	27,992	23,432
Less: allowance for doubtful accounts	(2,500)	(2,500)
Prepaid expenses	4,225	2,861
Total current assets	186,450	180,156
Noncurrent Assets		
Restricted cash	1,089	1,089
Depreciable capital assets	1,165,077	1,165,078
Accumulated depreciation	(706,399)	(674,030)
Net capital assets	458,678	491,048
TOTAL ASSETS	<u>646,217</u>	<u>672,293</u>
LIABILITIES		
Current Liabilities		
Accounts payable	5,450	735
Payroll liabilities	79	54
Customer overpayments	3,438	3,295
Due to other funds	15,140	7,818
Total current liabilities	24,107	11,902
Noncurrent liabilities		
Meter deposits refundable	16,148	16,506
Total noncurrent liabilities	16,148	16,506
TOTAL LIABILITIES	<u>40,255</u>	<u>28,408</u>
NET POSITION		
Invested in capital assets, net of debt	458,678	491,048
With restrictions		
Without restrictions	147,284	152,837
TOTAL NET POSITION	<u>\$ 605,962</u>	<u>\$ 643,885</u>

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

Town of Fargo
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Years Ended June 30, 2023 and 2022

	<u>Proprietary Fund</u>	
	2023	2022
Operating income		
Water charges	\$ 47,787	\$ 46,887
Sewer charges	21,425	22,447
Trash charges	35,813	35,599
Late charges	2,888	2,652
Other income	4,995	(2,692)
Sales tax revenue	18,203	14,173
Total revenues	131,111	119,066
Operating expenses		
Personal services	36,940	35,051
Materials & supplies	28,151	8,197
Depreciation expense	32,369	36,967
Other services & charges	72,077	65,961
Total operating expenses	169,537	146,176
Excess operating revenue	(38,425)	(27,110)
Other income (expense)		
Capital grant revenue	-	16,507
Interest income	502	206
Total other income (expense)	502	16,713
Income before transfers	(37,923)	(10,397)
CHANGE IN NET POSITION	(37,923)	(10,397)
NET POSITION, BEGINNING	643,885	654,282
NET POSITION, ENDING	<u>\$ 605,962</u>	<u>\$ 643,885</u>

Town of Fargo
Statements of Cash Flows
Proprietary Fund
For the years ended June 30, 2023 and 2022

	<u>Proprietary Fund</u>	
	<u>2023</u>	<u>2022</u>
Cash flows from operations:		
Customers	\$ 104,671	\$ 108,121
Sales tax	18,203	14,173
Other sources	8,083	458
Cash payments for:		
Salaries and benefits	(36,940)	(35,137)
Goods and services	(85,694)	(77,215)
Net cash provided from operations	<u>8,323</u>	<u>10,400</u>
Cash flows from investing activities:		
Capital grants	8,455	16,507
Capital expenditures	(8,455)	(8,052)
Net cash provided (used) from investing activities	<u>-</u>	<u>8,455</u>
Cash flows from capital financing activities:		
Interest income	502	206
Net cash used in capital financing activities	<u>502</u>	<u>206</u>
Net increase (decrease) in cash	8,825	19,061
Beginning cash	147,908	128,847
Ending cash	<u>\$ 156,733</u>	<u>\$ 147,908</u>
Reconciliation of operating income to net cash provided from operations:		
Operating income (loss)	\$ (38,425)	\$ (27,110)
Adjustments to income from operations:		
Depreciation and amortization	32,369	36,967
Change in assets and liabilities:		
(Increase) decrease in receivables	3,894	2,787
(Increase) decrease in prepaid expenses	(1,365)	1,151
Increase (decrease) in due to other funds	7,322	(1,715)
Increase (decrease) in accounts payable	4,740	(2,185)
Increase (decrease) in refundable deposits	(213)	504
Net cash provided by operations	<u>\$ 8,323</u>	<u>\$ 10,400</u>
Reconciliation of cash accounts:		
Cash	\$ 156,733	\$ 147,908
Restricted cash	1,089	1,089
Total Cash	<u>\$ 157,822</u>	<u>\$ 148,997</u>

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

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Fargo, Oklahoma is a statutory town government under Oklahoma Statutes. The Town provides the following services: sanitation collection, water and sewer infrastructure.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2023 and 2022, the Town had one component unit: Fargo Utilities Authority.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

As of June 30, 2023 and 2022, the Town consisted of one governmental general fund. The proprietary fund consisted of the Fargo Utilities Authority.

Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major

Note 1 - Summary of Significant Accounting Policies (continued)

fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursement due for federally funded projects is accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous income are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decrease in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocation of costs of providing services, which include administrative expenses and depreciation, is recorded in proprietary funds. Other revenues and expenses are classified as non-operating in the financial statements. The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible. If no FASB ASC pronouncement is applicable then Government Accounting Standards Board pronouncements are used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Restricted cash consists of meter deposits.

Property, Plant and Equipment

Fixed assets used in governmental fund type operations are accounted for in the Government Wide Financial statements and the Proprietary Fund Financial statements. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost in the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

Property, plant and equipment acquired for proprietary funds are capitalized at cost and depreciated over their estimated useful lives using the straight-line method of depreciation. Estimated useful lives have been estimated as follows:

Buildings	25 - 50 years
Machinery & equipment	3 - 20 years

Long-term Debt

Long-term debt to be repaid from governmental funds is recorded in the general long-term debt account group. Long-term debt to be repaid from proprietary funds is recorded in the fund. The current portion of long-term debt to be repaid within one year is recorded in the fund. As of June 30, 2023 there is no long-term debt.

Accounts Payable

The Town is responsible for outstanding obligations to vendors and others for operating materials, services or other charges.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2023 or 2022.

Interfund Balances

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods or other miscellaneous receivables/payables between funds.

All activity between governmental and business-type activities is eliminated and any residual balances outstanding balances between the activities are reported in the government-wide financial statements as internal balances.

Budget

In accordance with Oklahoma Statutes, Title 68, Section 2483, the Town Board of Trustees formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Code.

Risk Management

Significant losses are covered by commercial insurance for all Town operations.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform to the current presentation.

Notes to the Financial Statements
Town of Fargo
For the Years Ended June 30, 2023 and 2022

Note 2 - Cash and Investments

Deposits and investments made by the Town are summarized below. The deposits are classified as to credit risk within the following three categories:

- Category 1 Insured or collateralized with securities held by the Town or its agent in the Town's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- Category 3 Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Town's name).

For the years ending June 30, 2023 and 2022, the Town and its component units had category 1 deposits up to the FDIC insurance limits.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the statements of financial position that sum to the amounts shown in the statements of net position:

Without restrictions:					
			<u>2023</u>		<u>2022</u>
Town of Fargo	\$	266,980	\$	220,033	
Fargo Utility Authority		156,733		147,908	
		423,713		367,941	
With restrictions:					
Fargo Utility Authority		1,089		1,089	
Total cash and cash equivalents	\$	424,802	\$	369,030	

Note 3 – Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2023 and 2022:

Financial assets available to meet the cash needs for general expenditures within one year		<u>2023</u>		<u>2022</u>
	\$	423,713	\$	367,941

Note 4 - Property, Plant and Equipment

Summaries of fixed assets are included below:

	6/30/22			6/30/23
	Balance	Additions	Deletions	Balance
Fargo General Fund				
Buildings	\$ 69,412	57,600	-	\$ 127,012
Equipment	40,547	24,945	-	65,492
Fire Equipment	311,400	-	-	311,400
Total Fixed Assets	421,359	82,545	-	503,904
Accumulated Depreciation	(363,840)	(7,262)	-	(371,102)
Net Fixed Assets	\$ 57,519	75,283	-	\$ 132,802

Notes to the Financial Statements
Town of Fargo
For the Years Ended June 30, 2023 and 2022

Note 4 - Property, Plant and Equipment (continued)

	6/30/22 Balance	Additions	Deletions	6/30/23 Balance
Fargo Utility Authority				
Buildings	\$ 2,295	-	-	\$ 2,295
Equipment	183,729	-	-	183,729
Utility Plant	979,054	-	-	979,054
Total Fixed Assets	1,165,078	-	-	1,165,078
Accumulated Depreciation	(674,030)	(32,370)	-	(706,400)
Net Fixed Assets	\$ 491,048	(32,370)	-	\$ 458,678
	6/30/21 Balance	Additions	Deletions	6/30/22 Balance
Fargo General Fund				
Buildings	\$ 65,936	3,476	-	\$ 69,412
Equipment	40,547	-	-	40,547
Fire Equipment	311,400	-	-	311,400
Total Fixed Assets	417,883	3,476	-	421,359
Accumulated Depreciation	(357,681)	(6,159)	-	(363,840)
Net Fixed Assets	\$ 60,202	(2,683)	-	\$ 57,519
	6/30/21 Balance	Additions	Deletions	6/30/22 Balance
Fargo Utility Authority				
Buildings	\$ 2,295	-	-	\$ 2,295
Equipment	183,729	-	-	183,729
Utility Plant	979,054	-	-	979,054
Total Fixed Assets	1,165,078	-	-	1,165,078
Accumulated Depreciation	(637,063)	(36,967)	-	(674,030)
Net Fixed Assets	\$ 528,015	(36,967)	-	\$ 491,048

Note 5 - Defined Benefit Pension Plans

The Town participates in the following employee pension system:

Oklahoma Firefighters Pension and Retirement System

Plan Description - The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System); a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System

Note 5 - Defined Benefit Pension Plans (continued)

provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, Section 48-101 et seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their office at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy - Paid firefighters are required to contribute 8% of covered payroll, with the Town contributing 13% of covered payroll. Volunteer firefighters are not required to contribute, but the Town is required to contribute \$60 per volunteer, per year. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contribution to the System for the years ended June 30, 2023 and 2022 was \$1,200 and \$600, respectively, equal to the required contribution for the years.

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. February 10, 2022 the Fire Department building and both fire trucks were damaged when a cement truck struck the building. Claims submitted to Oklahoma Municipal Assurance Group to cover repairs totaled \$9,394.71. Payment of \$8,394.71 (deductible \$1,000.00) was received March 16, 2022. Final claims and payment of \$5,132.50 was received September 20, 2022.

Note 7 - Subsequent Events

On March 11, 2021 the U.S. Congress passed the American Rescue Plan Act (ARPA) which authorized the U.S. Department of Treasury to make payments to certain recipients from the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). The CSLFRF is considered to be other fiscal assistance to be recorded as unearned income, not as a grant or award. To receive CSLFRF, recipients must agree to certain terms and conditions, provide assurances of compliance with civil rights requirements, and complete a certification of CSLFRF allocation acceptance (Acceptance Documents).

The period of performance begins the date the Acceptance Documents are signed and end December 31, 2026. Recipients may use CSLFRF to cover eligible costs incurred during the period that begins March 3, 2021 and ends December 31, 2024. Costs can be incurred or obligated by December 31, 2024, however, they must be expended by December 31, 2026.

The State of Oklahoma made available to cities and counties, through the Office of Management and Enterprise Services, funding received through CSLFRF. The Town of Fargo was allocated \$30,040.72 March 31, 2022 to apply to eligible expenses. Funding of \$24,945 for playground equipment was expended as approved expense March 28, 2023. Additional funding of \$30,325.51 was allocated to Town of Fargo on November 29, 2022 to be used on approved expenses incurred or obligated by December 31, 2024.

dwg, inc. Certified Public Accountant and Consultant

**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

To the Board of Trustees
Town of Fargo
Fargo, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the Town of Fargo as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Town of Fargo's basic financial statements and have issued our report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Fargo's internal control over financial reporting (internal control) to determine the 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 Town of Fargo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Fargo'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fargo'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 determination of financial statement amounts. 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.



dwg, inc
David W. Gandall, CFE, CPA
Oklahoma City, OK
November 8, 2023

Town of Fargo
Schedule of Expenditures of Federal and State Awards
For the Years Ended June 30, 2023 and 2022

Federal Grantor Pass-Through Grantor	Project Description	Federal CFDA Number	Grant Award	June 30, 2023		June 30, 2022	
				Revenues	Expenditures	Revenues	Expenditures
<u>Fargo Utilities Authority</u>							
Oklahoma Economic Development Authority:	OEDA REAP - Smart meters and meter boxes		\$ 8,052	\$ -	\$ -	\$ 8,052	\$ 8,052
Oklahoma Economic Development Authority:	OEDA REAP - Well #1 piping upgrades		8,455	-	8,455	8,455	-
Total Oklahoma Economic Development Authority			16,507	-	8,455	16,507	8,052
Total Federal and State Grants			\$ 16,507	\$ -	\$ 8,455	\$ 16,507	\$ 8,052
<u>Town of Fargo</u>							
Oklahoma Economic Development Authority:	OEDA REAP - EL23 - Sidewalks		\$ 57,600	\$ 57,600	\$ 57,600	\$ -	\$ -
Office of Management and Enterprise Services	OMES ARPA - NEU - Playground		30,182	24,945	24,945	-	-
Total Oklahoma Economic Development Authority			57,600	57,600	57,600	-	-
Total Office of Management and Enterprise Services			30,182	24,945	24,945	-	-
Total Federal and State Grants			\$ 87,782	\$ 82,545	\$ 82,545	\$ -	\$ -

Note 1:

Basis of Presentation

The above schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Fargo and is presented on the accrual basis of accounting.