

FINANCIAL STATEMENTS  
AND  
AUDITOR'S REPORTS

THE TOWN OF FARGO  
For the years ended  
JUNE 30, 2024 and 2023

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***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, 2024 and 2023, 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, 2024 and 2023, 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 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.

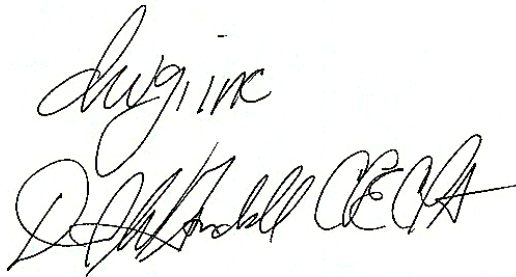
### ***Supplementary Information***

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 October 16, 2024 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 fluid and cursive, with the "CPA" part being more distinct and blocky than the preceding name.

Oklahoma City, Oklahoma  
October 16, 2024

**Town of Fargo**  
**Statements of Net Position**  
**For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>			<b>2023</b>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>						
Cash	\$ 272,248	\$ 167,054	\$ 439,302	\$ 266,980	\$ 156,733	\$ 423,713
Accounts receivable	-	29,869	29,869	-	27,992	27,992
Less: allowance for doubtful accounts	-	(2,500)	(2,500)	-	(2,500)	(2,500)
Taxes receivable	19,293	-	19,293	19,766	-	19,766
Prepaid expenses	3,005	3,395	6,400	2,716	4,225	6,941
Internal balances	22,890	(22,890)	-	15,140	(15,140)	-
Restricted cash	-	1,089	1,089	-	1,089	1,089
Depreciable capital assets	557,760	1,165,078	1,722,838	503,904	1,165,078	1,668,982
Accumulated depreciation	(383,194)	(738,195)	(1,121,389)	(371,102)	(706,400)	(1,077,502)
<b>TOTAL ASSETS</b>	<b>492,002</b>	<b>602,900</b>	<b>1,094,902</b>	<b>437,404</b>	<b>631,077</b>	<b>1,068,481</b>
<b>LIABILITIES</b>						
Accounts payable	5,582	2,837	8,419	19,565	5,450	25,015
Payroll liabilities	57	78	135	49	79	128
Customer overpayments	-	3,179	3,179	-	3,438	3,438
Refundable fees and deposits	-	16,668	16,668	-	16,148	16,148
<b>TOTAL LIABILITIES</b>	<b>5,639</b>	<b>22,763</b>	<b>28,402</b>	<b>19,614</b>	<b>25,115</b>	<b>44,729</b>
<b>NET POSITION</b>						
Invested in capital assets						
net of related debt	174,566	426,883	601,449	132,803	458,678	591,481
Unrestricted	311,797	153,254	465,051	284,988	147,284	432,272
<b>TOTAL NET POSITION</b>	<b>\$ 486,363</b>	<b>\$ 580,137</b>	<b>\$ 1,066,500</b>	<b>\$ 417,791</b>	<b>\$ 605,962</b>	<b>\$ 1,023,753</b>

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

**Town of Fargo**  
**Statements of Activities**  
**For the Years Ended June 30, 2024 and 2023**

<b>2024</b>		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Activities</b>
Governmental activities:							
General government	\$ (94,455)	\$ 16,293	-	\$ 44,250	\$ (33,912)	-	\$ (33,912)
Economic development	-	-	-	-	-	-	-
Police and Court	-	-	-	-	-	-	-
Rents	-	435	-	-	435	-	435
Other Income	-	-	-	-	-	-	-
Total governmental activities	(94,455)	16,728	-	44,250	(33,477)	-	(33,477)
Business-type activities:							
Utility administration	(42,196)	6,080	-	-	-	(36,119)	(36,119)
Sewer	(25,481)	21,616	-	-	-	(3,865)	(3,865)
Trash	(29,454)	36,887	-	-	-	7,433	7,433
Water	(58,537)	46,999	-	-	-	(11,538)	(11,538)
Total business-type activities	(155,667)	111,582	-	-	-	(44,088)	(44,088)
Total all activities	(250,122)	128,310	-	44,250	(33,477)	(44,088)	(77,566)
General revenues:							
Sales and use taxes					61,470	17,543	79,013
Franchise taxes					11,898	-	11,898
Tobacco taxes					325	-	325
Alcohol beverage taxes					26,665	-	26,665
State gasoline taxes					542	-	542
Commercial vehicle taxes					-	-	-
Investment income					1,149	720	1,869
Transfers					-	-	-
Total general revenues and transfers					102,049	18,263	120,312
Change in net position					68,573	(25,825)	42,747
Net Position, beginning					417,791	605,962	1,023,753
Net Position, ending					\$ 486,363	\$ 580,137	\$ 1,066,500

<b>2023</b>		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Activities</b>
Governmental activities:							
General government	\$ (98,186)	\$ 12,317	-	\$ 127,878	\$ 42,007	-	\$ 42,007
Economic development	-	-	-	-	-	-	-
Police and Court	-	-	-	-	-	-	-
Rents	-	975	-	-	975	-	975
Other Income	-	-	-	-	-	-	-
Total governmental activities	(98,186)	13,292	-	127,878	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	-	127,878	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



**Town of Fargo**  
**Balance Sheets**  
**Governmental Fund**  
**As of June 30, 2024 and 2023**

	<u>General/Governmental Fund</u>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash	\$ 272,248	\$ 266,980
Taxes receivable	19,293	19,766
Prepaid expenses	3,005	2,716
Due from other funds	22,890	15,140
<b>TOTAL ASSETS</b>	<u>317,436</u>	<u>304,602</u>
<b>LIABILITIES</b>		
Accounts payable	5,582	19,565
Payroll liabilities	57	49
<b>TOTAL LIABILITIES</b>	<u>5,639</u>	<u>19,614</u>
<b>FUND BALANCES</b>		
General fund unreserved	<u>311,797</u>	<u>284,988</u>
<b>TOTAL LIABILITIES AND</b>		
<b>FUND BALANCES</b>	<u>\$ 317,436</u>	<u>\$ 304,602</u>

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

Capital assets	174,566	132,802
Net assets of governmental activities	486,363	417,631

**Town of Fargo**  
**Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund**  
**For the Years Ended June 30, 2024 and 2023**

	<u>General/Governmental Fund</u>	
	<b>2024</b>	<b>2023</b>
<b>REVENUES</b>		
Sales and use taxes	61,470	\$ 58,506
Franchise taxes	11,898	15,667
Other taxes	27,532	25,985
Investment	1,149	721
Rental	435	975
Grants and awards revenue	44,250	127,876
Other revenues	16,293	12,314
<b>TOTAL REVENUES</b>	<b>163,027</b>	<b>242,044</b>
<b>EXPENDITURES</b>		
Personal services	15,575	19,548
Maintenance & supplies	23,802	40,942
Other goods & services	42,985	30,436
<b>TOTAL EXPENDITURES</b>	<b>82,362</b>	<b>90,926</b>
<b>REVENUES OVER (UNDER) EXPENDITURES FROM OPERATIONS</b>	<b>80,665</b>	<b>151,121</b>
<b>OTHER FINANCIING SOURCES (USES)</b>		
Capital asset purchases	(53,856)	(82,545)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(53,856)</b>	<b>(82,545)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>26,809</b>	<b>68,576</b>
<b>BEGINNING FUND BALANCE</b>	<b>284,988</b>	<b>216,412</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 311,797</b>	<b>\$ 284,988</b>

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

Net change in fund balance	26,809	68,576
Capital asset purchases capitalized	53,856	82,545
Depreciation expense	(12,092)	(7,262)
<b>Change in net assets of governmental activities</b>	<b>\$ 68,573</b>	<b>\$ 143,859</b>

**Town of Fargo**  
**Statements of Net Position**  
**Proprietary Fund**  
**As of June 30, 2024 and 2023**

	<u>Proprietary Fund</u>	
	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets		
Unrestricted cash	\$ 167,054	\$ 156,733
Utility billing receivables	29,869	27,992
Less: allowance for doubtful accounts	(2,500)	(2,500)
Prepaid expenses	3,395	4,225
Total current assets	<u>197,818</u>	<u>186,450</u>
Noncurrent Assets		
Restricted cash	1,089	1,089
Depreciable capital assets	1,165,078	1,165,077
Accumulated depreciation	<u>(738,195)</u>	<u>(706,399)</u>
Net capital assets	<u>426,883</u>	<u>458,678</u>
TOTAL ASSETS	<u><u>625,790</u></u>	<u><u>646,217</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	2,837	5,450
Payroll liabilities	78	79
Customer overpayments	3,179	3,438
Due to other funds	<u>22,890</u>	<u>15,140</u>
Total current liabilities	<u>28,984</u>	<u>24,107</u>
Noncurrent liabilities		
Meter deposits refundable	<u>16,668</u>	<u>16,148</u>
Total noncurrent liabilities	<u>16,668</u>	<u>16,148</u>
TOTAL LIABILITIES	<u>45,652</u>	<u>40,255</u>
<b>NET POSITION</b>		
Invested in capital assets, net of debt	426,883	458,678
With restrictions	-	-
Without restrictions	<u>153,254</u>	<u>147,284</u>
TOTAL NET POSITION	<u><u>\$ 580,137</u></u>	<u><u>\$ 605,962</u></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, 2024 and 2023**

	<u>Proprietary Fund</u>	
	<b>2024</b>	<b>2023</b>
<b>Operating income</b>		
Water charges	\$ 46,999	\$ 47,787
Sewer charges	21,616	21,425
Trash charges	36,887	35,813
Late charges	3,770	2,888
Other income	2,313	4,995
Sales tax revenue	17,543	18,203
Total revenues	129,128	131,111
<b>Operating expenses</b>		
Personal services	38,325	36,940
Materials & supplies	13,962	28,151
Depreciation expense	31,795	32,369
Other services & charges	71,591	72,077
Total operating expenses	155,673	169,537
Excess operating revenue	(26,545)	(38,425)
<b>Other income (expense)</b>		
Interest income	720	502
Total other income (expense)	720	502
Income before transfers	(25,825)	(37,923)
CHANGE IN NET POSITION	(25,825)	(37,923)
NET POSITION, BEGINNING	605,962	643,885
NET POSITION, ENDING	<u>\$ 580,137</u>	<u>\$ 605,962</u>

**Town of Fargo**  
**Statements of Cash Flows**  
**Proprietary Fund**  
**For the years ended June 30, 2024 and 2023**

	<u>Proprietary Fund</u>	
	<u>2024</u>	<u>2023</u>
<b>Cash flows from operations:</b>		
Customers	\$ 106,878	\$ 104,671
Sales tax	17,543	18,203
Other sources	7,102	8,083
Cash payments for:		
Salaries and benefits	(38,325)	(36,940)
Goods and services	(83,597)	(85,694)
Net cash provided from operations	<u>9,601</u>	<u>8,323</u>
<b>Cash flows from investing activities:</b>		
Capital grants	-	8,455
Capital expenditures	-	(8,455)
Net cash provided (used) from investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from capital financing activities:</b>		
Interest income	720	502
Net cash used in capital financing activities	<u>720</u>	<u>502</u>
Net increase (decrease) in cash	10,321	8,825
Beginning cash	156,733	147,908
Ending cash	<u>\$ 167,054</u>	<u>\$ 156,733</u>
<b>Reconciliation of operating income to net cash provided from operations:</b>		
Operating income (loss)	\$ (26,545)	\$ (38,425)
Adjustments to income from operations:		
Depreciation and amortization	31,795	32,369
Change in assets and liabilities:		
(Increase) decrease in receivables	(1,876)	3,894
(Increase) decrease in prepaid expenses	830	(1,365)
Increase (decrease) in due to other funds	7,750	7,322
Increase (decrease) in accounts payable	(2,614)	4,740
Increase (decrease) in refundable deposits	260	(213)
Net cash provided by operations	<u>\$ 9,601</u>	<u>\$ 8,323</u>
<b>Reconciliation of cash accounts:</b>		
Cash	\$ 167,054	\$ 156,733
Restricted cash	1,089	1,089
Total Cash	<u>\$ 168,143</u>	<u>\$ 157,822</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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 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, 2024 or 2023.

**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, 2024 and 2023

**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, 2024 and 2023, 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>2024</u>	<u>2023</u>
Town of Fargo	\$	272,248	\$	266,980	
Fargo Utility Authority		167,054		156,733	
		<u>439,302</u>		<u>423,713</u>	
With restrictions:					
Fargo Utility Authority		1,089		1,089	
Total cash and cash equivalents	\$	<u>440,391</u>	\$	<u>424,802</u>	

**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, 2024 and 2023:

Financial assets available to meet the cash needs for general expenditures within one year		<u>2024</u>		<u>2023</u>
	\$	439,302	\$	423,713

**Note 4 - Property, Plant and Equipment**

Summaries of fixed assets are included below:

	<b>6/30/23</b>			<b>6/30/24</b>
	<b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
<b>Fargo General Fund</b>				
Buildings	\$ 127,012	51,067	-	\$ 178,079
Equipment	65,492	2,789	-	68,281
Fire Equipment	311,400	-	-	311,400
Total Fixed Assets	<u>503,904</u>	<u>53,856</u>	<u>-</u>	<u>557,760</u>
Accumulated Depreciation	(371,102)	(12,092)	-	(383,194)
<b>Net Fixed Assets</b>	<u>\$ 132,802</u>	<u>41,764</u>	<u>-</u>	<u>\$ 174,566</u>

Notes to the Financial Statements  
Town of Fargo  
For the Years Ended June 30, 2024 and 2023

**Note 4 - Property, Plant and Equipment (continued)**

	6/30/23 Balance	Additions	Deletions	6/30/24 Balance
<b>Fargo Utility Authority</b>				
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	(706,400)	(31,795)	-	(738,195)
<b>Net Fixed Assets</b>	<b>\$ 458,678</b>	<b>(31,795)</b>	<b>-</b>	<b>\$ 426,883</b>
	6/30/22 Balance	Additions	Deletions	6/30/23 Balance
<b>Fargo General Fund</b>				
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)
<b>Net Fixed Assets</b>	<b>\$ 57,519</b>	<b>75,283</b>	<b>-</b>	<b>\$ 132,802</b>
	6/30/22 Balance	Additions	Deletions	6/30/23 Balance
<b>Fargo Utility Authority</b>				
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)
<b>Net Fixed Assets</b>	<b>\$ 491,048</b>	<b>(32,370)</b>	<b>-</b>	<b>\$ 458,678</b>

**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, 2024 and 2023 was \$1,080 and \$1,200, 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 were submitted to Oklahoma Municipal Assurance Group to cover repairs. Final claims and payment of \$5,132.50 was received September 20, 2022.

**Note 7 - Subsequent Events**

Management has performed an evaluation of the Town's activity through the audit date and has concluded that there are no significant subsequent events requiring disclosure through that date.

***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, 2024 and 2023, 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 October 16, 2024.

***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  
October 16, 2024

**Town of Fargo**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Years Ended June 30, 2024 and 2023**

Federal Grantor Pass-Through Grantor	Project Description	Federal CFDA Number	Grant Award	June 30, 2024		June 30, 2023	
				Revenues	Expenditures	Revenues	Expenditures
<b><u>Fargo Utilities Authority</u></b>							
Oklahoma Economic Development Authority:	OEDA REAP - Well #1 piping upgrades		8,455	-	-	-	8,455
Total Oklahoma Economic Development Authority			8,455	-	-	-	8,455
<b>Total Federal and State Grants</b>			<b>\$ 8,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,455</b>
<b><u>Town of Fargo</u></b>							
Oklahoma Economic Development Authority:	OEDA REAP - EL24 - Sidewalks		\$ 51,067	\$ 44,250	\$ 44,250	\$ -	\$ -
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			108,667	44,250	44,250	57,600	57,600
Total Office of Management and Enterprise Services			30,182	-	-	24,945	24,945
<b>Total Federal and State Grants</b>			<b>\$ 138,849</b>	<b>\$ 44,250</b>	<b>\$ 44,250</b>	<b>\$ 82,545</b>	<b>\$ 82,545</b>

**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.