

Town of Fargo, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF FARGO, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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Arkansas

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Sen. John Payton
Senate Vice Chair



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House Chair
Rep. Richard Womack
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Fargo, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the Town of Fargo, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated June 30, 2023. Management of the Town is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2021 and 2020:

Mayor: Linda Collins

We evaluated the Town's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the office of the **Mayor**.

Mayor

Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 14-59-101 – 14-59-119. The Town was in noncompliance with these codes and other proper accounting procedures during the fiscal years 2021 and 2020 as noted below:

- A budget was not adopted and maintained.
- Bank reconciliations were not prepared monthly for the General, Street, and Community Center Funds.
- Financial statements were not provided to the Town Council members on a monthly basis.
- An annual financial statement was not prepared and published.
- Town Council minutes were not maintained.
- Prenumbered receipts were not issued for General, Street, and Community Center Funds.
- Receipts journals were not prepared.
- Disbursements journals were not prepared.
- A fixed asset listing was not provided.
- Invoices or supporting documentation were not provided.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Roger A. Norman".

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
June 30, 2023
LOM318421

TOWN OF FARGO, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 1,579	\$ 40,722
Receipts:		
State aid	1,475	7,255
Interest		38
Unclassified	2,669	2,089
Total Receipts	<u>4,144</u>	<u>9,382</u>
Disbursements:		
Highways and streets		4,324
Recreation and culture		359
Unclassified	1,935	
Total Disbursements	<u>1,935</u>	<u>4,683</u>
Cash Balance, December 31, 2021	<u>\$ 3,788</u>	<u>\$ 45,421</u>

TOWN OF FARGO, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 2

	Street	Community Center	Total
Cash Balance, January 1, 2021	\$ 37,055	\$ 3,667	\$ 40,722
Receipts:			
State aid	7,255		7,255
Interest	38		38
Unclassified	2,089		2,089
Total Receipts	<u>9,382</u>		<u>9,382</u>
Disbursements:			
Highways and streets	4,324		4,324
Recreation and culture		359	359
Total Disbursements	<u>4,324</u>	<u>359</u>	<u>4,683</u>
Cash Balance, December 31, 2021	<u>\$ 42,113</u>	<u>\$ 3,308</u>	<u>\$ 45,421</u>

TOWN OF FARGO, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 1,403	\$ 50,878
	<u> </u>	<u> </u>
Receipts:		
State aid	1,454	7,398
Interest		43
Unclassified	3,474	1,246
Total Receipts	<u>4,928</u>	<u>8,687</u>
	<u> </u>	<u> </u>
Disbursements:		
Highways and streets		17,209
Recreation and culture		1,634
Unclassified	4,752	
Total Disbursements	<u>4,752</u>	<u>18,843</u>
	<u> </u>	<u> </u>
Cash Balance, December 31, 2020	<u>\$ 1,579</u>	<u>\$ 40,722</u>

TOWN OF FARGO, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 4

	Street	Community Center	Total
Cash Balance, January 1, 2020	\$ 46,232	\$ 4,646	\$ 50,878
Receipts:			
State aid	7,398		7,398
Interest	43		43
Unclassified	591	655	1,246
Total Receipts	<u>8,032</u>	<u>655</u>	<u>8,687</u>
Disbursements:			
Highways and streets	17,209		17,209
Recreation and culture		1,634	1,634
Total Disbursements	<u>17,209</u>	<u>1,634</u>	<u>18,843</u>
Cash Balance, December 31, 2020	<u>\$ 37,055</u>	<u>\$ 3,667</u>	<u>\$ 40,722</u>

TOWN OF FARGO, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records were not available.