

**Town of Asher, Oklahoma**  
**Financial Statements and Report**  
**of Independent Accountants**  
**As of and For the Year Ending**  
**June 30, 2013**

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# Casey J. Russell CPA, Inc.

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Member AICPA & OSCP

2812 NW 57<sup>th</sup> St., Ste. 102  
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743  
Fax: (405) 607-8744  
Email: caseycpa@hotmail.com

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## Independent Auditor's Report

To the Board of Trustees  
Town of Asher, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Asher, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash-basis of accounting described in Note 1. This includes determining that the modified cash-basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Asher, as of June 30, 2013, and the respective changes in modified cash-basis financial position, and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

## **Other Matters**

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis and budgetary comparison information 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 July 10, 2013, on our consideration of the Town of Asher'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 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 Asher's internal control over financial reporting and compliance.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with the respect to this matter.

*Casny J. Russell CPA, che.*

Oklahoma City, Oklahoma  
July 10, 2013

**Town of Asher**  
**Statement of Net Position - Modified Cash Basis**  
**As of June 30, 2013**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash in bank	\$ 111,392.37	\$ 54,940.37	\$ 166,332.74
Restricted Cash	52,422.45	125,874.12	178,296.57
Due From Other Funds	12,463.00	-	12,463.00
<b>Total Current Assets</b>	<u>176,277.82</u>	<u>180,814.49</u>	<u>357,092.31</u>
Noncurrent Assets:			
Net Capital Assets	767,098.54	298,716.17	1,065,814.71
Net Property and Equipment	767,098.54	298,716.17	1,065,814.71
<b>TOTAL ASSETS</b>	<u>\$ 943,376.36</u>	<u>\$ 479,530.66</u>	<u>\$ 1,422,907.02</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Meter Deposits	-	9,900.00	9,900.00
Due To Other Funds	-	12,463.00	12,463.00
Current Portion of LTD	-	10,000.00	10,000.00
<b>Total Current Liabilities</b>	<u>-</u>	<u>32,363.00</u>	<u>32,363.00</u>
Noncurrent Liabilities:			
Notes Payable	-	145,000.00	145,000.00
<b>Total Long-Term Liabilities</b>	<u>-</u>	<u>145,000.00</u>	<u>145,000.00</u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 177,363.00</u>	<u>\$ 177,363.00</u>
<b>NET Position</b>			
Invested in Capital Assets, net of related debt Restricted for Debt Service	\$ 767,098.54	\$ 143,716.17	\$ 910,814.71
Net Assets - Unrestricted	-	125,874.12	178,296.57
<b>Total Net Position</b>	<u>176,277.82</u>	<u>32,577.37</u>	<u>156,432.74</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 943,376.36</u>	<u>\$ 479,530.66</u>	<u>\$ 1,422,907.02</u>

**Town of Asher**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ending June 30, 2013**

Functions/Programs	Program Revenues				Net (expense) revenue and		Total
	Expenses	Charges for Services	Capital Grants and Contributions	Changes in net assets		Total	
				Governmental Activities	Business-Type Activities		
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	120,748.12	7,989.70	3,550.00	(109,208.42)	-	(109,208.42)	(109,208.42)
Court Department	28,815.76	-	-	(28,815.76)	-	(28,815.76)	(28,815.76)
Police Department	139,021.69	178,209.31	-	39,187.62	-	39,187.62	39,187.62
Fire Department	36,773.47	-	4,484.35	(32,289.12)	-	(32,289.12)	(32,289.12)
Street and Alley	13,119.99	-	-	(13,119.99)	-	(13,119.99)	(13,119.99)
Emergency Management	866.29	3,139.54	-	2,273.25	-	2,273.25	2,273.25
<b>Total Governmental Activities</b>	<u>339,345.32</u>	<u>189,338.55</u>	<u>8,034.35</u>	<u>(141,972.42)</u>	<u>-</u>	<u>(141,972.42)</u>	<u>(141,972.42)</u>
<b>Business-Type Activities</b>							
Water Department	104,810.99	83,570.62	-	-	(21,240.37)	(21,240.37)	(21,240.37)
Sewer Department	47,822.86	34,923.98	-	-	(12,898.88)	(12,898.88)	(12,898.88)
Garbage Department	29,105.00	37,868.69	-	-	8,763.69	8,763.69	8,763.69
<b>Total Business-Type Activities</b>	<u>181,738.85</u>	<u>156,363.29</u>	<u>-</u>	<u>-</u>	<u>(25,375.56)</u>	<u>(25,375.56)</u>	<u>(25,375.56)</u>
<b>Total Primary Government</b>	<u>\$ 521,084.17</u>	<u>\$ 345,701.84</u>	<u>\$ 12,518.70</u>	<u>\$ (141,972.42)</u>	<u>\$ (25,375.56)</u>	<u>\$ (167,347.98)</u>	<u>\$ (167,347.98)</u>
<b>General Revenues</b>							
Sales Taxes				89,279.90	-	89,279.90	89,279.90
Other Taxes				58,793.36	-	58,793.36	58,793.36
Transfers In/Out				(12,300.00)	12,300.00	-	-
Interest Income				83.46	365.65	449.11	449.11
<b>Total General Government Revenue</b>				<u>135,856.72</u>	<u>12,665.65</u>	<u>148,522.37</u>	<u>148,522.37</u>
Change in Net Position				(6,115.70)	(12,709.91)	(18,825.61)	(18,825.61)
Net Position Beginning				949,492.06	314,877.57	1,264,369.63	1,264,369.63
Net Position Ending				<u>\$ 943,376.36</u>	<u>\$ 302,167.66</u>	<u>\$ 1,245,544.02</u>	<u>\$ 1,245,544.02</u>

**Town of Asher**  
**Balance Sheet - Modified Cash Basis**  
**Governmental Funds**  
**June 30, 2013**

	General Fund	Special Revenue Fund	Total Governmental Fund
<b>ASSETS</b>			
Cash in Bank - Unrestricted	\$ 70,050.93	\$ 41,341.44	\$ 111,392.37
Restricted Cash	-	52,422.45	52,422.45
Due From Other Funds	12,463.00	-	12,463.00
<b>Total Assets</b>	<u>\$ 82,513.93</u>	<u>\$ 93,763.89</u>	<u>\$ 176,277.82</u>
 <b>LIABILITIES</b>			
 <b>FUND BALANCES</b>			
Unrestricted	\$ 82,513.93	\$ -	\$ 82,513.93
Assigned	-	93,763.89	93,763.89
<b>TOTAL FUND BALANCES</b>	<u>82,513.93</u>	<u>93,763.89</u>	<u>176,277.82</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u>\$ 82,513.93</u>	 <u>\$ 93,763.89</u>	 <u>\$ 176,277.82</u>

*Reconciliation of Total Governmental Fund Balance to  
Net Position of Governmental Activities - June 30, 2013*

Total Governmental Fund Balances	\$ 176,277.82
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities are not due and payable in the current	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>767,098.54</u>
Net Position of Governmental Activities	<u>\$ 943,376.36</u>

**Town of Asher**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash**  
**Governmental Funds**  
**For the Year Ending June 30, 2013**

	General Fund	Special Revenue Fund	Total Governmental Fund
<b>Revenues</b>			
Taxes	\$ 99,518.47	\$ 48,554.79	\$ 148,073.26
Charges for Services	3,225.00	-	3,225.00
Fines	-	178,209.31	178,209.31
Interest	50.64	32.82	83.46
Grants	3,550.00	4,484.35	8,034.35
Other Revenues	4,839.70	3,064.54	7,904.24
<b>Total Revenues</b>	111,183.81	234,345.81	345,529.62
<b>Expenditures</b>			
Current Operations:			
General Government	111,590.26	-	111,590.26
Police Department	-	137,201.89	137,201.89
Fire Department	3,108.00	18,445.14	21,553.14
Court Department	-	28,815.76	28,815.76
Emergency Management Department	-	866.29	866.29
Street Department	-	4,661.71	4,661.71
<b>Total Expenses</b>	114,698.26	189,990.79	304,689.05
<b>Excess Revenues over (under) expenditures</b>	(3,514.45)	44,355.02	40,840.57
<b>Transfers in/out</b>	18,088.96	(32,188.96)	(12,300.00)
<b>Excess Revenues over (under) expenditures</b>	14,574.51	12,166.06	28,540.57
<b>Fund Balances at beginning of year</b>	67,939.42	79,797.83	147,737.25
<b>Fund Balances at ending of year</b>	\$ 82,513.93	\$ 91,963.89	\$ 176,277.82

*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Year Ending June 30, 2013*

Net Change in fund balances-total governmental funds	28,540.57
Depreciation charged to governmental wide financial statements not recorded in the fund financial statements	(41,411.36)
Principal paid on long term debt recorded as an expense in the fund financial statements but as a reduction of debt in the the government wide financial statements	6,755.09
Capital expenditures records as reductions in net assets in the fund financial statements but capitalized as fixed assets in the governmental financial statements	-
Change in Net Position of governmental activities	\$ (6,115.70)

**Town of Asher**  
**Statement of Net Position - Modified Cash**  
**Proprietary Fund**  
**As of June 30, 2013**

	<b>Public Works Authority</b>
<b>ASSETS</b>	
Current Assets:	
Cash in Bank	\$ 54,940.37
Cash in Bank - Restricted	125,874.12
Total Current Assets	180,814.49
Noncurrent Assets	
Net Capital Assets	298,716.17
Total Noncurrent Assets	298,716.17
<b>TOTAL ASSETS</b>	<b>\$ 479,530.66</b>
 <b>LIABILITIES</b>	
Current Liabilities:	
Meter Deposits	9,900.00
Due To Other Funds	12,463.00
Current Portion of Long Term Debt	10,000.00
Total Current Liabilities	32,363.00
Noncurrent Liabilities	
Bonds and Notes	145,000.00
Total Noncurrent Liabilities	145,000.00
<b>TOTAL LIABILITIES</b>	<b>\$ 177,363.00</b>
 <b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	143,716.17
Restricted for Debt Service	125,874.12
Unrestricted	32,577.37
<b>TOTAL NET POSITION</b>	302,167.66
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 479,530.66</b>

The accompanying notes are an integral part of these financial statements

**Town of Asher**  
**Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**For the Year Ending June 30, 2013**

	<b>Public Works Authority</b>
<b>Operating Revenues:</b>	
Water Sales	\$ 79,203.60
Sewer Fees	34,923.98
Garbage Fees	37,868.69
Miscellaneous	4,367.02
<b>Total Operating Revenues</b>	<b>156,363.29</b>
 <b>Operating Expenses:</b>	
Water Department	104,810.99
Sewer Department	47,822.86
Garbage Department	29,105.00
<b>Total Operating Expenses</b>	<b>181,738.85</b>
<b>Operating Income (Loss)</b>	<b>\$ (25,375.56)</b>
 <b>Non-operating revenues (expenses)</b>	
Transfers In/Out	12,300.00
Interest Income	365.65
Net non-operating revenues (expenses)	<b>12,665.65</b>
<b>Change in Net Position</b>	<b>\$ (12,709.91)</b>
<b>Net Position, Beginning of Year</b>	<b>314,877.57</b>
<b>Retained Position, End of Year</b>	<b>\$ 302,167.66</b>

**Town of Asher**  
**Statement of Cash Flows - Modified Cash Basis**  
**Proprietary Fund**  
**For the Year Ending June 30, 2013**

	<u>Public Works Authority</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 156,728.94
Payments to suppliers	(86,724.52)
Payments to employees	<u>(56,898.72)</u>
<b>Net cash provided by operating activities</b>	<u>13,105.70</u>
 <b>Cash flows from capital and related financing activities</b>	
Meter Deposit Liability	175.00
Principal paid on long term debt	<u>(10,000.00)</u>
<b>Net cash flows from capital and related financing activities</b>	<u>(9,825.00)</u>
 <b>Cash flows from investing activities</b>	
Fixed Asset Purchases during year	<u>-</u>
 <b>Net increase (decrease) in cash</b>	 3,280.70
 Cash, Beginning of the Year	 <u>177,533.79</u>
<b>Cash, End of the Year</b>	<b><u><u>\$ 180,814.49</u></u></b>
 <i>Reconciliation of change in net assets to net cash provided by operations:</i>	
Change in Net Assets	(12,709.91)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	25,815.61
Change in assets and liabilities:	
Accounts receivable	-
Accounts payable	-
<b>Net cash provided by operating activities</b>	<b><u><u>\$ 13,105.70</u></u></b>
 Cash-in-Bank Unrestricted	 54,940.37
Restricted Cash	<u>125,874.12</u>
<b>Total Cash</b>	<b><u><u>\$ 180,814.49</u></u></b>

## **Note 1-Summary of Significant Accounting Policies**

### Financial Reporting Entity

The Town of Asher, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: Utility safety, streets and highways, sanitation, Utility improvements, utilities and general administrative services.

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, 2013, the Town had only one component unit, the Asher Utility Development 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.

The Town's funds are grouped into two governmental fund types - general funds and special revenue funds. Proprietary funds include enterprise funds. As of June 30, 2013, the Town had governmental funds of general fund, cemetery care, fixed asset and long term debt. The proprietary funds consisted of the Asher Utility Development Authority.

### Basis of Accounting

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets 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 a 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 fund is presented in a separate column. Nonmajor 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 cash 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 are 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, such as depreciation, are recorded in proprietary funds. The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB 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 for the date of acquisition. Restricted cash consists of meter deposits.

### 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, 2013.

### Budget

In accordance with Oklahoma Statutes, Title 68, Section 3002, the Town Council 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.

**Note 2-Deposits with Financial Institutions**

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Asher is considered a separate entity from the Asher Utility Development Authority for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the town of Asher's government and enterprise fund cash and investment accounts would be considered as category 1 up to its FDIC limits of \$250,000 for the governmental funds and \$250,000 for the Asher Utility Development Authority. The remaining funds would be categorized as category 3.

**Note 3-Capital Assets and Depreciation**

Capital Asset activity for the year ended June 30, 2013 was as follows:

Governmental Funds

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Land	\$ 18,400	-	-	\$ 18,400
Equipment	134,462	-	-	134,462
Vehicles	447,594	-	-	447,594
Buildings & Improvements	717,846	-	-	717,846
Total	1,318,302			1,318,302
Accumulated Depreciation	(509,792)	(41,411)	-	(551,203)
Net Assets	<u>\$ 808,510</u>			<u>\$ 767,099</u>

As of June 30, 2013, the governmental funds had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

Utility Development Authority

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Equipment	\$ 7,962	-	-	\$ 7,962
Buildings	4,045	-	-	4,045
Water System	293,957	-	-	293,957
Sewer System	751,486	-	-	751,486
Total	1,057,450			1,057,450
Accumulated Depreciation	(732,919)	(25,816)	-	(758,735)
Net Assets	<u>\$ 324,531</u>			<u>\$ 298,715</u>

As of June 30, 2013, the Utility Development Authority had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

Depreciation was recorded as follows: General Government – \$9,158; Public Safety - \$8,575; Fire - \$15,220; Street & Alley Department - \$8,458; and Utility Development Authority - \$25,816.

**Note 4-Notes Payable**

Asher Utility Development Authority

The Asher Utility Development Authority had one Revenue Bond outstanding with a balance of \$165,000 as of June 30, 2013. The Revenue Bond was originally issued as a series 1997 bond for \$250,000. The bond requires annual installments ranging from \$5,000 to \$20,000 through August 26, 2023, with interest at 5.75% to 6.40%, secured by a lien on the revenues derived from the operation of the municipal water and sewer systems.

In conjunction with the issuance of the 1997 Revenue Bonds an underwriter discount of \$10,000 was incurred. This discount is being amortized over the term of the debt issue. Annual payments required to amortize the bond area as follows:

	Principal	Interest		
2013/2014	10,000	9,775	Balance, Beginning of year	\$ 165,000
2014/2015	10,000	9,210	Principal Paid during year	<u>10,000</u>
2015/2016	10,000	8,590	Balance, End of Year	<u>\$ 155,000</u>
2016/2017	10,000	7,970		
2017/2018	10,000	7,970		
2018/2023	105,000	41,695		
Total	<u>\$ 155,000</u>	<u>\$ 85,210</u>		

Original bond issuance costs of \$4,250 are being amortized on the straight-line basis over 25 years, which is the term of the bond issue. At June 30, 2013 the unamortized balance of these debt issuance costs was \$2,210.

Town of Asher

A note payable to BancFirst carries an interest rate of 4.5%. These monies were used to purchase a Tahoe for the Police Department. Collateral for this loan is the vehicle. The balance of this note as of June 30, 2013 was \$-0- and matures in December 2013. The town paid \$6,755 in principal and \$152 in interest on this obligation for the year ending June 30, 2013. Payments on this note are \$13,821 per year.

Balance, Beginning of year	\$	6,755
Principal Paid during year		<u>6,755</u>
Balance, End of Year	\$	<u><u>-</u></u>

**Note 5-Volunteer Firefighter Pension Plan**

The Town participates in the Oklahoma State Firefighters Pension and Retirement system which is a defined contribution plan applying only to the Town's volunteer firefighters. Vesting occurs after 10 years of service and payments begin at age 50, or after 20 years of service, whichever is later. Contributions are made by the town at the rate of \$60 per volunteer firefighter per year. The total contribution for 2012/2013 was \$1,080 and covered 18 volunteers.

**Note 6 – Subsequent Events**

Subsequent events have been evaluated through July 10, 2013, which is the date the financial statements were issued.

## Casey J. Russell CPA, Inc.

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Member AICPA & OSCP

2812 NW 57<sup>th</sup> St., Ste. 102  
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743  
Fax: (405) 607-8744  
Email: caseycpa@hotmail.com

### 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 GOVERNMENT AUDITING STANDARDS

To the Board of Trustees  
Town of Asher

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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Asher, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Asher's basic financial statements, and have issued our report thereon dated July 10, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Asher'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 Town of Asher's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Asher'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 may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Asher'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.

*Casuy J. Russell CPA, slu.*

Oklahoma City, Oklahoma  
July 10, 2013