

TOWN OF BRAMAN, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

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YEAR ENDED JUNE 30, 2011

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Independent Auditor's Report

The Board of Trustees
Town of Braman, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Braman, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Braman, Oklahoma's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Braman, Oklahoma, as of June 30, 2011, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2011 on our consideration of the Town of Braman, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Town of Braman, Oklahoma has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to supplement, although, not be a part of the basic financial statements. The omission of this information does not affect the opinion expressed in the financial statements as a whole.

The budgetary comparison schedule on page 23 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink, appearing to read "Kimberlye R. Mayer". The signature is fluid and cursive, with the first name being the most prominent.

Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
December 21, 2011

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*

The Board of Trustees
Town of Braman, Oklahoma

We have audited the financial statements of the Town of Braman, Oklahoma for the year ended June 30, 2011, and have issued our report thereon dated December 21, 2011. 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. The Town of Braman, Oklahoma has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to supplement, although, not be a part of the basic financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Braman, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Braman, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Braman, Oklahoma's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

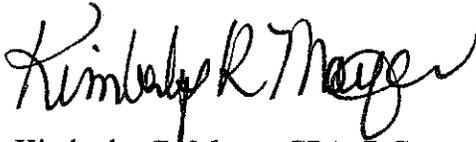
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Braman, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 and other matters that are required to be reported under *Government Auditing Standards*.

The Town of Braman, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of trustees, and others within the Town, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Kimberlye R. Mayer". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kimberlye R. Mayer, CPA, P.C.
Blackwell, OK
December 21, 2011

TOWN OF BRAMAN, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2011

Material Weakness in Internal Control Over Financial Reporting: Inadequate Segregation of Duties:

Criteria: The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, the same individual is responsible for water service billings and receiving payments; making and recording deposits; maintaining billing registers; and reconciling the monthly bank statements. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The entity's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the sales and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: The Trustees should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Trustee's Response: The Trustees have concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 71,682	\$ 5,269	\$ 76,951
Certificates of deposit	199,147	20,000	219,147
Accounts receivable	13,769	28,154	41,923
Capital assets (Note 2):			
Land	9,198		9,198
Capital assets (net of accumulated depreciation)	420,317	607,738	1,028,055
Total Assets	<u>714,113</u>	<u>661,161</u>	<u>1,375,274</u>
Liabilities:			
Accounts payable	3,382		3,382
Noncurrent liabilities (Note 3):			
Customer meter deposits		25,385	25,385
Total Liabilities	<u>3,382</u>	<u>25,385</u>	<u>28,767</u>
Net Assets:			
Invested in capital assets, net of related debt	429,515	607,738	1,037,253
Restricted for:			
Operations	3,382		3,382
Deposits		25,385	25,385
Unrestricted	277,834	2,653	280,487
Total Net Assets	<u>\$ 710,731</u>	<u>\$ 635,776</u>	<u>\$ 1,346,507</u>

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

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Function/Program	Program Revenue			Net (Expense) Revenue & Changes in Net Assets			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General Government	\$ 83,271	\$	\$	\$ 922	\$ (82,349)	\$	\$ (82,349)
Fire protection	40,207	7,365	7,392		(25,450)		(25,450)
Street and Alley							
Parks and Recreation	33,738	15,993	2,613		(15,132)		(15,132)
Tourism	2,603				(2,603)		(2,603)
Total government activities	159,819	23,358	10,005	922	(125,534)		(125,534)
Business-type activities:							
Electric	228,922	228,216				(706)	(706)
Water	52,982	53,911				929	929
Sewer	23,858	7,622				(16,236)	(16,236)
Sanitation	18,526	20,419				1,893	1,893
Total business-type activities	324,288	310,168				(14,120)	(14,120)
Total government	\$ 484,107	\$ 333,526	\$ 10,005	\$ 922	\$ (125,534)	\$ (14,120)	\$ (139,654)
General Revenues:							
Taxes:							
Sales taxes					99,439		99,439
Franchise taxes					1,708		1,708
Gas and vehicle taxes					2,190		2,190
Other taxes					25,480		25,480
Investment income					613	77	690
Miscellaneous					10,514		10,514
Transfers					17,876	(17,876)	
Total general revenues					157,820	(17,799)	140,021
Change in net assets					32,286	(31,919)	367
Net assets - beginning of year					678,445	667,695	1,346,140
Net assets - end of year					\$ 710,731	\$ 635,776	\$ 1,346,507

FUND FINANCIAL STATEMENTS

TOWN OF BRAMAN, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 59,746	\$ 11,936	\$ 71,682
Certificates of deposit	190,485	8,662	199,147
Accounts receivable	<u>13,626</u>	<u>143</u>	<u>13,769</u>
Total Assets	<u>263,857</u>	<u>20,741</u>	<u>284,598</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	<u>3,382</u>		<u>3,382</u>
Fund balances:			
Nonspendable			
Restricted			
Committed			
Assigned		20,741	20,741
Unassigned	<u>260,475</u>		<u>260,475</u>
Total Fund Balances	<u>\$ 260,475</u>	<u>\$ 20,741</u>	281,216

Reconciliation to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities of \$1,052,601, net of accumulated depreciation of \$623,086, are not financial resources and, therefore, are not reported in the funds.

Net assets of governmental activities

429,515

\$ 710,731

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 126,627	\$ 2,190	\$ 128,817
Charges for services	7,365	15,993	23,358
Investment income	613		613
Grants and donations	10,927		10,927
Miscellaneous	10,514		10,514
Total Revenues	<u>156,046</u>	<u>18,183</u>	<u>174,229</u>
Expenditures:			
Current:			
General Government	99,686		99,686
Tourism	2,603		2,603
Fire Department	14,768		14,768
Street and Alley			0
Parks and Recreation	4,541	41,690	46,231
Total Expenditures	<u>121,598</u>	<u>41,690</u>	<u>163,288</u>
Excess (deficiencies) of revenues over expenditures	34,448	(23,507)	10,941
Other Financing Sources (Uses):			
Transfers in (out)	<u>(12,785)</u>	<u>30,661</u>	<u>17,876</u>
Net changes in fund balances	21,663	7,154	28,817
Fund balances, beginning of year	<u>238,812</u>	<u>13,587</u>	<u>252,399</u>
Fund balances, end of year	<u>\$ 260,475</u>	<u>\$ 20,741</u>	<u>\$ 281,216</u>
Reconciliation to the Statement of Activities:			
Net changes in fund balances - total governmental funds			\$ 28,817
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital asset purchases capitalized			50,449
Depreciation expense			<u>(46,980)</u>
Change in Net Assets of Governmental Activities			<u>\$ 32,286</u>

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

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	<u>Utility Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 5,269
Certificates of deposit	20,000
Accounts receivable	28,154
Total Current Assets	<u>53,423</u>
Noncurrent Assets:	
Other capital assets, net of accumulated depreciation	<u>607,738</u>
Total Assets	<u>661,161</u>
Liabilities:	
Current Liabilities	
Accounts payable	
Noncurrent liabilities:	
Customer meter deposits	<u>25,385</u>
Total Liabilities	<u>25,385</u>
Net Assets:	
Invested in capital assets, net of related debt	607,738
Restricted for:	
Operations	
Deposits	25,385
Unrestricted	2,653
Total Net Assets	<u><u>\$ 635,776</u></u>

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

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	<u>Utility Fund</u>
Operating Revenues	
Charges for services:	
Electric	\$ 228,216
Water	53,911
Sewer	7,622
Sanitation	20,419
Total Operating Revenues	<u>310,168</u>
 Operating Expenses:	
Electric costs	218,622
Water costs	50,299
Sewer costs	5,010
Sanitation costs	18,526
Depreciation	31,831
Total Operating Costs	<u>324,288</u>
 Operating income (loss)	 (14,120)
 Non-Operating Revenues (Expenses):	
Interest income	77
Transfer in (out)	(17,876)
Total Non-Operating Revenues (Expenses)	<u>(17,799)</u>
 Changes in Net Assets	 (31,919)
 Net Assets, beginning of year	 <u>667,695</u>
 Net Assets, end of year	 <u><u>\$ 635,776</u></u>

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

TOWN OF BRAMAN, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

Cash Flows From Operating Activities:	
Cash received from customers	\$ 312,205
Cash payments to suppliers for goods and services	(205,614)
Cash payments to employees	(85,373)
Net cash provided (used) by Operating Activities	<u>21,218</u>
Cash Flows From Non-Capital Financing Activities:	
Cash Flows From Capital And Related Financing Activities:	
Change in capital assets	(2,132)
Grants	
Transfer in (out)	(17,876)
Net cash provided (used) by Financing Activities	<u>(20,008)</u>
Cash Flows From Investing Activities:	
Interest on cash and investments	77
Increase in CD's	
Net cash provided (used) by Investing Activities	<u>77</u>
Net increase (decrease) in cash and cash equivalents	1,287
Beginning cash and cash equivalents	3,982
Ending cash and cash equivalents	<u><u>\$ 5,269</u></u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	\$ (14,120)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	31,831
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	2,037
Increase (decrease) in customer deposits	1,470
Net cash provided (used) by operating activities	<u><u>\$ 21,218</u></u>

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

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity

The Town of Braman, Oklahoma (Town) operates under the Town Board of Trustees form of government and provides the following services as authorized by its charter: public safety, streets, public improvements, recreation, planning and zoning, and general administration. The Town's financial reporting entity is composed of the following:

Primary Government: Town of Braman, Oklahoma

Basis of Presentation

Government-Wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprises fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Town. The reporting entity includes the following special revenue funds all of which are reported as non-major funds:

Street and Alley Fund
Swimming Pool Fund

Proprietary Funds

The enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Utility Fund which is used to account for the activities in providing water, sewer, and sanitation services to the public. The Utility Fund is classified as a major fund.

Measurement Focus and Basis of Accounting

Measurement Focus is a term used to describe "which" transactions are recorded within various financial statements; Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resource measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities associated with their activities are reported. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes the same measurement focus as the government-wide statements described above except the proprietary fund financial statements include a statement of cash flows and the fund equity is classified as net assets.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Accounting:

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's trustees (the Town's highest level of decision-making authority),

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fund Balance Reporting (continued)

4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Budget Policy and Practice

An annual budget is submitted to the Town Trustees for review, and public hearings are held to address the budget. Once the budget is approved, the Town Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Revenues are budgeted by source, and expenditures are budgeted by department and class as follows: personal services, materials and supplies, other services and charges, and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions are subject to final review by the Town Trustees.

The budget for the operating funds are prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these basis.

Budget and Budgetary Accounting

The Town adopts annual budgets for the general and proprietary funds.

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and deposits with a maturity of three months or less.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 2 – PROPERTY AND EQUIPMENT:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2003, government funds' infrastructure assets were not capitalized. For the year ended June 30, 2004 and future years, infrastructure assets will be recorded at cost.

Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

In the fund financial statements, fixed assets acquired for use in governmental fund operations, are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset and land activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2011</u>
Governmental activities:				
General government	\$ 247,536	\$ 30,723	\$	\$ 278,259
Fire protection	437,968			437,968
Parks and Recreation	133,203	19,726		152,929
Street and Alley	179,585			179,585
Tourism	3,860			3,860
Totals	<u>1,002,152</u>	<u>50,449</u>	<u></u>	<u>1,052,601</u>
Less accumulated depreciation:				
General government	152,965	5,925		158,890
Fire protection	323,625	25,439		349,064
Parks and Recreation	61,871	7,233		69,104
Street and Alley	33,785	8,383		42,168
Tourism	3,860			3,860
Totals	<u>576,106</u>	<u>46,980</u>	<u></u>	<u>623,086</u>
Capital assets, net	<u>\$ 426,046</u>	<u>\$ 3,469</u>	<u>\$</u>	<u>\$ 429,515</u>
Business-type activities:				
Utility system and equipment	\$ 839,620	\$ 2,132		841,752
Less accumulated depreciation:	(202,183)	(31,831)		(234,014)
Capital assets, net	<u>\$ 637,437</u>	<u>\$ (29,699)</u>	<u>\$</u>	<u>\$ 607,738</u>

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 3 – NON-CURRENT LIABILITIES:

All non-current liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Non-current liabilities of governmental funds are not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

There are no non-current liabilities at June 30, 2011 as the result of governmental activities. The non current liabilities payable from proprietary fund resources consisted of the following:

Refundable utility deposits: \$25,385

The following is a summary of changes in non current liabilities for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Refundable deposits	\$ 23,890	\$ 25	\$	\$ 23,915

NOTE 4 – CASH AND DEPOSITS:

The State of Oklahoma allows municipalities to invest in direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts of savings certificates; or county, municipal or school district direct debt.

Cash and deposits are categorized for level of risk as follows:

- Category 1 – Insured or collateralized with securities held by the Town or by 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

Cash and deposits, categorized by level of risk, at June 30, 2011 are:

	Bank Balance	Category			Carrying Amount
		1	2	3	
Bank accounts	\$ 127,390	\$ 127,390	\$	\$	\$ 76,951
Certificates of deposit	219,147	219,147			219,147
	\$ 346,537	\$ 346,537	\$ 0	\$ 0	\$ 296,098

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 5 – EQUITY CLASSIFICATION:

Equity in government-wide financial statements is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net assets: Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets: All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified as net assets, the same as in the government-wide statements.

NOTE 6 – PENSION PLANS:

All firemen of the Town of Braman participate in the Oklahoma Firefighters Pension and retirement System, a multiple public employee retirement system. All firemen of the Town of Braman are eligible to participate in the System. For the year ended June 30, 2011, the Town of Braman contributed \$600 to this retirement plan.

Beginning in August, 1998, all full-time employees are eligible to participate in the Oklahoma Municipal Retirement Fund. The employee contributions were 3% of gross salary. The Town's contributions were 7% of gross salaries which amounted to \$4,880 for the year ended June 30, 2011.

NOTE 7 – 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TOWN OF BRAMAN, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

NOTE 8 – RISK MANAGEMENT:

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. There were no claims activity for the year just ended.

NOTE 9 – CONTINGENCIES:

As of June 30, 2011, the Town did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS:

The Town has evaluated subsequent events through December 21, 2011, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRAMAN
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
	\$	\$	\$	Positive (Negative)
Beginning budgetary fund balance	238,812	238,812	238,812	
Resources (Inflows):				
Sales	45,000	45,000	99,439	54,439
Use tax	2,000	2,000	23,186	21,186
Cigarette tax	700	700	1,376	676
Franchise taxes	2,100	2,100	1,708	(392)
Alcoholic beverage tax	700	700	918	218
Fire protection	1,500	1,500		(1,500)
Other revenues	3,235	3,235	10,514	7,279
Interest	2,500	2,500	613	(1,887)
Fire runs	1,000	1,000	7,365	6,365
Grants and donations	41,400	41,400	10,927	(30,473)
Transfer in				
Total Resources	100,135	100,135	156,046	55,911
Charges (Outflows):				
Managerial:				
Personal services	350	350	437	(87)
Materials and supplies	1,000	1,000	91	909
Other services and charges	3,000	3,000	1,684	1,316
Totals	4,350	4,350	2,212	2,138
Town Clerk				
Personnel	30,000	30,000	35,990	(5,990)
Materials and supplies	2,000	2,000	1,684	316
Other services and charges	1,250	1,250	4,409	(3,159)
Capital outlay			3,072	
Totals	33,250	33,250	45,155	(11,905)
Town Treasurer:				
Personnel services	130	130	159	(29)
Materials and supplies	25	25		25
Other services and charges	150	150	380	(230)
Capital outlay				
Totals	305	305	539	(234)
Town Attorney:				
Personnel services	225	225		225
Other services and charges	100	100	125	(25)
Totals	325	325	125	200
Town Auditor:				
Other services and charges	2,600	2,600	2,660	(60)

Economic Development:				
Materials and supplies	300	300		300
Other services and charges	1,750	1,750		233
Totals	<u>2,050</u>	<u>2,050</u>	<u>1,517</u>	<u>533</u>
Town Planning Commission:				
Grant charges				
Other services and charges	200	100		100
Totals	<u>200</u>	<u>100</u>		<u>100</u>
General Government:				
Materials and supplies	1,700	1,700	767	933
Other services and charges	4,370	4,370	12,409	(8,039)
Emergency management	300	300		300
Animal control	500	500	363	137
Grants				
Town complex	2,800	2,800	2,695	105
Museum	2,260	2,260	1,914	346
Other	2,410	2,410	2,579	(169)
Capital outlay			26,751	(26,751)
Totals	<u>14,340</u>	<u>14,340</u>	<u>47,478</u>	<u>(33,138)</u>
Fire Department:				
Personnel services	1,700	1,700	389	1,311
Materials and supplies	2,300	2,300	1,191	1,109
Grants				
Other services and charges	9,520	9,520	12,498	(2,978)
Capital outlay			690	(690)
Totals	<u>13,520</u>	<u>13,520</u>	<u>14,768</u>	<u>(1,248)</u>
Parks and Recreation:				
Personnel services				
Materials and supplies	200	200	995	(795)
Other services and charges	22,200	22,200	3,546	18,654
Capital outlay				
Totals	<u>22,400</u>	<u>22,400</u>	<u>4,541</u>	<u>17,859</u>
Tourism:				
Materials and supplies	950	950	80	870
Other services and charges	800	800	2,523	(1,723)
Totals	<u>1,750</u>	<u>1,750</u>	<u>2,603</u>	<u>(853)</u>
Town improvements				
Total charges	600	600		600
	95,590	95,590	121,598	(26,008)
Transfer out			12,785	(12,785)
Ending budgetary fund balance	<u>\$ 243,357</u>	<u>\$ 243,357</u>	<u>\$ 260,475</u>	<u>\$ 17,118</u>

TOWN OF BRAMAN, OKLAHOMA
NOTES TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2011

Budget Law

The Town prepares its annual operating budget under the provisions of the Municipal Budget Act. In accordance with these provisions the following process is used to adopt the annual budget:

1. At least 30 days prior to July 1, a proposed operating budget is submitted to the Town Council.
2. A public hearing is held no later than 15 days prior to July 1 for citizen comments.
3. Subsequent to the public hearings but no later than 7 days prior to July 1, the budget is adopted by resolution of the Town Council.
4. The adopted budget is filed with the Office of State Auditor and Inspector.

The level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. The Budget Act recognizes the following object categories as minimum legal level of control by department within a fund:

- Personal Service
- Materials and Supplies
- Other Services and Charges
- Capital Outlay
- Debt Service
- Fund Transfers

All transfers of appropriations between departments and supplemental appropriations require Town Council approval. The Mayor may transfer appropriations between object categories within a department without Town Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.