

**TOWN OF RAMONA, OKLAHOMA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-4
Statement of Net Assets	5
Statement of Activities	6
Governmental Fund – Balance Sheet	7
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balance	8
Statement of Fund Net Assets – Proprietary Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Net Assets – Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to Financial Statements	12-15
Budgetary Comparison Schedule – General Fund	16
Report on Internal Control and Compliance	17-18

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Independent Auditor's Report

The Board of Trustees
Town of Ramona, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the remaining aggregate remaining fund information of the Town of Ramona, 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 Ramona, 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 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.

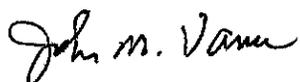
In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the Town of Ramona, Oklahoma, 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.

The management's discussion and analysis, located on the following pages, and budgetary comparison schedule, general fund, located after the notes to the basic financial statements, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain 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.

To the Board of Trustees
Town of Ramona, Oklahoma

Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2012 on our consideration of the Town of Ramona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.



John M. Vance
Certified Public Accountant
Tulsa, Oklahoma
December 7, 2012

Town of Ramona
Management's Discussion and Analysis
June 30, 2011

The following discussion and analysis of the Town of Ramona's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. We encourage users to read it in conjunction with the Town's financial statements, which follow this section.

Overview of the Financial Statements

The Town's financial statements have three components: government-wide financial statements, fund financial statements, and the notes to financial statements. This report also contains other supplementary information in addition to the basis financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Town finances as a whole in a manner similar to a private sector business.

The statement of net assets presents information on all the Town's assets and liabilities, with differences between the reported totals as net assets. Increases or decreases in net assets, over time, is an indicator of whether the financial position of the Town is improving or declining.

The statement of activities presents information showing how the Town's assets changed during the past fiscal year. All changes in net assets are reported when the underlying event or transaction occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period such as sales and franchise taxes.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes, governmental activities, from other functions that are intended to cover their costs primarily from user fees and charges and are business-type activities. The governmental activities of the Town include general government, public safety and judiciary, streets and cultural, parks and recreation. The business-type activities, carried on by Ramona Public Works Authority, a component unit, include gas, water, sewer and solid waste collection services.

Fund Financial Statements

Users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on major funds, rather than (the previous financial reporting model's) fund types. The governmental major fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

While the total column on the business-type Fund Financial Statements may be the same as the business-type column at the Government-wide Financial Statement, the governmental major funds total column requires a reconciliation because of the different measurement focused (current financial resources versus total economic resources) which is reflected at the bottom of each statement.

Government-Wide Financial Analysis

Statement of Net Assets

The following table reflects the condensed statement of net assets compared to prior year.

Table 1
Statement of Net Assets
as of June 30, 2011

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$120,624	\$137,845	\$377,934	288,160	\$498,558	426,005
Capital assets	532,175	548,870	1,571,589	1,643,916	2,103,764	2,192,786
Total assets	652,799	686,715	1,949,523	1,932,076	2,602,322	2,618,791
Current and other liabilities	2,679	5,222	1,126,594	1,051,013	1,129,273	1,056,235
Total liabilities	2,679	5,222	1,126,594	1,051,013	1,129,273	1,056,235
Net assets:						
Invested in capital assets	532,175	548,870	677,961	798,829	1,210,136	1,347,699
Restricted			3,133	45,251	3,133	45,251
Unrestricted	117,945	132,623	141,835	36,983	259,780	169,606
Total net assets	\$650,120	\$681,493	\$822,929	\$881,063	\$1,473,049	\$1,562,556

As noted earlier, net assets may serve overtime as a useful indicator of a government's financial position and condition. In the case of the Town, assets exceeded liabilities by \$1,473,049 at the close of the fiscal year for June 30, 2011 compared to \$1,562,556 for the year ended June 30, 2010.

By far the largest portion of the Town's net assets (80%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Ramona
Management's Discussion and Analysis
June 30, 2011

For the year ended June 30, 2011, the Town reported positive balances for net assets for governmental activities and business-type activities. The Town's net assets decreased by \$31,373 for the year ended June 30, 2011. Also, the net assets of Ramona Public Works Authority decreased by \$58,134.

General Fund Budgeting Highlights

The following is a discussion of reasons for variances between budget figures and actual figures.

On the revenue side, the increase of \$12,706 of actual over budget was due primarily to an increase in tax revenue and charges for services over the budgeted amount.

Operating expenses increased primarily due to an increase in police and fire expenditures.

Capital Assets

Capital assets decreased by \$16,694 due to depreciation expenses of \$34,794 less purchases of \$18,100.

Infrastructure Assets

The Town has elected not to retroactively report infrastructure assets but will follow prospective reporting.

PROSPECTS FOR THE PRESENT AND NEXT FISCAL YEAR

In 2011 RPWA laid a waterline west of Ramona/Ochelata which added twelve taps, with a capacity for around fifty taps. Wastewater improvements on rural system have been costly, but effective. The Lucasville pump station has been rebuilt. Prairieview has had new pumps added as well.

TOWN OF RAMONA

Statement 1

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<u>ASSETS</u>			
Cash and time deposits	\$ 65,023	\$ 46,487	\$111,510
Sales and franchise taxes receivable	4,251		4,251
Accounts receivable, net		75,013	75,013
Prepaid items		7,163	7,163
Deferred Income		165,503	165,503
Inventory -- Materials		34,259	34,259
Restricted assets: cash, customer meter deposits		49,509	49,509
Due from RPWA	51,350		51,350
Capital assets, net of accumulated depreciation	532,175	1,571,589	2,103,764
Total assets	<u>652,799</u>	<u>1,949,523</u>	<u>2,602,322</u>
<u>LIABILITIES</u>			
Accounts payable	2,679	135,240	137,919
Mortgages and notes payable		893,628	893,628
Due to general fund		51,350	51,350
Customer meter deposits		46,376	46,376
Total liabilities	<u>2,679</u>	<u>1,126,594</u>	<u>1,129,273</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	532,175	677,961	1,210,136
Restricted		3,133	3,133
Unrestricted	117,945	141,835	259,780
Net assets, ending	<u>\$650,120</u>	<u>\$822,929</u>	<u>\$1,473,049</u>

See accompanying notes to financial statements.

TOWN OF RAMONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Statement 2

	Expenses	Charges For Services	Net (Expense) Revenue
FUNCTIONS/PROGRAMS			
Primary government:			
Governmental activities:			
General government:			
Town clerk	\$ 1,938	\$	\$ (1,938)
Town treasurer	14,802		(14,802)
General government	<u>31,142</u>		<u>(31,142)</u>
Total general government	<u>47,882</u>		<u>(47,882)</u>
Public safety:			
Town attorney	3,730		(3,730)
Police	78,701	57,808	(20,893)
Municipal court	2,000		(2,000)
Fire	<u>44,490</u>	<u>12,574</u>	<u>(31,916)</u>
Total public safety and judiciary	<u>128,921</u>	<u>70,382</u>	<u>(58,539)</u>
Cultural, parks & recreation:			
Cemetery	<u>20,676</u>	<u>10,400</u>	<u>(10,276)</u>
Total governmental activities	<u>197,479</u>	<u>80,782</u>	<u>(116,697)</u>
Business-type activities:			
Gas utility	406,596	456,159	49,563
Water utility	557,059	531,257	(25,802)
Sewer service	268,110	135,915	(132,195)
Solid waste disposal	44,635	56,313	11,678
Emergency fund		<u>14,379</u>	<u>14,379</u>
Total business-type activities	<u>1,276,400</u>	<u>1,194,023</u>	<u>(82,377)</u>
Total primary government	<u>\$1,473,879</u>	<u>\$1,274,805</u>	<u>\$(199,074)</u>
		Primary Government	
	Governmental	Business-Type	Total
Change in net assets:			
Net (expense) revenue	<u>\$(116,697)</u>	<u>\$(82,377)</u>	<u>\$(199,074)</u>
General revenues:			
Taxes:			
Sales taxes	33,151		33,151
Cigarette tax	511		511
Alcohol beverage tax	1,557		1,557
Franchise taxes	8,744		8,744
Truck and mileage tax	4,035		4,035
Gasoline excise tax	567		567
Grants	4,398	6,480	10,878
Investment income	117	646	763
Donations	31,139		31,139
Miscellaneous	<u>1,105</u>	<u>17,117</u>	<u>18,222</u>
Total general revenues and transfers	<u>85,324</u>	<u>24,243</u>	<u>109,567</u>
Change in net assets	(31,373)	(58,134)	(89,507)
Net assets, beginning	<u>681,493</u>	<u>881,063</u>	<u>1,562,556</u>
Net assets, ending	<u>\$650,120</u>	<u>\$822,929</u>	<u>\$1,473,049</u>

See accompanying notes to financial statements.

TOWN OF RAMONA
GOVERNMENTAL FUND – BALANCE SHEET
JUNE 30, 2011

Statement 3

	General Fund
<u>ASSETS</u>	
Cash, including time deposits	\$65,023
Sales and franchise taxes receivable	4,251
Receivable from RPWA	51,350
Total assets	120,624
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts payable	2,679
Total liabilities	2,679
 <u>FUND BALANCES</u>	
Unassigned	117,945
Total fund balance	117,945
 Amounts reported for governmental activities are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	532,175
Net assets of governmental activities	\$650,120

See accompanying notes to financial statements.

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

Statement 4

	General Fund
REVENUES	
Taxes	\$ 48,565
Charges for services	80,782
Donations	31,139
Investment earnings	117
Grants	4,398
Miscellaneous	1,105
Total revenue	166,106
EXPENDITURES	
Primary government:	
Government activities:	
General government:	
Town clerk	1,938
Town treasurer	14,802
General government	31,142
Total general government	47,882
Public safety:	
Town attorney	3,730
Police	78,701
Municipal court	2,000
Fire	44,490
Total public safety and judiciary	128,921
Cultural, parks and recreation:	
Cemetery	20,676
Total governmental activities	197,479
Excess of expenditures over revenues	(31,373)
Fund balance, beginning	681,493
Fund balance, ending	\$650,120

See accompanying notes to financial statements.

TOWN OF RAMONA
STATEMENT OF FUND NET ASSETS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

Statement 5

	Public Works Authority
<u>ASSETS</u>	
Current assets:	
Cash and time deposits	\$ 46,487
Accounts receivable, net	75,013
Prepaid items	7,163
Deferred Income	165,503
Inventory – Materials	34,259
	328,425
Noncurrent assets:	
Restricted assets:	
Cash -- customer meter deposits	49,509
Capital assets, net of accumulated depreciation	1,571,589
Total noncurrent assets	1,621,098
Total assets	1,949,523
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	135,240
Mortgages and Notes Payable	110,646
Due to general fund	51,350
Total current liabilities	297,236
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer meter deposits	46,376
Mortgage and notes payable	782,982
Total noncurrent liabilities	829,358
Total liabilities	1,126,594
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	677,961
Restricted	3,133
Unrestricted	141,835
Total net assets	\$ 822,929

See accompanying notes to financial statements.

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

Statement 6

	Public Works Authority
Operating revenues:	
Charges for services:	
Gas charges	\$ 456,159
Water charges	531,257
Sewer charges	135,914
Solid waste charges	56,313
Emergency fund	14,380
Total charges for services	1,194,023
Miscellaneous	23,597
Total operating revenue	1,217,620
 Operating expenses:	
Cost of goods sold	718,508
Personal services	279,697
Materials and supplies	46,126
Other services and charges	78,617
Depreciation	61,551
Total operating expenses	1,184,499
 Operating income	33,121
Non-operating revenue:	
Interest income	645
Interest expense	(91,900)
Total non-operating revenue (expense)	(91,255)
 Change in net assets	(58,134)
 Net assets, beginning of year	881,063
Net assets, end of year	\$ 822,929

See accompanying notes to financial statements.

TOWN OF RAMONA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

Statement 7

	<u>Ramona Public Works Authority</u>
<u>Cash flows from operating activities</u>	
Receipts from customers	\$1,095,955
Payments to suppliers	(774,285)
Payments to employees	(279,698)
Fire dues collected	8,853
Receipts of customer meter deposits	4,165
Refunds of customer meter deposits	6,480
Net cash provided by operating activities	<u>61,470</u>
<u>Cash flows from capital and related financing activities</u>	
Increase in capital debt	48,541
Interest paid on capital debt	(91,900)
Purchase of capital assets	(36,836)
Net cash used by capital and related financing activities	<u>(80,195)</u>
<u>Cash flows from investing activities</u>	
Interest income	645
Net cash provided by investing activities	<u>645</u>
Net (decrease) in cash	(18,080)
Balance, beginning of year	<u>114,076</u>
Balance, end of year	<u><u>\$ 95,996</u></u>
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>	
Operating income	\$ 33,121
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows provided by other categories:	
Depreciation expense	61,551
Bad debt expense	35,578
Grants	6,480
Changes in net assets and liabilities:	
Receivables, net	(10,599)
Deferred income	(87,947)
Prepaid items	(3,753)
Accounts payable	14,105
Due to general fund	8,853
Customer meter deposits	4,081
Net cash provided by operating activities	<u><u>\$ 61,470</u></u>

See accompanying notes to financial statements.

Town of Ramona, Oklahoma
Notes to Financial Statements
June 30, 2011

Note 1: Summary of Significant Accounting Policies

The accounting policies and financial reporting practices of the Town conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of Town's significant accounting policies:

A. Reporting Entity

The Town operates under the Town form of government and provides the following services as authorized by its charter: general government, public safety, streets, and culture, parks and recreation. Also, the Town, through Ramona Public Works Authority, operates four business-type activities, a water system, sewer system, gas system and solid waste collection system.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences and claims and judgements expenditures are recorded only when payment is due.

Sales taxes and other taxes, interest income, and charges for services are susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund uses the accrual basis for accounting which recognizes revenues the period they are earned and are measurable. Expenses are recorded in the accounting period incurred.

The Town applies all applicable FASB pronouncements as well as private-sector standards issued on or before November 30, 1989, to the government-wide financial statements and the proprietary fund, unless these pronouncements conflict with or contradict GASB pronouncements. The Town has elected not to apply private-sector standards issued after November 30, 1989.

Note 2: Bank Deposits

The bank accounts of the Town and its component unit, Ramona Public Works Authority, at year-end were entirely covered by federal depository insurance. The collateral for the Town's deposits are categorized to show the level of risk assumed by the Town at year-end. Category 1 includes deposits that are insured.

<u>Description – Category 1</u>	<u>Amount</u>
Checking, savings & CD's – Town of Ramona	\$ 65,023
Checking & savings – Ramona Public Works Authority	\$ 95,996

Note 3: Receivables

Receivables as of year-end for the Governmental Fund and the Proprietary Fund are as follows:

	<u>Governmental Fund</u>	<u>Proprietary Fund</u>
Sales and other taxes	\$ 4,251	\$ 127,678
Charges for services		52,665
Less allowance for uncollectibles		
Net receivables	<u>\$ 4,251</u>	<u>\$ 75,013</u>

Note 4: Capital Assets and Depreciation

The policy of the Town of Ramona and Ramona Public Works Authority is to capitalize and depreciate capital assets costing \$1,000 or more. Depreciation is calculated using the straight-line method over estimated useful lives ranging from five to forty years.

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 5,200			\$ 5,200
Old gas system	35,854			35,854
Total assets not depreciated	<u>41,054</u>			<u>41,054</u>
Capital assets being depreciated:				
Buildings	373,066			373,066
Improvements	50,634			50,634
Equipment	407,925	18,100		426,025
Total assets being depreciated	<u>831,625</u>	<u>18,100</u>		<u>849,725</u>
Less accumulated depreciation for:				
Buildings	47,685	9,240		56,925
Improvements	36,000	1,359		37,359
Equipment	240,125	24,195		264,320
Total accumulated depreciation	<u>323,810</u>	<u>34,794</u>		<u>358,604</u>
Net capital assets being depreciated	<u>507,815</u>	<u>(16,694)</u>		<u>491,121</u>
Governmental activities:				
Capital assets – net	<u>\$548,869</u>	<u>\$(16,694)</u>		<u>\$532,175</u>

Capital assets not depreciated:			
Construction in progress	\$130,699	\$ 7,523	\$138,222
Land	5,500		5,500
Total assets not depreciated	<u>\$136,199</u>	<u>\$ 7,523</u>	<u>\$143,722</u>
Capital assets being depreciated:			
Storage building	1,761		1,761
Gas system	76,806	21,325	98,131
Water system	1,112,330	52,154	1,164,484
Sewer system	675,546	45,317	720,863
Solid waste disposal	63,868		63,868
Other equipment	109,115		109,115
Total assets being depreciated	<u>2,039,426</u>	<u>118,796</u>	<u>2,158,222</u>
Less accumulated depreciation for:			
Storage building	1,174	117	1,291
Gas system	34,231	3,783	38,014
Water system	139,907	29,314	169,221
Sewer service	397,752	14,829	412,581
Solid waste disposal	56,417	6,387	62,804
Other equipment	44,324	7,121	51,445
Total less accumulated depr.	<u>673,805</u>	<u>61,551</u>	<u>735,356</u>
	<u>1,365,621</u>	<u>57,245</u>	<u>1,422,866</u>
Business-type activities			
Capital assets – net	<u>\$1,501,820</u>	<u>\$ 64,768</u>	<u>\$1,566,588</u>

Depreciation expense was charged to functions / programs of primary government as follows:

Government activities:		
General government		\$ 10,290
Public safety and judiciary		23,755
Cultural, parks and recreation		749
Total depreciation expense governmental activities		<u>\$ 34,794</u>
Business-activities:		
Gas utility		\$ 6,582
Water utility		32,574
Sewer service		15,663
Solid waste disposal		6,732
Total depreciation expense business-type activities		<u>\$ 61,551</u>

Note 5 – Note Payable

On April 15, 1980, the Authority secured a loan of \$20,000 from the Farmers Home Administration, United States Department of Agriculture for the purpose of extending the existing sewer system. The loan is evidenced by a promissory note with interest at 5%. The promissory note is secured by a real estate mortgage, a security interest in the waterworks and distribution system and all physical facilities, accessories and equipment appertaining thereto, now owned or to be acquired, constructed or improved by Ramona Public Works Authority and rights in a water purchase contract dated December 2, 1978 between the Authority and Utility Management Company, Inc. In September, 1987, the promissory note was purchased from Farmers Home Administration by GE Capital Corporation and in December, 1997, by GMAC Commercial Mortgage Corporation. In June, 2006 the promissory note was purchased by Capmark Finance, Inc. Principal and interest payments are \$99 per month with the final installment due on April 15, 2020. In January, 2010, the promissory note was purchased by Berkadia Commercial Mortgage.

Maturities of the note payable are as follows:

<u>June 30,</u>	
2012	\$ 827
2013	870
2014	914
2015	961
2016	1,010
Thereafter	<u>3,007</u>
	<u>\$ 7,589</u>

Interest paid for the year was \$ 422.

Note Payable – American Bank of Oklahoma

On July 10, 2009 the Authority executed a loan agreement with American Bank of Oklahoma in the amount of \$1,361,906 consolidating all existing loans totaling \$794,146 and providing for additional loans of \$367,760 to finance the sewer line extension to the City of Bartlesville with an interest rate of 4.5%. Interest was payable beginning August 10, 2009 for six months and beginning February 10, 2010 principal and interest of \$12,302 are payable for 59 months. The loan is secured by a Water Purchase Contract dated March 3, 2008 with the City of Bartlesville.

<u>June 30,</u>	
2012	\$109,998
2013	115,051
2014	120,336
2015	<u>540,654</u>
	<u>\$886,039</u>

Interest paid for the year was \$ 91,478.

Note 6 – Capital Assets and Depreciation

The policy of the Town of Ramona and Ramona Public Works Authority is to capitalize and depreciate capital assets costing \$1,000 or more. Depreciation is calculated using the straight-line method over estimated useful lives ranging from five to fifty years.

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

	Budget	Actual	Variance
<u>Revenues</u>			
Taxes	\$ 46,000	\$ 48,565	\$ 2,565
Charges for services	75,000	80,782	5,782
Grants	7,000	4,398	(2,602)
Donations	20,000	31,139	11,139
Miscellaneous	5,000	1,105	(3,895)
Investment income	400	117	(283)
Total revenues	<u>153,400</u>	<u>166,106</u>	<u>12,706</u>
<u>Expenditures</u>			
General government:			
Town clerk:			
Personal services	1,938	1,938	
Supplies	2,500	2,300	200
Other services and charges	35,560	36,651	(1,091)
Town treasurer:			
Personal services	14,802	14,802	
Total general government	<u>54,800</u>	<u>55,691</u>	<u>(891)</u>
Public safety and judiciary:			
Town attorney:			
Personal services	5,600	3,730	1,870
Police:			
Personal services	32,000	34,045	(2,045)
Supplies	4,000	3,077	923
Other services and charges	20,000	34,231	(14,231)
Municipal court	2,000	2,000	
Fire:			
Supplies	15,000	25,340	(10,340)
Other services and charges	3,000	2,743	257
Total public safety and judiciary	<u>81,600</u>	<u>105,166</u>	<u>(23,566)</u>
Cultural, parks and recreation:			
Cemetery:			
Other services and charges	17,000	19,927	(2,927)
Total expenditures	<u>153,400</u>	<u>180,784</u>	<u>(27,384)</u>
Excess (deficiency) of revenues over expenditures	-0-	(14,678)	<u>(14,678)</u>
Transfers			
Fund balance, beginning	52,110	132,623	
Fund balance, ending	<u>\$ 52,110</u>	<u>\$117,945</u>	

See accompanying notes to financial statements.

JOHN M. VANCE, CPA, INC.
Box 582315
Tulsa, Oklahoma 74158-2315
(918) 834-6964

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 Honorable Mayor and
Members of the Board of Trustees
Town of Ramona, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the Town of Ramona, Oklahoma, as of and for the year ended June 30, 2011, not presented here, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 7, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Ramona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Ramona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Town of Ramona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 weaknesses, as defined above.

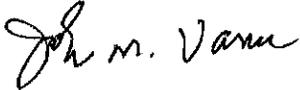
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ramona'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 that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and
Members of the Board of Trustees
Town of Ramona, Oklahoma

Page 2

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



John M. Vance
Certified Public Accountant
Tulsa, Oklahoma
December 7, 2012