TOWN OF RAMONA, OKLAHOMA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	Pages
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	12-16
Budgetary Comparison Schedule – General Fund	17
Report on Internal Control and Compliance	18-19

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

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, 2012, 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, 2012 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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2013 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, contacts 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

John M. Vance
Certified Public Accountant
Tulsa, Oklahoma
January 21, 2013

Town of Ramona
Management's Discussion and Analysis
June 30, 2012

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, 2012. 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, 2012

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	$148,134	$120,624	$374,603	$377,934	$522,737	$498,558
Capital assets	500,982	532,175	1,698,081	1,571,589	2,199,063	2,103,764
Total assets	649,116	652,799	2,072,684	1,949,523	2,721,800	2,602,322
Current and other liabilities						
Total liabilities	5,613	2,679	1,167,314	1,126,594	1,172,927	1,129,273
Net assets:						
Invested in capital assets	500,982	532,175	734,169	677,961	1,235,151	1,210,136
Restricted			3,228	3,133	3,228	3,133
Unrestricted	142,521	117,945	167,973	141,835	310,494	259,780
Total net assets	$643,503	$650,120	$905,370	$822,929	$1,548,873	$1,473,049

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 $1,548,873 at the close of the fiscal year for June 30, 2012 compared to $1,473,049 for the year ended June 30, 2011.

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, 2012

For the year ended June 30, 2012, the Town reported positive balances for net assets for governmental activities and business-type activities. The Town's net assets decreased by $6,616 for the year ended June 30, 2012. Also, the net assets of Ramona Public Works Authority increased by $82,442.

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 $10,378 of actual over budget was due primarily to an increase in tax revenue over the budgeted amount.

Operating expenses decreased primarily due to a decrease in general government expenditures.

Capital Assets
Capital assets deceased by $31,193 due to depreciation expenses of $31,193.

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.

In 2012, waterline west of Ramona is complete adding an estimated twenty customers, with an additional thirty potential taps to sell in the future. The construction on the Cherokee Casino phase two will soon begin, which will triple the utility amount used by the casino. Property has been found for the wastewater project to begin construction on property in FY 2013.

TOWN OF RAMONA

Statement 1

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and time deposits	$ 83,154	$ 38,136	$121,290
Sales and franchise taxes receivable	6,175		6,175
Accounts receivable, net		61,857	61,857
Prepaid items		11,142	11,142
Deferred Income		181,319	181,319
Inventory – Materials		34,259	34,259
Escrow Account		5,000	5,000
Restricted assets: cash, customer meter deposits		42,890	42,890
Due from RPWA	58,805		58,805
Capital assets, net of accumulated depreciation	500,982	1,694,448	2,195,430
Total assets	649,116	2,069,051	2,718,167
LIABILITIES			
Accounts payable	5,613	104,935	110,548
Mortgages and notes payable		963,912	963,912
Due to general fund		58,805	58,805
Customer meter deposits		39,662	39,662
Total liabilities	5,613	1,167,314	1,172,927
NET ASSETS			
Invested in capital assets, net of related debt	500,982	730,536	1,231,518
Restricted		3,228	3,228
Unrestricted	142,521	167,973	310,494
Net assets, ending	$643,503	$901,737	$1,545,240

See accompanying notes to financial statements.

Statement 2

TOWN OF RAMONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Expenses	Charges For Services	Net (Expense) Revenue
FUNCTIONS/PROGRAMS			
Primary government:			
Governmental activities:			
General government:			
Town clerk	$ 1,938	$	$ (1,938)
Town treasurer	6,230		(6,230)
General government	40,890		(40,890)
Total general government	49,058		(49,058)
Public safety:			
Town attorney	5,120		(5,120)
Police	67,459	33,658	(33,801)
Municipal court	1,600		(1,600)
Fire	22,524	11,545	(10,979)
Total public safety and judiciary	96,703	45,203	(51,500)
Cultural, parks & recreation:			
Cemetery	12,858	13,540	682
Total governmental activities	158,619	58,743	(99,876)
Business-type activities:			
Gas utility	247,578	335,653	88,075
Water utility	568,576	515,606	(52,970)
Sewer service	125,935	128,288	2,353
Solid waste disposal	90,436	82,435	(8,001)
Emergency fund		12,878	12,878
Total business-type activities	1,032,525	1,074,860	42,335
Total primary government	$1,191,144	$1,133,603	$(57,541)

	Primary Government		
	Governmental	Business-Type	Total
Change in net assets:			
Net (expense) revenue	$(99,876)	$ 42,335	$(57,541)
General revenues:			
Taxes:			
Sales taxes	41,871		41,871
Cigarette tax	582		582
Alcohol beverage tax	1,443		1,443
Franchise taxes	8,959		8,959
Truck and mileage tax	3,660		3,660
Gasoline excise tax	1,014		1,014
Grants	4,413		4,413
Investment income	69	259	328
Donations	3,079	39,848	42,927
Miscellaneous	28,169		28,169
Total general revenues and transfers	93,259	40,107	133,366
Change in net assets	(6,617)	82,442	75,825
Net assets, beginning	650,120	819,295	1,469,415
Net assets, ending	$643,503	$901,737	$1,545,240

See accompanying notes to financial statements.

TOWN OF RAMONA
GOVERNMENTAL FUND – BALANCE SHEET
JUNE 30, 2012

Statement 3

	General Fund
ASSETS	
Cash, including time deposits	$ 83,154
Sales and franchise taxes receivable	6,175
Receivable from RPWA	58,805
Total assets	$148,134
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	$ 5,613
Total liabilities	5,613
FUND BALANCES	
Unassigned	142,521
Total fund balance	142,521
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.	500,982
Net assets of governmental activities	$643,503

See accompanying notes to financial statements.

Statement 4

TOWN OF RAMONA
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2012

	General Fund
REVENUES	
Taxes	$ 57,529
Charges for services	58,743
Donations	28,170
Investment earnings	69
Grants	4,413
Miscellaneous	3,079
Total revenue	152,003
EXPENDITURES	
Primary government:	
Government activities:	
General government:	
Town clerk	1,938
Town treasurer	6,230
General government	40,890
Total general government	49,058
Public safety:	
Town attorney	5,120
Police	67,459
Municipal court	1,600
Fire	22,524
Total public safety and judiciary	96,703
Cultural, parks and recreation:	
Cemetery	12,858
Total governmental activities	158,619
Excess of expenditures over revenues	(6,616)
Fund balance, beginning	650,119
Fund balance, ending	$643,503

See accompanying notes to financial statements.

TOWN OF RAMONA
STATEMENT OF FUND NET ASSETS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

Statement 5

	Public Works Authority
ASSETS	
Current assets:	
Cash and time deposits	$ 38,136
Accounts receivable, net	61,857
Prepaid items	11,142
Deferred Income	181,319
Inventory – Materials	34,259
Escrow Account	5,000
	331,713
Noncurrent assets:	
Restricted assets:	
Cash – customer meter deposits	42,890
Capital assets, net of accumulated depreciation	1,694,448
Total noncurrent assets	1,737,338
Total assets	2,069,051
LIABILITIES	
Current liabilities:	
Accounts payable	104,935
Mortgages and Notes Payable	146,728
Due to general fund	58,805
Total current liabilities	310,468
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Customer meter deposits	39,662
Mortgage and notes payable	817,184
Total noncurrent liabilities	856,846
Total liabilities	1,167,314
NET ASSETS	
Invested in capital assets, net of related debt	730,536
Restricted	3,228
Unrestricted	167,973
Total net assets	$ 901,737

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, 2012

Statement 6

	Public Works Authority
Operating revenues:	
Charges for services:	
Gas charges	$ 335,653
Water charges	515,606
Sewer charges	128,288
Solid waste charges	82,435
Emergency fund	12,878
Total charges for services	1,074,860
Miscellaneous	39,848
Total operating revenue	1,114,708
Operating expenses:	
Cost of goods sold	578,375
Personal services	246,867
Materials and supplies	19,204
Other services and charges	79,281
Depreciation	66,820
Total operating expenses	990,547
Operating income	124,161
Non-operating revenue:	
Interest income	259
Interest expense	(40,611)
Total non-operating revenue (expense)	(40,352)
Change in net assets	83,809
Net assets, beginning of year	817,928
Net assets, end of year	$ 901,737

See accompanying notes to financial statements.

TOWN OF RAMONA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED JUNE 30, 2012

Statement 7

	Ramona Public Works Authority
Cash flows from operating activities	
Receipts from customers	$1,084,893
Payments to suppliers	(672,916)
Payments to employees	(246,867)
Fire dues collected	7,455
Receipts of customer meter deposits	4,563
Refunds of customer meter deposits	(11,210)
Net cash provided by operating activities	165,918
Cash flows from capital and related financing activities	
Increase in capital debt	70,284
Interest paid on capital debt	(40,611)
Purchase of capital assets	(205,820)
Escrow – Sewer	(5,000)
Net cash used by capital and related financing activities	(181,147)
Cash flows from investing activities	
Interest income	259
Net cash provided by investing activities	259
Net (decrease) in cash	(14,970)
Balance, beginning of year	95,996
Balance, end of year	$ 81,026

Reconcilement of operating income (loss) to net cash provided by operating activities	
Operating income	$ 124,161
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows provided by other categories:	
Depreciation expense	66,820
Bad debt expense	24,055
Changes in net assets and liabilities:	
Receivables, net	(13,156)
Deferred income	(15,816)
Prepaid items	9,350
Accounts payable	(30,304)
Due to general fund	7,455
Customer meter deposits	(6,647)
Net cash provided by operating activities	$ 165,918

See accompanying notes to financial statements.

Town of Ramona, Oklahoma
Notes to Financial Statements
June 30, 2012

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.

Description – Category I	Amount
Checking, savings & CD's – Town of Ramona	$ 83,154
Checking & savings – Ramona Public Works Authority	$ 81,026

Note 3: Receivables
Receivables as of year-end for the Governmental Fund and the Proprietary Fund are as follows:

	Governmental Fund	Proprietary Fund
Sales and other taxes	$ 6,175	$
Charges for services		115,423
Less allowance for uncollectibles		53,566
Net receivables	$ 6,175	$ 61,857

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. Deprecation is calculated using the straight-line method over estimated useful lives ranging from five to forty years.

Primary Government	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	$ 5,200	$	$	$ 5,200
Old gas system	35,854			35,854
Total assets not depreciated	41,054			41,054
Capital assets being depreciated:				
Buildings	373,066			373,066
Improvements	50,634			50,634
Equipment	426,025			426,025
Total assets being depreciated	849,725			849,725
Less accumulated depreciation for:				
Buildings	56,925	9,239		66,164
Improvements	37,359	1,164		38,523
Equipment	264,320	20,790		285,110
Total accumulated depreciation	358,604	31,193		389,797
Net capital assets being depreciated	491,121	31,193		459,928
Governmental activities:				
Capital assets – net	$532,175	$31,193	$	$500,982

Business-type activities:				
Capital assets not depreciated:				
Construction in progress	$138,222	$ 42,570	$	$180,792
Land	5,500			5,500
Total assets not depreciated	$143,722	$ 42,570	$	$186,292
Capital assets being depreciated:				
Storage building	1,761			1,761
Gas system	98,131			98,131
Water system	1,164,484	2,001		1,166,485
Sewer system	720,863			720,863
Solid waste disposal	63,868	146,004		209,872
Other equipment	109,115	4,105		113,220
Total assets being depreciated	2,158,222	152,110		2,310,332
Less accumulated depreciation for:				
Storage building	1,291	117		1,408
Gas system	38,014	3,854		41,868
Water system	169,221	29,991		199,212
Sewer service	412,581	15,464		428,045
Solid waste disposal	62,804	9,911		72,715
Other equipment	51,445	7,483		58,928
Total less accumulated depr.	735,356	66,820		802,176
	1,422,866	85,290		1,508,156
Business-type activities				
Capital assets – net	$1,566,588	$127,860	$	$1,694,448

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

Government activities:	
General government	$ 10,290
Public safety and judiciary	20,708
Cultural, parks and recreation	195
Total depreciation expense governmental activities	$ 31,193
Business-activities:	$ 6,256
Water utility	33,681
Sewer service	16,382
Solid waste disposal	10,501
Total depreciation expense business-type activities	$ 66,820

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:

June 30,	
2013	$ 861
2014	905
2015	951
2016	999
2017	1,051
Thereafter	2,173
	$ 6,940

Interest paid for the year was $ 143.

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.

June 30,	
2013	$113,109
2014	118,306
2015	586,889
	$818,304

Interest paid for the year was $ 39,411.

	Note Payable Welch St. Bank New trash truck	Note Payable ABD Rebuild old trash truck	Note Payable Welch St. Bank 2005 Ford pickup	Total
Balance 6/30/2012	$116,309	$ 12,017	$ 10,342	$138,668
Interest Rate	3.99%	5.0%	9.5%	
Monthly Payment	$ 2,321	$ 441	$ 367	
Principal due by years:				
2013	$ 24,377	$ 4,803	$ 3,578	$ 32,758
2014	25,194	5,049	3,934	34,177
2015	26,038	2,165	2,830	31,033
2016	26,909			26,909
2017	13,791			13,791
	$116,309	$ 12,017	$ 10,342	$138,668

Interest Expense on the above notes was $1,200.

Note 6 – Capital Assets and Depreciation
The poly 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, 2012

	Budget	Actual	Variance
Revenues			
Taxes	$ 50,000	$ 57,530	$ 7,530
Charges for services	70,000	58,742	(11,258)
Grants	4,400	4,413	13
Donations	15,500	28,170	12,670
Miscellaneous	1,600	3,079	1,479
Investment income	125	69	(56)
Total revenues	141,625	152,003	10,378
Expenditures			
General government:			
Town clerk:			
Personal services	1,938	1,938	
Supplies	2,000	3,117	(1,117)
Other services and charges	49,000	27,483	21,517
Town treasurer:			
Personal services	16,148	6,230	9,918
Total general government	69,086	38,768	30,318
Public safety and judiciary:			
Town attorney:			
Personal services	6,000	5,120	880
Police:			
Personal services	34,000	52,334	(18,334)
Supplies	1,789	1,818	(29)
Other services and charges	10,000	8,577	1,423
Municipal court	2,000	1,600	400
Fire:			
Supplies	2,000	1,625	375
Other services and charges	2,750	4,921	(2,171)
Total public safety and judiciary	58,539	75,995	(17,456)
Cultural, parks and recreation:			
Cemetery:			
Other services and charges	14,000	12,664	1,336
Total expenditures	141,525	127,427	14,198
Excess (deficiency) of revenues over expenditures	-0-	24,576	24,576
Transfers			
Fund balance, beginning	52,110	117,945	
Fund balance, ending	$ 52,110	$142,521	

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, 2012, not presented here, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 21, 2013. 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

John M. Vance
Certified Public Accountant
Tulsa, Oklahoma
January 21, 2013