

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND
SUPPLEMENTAL DATA FOR THE
TWELVE MONTHS ENDED DECEMBER 31, 2012**

CYNTHIA L WARREN CPA, P.C.

Eufaula, Oklahoma 74432

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
DECEMBER 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Ponca City
Ponca City, Oklahoma

Report on the Financial Statements

I have audited the accompanying basic financial statements of the Housing Authority of the City of Ponca City as of December 31, 2012, and for the year then ended, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations' preparation and fair presentation of the financial statements in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Ponca City as of December 31, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, the Financial Data Schedule and Schedule of Actual Modernization Cost, is presented for purposes of additional analysis as required by the by the U.S. Department of Housing and Urban Development, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Government, and Non-Profit Organizations* and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated September 5, 2013 on my consideration of the Housing Authority of the City of Ponca City's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

Cynthia L Warren CPA, P.C.
Eufaula, Oklahoma
September 5, 2013

Ponca City Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2012

Introduction

This Management's Discussion and Analysis (MD&A) of the Ponca City Housing Authority (Authority) provides an introduction and overview to the financial statements of the Ponca City Housing Authority for the fiscal year ended December 31, 2012. The Ponca City Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2012, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Ponca City Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has four individual programs. They include the Low Rent Public Housing Program, the Capital Fund Program, the Neighborhood Stabilization Program and the Housing Choice Voucher Program.

The Low Rent Program consists of 175 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.

The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

The Neighborhood Stabilization Program (NSP) consists of 6 dwelling units. This program was established to revitalize and rebuild local neighborhoods. Funding is provided based on dwelling rents paid by the tenants.

The Housing Choice Voucher Program provides rental assistance to aid low income families in affording decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Authority currently has 134 units available. Funds are provided by HUD for rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. To the extent applicable, Net position is comprised of three individual components:

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets.
- *Restricted* component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted* component of net position represents the remaining resources available that does not meet the definition of the above categories. The unrestricted component of net position is basically the amount of resources available for future year operations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2012, to determine the change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related to financing activities. The net result of these activities represents the increase or decrease of the cash and cash equivalents account balance for the year ended December 31, 2012.

Supplemental Information contains Schedule of Expenditures of Federal Awards and the HUD required Financial Data Schedule (FDS) and Schedule of Actual Modernization Cost. HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2012.

Financial Highlights

- The Ponca City Housing Authority's net position decreased from \$3,906,524 to \$3,729,386, a decrease of \$177,138 or 5%. The total assets decreased by \$179,264 or 4%.
- Total revenues decreased from \$1,687,146 to \$1,382,420, a decrease of \$304,726 or 18%.
- Total expenses increased by \$12,125 from \$1,547,433 to \$1,559,558 for the current year. This represents an increase of 1%.

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2012, and December 31, 2011.

Statement of Net Position as of December 31,

<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 827,696	\$ 809,514	\$ 18,182	2%
Noncurrent Assets	\$ 3,014,130	\$ 3,211,576	\$ (197,446)	-6%
Total Assets	\$ 3,841,826	\$ 4,021,090	\$ (179,264)	-4%
Current Liabilities	\$ 106,583	\$ 102,210	\$ 4,373	4%
Noncurrent Liabilities	\$ 5,857	\$ 12,356	\$ (6,499)	-53%
Total Liabilities	\$ 112,440	\$ 114,566	\$ (2,126)	-2%
Unrestricted	\$ 674,762	\$ 598,605	\$ 76,157	13%
Investment in Net Capital Assets	\$ 3,014,130	\$ 3,211,576	\$ (197,446)	-6%
Restricted	\$ 40,494	\$ 96,343	\$ (55,849)	-58%
Total Net Position	\$ 3,729,386	\$ 3,906,524	\$ (177,138)	-5%

Current Assets

Current assets increased from \$809,514 to \$827,696, an increase of \$18,182 from December 31, 2011 to December 31, 2012. This increase is primarily due to an excess of operating revenues over operating expenditures in the amount of \$20,308 in the current year.

Noncurrent Assets

Noncurrent assets decreased from \$3,211,576 to \$3,014,130 a decrease of \$197,446. This decrease is due primarily the application of current year depreciation expense. See the Capital Asset section for additional details.

Noncurrent Liabilities

Noncurrent liabilities decreased from \$12,356 to \$5,857 as of December 31, 2012. This is due to a decrease in accrued leave in the amount of \$6,499 for the current year.

Net Position

The net position of the Authority decreased by \$177,138 from the previous year. The decrease was due in large part to the reduction in Investment in Net Capital Assets due to the application of current year depreciation expense.

Overview of the Financial Statements-Cont.

The Authority's unrestricted component of net position changed from \$598,605 to \$674,762, an increase of \$76,157, or 13% for the current year. The primary reason for the increase was due to excess operating revenues over operating expenditures for the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines. Individual program balances that comprise the unrestricted component of net position are as follows:

Low Rent Housing Program	\$ 561,342
Section 8 Housing Choice Voucher Program:	
Administrative Funding	90,407
NSP Program	<u>23,013</u>
 Total Unrestricted Net Assets	 \$ <u>674,762</u>

The Authority's restricted component of net position decreased from \$96,343 to \$40,494, a decrease of \$55,849 for the current year. This decrease was the result of the Housing Choice Voucher Program's HAP costs exceeding HAP funding by \$56,236 for the current year.

Statement of Revenues & Expenses and Changes in Net Position Years Ended December 31, 2012 and 2011

Category	FYE 2012	FYE 2011	Change \$	Change %
Tenant Revenue	\$ 404,487	\$ 371,447	\$ 33,040	9%
HUD Operating Grants	\$ 851,318	\$ 995,675	\$ (144,357)	-14%
Capital Grants	\$ 90,308	\$ 293,609	\$ (203,301)	-69%
Interest Income - Unrestricted	\$ 4,296	\$ 4,941	\$ (645)	-13%
Interest Income - Restricted	\$ 387	\$ 1,850	\$ (1,463)	
Other Revenue	\$ 31,624	\$ 19,624	\$ 12,000	61%
Total Revenue	\$ 1,382,420	\$ 1,687,146	\$ (304,726)	-18%
			\$ -	
Administration	\$ 338,507	\$ 342,503	\$ (3,996)	-1%
Tenant Services	\$ 2,931	\$ 2,479	\$ 452	18%
Utilities	\$ 115,089	\$ 119,158	\$ (4,069)	-3%
Ordinary Maintenance	\$ 357,295	\$ 299,977	\$ 57,318	19%
General Expense	\$ 117,500	\$ 117,685	\$ (185)	0%
Extraordinary Maintenance	\$ -	\$ 26,475	\$ (26,475)	N/A
Housing Assistance Payments	\$ 340,482	\$ 378,710	\$ (38,228)	-10%
Depreciation	\$ 287,754	\$ 260,446	\$ 27,308	10%
			\$ -	
Total Expenses	\$ 1,559,558	\$ 1,547,433	\$ 12,125	1%
Increase(Decrease) in Net Position	\$ (177,138)	\$ 139,713	\$ (316,851)	-227%
Net Position, Beginning of Year	\$ 3,906,524	\$ 3,330,811	\$ 575,713	17%
Transfers from/to primary govt	\$ -	\$ 436,000	\$ (436,000)	
Net Position, End of Year	\$ 3,729,386	\$ 3,906,524	\$ (177,138)	-5%

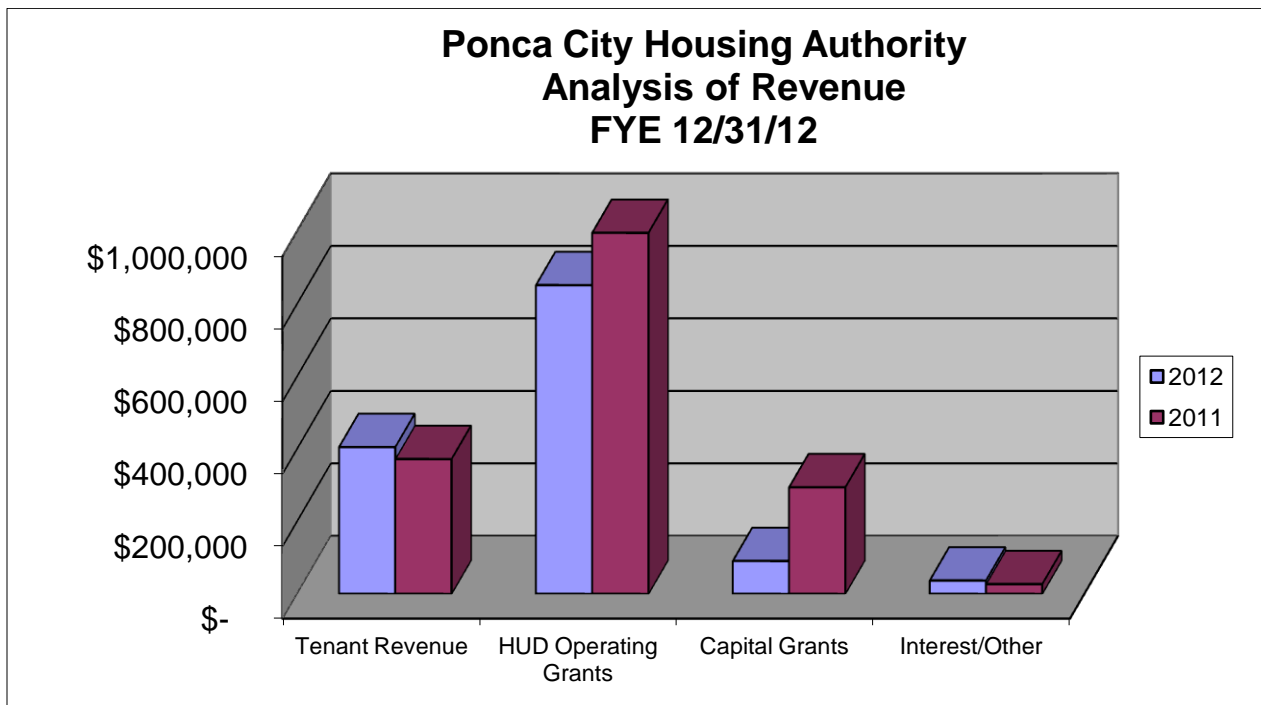
Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants. The Authority's revenue decreased by \$304,726 during the current fiscal year. This is primarily due to a decrease in HUD Operating Grants as a result of 2012 Appropriations Act and Capital Grants related to the Capital Fund Program. Tenant Rent increased from \$371,447 to \$404,487 an increase of \$33,040 due to an increase in average rent from \$166 to \$171.

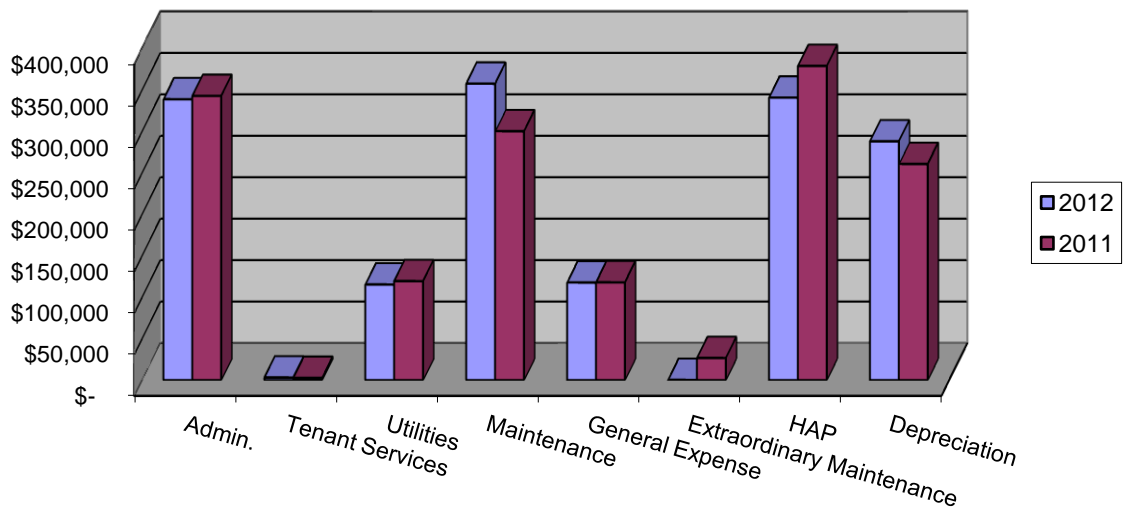
Total expenses increased by \$12,125. Significant differences between the years include:

- Maintenance expenses increased by \$57,318 due to an increase in maintenance materials of \$36,358, an increase in landscape and grounds of \$4,162, an increase in unit turnaround contracts of \$5,120, and an increase in miscellaneous maintenance contracts of \$7,508.
- Extraordinary Maintenance decreased by \$26,475 due to no activity in the current year.
- HAP Payments decreased by \$38,228 due to lower average HAP costs. The average HAP costs decreased from \$236 in 2011 to \$212 in 2012.

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



Ponca City Housing Authority Analysis of Expenses FYE 12/31/12



Capital Assets

As of December 31, 2012, the Ponca City Housing Authority's net investment in capital assets was \$3,014,130. This investment includes land, building, equipment, and construction in progress. See Note 5 for additional information concerning Capital Assets.

Category	FYE 2012	FYE 2011	Change \$	Change %
Land	\$ 342,737	\$ 342,737	\$ -	0%
Buildings	\$ 8,683,210	\$ 8,638,656	\$ 44,554	1%
Equipment	\$ 231,897	\$ 231,048	\$ 849	0%
Construction in Progress	\$ 46,200	\$ 1,295	\$ 44,905	3468%
Accumulated Depreciation	\$ (6,289,914)	\$ (6,002,160)	\$ (287,754)	5%
Total Net Capital Assets	\$ 3,014,130	\$ 3,211,576	\$ (197,446)	-6%

- Buildings increased due to the installation of new roof, foundation replacement, and renovations of the Community Center.
- The increase in Equipment is due to the purchase of a sewer machine.
- Construction in progress consists of bathtub replacements utilizing the 2011 and 2012 Capital Fund grants.

Long Term Debt Liability

The Authority classifies a portion of the employee's leave as long term debt. This is because the Authority does not anticipate paying out the total amount accrued in the upcoming fiscal year. The amount estimated as long term was \$5,827, a net decrease of \$6,529 from the previous year. See Note 6 for additional information regarding Long-term Debt.

Economic Facts and Conditions

Due to sequestration, the Authority faces an 18% reduction in operating subsidy funding for the calendar year 2013.

The amount of funding for the 2013 calendar year funding for the Housing Choice Voucher Program has been finalized by HUD. Proration funding for administrative fees is 69% and HAP funding is 93.976%. These funding levels result in lower revenues resulting in a decreased level of services supported during the upcoming fiscal year.

The Housing Authority continues to keep its six NSP houses acquired from the City of Ponca City leased for all of 2012 with the same tenants. The NSP program made \$13,404 for 2012. This will ease the burden of unexpected maintenance issues that arise and need to be addressed. We had several heating and air and plumbing issues in 2012. The funds raised from this program can ONLY be used for this program.

The FY 2012 HUD operating subsidy for the Low Rent Housing Program decreased \$27,000 from FY 2011. This appears to be the trend at this time. It was also decreased in FY 2011. However, the tenant rents for 2012 increased again for the fifth straight year. The Housing Authority takes in slightly more in rent than operating subsidy which is very important because of threatened cuts year after year. We continue with our strong encouragement that tenants for both programs be actively employed or enrolled in school full time. There is very little resistance to this requirement.

The Section 8 Program funding was drastically cut again for FY 2012. It forced the Housing Authority to look at other ways to continue funding a full-time coordinator. We had excess HAP funds and the subsidy was cut to force us to use the excess funds. The admin budget was cut as well for FY 2012. It ended the year in the negative \$20,000. After much discussion with our fee accountant it was decided for FY 2013 to have the Section 8 coordinator work for the Low Rent program as well. The Section 8 program pays a portion of all expenses on the Low Rent program so this change in the Section 8 job responsibilities will decrease the day to day expenses as well as the administrative costs of the Section 8 program. The Low Rent program at this point has a healthy budget to absorb the additional employee costs.

Capital Fund monies for FY 2011 were closed out in FY 2012. For the Broadway Plaza site, money was used to update apartments, landscape the exterior, replace some bathtubs, all mini blinds in the entire building were changed out, parking lot striping and repairs were done. For the Outlying Sites, money was used to continue our renovation project of the duplexes, replace bathtubs, replace roofs on five duplexes, plumbing line repairs and foundation repairs.

In FY 2013 we will need to replace two maintenance vehicles, continue replacing bathtubs, re-caulk and paint all outside windows at Broadway Plaza, purchase refrigerators, restripe and number outlying area parking lots, repair Broadway Plaza rooftop turbines, paint all outlying area front porch posts, and continue our re-modernization project of our elderly and family units.

There is word from HUD that for FY 2013 Section 8 Administrative fees will be funded at 69% and that HAP payments will be decreased slightly. It is hoped that adding Low Rent responsibilities to the Section 8 coordinator's position and decreasing her salary on the Section 8 side will allow the program to break even on the Admin budget portion.

We updated the Housing Authority's utility allowance figures in November 2012. Every effort will be made to update our ACOP in FY 2013. There have been many changes with HUD in tenant employment verification (EIV), domestic violence rules, employment issues, and increases for materials and equipment with maintenance.

There is also discussion that HUD operating subsidies for FY 2013 and further will be cut for the Low Rent program. This may force Low Rent to look at ways to lower expenses. We have been fortunate that most major updates and expenses have been completed over the past five years and the Housing Authority sits in good shape physically. Areas that could be looked at would be the Housing Authorities retirement program and most likely the Authorities employee insurance program. At present employee's insurance is funded 100% by the HA and family/spouse is funded 75% by the HA. Any changed would probably be looked at FY 2013 and implemented FY 2014.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Ponca City Housing Authority
Joey Bradford, Executive Director
201 E. Broadway
Ponca City, OK 74601

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

ASSETS**Current Assets:**

Cash and Cash Equivalents	\$ 535,356
Cash and Cash Equivalents, Restricted for Security Deposits	34,515
Cash and Cash Equivalents, Restricted	40,494
Tenant Accounts Receivable, Net	450
Due from Other Governments - HUD	1,623
Accrued Interest Receivable	449
Investments	180,760
Prepaid Expenses	20,980
Inventory	13,069
Total Current Assets	827,696

Noncurrent Assets:

Capital Assets, Non-depreciable	388,937
Capital Assets, Net of Depreciation	2,625,193
Total Capital Assets	3,014,130
Total Assets	\$ 3,841,826

LIABILITIES**Current Liabilities:**

Accounts Payable, Vendors	\$ 5,525
Due to Other Government - PILOT Taxes	24,176
Accrued Wages and Payroll Taxes Payable	17,971
Accrued Compensated Absences	11,386
Unearned Revenue	1,862
Other Current Liabilities	11,148
Tenant Security Deposits	34,515
Total Current Liabilities	106,583

Long-term Liabilities:

Accrued Compensated Absences	5,857
Total Liabilities	112,440

NET POSITION

Invested in Capital Assets	3,014,130
Restricted - Housing Assistance Payments	40,494
Unrestricted	674,762
Total Net Position	3,729,386
Total Liabilities and Net Position	\$ 3,841,826

The accompanying notes to the financial statements are an integral part hereof.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2012**

Operating Revenue:	
Tenant Revenue	\$ 404,487
Operating Grants and Subsidies	851,318
Other Income	31,624
Total Operating Revenue	1,287,429
 Operating Expenses:	
Housing Assistance Payments	340,482
Administration	338,507
Tenant Services	2,931
Utilities	115,089
Maintenance	357,295
General Expense	117,500
Depreciation	287,754
Total Operating Expenses	1,559,558
 Operating Income (Loss)	 (272,129)
 Nonoperating Revenue (Expense)	
Investment Income	4,683
Net Income (Loss) Before Capital Grants	(267,446)
Capital Grants	90,308
 Change in Net Position	 (177,138)
 Total Net Position, Beginning	 3,906,524
 Total Net Position, Ending	 \$ 3,729,386

The accompanying notes to the financial statements are an integral part hereof.

HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

Cash Flows from Operating Activities:	
Receipts from Tenants	\$ 406,050
Receipts from Operating Grants	880,265
Receipts from Other Operating Activities	31,624
Payments to Employees	(405,771)
Payments to Suppliers and Vendors	(489,555)
Payments for Housing Assistance	(340,482)
Payments for PILOT Taxes	(22,578)
Net Cash Provided (Used) by Operating Activities	59,553
 Cash Flows from Capital and Related Financing Activities:	
Receipts from Capital Grants	90,308
Purchases of Land, Structures and Equipment	(90,308)
Net Cash Provided (Used) by Capital and Related Financing Activities	-
 Cash Flows from Investing Activities:	
Receipts of Interest Income	4,819
Purchase of Investments	18,265
Net Cash Provided (Used) from Investing Activities	23,084
Net Increase (Decrease) in Cash and Cash Equivalents	82,637
Cash and Cash Equivalents, Beginning	527,728
Cash and Cash Equivalents, Ending	\$ 610,365
 Reconciliation to Statement of Net Position	
Cash and Cash Equivalents	\$ 535,356
Cash and Cash Equivalents, Restricted	75,009
	\$ 610,365

The accompanying notes to the financial statements are an integral part hereof.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012**

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (272,129)
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	287,754
Change in Assets and Liabilities:	
Accounts Receivable and Due from Other Governments	29,892
Prepaid Expenses	(809)
Inventory	16,971
Accounts Payable	1,379
Tenant Security Deposits	994
Accrued Liabilities	(4,561)
Deferred Revenues	62
Total Adjustments	331,682
Net Cash Provided (Used) by Operating Activities	\$ 59,553

The accompanying notes to the financial statements are an integral part hereof.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 - REPORTING ENTITY

The agency was created under the provisions of the laws of the State of Oklahoma. The purpose of the agency is to administer Public Housing Programs authorized by the United States Housing Act. The governing board is appointed by the Mayor of the City of Ponca City. The governing board employs executives; authorizes contracts of subsidy with the U.S. Department of Housing and Urban Development (Annual Contributions Contract) pursuant to that agency's regulations and statutory authorizations; and causes the agency to construct, own, and operate public housing facilities.

The Housing Authority's basic financial statements include all organizations, activities, and functions that comprise the Housing Authority. Component units are legally separate entities for which the Housing Authority is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Housing Authority's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Housing Authority. As of December 31, 2012, and for the fiscal year then ended, the Housing Authority had no component units required to be blended in these financial statements or discretely presented.

Programs Administered by the Authority

The Housing Authority administers an annual contributions contract to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD). Contracts administered by the Housing Authority are as follow:

Public Housing - The Housing Authority owns, operates and maintains 175 units of Public Housing. The properties were acquired through bonds and notes guaranteed by HUD and through grants, subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD.

Capital Fund Program - Funds from the Capital Fund Program provided by HUD are used to maintain and improve the Housing Authority. Substantially all additions to land, structures and equipment of the Housing Authority are accomplished through these capital fund grants.

Housing Choice Vouchers - The Housing Authority administers Housing Choice Vouchers to assist low-income families, elderly and disabled to afford decent, safe and sanitary housing in the private market. Revenues consist primarily of Annual Contribution for Housing Assistance Payments from HUD.

Basis of Accounting and Measurement Focus

The Housing Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and become measurable and expenses are recognized when incurred, if measurable.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedures those pronouncements conflict with or contradict GASB pronouncements.

The Housing Authority has adopted GASB Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The adoption of GASB 63 has had no material effect on the Authority's basic financial statements.

For accounting and financial reporting purposes, the Housing Authority of the City of Ponca City is considered a special purpose government engaged solely in business-type activities. As such, the accounting and financial reporting treatment is similar to enterprise funds of a general purpose government. Enterprise funds are accounted for on the economic resources measurement focus and report all assets and liabilities, both current and noncurrent, in the Statement of Net Position. Net Position is segregated into Investment in Capital Assets, Restricted and Unrestricted components, to the extent applicable.

Use of 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 accounting period. Actual results could differ from those estimates.

Budgetary Process

The Housing Authority adopts an operating budget for each fiscal year which is approved by the Board of Commissioners with revisions being prepared as needed. However, the budget does not establish legal spending limits and is instead designed to serve as a financial plan.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of amounts deposited in checking, money market and investments accounts with an original maturity of three months or less. Cash equivalents, if any, are carried at fair value.

Investments

Investments consist of certificates of deposit, which are considered money market type investments as defined by the Governmental Accounting Standards Board. The investments are reported at cost, which approximates fair market value.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents consist of amounts deposited in a checking account for the restricted purpose of Housing Choice Voucher payments. These funds were obtained from excess funding of Housing Choice Voucher payments.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future periods. These payments are recorded as prepaid expenses.

Inventory

Inventory balances consist of expendable supplies held for consumption. The inventory is valued at cost. The Housing Authority uses the first-in, first-out basis in determination of cost.

Capital Assets

Capital assets acquired are valued at historical cost. It is the policy of the Housing Authority to capitalize all assets with a cost of \$500 or greater. Donated capital assets are valued at the estimated fair value at the date of the donation. Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the statement of Net Position. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follow:

Buildings and Improvements	15 - 40 years
Equipment	3 - 5 years

Compensated Absences

It is the Housing Authority's policy to allow employees to accumulate earned but unused vacation and sick pay benefits up to certain limits. These amounts accrued, for which the employee is vested that would be paid upon termination, are charged to expense and a corresponding liability is established when earned. The portion of the liability that is anticipated to be paid within the next fiscal year is reported as a current liability, while the remainder is reported as a long-term liability.

Operating and Non-operating Revenues and Expenses

The statement of revenues, expenses, and changes in Net Position distinguishes operating revenues and expenses from non-operating. Operating revenues and expenses generally include revenues resulting from the providing of housing services to tenants, including housing assistance grants and subsidies, and the costs associated with providing those services, including depreciation of capital assets. These activities are consistent with those classified as "operating activities" in the statement of cash flows. All other revenues and expenses are classified as either non-operating revenues and expenses or separately reported activities, such as capital grants, that are reported following operating income or loss.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

It is the Housing Authority's policy to invest in those securities which are authorized by HUD. Such investments generally consist of obligation of the U.S. government and its agencies and instrumentalities, collateralized or insured certificates of deposit, or other bank deposits, and certain other commercial instruments. The deposits and investments held at December 31, 2012, and reported at fair value, are as follows:

<u>TYPE</u>	<u>Carrying Value</u>
Deposits:	
Demand Deposits	\$ 610,065
Cash on Hand	300
	<u>610,365</u>
Investments:	
Certificates of Deposit	180,760
Total Deposits and Investments	<u><u>\$ 791,125</u></u>
Reconciliation to Statement of Net Assets:	
Cash and Cash Equivalents	\$ 535,356
Cash and Cash Equivalents, Restricted	75,009
Investments	180,760
	<u><u>\$ 791,125</u></u>

Custodial Credit Risk - HUD regulations and State law governs the requirements for managing custodial credit risk. Such regulations and law require uninsured deposits to be secured with collateral having market value at least equal to the amount of uninsured deposits. Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$828,277 at December 31, 2012, which was fully insured by depository insurance or secured with collateral held by the Housing Authority's agent in its name.

Investment Interest Rate Risk - The Housing Authority's investment policy mandates that investing be performed in accordance with HUD regulations and State Statutes. The investment policy has no formal limitation of investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Nonnegotiable certificates of deposit are not subject to interest rate risk, therefore their maturity dates are not provided.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS, Continued

Investment Credit Risk - The Housing Authority's investment policy limits its investment choices to those allowed by HUD regulations and state laws as follows:

- A. U.S. Treasury Bills
- B. U.S. Treasury Notes and Bonds
- C. Obligations of Federal Government Agencies
- D. Securities of Federal Government Agencies
- E. Insured Money Market Deposit Accounts
- F. Municipal Depository Fund
- G. Super NOW Accounts
- H. Certificates of Deposit
- I. Repurchase Agreements
- J. Sweep Accounts
- K. Separate Trading of Registered Interest and Principal of Securities
- L. Mutual Funds that meet the HUD criteria.

Concentration of Investment Credit Risk - The Housing Authority places no limit on the amount it may invest in any one issuer. At December 31, 2012, the Housing Authority had limited concentration of credit risk because the investments consist of Certificates of Deposit.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable from tenants is for rentals and service charges. Also included is the receivable from Fraud Recovery for the Housing Choice Voucher program. These receivables are shown net of an allowance for uncollectible amounts. The total accounts receivable balance is \$1,078 less an allowance of \$628 for a net accounts receivable of \$450 at December 31, 2012.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 5 - CAPITAL ASSETS

A summary of Capital Assets as presented in the Statement of Net Position is as follows:

	Balance			Balance
	<u>12/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2012</u>
Non-depreciable Capital Assets:				
Land	\$ 342,737	\$ -	\$ -	\$ 342,737
Construction in Progress	1,295	44,905	-	46,200
	<u>344,032</u>	<u>44,905</u>	<u>-</u>	<u>388,937</u>
Depreciable Capital Assets:				
Buildings and Improvements	8,638,656	44,554	-	8,683,210
Furniture & Equipment	231,048	849	-	231,897
	<u>8,869,704</u>	<u>45,403</u>	<u>-</u>	<u>8,915,107</u>
Less Accumulated Depreciation:				
Buildings and Improvements	5,832,096	271,121	-	6,103,217
Furniture & Equipment	170,064	16,633	-	186,697
	<u>6,002,160</u>	<u>287,754</u>	<u>-</u>	<u>6,289,914</u>
Net Depreciable Capital Assets	<u>2,867,544</u>	<u>(242,351)</u>	<u>-</u>	<u>2,625,193</u>
Total	<u>\$ 3,211,576</u>	<u>\$ (197,446)</u>	<u>\$ -</u>	<u>\$ 3,014,130</u>

Depreciation expense for the year ending December 31, 2012 is \$287,754.

NOTE 6 - ACCRUED COMPENSATED ABSENCES

Accrued Compensated Absences consists of employee vacation and sick pay benefits which have been earned but not used. These benefits total \$17,243 of which \$5,857 is current and \$11,386 is long-term. The current portion is anticipated to be used in the next twelve months with the long-term portion anticipated to be used after the next twelve months. The following is a summary of the long-term portion.

	Balance			Balance	Due Within
	<u>12/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2012</u>	<u>One Year</u>
Accrued Compensated Absences	\$ 24,605	\$ 26,091	\$ 33,453	\$ 17,243	\$ 5,857

NOTE 7 - INTER-PROGRAM TRANSFERS

During the year ending December 31, 2012, the Capital Fund Program transferred to or expended \$138,487 for Low Rent Program operations. For presentation of financial statements, this transfer has been eliminated.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Housing Authority has an active construction project as of December 31, 2012. This capital project is a modernization of the housing units. This project is being funded by the Capital Fund Program. As of December 31, 2012, \$46,200 has been expended on this project.

The activities of the Housing Authority are currently funded in large part by the Federal Government and future operations of the Authority are reliant on continuation of this funding from the Federal Government. The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to the federal grantors and/or program beneficiaries. Although these amounts cannot be determined at this time, the Housing Authority expects such amounts to be immaterial.

NOTE 9 - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions injuries to employees; and natural disasters for which the Housing Authority purchases commercial insurance.

Management believes this coverage is sufficient to preclude any significant uninsured losses to the Housing Authority. Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 10 – RETIREMENT

The Housing Authority participates in a defined contribution plan administered by the Housing Renewal and Local Agency Retirement Plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. Plan provisions and changes to plan contributions are determined by the Board of Commissioners of the Housing Authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Housing Authority is required to contribute 8% to 10% of annual covered payroll and employees contribute 3%. Employees may make additional contributions. The Housing Authority's contribution for each employee and income allocated to the employee's account are fully invested after five years of continuous service. Normal retirement date shall be the first day of the month following the employee's 65th birthday or after 10 years of participation in the plan.

Annual required contributions for the year ending December 31, 2012 for the Housing Authority and the participants are \$26,473 and \$13,315, respectively or a total of \$39,788. The required contributions were made. Required contributions for the year ending December 31, 2011 totaled \$38,413.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 11 - ECONOMIC DEPENDENCY

The Housing Authority receives a significant portion of its revenue from funds provided through federal grants. The grant amounts are appropriated each year at the federal level. If significant budget cuts occur at the federal level, the amount of funds the Housing Authority receives could be reduced substantially and have an adverse effect on its operations. Although management expects decreases in funding, significant adverse changes in services provided are not expected to occur by the Housing Authority.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Program Title</u>		<u>Federal CFDA #</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct Program:			
Public & Indian Housing	*	14.850	\$ 360,878
Public Housing Capital Fund Program	*	14.872	228,795
Section 8 Housing Choice Vouchers		14.871	351,953
Total			\$ 941,626

* Major Program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal contract and grant activity of the Housing Authority of the City of Ponca City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."*

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
FINANCIAL DATA SCHEDULE
DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$487,174	\$26,338	\$21,844	\$535,356	\$0	\$535,356
112 Cash - Restricted - Modernization and Development	\$0	\$0		\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$40,494		\$40,494	\$0	\$40,494
114 Cash - Tenant Security Deposits	\$32,565	\$0	\$1,950	\$34,515	\$0	\$34,515
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0		\$0	\$0	\$0
100 Total Cash	\$519,739	\$66,832	\$23,794	\$610,365	\$0	\$610,365
121 Accounts Receivable - PHA Projects	\$0	\$0		\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$1,426	\$197		\$1,623	\$0	\$1,623
124 Accounts Receivable - Other Government	\$0	\$0		\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0		\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$742	\$0		\$742	\$0	\$742
126.1 Allowance for Doubtful Accounts - Tenants	-\$292	\$0		-\$292	\$0	-\$292
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		\$0	\$0	\$0
128 Fraud Recovery	\$0	\$336		\$336	\$0	\$336
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$336		-\$336	\$0	-\$336
129 Accrued Interest Receivable	\$446	\$3		\$449	\$0	\$449
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,322	\$200	\$0	\$2,522	\$0	\$2,522
131 Investments - Unrestricted	\$109,786	\$70,974		\$180,760	\$0	\$180,760
132 Investments - Restricted	\$0	\$0		\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0		\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$18,970	\$393	\$1,617	\$20,980	\$0	\$20,980
143 Inventories	\$14,521	\$0		\$14,521	\$0	\$14,521
143.1 Allowance for Obsolete Inventories	-\$1,452	\$0		-\$1,452	\$0	-\$1,452
144 Inter Program Due From	\$0	\$0		\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0		\$0	\$0	\$0
150 Total Current Assets	\$663,886	\$138,399	\$25,411	\$827,696	\$0	\$827,696

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
FINANCIAL DATA SCHEDULE
DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
161 Land	\$327,737	\$0	\$15,000	\$342,737	\$0	\$342,737
162 Buildings	\$8,262,210	\$0	\$421,000	\$8,683,210	\$0	\$8,683,210
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0		\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$220,747	\$11,150		\$231,897	\$0	\$231,897
165 Leasehold Improvements	\$0	\$0		\$0	\$0	\$0
166 Accumulated Depreciation	-\$6,262,099	-\$11,150	-\$16,665	-\$6,289,914	\$0	-\$6,289,914
167 Construction in Progress	\$46,200	\$0		\$46,200	\$0	\$46,200
168 Infrastructure	\$0	\$0		\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,594,795	\$0	\$419,335	\$3,014,130	\$0	\$3,014,130
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0		\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0		\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0		\$0	\$0	\$0
174 Other Assets	\$0	\$0		\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0		\$0	\$0	\$0
180 Total Non-Current Assets	\$2,594,795	\$0	\$419,335	\$3,014,130	\$0	\$3,014,130
190 Total Assets	\$3,258,681	\$138,399	\$444,746	\$3,841,826	\$0	\$3,841,826
311 Bank Overdraft	\$0	\$0		\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$5,170	\$323	\$32	\$5,525	\$0	\$5,525
313 Accounts Payable >90 Days Past Due	\$0	\$0		\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$14,134	\$3,653	\$184	\$17,971	\$0	\$17,971
322 Accrued Compensated Absences - Current Portion	\$8,768	\$2,465	\$153	\$11,386	\$0	\$11,386
324 Accrued Contingency Liability	\$0	\$0		\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0		\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0		\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0		\$0	\$0	\$0
333 Accounts Payable - Other Government	\$24,176	\$0		\$24,176	\$0	\$24,176
341 Tenant Security Deposits	\$32,565	\$0	\$1,950	\$34,515	\$0	\$34,515
342 Deferred Revenues	\$1,862	\$0		\$1,862	\$0	\$1,862

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
FINANCIAL DATA SCHEDULE
DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0		\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0		\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0		\$0	\$0	\$0
346 Accrued Liabilities - Other	\$11,148	\$0		\$11,148	\$0	\$11,148
347 Inter Program - Due To	\$0	\$0		\$0	\$0	\$0
348 Loan Liability - Current	\$0	\$0		\$0	\$0	\$0
310 Total Current Liabilities	\$97,823	\$6,441	\$2,319	\$106,583	\$0	\$106,583
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0		\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0		\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0		\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$4,721	\$1,057	\$79	\$5,857	\$0	\$5,857
355 Loan Liability - Non Current	\$0	\$0		\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0		\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0		\$0	\$0	\$0
350 Total Non-Current Liabilities	\$4,721	\$1,057	\$79	\$5,857	\$0	\$5,857
300 Total Liabilities	\$102,544	\$7,498	\$2,398	\$112,440	\$0	\$112,440
508.1 Invested In Capital Assets, Net of Related Debt	\$2,594,795	\$0	\$419,335	\$3,014,130	\$0	\$3,014,130
511.1 Restricted Net Assets	\$0	\$40,494	\$0	\$40,494	\$0	\$40,494
512.1 Unrestricted Net Assets	\$561,342	\$90,407	\$23,013	\$674,762	\$0	\$674,762
513 Total Equity/Net Assets	\$3,156,137	\$130,901	\$442,348	\$3,729,386	\$0	\$3,729,386
600 Total Liabilities and Equity/Net Assets	\$3,258,681	\$138,399	\$444,746	\$3,841,826	\$0	\$3,841,826

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
FINANCIAL DATA SCHEDULE
DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$356,850	\$0	\$35,652	\$392,502	\$0	\$392,502
70400 Tenant Revenue - Other	\$11,915	\$0	\$70	\$11,985	\$0	\$11,985
70500 Total Tenant Revenue	\$368,765	\$0	\$35,722	\$404,487	\$0	\$404,487
70600 HUD PHA Operating Grants	\$499,365	\$351,953		\$851,318	\$0	\$851,318
70610 Capital Grants	\$90,308	\$0		\$90,308	\$0	\$90,308
70710 Management Fee				\$0	\$0	\$0
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0		\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$3,456	\$840		\$4,296	\$0	\$4,296
71200 Mortgage Interest Income	\$0	\$0		\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0		\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0		\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0		\$0	\$0	\$0
71500 Other Revenue	\$30,082	\$1,252	\$290	\$31,624	\$0	\$31,624
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0		\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$387		\$387	\$0	\$387
70000 Total Revenue	\$991,976	\$354,432	\$36,012	\$1,382,420	\$0	\$1,382,420
91100 Administrative Salaries	\$151,230	\$58,794	\$3,496	\$213,520	\$0	\$213,520
91200 Auditing Fees	\$7,215	\$1,850	\$185	\$9,250	\$0	\$9,250
91300 Management Fee	\$0	\$0		\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0		\$0	\$0	\$0
91400 Advertising and Marketing	\$769	\$40	\$4	\$813	\$0	\$813
91500 Employee Benefit contributions - Administrative	\$59,367	\$14,194	\$1,483	\$75,044	\$0	\$75,044
91600 Office Expenses	\$13,758	\$3,601	\$353	\$17,712	\$0	\$17,712
91700 Legal Expense	\$0	\$0		\$0	\$0	\$0
91800 Travel	\$0	\$0		\$0	\$0	\$0
91810 Allocated Overhead	\$0	\$0		\$0	\$0	\$0
91900 Other	\$17,827	\$4,048	\$293	\$22,168	\$0	\$22,168
91000 Total Operating - Administrative	\$250,166	\$82,527	\$5,814	\$338,507	\$0	\$338,507

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
FINANCIAL DATA SCHEDULE
DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
92000 Asset Management Fee	\$0	\$0		\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0		\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0		\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0		\$0	\$0	\$0
92400 Tenant Services - Other	\$2,931	\$0		\$2,931	\$0	\$2,931
92500 Total Tenant Services	\$2,931	\$0	\$0	\$2,931	\$0	\$2,931
93100 Water	\$26,336	\$0		\$26,336	\$0	\$26,336
93200 Electricity	\$47,466	\$0		\$47,466	\$0	\$47,466
93300 Gas	\$7,443	\$0		\$7,443	\$0	\$7,443
93400 Fuel	\$0	\$0		\$0	\$0	\$0
93500 Labor	\$0	\$0		\$0	\$0	\$0
93600 Sewer	\$33,844	\$0		\$33,844	\$0	\$33,844
93700 Employee Benefit Contributions - Utilities	\$0	\$0		\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0		\$0	\$0	\$0
93000 Total Utilities	\$115,089	\$0	\$0	\$115,089	\$0	\$115,089
94100 Ordinary Maintenance and Operations - Labor	\$84,645	\$0	\$709	\$85,354	\$0	\$85,354
94200 Ordinary Maintenance and Operations - Materials and Other	\$91,967	\$0	\$426	\$92,393	\$0	\$92,393
94300 Ordinary Maintenance and Operations Contracts	\$141,412	\$0	\$10,844	\$152,256	\$0	\$152,256
94500 Employee Benefit Contributions - Ordinary Maintenance	\$27,181	\$0	\$111	\$27,292	\$0	\$27,292
94000 Total Maintenance	\$345,205	\$0	\$12,090	\$357,295	\$0	\$357,295
95100 Protective Services - Labor	\$0	\$0		\$0	\$0	\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$37,913	\$0	\$3,735	\$41,648	\$0	\$41,648
96120 Liability Insurance	\$5,230	\$0	\$175	\$5,405	\$0	\$5,405
96130 Workmen's Compensation	\$5,409	\$1,361	\$126	\$6,896	\$0	\$6,896
96140 All Other Insurance	\$7,810	\$0		\$7,810	\$0	\$7,810
96100 Total insurance Premiums	\$56,362	\$1,361	\$4,036	\$61,759	\$0	\$61,759

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
FINANCIAL DATA SCHEDULE
DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
96200 Other General Expenses	\$0	\$0		\$0	\$0	\$0
96210 Compensated Absences	\$19,772	\$5,650	\$668	\$26,090	\$0	\$26,090
96300 Payments in Lieu of Taxes	\$24,176	\$0		\$24,176	\$0	\$24,176
96400 Bad debt - Tenant Rents	\$5,475	\$0		\$5,475	\$0	\$5,475
96500 Bad debt - Mortgages	\$0	\$0		\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0		\$0	\$0	\$0
96800 Severance Expense	\$0	\$0		\$0	\$0	\$0
96000 Total Other General Expenses	\$49,423	\$5,650	\$668	\$55,741	\$0	\$55,741
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0		\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$819,176	\$89,538	\$22,608	\$931,322	\$0	\$931,322
97000 Excess of Operating Revenue over Operating Expenses	\$172,800	\$264,894	\$13,404	\$451,098	\$0	\$451,098
97100 Extraordinary Maintenance	\$0	\$0		\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0		\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$339,441		\$339,441	\$0	\$339,441
97350 HAP Portability-In	\$0	\$1,041		\$1,041	\$0	\$1,041
97400 Depreciation Expense	\$277,229	\$0	\$10,525	\$287,754	\$0	\$287,754
97500 Fraud Losses	\$0	\$0		\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense	\$0	\$0		\$0	\$0	\$0
90000 Total Expenses	\$1,096,405	\$430,020	\$33,133	\$1,559,558	\$0	\$1,559,558
10010 Operating Transfer In	\$138,487	\$0		\$138,487	-\$138,487	\$0
10020 Operating transfer Out	-\$138,487	\$0		-\$138,487	\$138,487	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0		\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0		\$0	\$0	\$0

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
FINANCIAL DATA SCHEDULE
DECEMBER 31, 2012**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
10050 Proceeds from Notes, Loans and Bonds						
10092 Inter Project Excess Cash Transfer Out	\$0			\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$104,429	-\$75,588	\$2,879	-\$177,138		-\$177,138
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,260,566	\$206,489	\$439,469	\$3,906,524	\$0	\$3,906,524
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0	\$0	\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$90,407		\$90,407		\$90,407
11180 Housing Assistance Payments Equity		\$40,494		\$40,494		\$40,494
11190 Unit Months Available	2081	1608	72	3761	0	3761
11210 Number of Unit Months Leased	2081	1594	72	3747	0	3747
11270 Excess Cash	\$465,760			\$465,760		\$465,760
11610 Land Purchases	\$0			\$0		\$0
11620 Building Purchases	\$89,460			\$89,460		\$89,460
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$848			\$848		\$848
11650 Leasehold Improvements Purchases	\$0			\$0		\$0
11660 Infrastructure Purchases	\$0			\$0		\$0
13510 CFFP Debt Service Payments	\$0			\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0		\$0

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
 PONCA CITY, OKLAHOMA
 SCHEDULE OF ACTUAL MODERNIZATION COST
 FOR THE YEAR ENDED DECEMBER 31, 2012**

The distribution of costs by major cost accounts as shown on the final Comprehensive Assessment/Program Budget and the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.

	<u>OK56P11150111</u>
Original Funds Approved	\$ 218,187
Funds Disbursed	\$ 218,187
Funds Expended (Actual Modernization Cost)	\$ 218,187
Amount to be Recaptured	\$ -
Excess of Funds Disbursed	\$ -

CYNTHIA L WARREN CPA, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Ponca City
Ponca City, Oklahoma

I have audited, 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 financial statements of the Housing Authority of the City of Ponca City, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued my report thereon dated September 5, 2013.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Ponca City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material deficiencies or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the housing authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cynthia L Warren CPA, P.C.
Eufaula, Oklahoma
September 5, 2013

CYNTHIA L WARREN CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Ponca City
Ponca City, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited the compliance of the Housing Authority of the City of Ponca City with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Ponca City's major federal programs for the year ended December 31, 2012. The Housing Authority of the City of Ponca City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Ponca City's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Ponca City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion for each major federal program. However, my audit does not provide a legal determination on the Housing Authority of the City of Ponca City's compliance.

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Ponca City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of the Housing Authority of the City of Ponca City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing my audit of compliance, I considered the Housing Authority of the City of Ponca City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal award on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charge with governance.

My consideration of internal control was for the limited purpose as described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of my testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cynthia L Warren CPA, P.C.
Eufaula, Oklahoma
September 5, 2013

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
 PONCA CITY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2012**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal Control over financial reporting:	
▪ Material weakness identified?	No
▪ Significant deficiencies identified:	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
▪ Material weakness identified?	No
▪ Significant deficiencies identified:	None Reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
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Identification of major programs:	
#14.850	Public and Indian Housing
#14.872	Capital Fund Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as a low-risk auditee?	Yes
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SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY
PONCA CITY, OKLAHOMA
SCHEDULE OF SUMMARY STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012**

The prior report on the audit of the financial statements as of and for the twelve months ended December 31, 2011, contained no findings.