

**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, 2015**

**CYNTHIA L WARREN CPA, P.C.**

**Eufaula, Oklahoma 74432**

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
DECEMBER 31, 2015**

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CYNTHIA L WARREN CPA, P.C.

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P.O. Box 189  
Eufaula, OK 74432

(918) 452-2116  
Fax (918) 452-3509

**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 financial statements of the Housing Authority of the City of Ponca City as of December 31, 2015, 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 entity's 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, 2015, 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 11 be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge I obtained during my audit of the 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 8, 2016 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.*

Cynthia L Warren CPA, P.C.  
Eufaula, Oklahoma  
September 8, 2016

# ***Ponca City Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2015***

## **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, 2015. The Ponca City Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2015, 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 in 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 vouchers 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. 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 appropriations.

**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, 2015, 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 equivalent account balance for the year ended December 31, 2015.

**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, 2015.

### **Financial Highlights**

- The Ponca City Housing Authority's net position decreased from \$3,408,774 to \$3,222,972, a decrease of \$185,802 or 5%. The total assets decreased by \$214,186 or 6%.
- Total revenues increased from \$1,366,570 to \$1,427,996, an increase of \$61,426 or 4%.
- Total expenses increased by \$67,795, from \$1,546,003 to \$1,613,798 for the current year. This represents an increase of 4%.

### **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, 2015, and December 31, 2014.

**Summary Statement of Net Position  
For December 31, 2015 and 2014**

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 843,224	\$ 880,507	\$ (37,283)	-4%
Noncurrent Assets	\$ 2,466,249	\$ 2,643,152	\$ (176,903)	-7%
Total Assets	\$ 3,309,473	\$ 3,523,659	\$ (214,186)	-6%
Current Liabilities	\$ 82,088	\$ 108,901	\$ (26,813)	-25%
Noncurrent Liabilities	\$ 4,413	\$ 5,984	\$ (1,571)	-26%
Total Liabilities	\$ 86,501	\$ 114,885	\$ (28,384)	-25%
Unrestricted	\$ 753,893	\$ 765,401	\$ (11,508)	-2%
Investment in Net Capital Assets	\$ 2,466,249	\$ 2,643,152	\$ (176,903)	-7%
Restricted	\$ 2,830	\$ 221	\$ 2,609	1181%
Total Net Position	\$ 3,222,972	\$ 3,408,774	\$ (185,802)	-5%

*Current Assets*

Current assets decreased from \$880,507 to \$843,224, a decrease of \$37,283 from December 31, 2014 to December 31, 2015. This decrease is primarily due to a decrease in total cash in the amount of \$43,883.

*Noncurrent Assets*

Noncurrent assets decreased from \$2,643,152 to \$2,466,249 a decrease of \$176,903. 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 \$5,984 to \$4,413 as of December 31, 2015. This is due to a decrease in the noncurrent portion of accrued leave for the current year.

*Net Position*

The net position of the Authority decreased by \$185,802 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.

The Authority's unrestricted component of net position changed from \$765,401 to \$753,893, a decrease of \$11,508, or 2% for the current year. The primary reason for the decrease was due to excess operating expenditures over operating revenue 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	\$ 654,092
Section 8 Housing Choice Voucher Program:	
Administrative Funding	64,623
NSP Program	<u>35,178</u>
Total Unrestricted Net Assets	<u>\$ 753,893</u>

The Authority's restricted component of net position increased from \$221 to \$2,830, an increase of \$2,609 for the current year. This increase was the result of the HAP revenue exceeding HAP expenses.

***Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended December 31, 2015 and 2014***

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 409,996	\$ 415,352	\$ (5,356)	-1%
HUD Operating Grants	\$ 940,010	\$ 861,643	\$ 78,367	9%
Capital Grants	\$ 40,136	\$ 43,539	\$ (3,403)	-8%
Interest Income - Unrestricted	\$ 2,922	\$ 3,899	\$ (977)	-25%
Interest Income - Restricted	\$ -	\$ -	\$ -	
Other Revenue	\$ 34,932	\$ 42,137	\$ (7,205)	-17%
Total Revenue	\$ 1,427,996	\$ 1,366,570	\$ 61,426	4%
			\$ -	
Administration	\$ 398,890	\$ 364,426	\$ 34,464	9%
Tenant Services	\$ 2,537	\$ 2,852	\$ (315)	-11%
Utilities	\$ 118,769	\$ 126,872	\$ (8,103)	-6%
Ordinary Maintenance	\$ 401,395	\$ 357,293	\$ 44,102	12%
General Expense	\$ 135,913	\$ 138,888	\$ (2,975)	-2%
Housing Assistance Payments	\$ 319,816	\$ 323,145	\$ (3,329)	-1%
Depreciation	\$ 236,478	\$ 232,527	\$ 3,951	2%
			\$ -	
Total Expenses	\$ 1,613,798	\$ 1,546,003	\$ 67,795	4%
Increase(Decrease) in Net Position	\$ (185,802)	\$ (179,433)	\$ (6,369)	4%
Net Position, Beginning of Year	\$ 3,408,774	\$ 3,588,207	\$ (179,433)	-5%
Operating transfers from/to primary govt	\$ -	\$ -	\$ -	
Net Position, End of Year	\$ 3,222,972	\$ 3,408,774	\$ (185,802)	-5%

***Results of Operations***

Revenues of the Authority are generated principally from dwelling rents and HUD grants. The Authority's revenue increased by \$61,426 during the current fiscal year. This is primarily due to an increase in HUD Operating Grants in the amount of \$78,367 and Capital Grants related to the Capital Fund Program decreased in the amount of \$3,403.

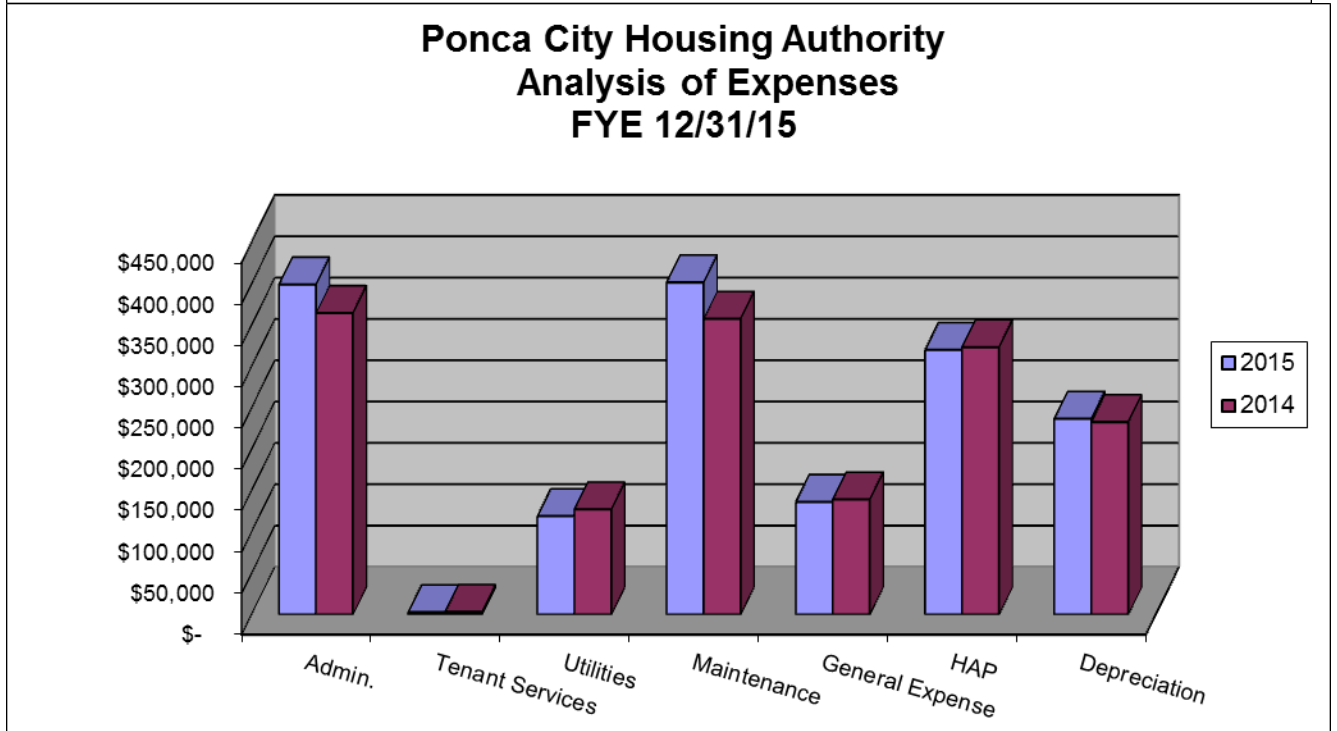
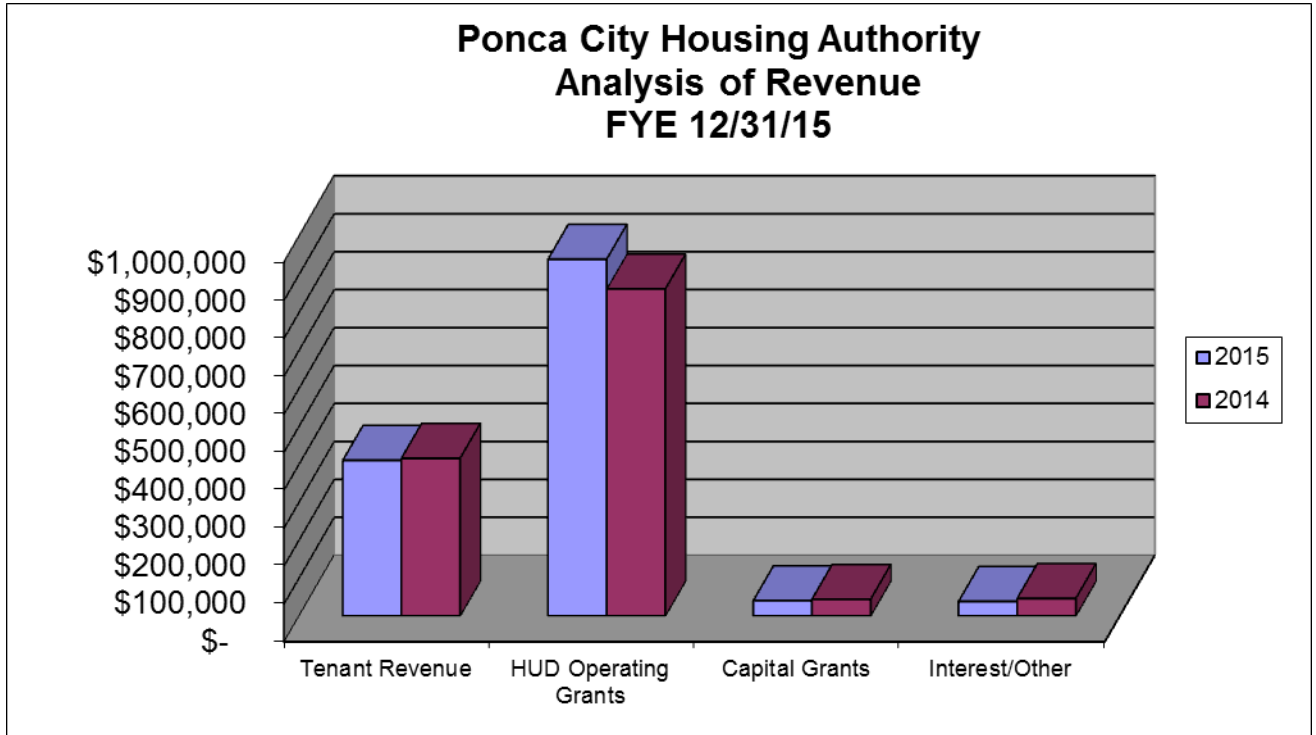
Total expenses increased by \$67,795. Significant differences between the years include:

- Maintenance expenses increased by \$44,102 due primarily to an increase in maintenance labor and benefits in the amount of \$15,887. Landscape and grounds increased by \$13,985 and unit turn around increased by \$7,200.



- HAP Payments decreased by \$3,329 due to a decrease in the average amount paid, from \$201.73 in 2014 to \$198.97 in 2015.

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



## *Capital Assets*

As of December 31, 2015, the Ponca City Housing Authority's net investment in capital assets was \$2,466,249. This investment includes land, building and equipment.

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 342,737	\$ 342,737	\$ -	0%
Buildings	\$ 8,787,709	\$ 8,741,071	\$ 46,638	1%
Equipment	\$ 250,922	\$ 237,986	\$ 12,936	5%
Construction in Progress	\$ -	\$ -	\$ -	0%
Accumulated Depreciation	\$ (6,915,119)	\$ (6,678,642)	\$ (236,477)	4%
Total Net Capital Assets	\$ 2,466,249	\$ 2,643,152	\$ (176,903)	-7%

- Buildings increased due to the purchase of a HVAC, concrete work, and fencing utilizing the 2014 CFP, Low Rent and NSP funding.
- Equipment increased due to the purchase of a utility trailer, buffet, communication system and reception desk utilizing the 2014 CFP, 2015 CFP and Low Rent.

## *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 \$4,413, a net decrease of \$1,571 from the previous year.

## *Subsequent Event*

As of the time of this analysis, HUD has not finalized the funding levels for the 2016 calendar year. It has been projected that the 2016 operating subsidy for the Low Rent Housing Program will be prorated at 85%.

The amount of funding for the 2016 calendar year for the Housing Choice Voucher Program has not been finalized by HUD. The anticipated proration of administrative fees is being funded at 84% and HAP funding at 94%.

Our tenant revenues for 2015 were down by \$5,300. We had a higher than normal turnover rate and many of those needed to be totally rehabbed. Our operating subsidy was very close to the previous year. We do have a rising number of outlying tenants participating in the TANF program which means they are in school and paying very little rent. However, both programs continue to strongly encourage tenants to be in school full time or have employment of 30 hours. Due to new community service requirements, we increased the hours of employment up from 20 to 30. Both programs have wonderful lease-up rates. Public was at 98% in 2015 and Section 8 at 95%.

We continue to maintain our NSP homes that were given to us from the City of Ponca City. They remain leased up 100% of the time with all the same tenants from the onset of the program

with the exception of one different family. We were given these homes in 2011. We spent more money in 2015 to do some fencing, patios, etc.

The Section 8 program was great shape for 2015. HUD increased Admin fees and we were only in the negative by \$400. The most stable this program has been in several years. HUD continues to fund the program on a monthly basis and we are able to request additional funds if necessary. We still have around \$67,000 held in reserves by HUD for our program. We are in excellent shape compared to many other Section 8 programs in the country.

We used 2014 and 2015 Capital Fund monies in 2015. These funds continue to be used to remodel our outlying and elderly units. We have remodeled 70 of our 73 outlying units and 75 of our 102 elderly units. However, some of these remodels started in 2005 and those units are beginning to show wear and tear and will need to be remodeled again. We had REAC inspections and PHAS scoring in 2015 and remained a high performer with a score of 92%. More funds were spent in 2015 in the maintenance area preparing for the inspections such as repairing all sidewalks, gutters, siding, etc. We also continue to have bedbug issues in Broadway Plaza and the heat treatments have taken a lot of our Capital Fund monies. We spent \$51,690 to treat bed bugs. Unfortunately this takes money away that could be spent on other projects.

Our insurance expenses for 2015 remained close to 2014. We dropped spouse and family coverage but still pay 100% of employee insurance including dental and eye. Housing insurance has increased very little over the past couple of years. We also continue our retirement program that the employee puts in 3% and we match 8%.

At this time funding percentages look good for both programs and I do not see any big expense increases for 2016.

### **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, 2015**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	656,377
Cash and Cash Equivalents, Restricted for Security Deposits		34,766
Cash and Cash Equivalents, Restricted		2,830
Tenant Accounts Receivable, Net		712
Due from Other Governments - HUD		181
Accrued Interest Receivable		120
Investments		110,429
Prepaid Expenses		20,150
Inventory		<u>17,659</u>
Total Current Assets		<u>843,224</u>

**Noncurrent Assets:**

Capital Assets, Non-depreciable		342,737
Capital Assets, Net of Depreciation		<u>2,123,512</u>
Total Capital Assets		<u>2,466,249</u>
 Total Assets	\$	<u>3,309,473</u>

(Continued on next page.)

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 NET POSITION  
DECEMBER 31, 2015**

(Continued from previous page.)

**LIABILITIES**

**Current Liabilities:**

Accounts Payable, Vendors	\$	933
Due to Other Government - PILOT Taxes		24,076
Accrued Wages and Payroll Taxes Payable		8,615
Accrued Compensated Absences		10,413
Unearned Revenues		3,236
Other Current Liabilities		49
Tenant Security Deposits		34,766
Total Current Liabilities		82,088

**Long-term Liabilities:**

Accrued Compensated Absences		4,413
Total Liabilities		86,501

**NET POSITION**

Invested in Capital Assets		2,466,249
Restricted - Housing Assistance Payments		2,830
Unrestricted		753,893
Total Net Position		3,222,972

Total Liabilities and Net Position	\$	3,309,473
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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, 2015**

<b>Operating Revenue:</b>	
Tenant Revenue	\$ 409,996
Operating Grants and Subsidies	940,010
Other Income	<u>34,932</u>
Total Operating Revenue	<u>1,384,938</u>
 <b>Operating Expenses:</b>	
Housing Assistance Payments	319,816
Administration	398,890
Tenant Services	2,537
Utilities	118,769
Maintenance	401,395
General Expense	135,913
Depreciation	<u>236,478</u>
Total Operating Expenses	<u>1,613,798</u>
 Operating Income (Loss)	 (228,860)
 <b>Non-operating Revenue (Expense)</b>	
Investment Income	<u>2,922</u>
Net Income (Loss) Before Capital Grants	<u>(225,938)</u>
Capital Grants	<u>40,136</u>
 Change in Net Position	 (185,802)
 Total Net Position, Beginning	 <u>3,408,774</u>
 Total Net Position, Ending	 \$ <u><u>3,222,972</u></u>

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, 2015**

**Cash Flows from Operating Activities:**

Receipts from Tenants	\$	408,145
Receipts from Operating Grants		940,493
Receipts from Other Operating Activities		35,378
Payments to Employees		(481,170)
Payments to Suppliers and Vendors		(586,709)
Payments for Housing Assistance		(319,816)
Payments for PILOT Taxes		(23,498)
Net Cash Provided (Used) by Operating Activities		(27,177)

**Cash Flows from Capital and Related Financing Activities:**

Receipts from Capital Grants		40,136
Purchases of Land, Structures and Equipment		(59,574)
Net Cash Provided (Used) by Capital and Related Financing Activities		(19,438)

**Cash Flows from Investing Activities:**

Receipts of Interest Income		2,923
Purchase of Investments		(190)
Net Cash Provided (Used) from Investing Activities		2,733

Net Increase (Decrease) in Cash and Cash Equivalents		(43,882)
Cash and Cash Equivalents, Beginning		737,855
Cash and Cash Equivalents, Ending	\$	693,973

**Reconciliation to Statement of Net Position**

Cash and Cash Equivalents		656,377
Cash and Cash Equivalents, Restricted		37,596
	\$	693,973

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, 2015**

**Reconciliation of Operating Income to Net Cash**

**Provided (Used) by Operating Activities:**

Operating Income (Loss) \$ (228,860)

Adjustments to reconcile Operating Income (Loss) to Net

**Cash Provided (Used) by Operating Activities:**

Depreciation 236,478

**Change in Assets and Liabilities:**

Accounts Receivable and Due from Other Governments 1,854

Prepaid Expenses 835

Inventory (9,100)

Accounts Payable (368)

Tenant Security Deposits (2,124)

Accrued Liabilities (17,490)

Unearned Revenues (8,402)

Total Adjustments 201,683

Net Cash Provided (Used) by Operating Activities \$ (27,177)

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, 2015**

**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 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, 2015, 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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****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, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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 unless 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 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 are 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, 2015**

**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, 2015**

**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, 2015, and reported at fair value, are as follows:

<u>TYPE</u>	<u>Carrying Value</u>
<b>Deposits:</b>	
Demand Deposits	\$ 693,573
Cash on Hand	400
	693,973
<b>Investments:</b>	
Certificates of Deposit	110,429
<b>Total Deposits and Investments</b>	<b>\$ 804,402</b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and Cash Equivalents	\$ 656,377
Cash and Cash Equivalents, Restricted	37,596
Investments	110,429
	<b>\$ 804,402</b>

*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 \$867,392 at December 31, 2015, 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, 2015**

**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, 2015, the Housing Authority had limited concentration of credit risk because the investments consist of Certificates of Deposit.

**NOTE 4 - ACCOUNTS RECEIVABLE**

All receivables from tenants are for rentals and service charges. These receivables are shown net of an allowance for uncollectible amounts. The total accounts receivable balance is \$1,341 less an allowance of \$629 for a net accounts receivable of \$712 at December 31, 2015.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 - CAPITAL ASSETS**

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

	<b>Balance</b>		<b>Increases</b>		<b>Decreases</b>		<b>Balance</b>
	<b><u>12/31/2014</u></b>		<b><u>Increases</u></b>		<b><u>Decreases</u></b>		<b><u>12/31/2015</u></b>
Non-depreciable Capital Assets:							
Land	\$ 342,737	\$	0	\$	0	\$	342,737
Depreciable Capital Assets:							
Buildings and Improvements	8,741,070		46,639		0		8,787,709
Furniture & Equipment	237,987		12,935		0		250,922
	<u>8,979,057</u>		<u>59,574</u>		<u>0</u>		<u>9,038,631</u>
Less Accumulated Depreciation:							
Buildings and Improvements	6,522,352		212,744		0		6,735,096
Furniture & Equipment	156,289		23,734		0		180,023
	<u>6,678,641</u>		<u>236,478</u>		<u>0</u>		<u>6,915,119</u>
Net Depreciable Capital Assets	2,300,416		(176,904)		0		2,123,512
Total	\$ <u>2,643,153</u>	\$	<u>(176,904)</u>	\$	<u>0</u>	\$	<u>2,466,249</u>

Depreciation expense for the year ending December 31, 2015 is \$236,478.

**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 \$14,826 of which \$10,413 is current and \$4,413 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.

	<b>Balance</b>		<b>Increases</b>		<b>Decreases</b>		<b>Balance</b>	<b>Due Within</b>
	<b><u>12/31/2014</u></b>		<b><u>Increases</u></b>		<b><u>Decreases</u></b>		<b><u>12/31/2015</u></b>	<b><u>One Year</u></b>
Accrued Compensated Absences	\$ 17,819	\$	34,853	\$	37,846	\$	14,826	10,413

**NOTE 7 - INTER-PROGRAM TRANSFERS**

During the year ending December 31, 2015, the Capital Fund Program expended and/or transferred \$197,190 to the Low Rent Program for 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, 2015**

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

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, 2015 for the Housing Authority and the participants are \$34,766 and \$18,571, respectively or a total of \$53,337. The required contributions were made. Required contributions for the year ending December 31, 2014 totaled \$44,215.

**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, 2015**

<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	\$ 349,335
Public Housing Capital Fund Program	14.872	237,326
Section 8 Housing Choice Vouchers	*	393,485
Total		<u>\$ 980,146</u>

\* Major Program

The accompanying notes to the financial statements are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of the City of Ponca City under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the entity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority of the City of Ponca City.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
DECEMBER 31, 2015**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$536,933	\$85,544	\$33,900	\$656,377	\$0	\$656,377
113 Cash - Other Restricted	\$0	\$2,830		\$2,830	\$0	\$2,830
114 Cash - Tenant Security Deposits	\$33,166	\$0	\$1,600	\$34,766	\$0	\$34,766
100 Total Cash	\$570,099	\$88,374	\$35,500	\$693,973	\$0	\$693,973
122 Accounts Receivable - HUD Other Projects	\$0	\$181		\$181	\$0	\$181
126 Accounts Receivable - Tenants	\$134	\$0	\$1,207	\$1,341	\$0	\$1,341
126.1 Allowance for Doubtful Accounts - Tenants	-\$20	\$0	-\$609	-\$629	\$0	-\$629
129 Accrued Interest Receivable	\$120	\$0		\$120	\$0	\$120
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$234	\$181	\$598	\$1,013	\$0	\$1,013
131 Investments - Unrestricted	\$110,429	\$0		\$110,429	\$0	\$110,429
142 Prepaid Expenses and Other Assets	\$18,122	\$31	\$1,997	\$20,150	\$0	\$20,150
143 Inventories	\$19,621	\$0		\$19,621	\$0	\$19,621
143.1 Allowance for Obsolete Inventories	-\$1,962	\$0		-\$1,962	\$0	-\$1,962
144 Inter Program Due From	\$20,109	\$0		\$20,109	-\$20,109	\$0
150 Total Current Assets	\$736,652	\$88,586	\$38,095	\$863,333	-\$20,109	\$843,224
161 Land	\$327,737	\$0	\$15,000	\$342,737	\$0	\$342,737
162 Buildings	\$8,348,166	\$0	\$439,543	\$8,787,709	\$0	\$8,787,709
163 Furniture, Equipment & Machinery - Dwellings	\$14,973	\$0		\$14,973	\$0	\$14,973
164 Furniture, Equipment & Machinery - Administration	\$224,799	\$11,150		\$235,949	\$0	\$235,949
166 Accumulated Depreciation	-\$6,855,162	-\$11,150	-\$48,807	-\$6,915,119	\$0	-\$6,915,119
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,060,513	\$0	\$405,736	\$2,466,249	\$0	\$2,466,249
180 Total Non-Current Assets	\$2,060,513	\$0	\$405,736	\$2,466,249	\$0	\$2,466,249
290 Total Assets and Deferred Outflow of Resources	\$2,797,165	\$88,586	\$443,831	\$3,329,582	-\$20,109	\$3,309,473

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
DECEMBER 31, 2015**

	Project Total	14,871 Housing Choice Vouchers	14,228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$744	\$181	\$8	\$933	\$0	\$933
321 Accrued Wage/Payroll Taxes Payable	\$7,444	\$1,082	\$89	\$8,615	\$0	\$8,615
322 Accrued Compensated Absences - Current Portion	\$9,553	\$753	\$107	\$10,413	\$0	\$10,413
333 Accounts Payable - Other Government	\$24,076	\$0		\$24,076	\$0	\$24,076
341 Tenant Security Deposits	\$33,166	\$0	\$1,600	\$34,766	\$0	\$34,766
342 Unearned Revenue	\$3,236	\$0		\$3,236	\$0	\$3,236
346 Accrued Liabilities - Other	\$49	\$0		\$49	\$0	\$49
347 Inter Program - Due To	\$0	\$19,034	\$1,075	\$20,109	-\$20,109	\$0
310 Total Current Liabilities	\$78,268	\$21,050	\$2,879	\$102,197	-\$20,109	\$82,088
354 Accrued Compensated Absences - Non Current	\$4,292	\$83	\$38	\$4,413	\$0	\$4,413
350 Total Non-Current Liabilities	\$4,292	\$83	\$38	\$4,413	\$0	\$4,413
300 Total Liabilities	\$82,560	\$21,133	\$2,917	\$106,610	-\$20,109	\$86,501
508.4 Net Investment in Capital Assets	\$2,060,513	\$0	\$405,736	\$2,466,249		\$2,466,249
511.4 Restricted Net Position		\$2,830		\$2,830		\$2,830
512.4 Unrestricted Net Position	\$654,092	\$64,623	\$35,178	\$753,893		\$753,893
513 Total Equity - Net Assets / Position	\$2,714,605	\$67,453	\$440,914	\$3,222,972	\$0	\$3,222,972
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,797,165	\$88,586	\$443,831	\$3,329,582	-\$20,109	\$3,309,473

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
DECEMBER 31, 2015**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$359,042	\$0	\$35,444	\$394,486	\$0	\$394,486
70400 Tenant Revenue - Other	\$15,485	\$0	\$25	\$15,510	\$0	\$15,510
70500 Total Tenant Revenue	\$374,527	\$0	\$35,469	\$409,996	\$0	\$409,996
70600 HUD PHA Operating Grants	\$546,525	\$393,485		\$940,010	\$0	\$940,010
70610 Capital Grants	\$40,136	\$0		\$40,136	\$0	\$40,136
71100 Investment Income - Unrestricted	\$2,708	\$214		\$2,922	\$0	\$2,922
71400 Fraud Recovery	\$0	\$10		\$10	\$0	\$10
71500 Other Revenue	\$32,494	\$2,428		\$34,922	\$0	\$34,922
70000 Total Revenue	\$996,390	\$396,137	\$35,469	\$1,427,996	\$0	\$1,427,996
91100 Administrative Salaries	\$201,345	\$46,241	\$4,072	\$251,658	\$0	\$251,658
91200 Auditing Fees	\$8,106	\$1,351	\$193	\$9,650	\$0	\$9,650
91400 Advertising and Marketing	\$907	\$125	\$19	\$1,051	\$0	\$1,051
91500 Employee Benefit contributions - Administrative	\$60,145	\$15,546	\$1,329	\$77,020	\$0	\$77,020
91600 Office Expenses	\$24,881	\$4,148	\$471	\$29,500	\$0	\$29,500
91900 Other	\$27,629	\$2,145	\$237	\$30,011	\$0	\$30,011
91000 Total Operating - Administrative	\$323,013	\$69,556	\$6,321	\$398,890	\$0	\$398,890
92400 Tenant Services - Other	\$2,537	\$0		\$2,537	\$0	\$2,537
92500 Total Tenant Services	\$2,537	\$0	\$0	\$2,537	\$0	\$2,537
93100 Water	\$23,860	\$0	\$81	\$23,941	\$0	\$23,941
93200 Electricity	\$53,351	\$0	\$268	\$53,619	\$0	\$53,619
93300 Gas	\$7,836	\$0		\$7,836	\$0	\$7,836
93600 Sewer	\$33,235	\$0	\$138	\$33,373	\$0	\$33,373
93000 Total Utilities	\$118,282	\$0	\$487	\$118,769	\$0	\$118,769

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
DECEMBER 31, 2015**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$101,204	\$0	\$1,568	\$102,772	\$0	\$102,772
94200 Ordinary Maintenance and Operations - Materials and Other	\$67,426	\$156	\$618	\$68,200	\$0	\$68,200
94300 Ordinary Maintenance and Operations Contracts	\$180,219	\$179	\$17,795	\$198,193	\$0	\$198,193
94500 Employee Benefit Contributions - Ordinary Maintenance	\$31,985	\$0	\$245	\$32,230	\$0	\$32,230
94000 Total Maintenance	\$380,834	\$335	\$20,226	\$401,395	\$0	\$401,395
96110 Property Insurance	\$40,478	\$0	\$4,497	\$44,975	\$0	\$44,975
96120 Liability Insurance	\$5,972	\$0	\$664	\$6,636	\$0	\$6,636
96130 Workmen's Compensation	\$8,527	\$1,421	\$203	\$10,151	\$0	\$10,151
96140 All Other Insurance	\$6,653	\$16	\$772	\$7,441	\$0	\$7,441
96100 Total insurance Premiums	\$61,630	\$1,437	\$6,136	\$69,203	\$0	\$69,203
96210 Compensated Absences	\$29,066	\$5,428	\$360	\$34,854	\$0	\$34,854
96300 Payments in Lieu of Taxes	\$24,076	\$0		\$24,076	\$0	\$24,076
96400 Bad debt - Tenant Rents	\$7,727	\$0	\$53	\$7,780	\$0	\$7,780
96000 Total Other General Expenses	\$60,869	\$5,428	\$413	\$66,710	\$0	\$66,710
96900 Total Operating Expenses	\$947,165	\$76,756	\$33,583	\$1,057,504	\$0	\$1,057,504
97000 Excess of Operating Revenue over Operating Expenses	\$49,225	\$319,381	\$1,886	\$370,492	\$0	\$370,492
97300 Housing Assistance Payments	\$0	\$317,756		\$317,756	\$0	\$317,756
97350 HAP Portability-In	\$0	\$2,060		\$2,060	\$0	\$2,060
97400 Depreciation Expense	\$225,386	\$0	\$11,092	\$236,478	\$0	\$236,478
90000 Total Expenses	\$1,172,551	\$396,572	\$44,675	\$1,613,798	\$0	\$1,613,798
10010 Operating Transfer In	\$197,190	\$0		\$197,190	-\$197,190	\$0
10020 Operating transfer Out	-\$197,190	\$0		-\$197,190	\$197,190	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$176,161	-\$435	-\$9,206	-\$185,802		-\$185,802

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
 PONCA CITY, OKLAHOMA  
 FINANCIAL DATA SCHEDULE  
 DECEMBER 31, 2015**

	Project Total	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	Subtotal	ELIM	Total
11030 Beginning Equity	\$2,890,766	\$67,888	\$450,120	\$3,408,774	\$0	\$3,408,774
11170 Administrative Fee Equity		\$64,623		\$64,623		\$64,623
11180 Housing Assistance Payments Equity		\$2,830		\$2,830		\$2,830
11190 Unit Months Available	2100	1608	72	3780	0	3780
11210 Number of Unit Months Leased	2070	1598	72	3740	0	3740
11270 Excess Cash	\$543,673			\$543,673		\$543,673
11620 Building Purchases	\$28,096			\$28,096		\$28,096
11640 Furniture & Equipment - Administrative Purchases	\$12,935			\$12,935		\$12,935

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
 PONCA CITY, OKLAHOMA  
 SCHEDULE OF ACTUAL MODERNIZATION COST  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

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><b>OK56P11150113</b></u>	<u><b>OK56P11150114</b></u>
Original Funds Approved	\$ <u>192,542</u>	\$ <u>190,284</u>
Funds Disbursed	\$ <u>192,542</u>	\$ <u>190,284</u>
Funds Expended (Actual Modernization Cost)	\$ <u>192,542</u>	\$ <u>190,284</u>
Amount to be Recaptured	\$ <u>0</u>	\$ <u>0</u>
Excess of Funds Disbursed	\$ <u>0</u>	\$ <u>0</u>

CYNTHIA L WARREN CPA, P.C.

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P.O. Box 189  
Eufaula, OK 74432

(918) 452-2116  
Fax (918) 452-3509

**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, 2015, and the related notes to the financial statements, which collectively comprise the financial statements and have issued my report thereon dated September 8, 2016.

**Internal Control Over Financial Reporting**

In planning and performing my audit, 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.

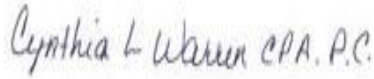
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material deficiencies or significant deficiencies. Given these limitations, during my audit I did not 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 8, 2016



CYNTHIA L WARREN CPA, P.C.

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P.O. Box 189  
Eufaula, OK 74432

(918) 452-2116  
Fax (918) 452-3509

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2015. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.


### **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 requirements 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 a 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 the Uniform Guidance, 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 The Uniform Guidance. Accordingly, this report is not suitable or any other purpose.



Cynthia L Warren CPA, P.C.  
Eufaula, Oklahoma  
September 8, 2016

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
 PONCA CITY, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
#14.871           Housing Choice Vouchers	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SCHEDULE OF SUMMARY STATUS OF PRIOR AUDIT FINDINGS**

The prior report on the audit of the financial statements as of and for the twelve months ended December 31, 2014, contained no findings.