

**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, 2016**

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

**Eufaula, Oklahoma 74432**

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
DECEMBER 31, 2016**

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

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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 financial statements of the Housing Authority of the City of Ponca City as of December 31, 2016, 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, 2016, 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 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.

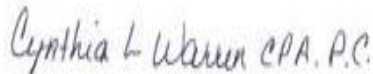
*Other Information*

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, 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 10, 2017 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 10, 2017

# ***Ponca City Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2016***

## **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, 2016. The Ponca City Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2016, 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 177 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 148 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. 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, 2016, 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, 2016.

## **Financial Highlights**

- The Ponca City Housing Authority's net position decreased from \$3,222,972 to \$3,044,494, a decrease of \$178,478 or 6%. The total assets decreased by \$137,259 or 4%.

- Total revenues increased from \$1,427,996 to \$1,451,832, an increase of \$23,836 or 2%.
- Total expenses increased by \$16,512 from \$1,613,798 to \$1,630,310 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, 2016, and December 31, 2015.

#### ***Summary Statement of Net Position For December 31, 2016 and 2015***

<b>Category</b>	<b>FYE 2016</b>	<b>FYE 2015</b>	<b>Change \$</b>	<b>Change %</b>
Current Assets	\$ 903,715	\$ 843,224	\$ 60,491	7%
Noncurrent Assets	\$ 2,268,499	\$ 2,466,249	\$ (197,750)	-8%
Total Assets	\$ 3,172,214	\$ 3,309,473	\$ (137,259)	-4%
Current Liabilities	\$ 96,518	\$ 82,088	\$ 14,430	18%
Noncurrent Liabilities	\$ 3,413	\$ 4,413	\$ (1,000)	-23%
Total Liabilities	\$ 99,931	\$ 86,501	\$ 13,430	16%
Deferred Inflow of Resources	\$ 27,789	\$ -	\$ 27,789	100%
Unrestricted	\$ 772,092	\$ 753,893	\$ 18,199	2%
Investment in Net Capital Assets	\$ 2,268,499	\$ 2,466,249	\$ (197,750)	-8%
Restricted	\$ 3,903	\$ 2,830	\$ 1,073	38%
Total Net Position	\$ 3,044,494	\$ 3,222,972	\$ (178,478)	-6%

#### ***Current Assets***

Current assets increased from \$843,224 to \$903,715, an increase of \$60,491 from December 31, 2015 to December 31, 2016. Total cash increased in the amount of \$44,173. This is primarily due to operating income exceeding operating expenses, excluding depreciation.

#### ***Noncurrent Assets***

Noncurrent assets decreased from \$2,466,249 to \$2,268,499 a decrease of \$197,750. This decrease is due primarily the application of current year depreciation expense. See the Capital Asset section for additional details.

#### ***Deferred Inflow of Resources***

Deferred Inflow of Resources increased due to January 2017 HAP funding for the HCV Program being received in December 2016.

*Net Position*

The net position of the Authority decreased by \$178,478 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 \$753,893 to \$772,092, an increase of \$18,199, 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	\$ 665,704
Housing Choice Voucher Program:	
Administrative Funding	59,303
NSP Program	<u>47,085</u>
Total Unrestricted Net Assets	\$ <u>772,092</u>

The Authority's restricted component of net position increased from \$2,830 to \$3,903, an increase of \$1,073 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, 2016 and 2015*

<u>Category</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 429,077	\$ 409,996	\$ 19,081	5%
HUD Operating Grants	\$ 967,717	\$ 940,010	\$ 27,707	3%
Capital Grants	\$ 24,688	\$ 40,136	\$ (15,448)	-38%
Interest Income - Unrestricted	\$ 2,061	\$ 2,922	\$ (861)	-29%
Interest Income - Restricted	\$ -	\$ -	\$ -	
Other Revenue	\$ 28,289	\$ 34,932	\$ (6,643)	-19%
Total Revenue	\$ 1,451,832	\$ 1,427,996	\$ 23,836	2%
			\$ -	
Administration	\$ 408,358	\$ 398,890	\$ 9,468	2%
Tenant Services	\$ 5,588	\$ 2,537	\$ 3,051	120%
Utilities	\$ 113,267	\$ 118,769	\$ (5,502)	-5%
Ordinary Maintenance	\$ 403,464	\$ 401,395	\$ 2,069	1%
General Expense	\$ 146,263	\$ 135,913	\$ 10,350	8%
Housing Assistance Payments	\$ 330,931	\$ 319,816	\$ 11,115	3%
Depreciation	\$ 222,439	\$ 236,478	\$ (14,039)	-6%
			\$ -	
Total Expenses	\$ 1,630,310	\$ 1,613,798	\$ 16,512	1%
Increase(Decrease) in Net Position	\$ (178,478)	\$ (185,802)	\$ 7,324	-4%
Net Position, Beginning of Year	\$ 3,222,972	\$ 3,408,774	\$ (185,802)	-5%
Net Position, End of Year	\$ 3,044,494	\$ 3,222,972	\$ (178,478)	-6%

*Results of Operations*

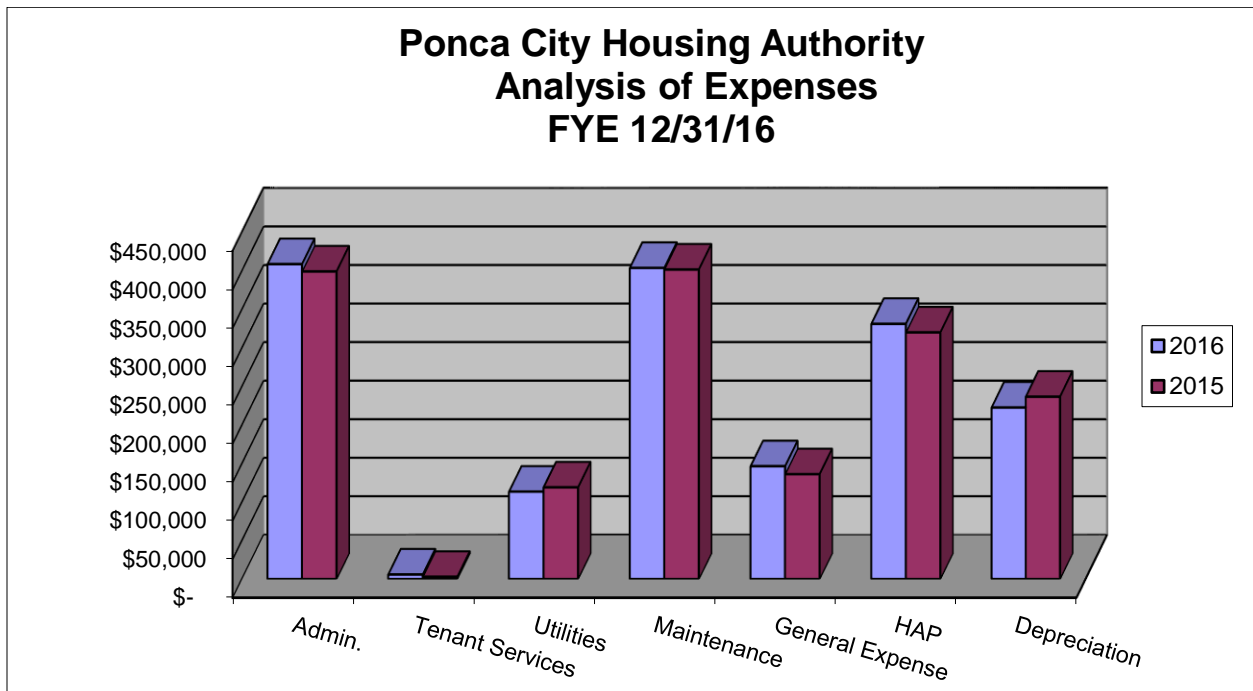
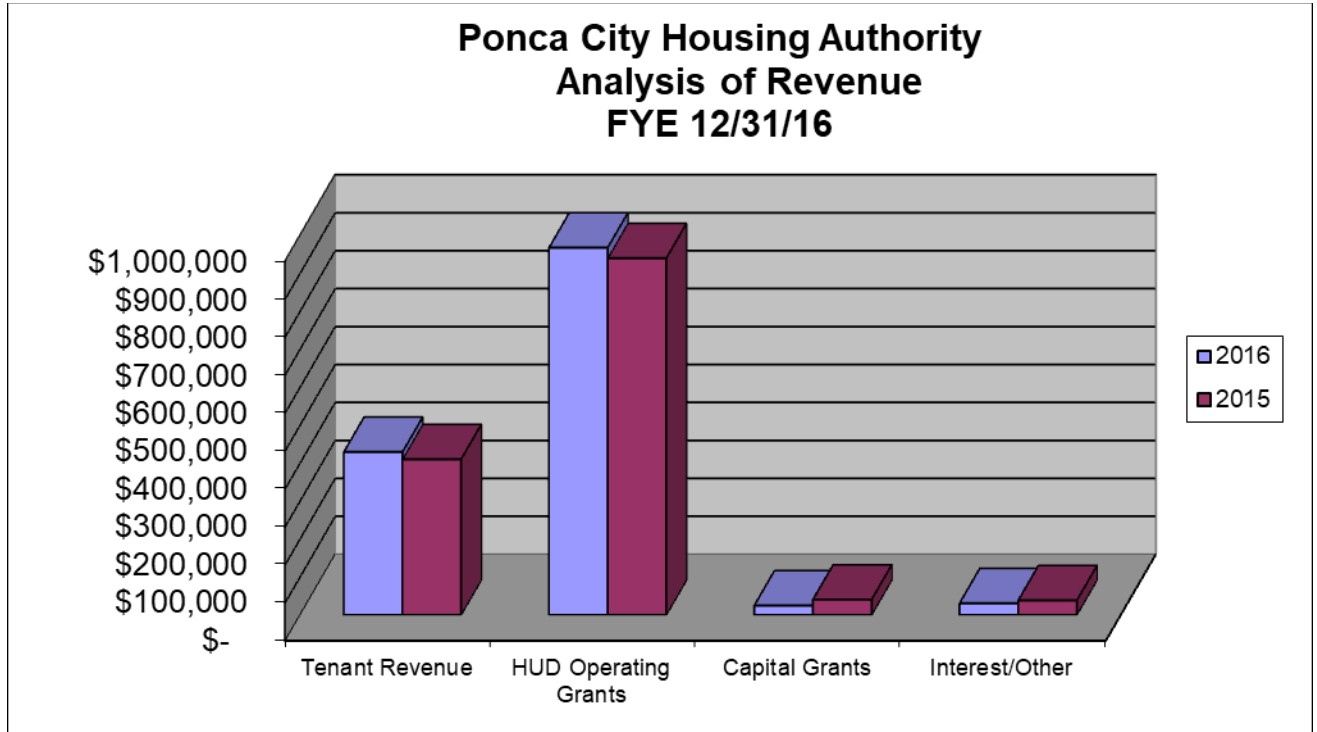
Revenues of the Authority are generated principally from dwelling rents and HUD grants.

- The Authority's revenue increased by \$23,836 during the current fiscal year. This is primarily due to an increase in HUD Operating Grants in the amount of \$27,707 and Capital Grants related to the Capital Fund Program decreased in the amount of \$15,448.
- Tenant revenue increased \$19,081. This is due to an increase in the average rent charged, from \$173.45 in 2015 to \$181.32 in 2016

Total expenses increased by \$16,512. Significant differences between the years include:

- General Expenses increased by \$10,350 due to an increase in other general expenses in the amount of \$1,570, compensated absences in the amount of \$2,394, PILOT in the amount of \$2,314 and insurance premiums in the amount of \$1,867.
- HAP Payments increased by \$11,115 due to an increase in the average amount paid, from \$198.97 in 2015 to \$208.78 in 2016.

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



## *Capital Assets*

As of December 31, 2016, the Ponca City Housing Authority's net investment in capital assets was \$2,268,499. This investment includes land, building and equipment.

<b>Category</b>	<b>FYE 2016</b>	<b>FYE 2015</b>	<b>Change \$</b>	<b>Change %</b>
Land	\$ 342,737	\$ 342,737	\$ -	0%
Buildings	\$ 8,795,466	\$ 8,787,709	\$ 7,757	0%
Equipment	\$ 267,853	\$ 250,922	\$ 16,931	7%
Construction in Progress	\$ -	\$ -	\$ -	0%
Accumulated Depreciation	\$ (7,137,557)	\$ (6,915,119)	\$ (222,438)	3%
<b>Total Net Capital Assets</b>	<b>\$ 2,268,499</b>	<b>\$ 2,466,249</b>	<b>\$ (197,750)</b>	<b>-8%</b>

- Buildings increased due to the purchase of a HVAC and condensing unit utilizing the 2015 CFP.
- Equipment increased due to the purchase of a security system utilizing the 2015 CFP.

## *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 \$3,413, a net decrease of \$1,000 from the previous year.

## **Subsequent Event**

As of the time of this analysis, HUD has not finalized the funding levels for the 2017 calendar year. It has been projected that the 2017 operating subsidy for the Low Rent Housing Program will be prorated at 92%.

The amount of funding for the 2017 calendar year for the Housing Choice Voucher Program has not been finalized by HUD. The anticipated proration of administrative fees is being funded at 75% and HAP funding at 97%.

Our tenant revenues for 2016 increased \$18,000. We have many tenants working now and paying higher rents. We still strongly encourage going to school full time (12 hours) or working at least 30 hours. We do enforce community service if they are not doing school or work. HUD is allowing Housing Authorities to not renew leases upon recertification if community services hours are not complete. It is 8 hours a month for every month they are on working or in school.

Our operating subsidy for the year also increased \$21,000 from 2015. However, other revenue decreased \$8,000 (insurance rebates, recouped tenant rents, etc.) That put our operating revenue at an increase of \$32,000 over 2015. Our lease up rates for Public Housing was at 98% for the year. We also had a REAC score of 92% allowing us to remain high performers.

Our expenses for 2016 also increased \$30,000. This was increases in administrative salaries, in maintenance materials (because of increased turnover for 2016), and insurance benefit increases,

Our overall net income before depreciation was up around \$12,000 for the PHA side.

The homes the City of Ponca City deeded to us as a result of the Neighborhood stabilization Program remain lease almost 100%. We did have a tenant pass away and to rehab the unit it was vacant around 3 months. It had to be completely painted, treated for fleas and roaches four times, new appliances put in and landscaping was done. We lost \$473 for the year due to this rehab and other major plumbing issues and appliance replacement.

I will be working on a rent-to-own policy for these six NSP houses. We are only required to maintain them a total of 15 years. Other programs allow a portion of the tenant's out of pocket rent to be held in reserve to put towards home purchase.

The Section 8 program still runs very smoothly. We are now about 90% elderly with very few families. The majority of our voucher holders are at Willow Creek Apartments or Waverly Apartments. We stay leased at 98%. The continued cuts of the Admin fees to the program are an area of concern. We do have reserves for admin fees that can be used if necessary and we have been in the negative the past couple of years. However, we are still in great shape when matched against other Section 8 programs in the country. We also scored 100% on our SEMAP score from HUD.

We used CF2015 and CF2016 funds during FY2016. These funds were used for improvement projects. We still continue to remodel Broadway Plaza and the outlying areas. We also maintain landscaping. We continue to fight bedbugs in the Plaza. It has been three years and they are difficult to remove. It is also taking a good portion of our Capital Funds that would be used for other areas of beautification. We have remodeled 73 of 75 units in the outlying and 81 of 102 in Broadway Plaza. Some of the outlying units done in 2005 and 2006 will need to be redone again.

Funding for the operating budget of Public Housing looks good again for 2017. The Admin payments for Section 8 will continue to be a problem in 2017.

### **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, 2016

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	672,761
Cash and Cash Equivalents, Restricted for Security Deposits		34,931
Cash and Cash Equivalents, Restricted		37,962
Tenant Accounts Receivable, Net		1,464
Due from Other Governments - HUD		10,685
Accrued Interest Receivable		154
Investments		110,572
Prepaid Expenses		20,853
Inventory		14,333
Total Current Assets		<u>903,715</u>

**Noncurrent Assets:**

Capital Assets, Non-depreciable		342,737
Capital Assets, Net of Depreciation		<u>1,925,762</u>
Total Capital Assets		<u>2,268,499</u>
Total Assets	\$	<u><u>3,172,214</u></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, 2016**

(Continued from previous page.)

**LIABILITIES**

**Current Liabilities:**

Accounts Payable, Vendors	\$	913
Due to Other Government - PILOT Taxes		26,390
Accrued Wages and Payroll Taxes Payable		12,161
Accrued Compensated Absences		9,720
Unearned Revenues		12,213
Other Current Liabilities		190
Tenant Security Deposits		34,931
Total Current Liabilities		96,518

**Long-term Liabilities:**

Accrued Compensated Absences	3,413
Total Liabilities	99,931

**Deferred Inflow of Resources**

27,789

**NET POSITION**

Invested in Capital Assets	2,268,499
Restricted - Housing Assistance Payments	3,903
Unrestricted	772,092
Total Net Position	3,044,494
Total Liabilities and Net Position	\$ 3,172,214

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, 2016**

**Operating Revenue:**

Tenant Revenue	\$	429,077
Operating Grants and Subsidies		967,717
Other Income		28,289
Total Operating Revenue		1,425,083

**Operating Expenses:**

Housing Assistance Payments		330,931
Administration		408,358
Tenant Services		5,588
Utilities		113,267
Maintenance		403,464
Protective Services		3,813
General Expense		142,450
Depreciation		222,439
Total Operating Expenses		1,630,310

Operating Income (Loss)		(205,227)
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**Non-operating Revenue (Expense)**

Investment Income		2,061
Net Income (Loss) Before Capital Grants		(203,166)
Capital Grants		24,688

Change in Net Position		(178,478)
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Total Net Position, Beginning		3,222,972
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Total Net Position, Ending	\$	3,044,494
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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 CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**

**Cash Flows from Operating Activities:**

Receipts from Tenants	\$	431,365
Receipts from Operating Grants		991,504
Receipts from Other Operating Activities		27,889
Payments to Employees		(491,268)
Payments to Suppliers and Vendors		(554,685)
Payments for Housing Assistance		(330,931)
Payments for PILOT Taxes		(24,076)
Net Cash Provided (Used) by Operating Activities		49,798

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

Receipts from Capital Grants		24,688
Purchases of Land, Structures and Equipment		(24,688)
Net Cash Provided (Used) by Capital and Related Financing Activities		0

**Cash Flows from Investing Activities:**

Receipts of Interest Income		2,026
Purchase of Investments		(143)
Net Cash Provided (Used) from Investing Activities		1,883

Net Increase (Decrease) in Cash and Cash Equivalents		51,681
Cash and Cash Equivalents, Beginning		693,973

Cash and Cash Equivalents, Ending	\$	745,654
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Reconciliation to Statement of Net Position

Cash and Cash Equivalents		672,761
Cash and Cash Equivalents, Restricted		72,893
	\$	745,654

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, 2016

**Reconciliation of Operating Income to Net Cash**

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

Operating Income (Loss)	\$ <u>(205,227)</u>
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	222,439
Change in Assets and Liabilities:	
Accounts Receivable and Due from Other Governments	(11,256)
Prepaid Expenses	(703)
Inventory	3,326
Accounts Payable	2,294
Tenant Security Deposits	165
Accrued Liabilities	1,853
Unearned Revenues	<u>36,907</u>
Total Adjustments	<u>255,025</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>49,798</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  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016, 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, 2016**

**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, 2016**

**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, 2016**

**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, 2016, and reported at fair value, are as follows:

<u><b>TYPE</b></u>	<u><b>Carrying Value</b></u>
<b>Deposits:</b>	
Demand Deposits	\$ 745,204
Cash on Hand	450
	<u>745,654</u>
<b>Investments:</b>	
Certificates of Deposit	<u>110,572</u>
<b>Total Deposits and Investments</b>	<b>\$ <u><u>856,226</u></u></b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and Cash Equivalents	\$ 672,761
Cash and Cash Equivalents, Restricted	72,893
Investments	<u>110,572</u>
	<b>\$ <u><u>856,226</u></u></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 \$919,769 at December 31, 2016, 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, 2016**

**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, 2016, the Housing Authority had limited concentration of credit risk because the investments consist of Certificates of Deposit.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivables include amounts from tenants for rentals and service charges. These receivables are shown net of an allowance for uncollectible amounts. The total accounts receivable balance is \$2,238 less an allowance of \$774 for a net accounts receivable of \$1,464 at December 31, 2016.

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 5 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>12/31/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2016</u>
Non-depreciable Capital Assets:				
Land	\$ 342,737	\$ 0	\$ 0	\$ 342,737
Depreciable Capital Assets:				
Buildings and Improvements	8,787,709	7,757	0	8,795,466
Furniture & Equipment	250,922	16,931	0	267,853
	<u>9,038,631</u>	<u>24,688</u>	<u>0</u>	<u>9,063,319</u>
Less Accumulated Depreciation:				
Buildings and Improvements	6,735,095	196,948	0	6,932,043
Furniture & Equipment	180,023	25,491	0	205,514
	<u>6,915,118</u>	<u>222,439</u>	<u>0</u>	<u>7,137,557</u>
Net Depreciable Capital Assets	<u>2,123,513</u>	<u>(197,751)</u>	<u>0</u>	<u>1,925,762</u>
Total	<u>\$ 2,466,250</u>	<u>\$ (197,751)</u>	<u>\$ 0</u>	<u>\$ 2,268,499</u>

Depreciation expense for the year ending December 31, 2016 is \$222,439.

**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 \$13,133 of which \$9,720 is current and \$3,413 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.

	<u>Balance</u> <u>12/31/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2016</u>	<u>Due Within</u> <u>One Year</u>
Accrued Compensated Absences	\$ 14,826	\$ 37,248	\$ 38,941	\$ 13,133	\$ 9,720

**NOTE 7 - INTER-PROGRAM TRANSFERS**

During the year ending December 31, 2016, the Capital Fund Program expended and/or transferred \$184,910 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, 2016**

**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, 2016 for the Housing Authority and the participants are \$36,713 and \$19,601, respectively or a total of \$56,314. The required contributions were made. Required contributions for the year ending December 31, 2015 totaled \$53,337.

**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, 2016**

<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	\$ 370,967
Public Housing Capital Fund Program	14.872	209,598
Section 8 Housing Choice Vouchers	14.871	411,840
Total		<u>\$ 992,405</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, 2016**

**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, 2016. 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, 2016**

	Project Total	14,228 Community Development Block Grants/State's Program	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$561,646	\$48,516	\$62,599	\$672,761	\$0	\$672,761
113 Cash - Other Restricted	\$0		\$3,903	\$3,903	\$0	\$3,903
114 Cash - Tenant Security Deposits	\$32,981	\$1,950		\$34,931	\$0	\$34,931
115 Cash - Restricted for Payment of Current Liabilities	\$0		\$34,059	\$34,059	\$0	\$34,059
100 Total Cash	\$594,627	\$50,466	\$100,561	\$745,654	\$0	\$745,654
122 Accounts Receivable - HUD Other Projects	\$10,149		\$536	\$10,685	\$0	\$10,685
126 Accounts Receivable - Tenants	\$737	\$1,501		\$2,238	\$0	\$2,238
126.1 Allowance for Doubtful Accounts - Tenants	-\$176	-\$598		-\$774	\$0	-\$774
129 Accrued Interest Receivable	\$154			\$154	\$0	\$154
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,864	\$903	\$536	\$12,303	\$0	\$12,303
131 Investments - Unrestricted	\$110,572			\$110,572	\$0	\$110,572
142 Prepaid Expenses and Other Assets	\$19,997	\$107	\$749	\$20,853	\$0	\$20,853
143 Inventories	\$15,926			\$15,926	\$0	\$15,926
143.1 Allowance for Obsolete Inventories	-\$1,593			-\$1,593	\$0	-\$1,593
144 Inter Program Due From	\$3,900			\$3,900	-\$3,900	\$0
150 Total Current Assets	\$754,293	\$51,476	\$101,846	\$907,615	-\$3,900	\$903,715
161 Land	\$327,737	\$15,000		\$342,737	\$0	\$342,737
162 Buildings	\$8,355,923	\$439,543		\$8,795,466	\$0	\$8,795,466
163 Furniture, Equipment & Machinery - Dwellings	\$14,973			\$14,973	\$0	\$14,973
164 Furniture, Equipment & Machinery - Administration	\$241,730		\$11,150	\$252,880	\$0	\$252,880
166 Accumulated Depreciation	-\$7,065,221	-\$61,186	-\$11,150	-\$7,137,557	\$0	-\$7,137,557
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,875,142	\$393,357	\$0	\$2,268,499	\$0	\$2,268,499
180 Total Non-Current Assets	\$1,875,142	\$393,357	\$0	\$2,268,499	\$0	\$2,268,499
290 Total Assets and Deferred Outflow of Resources	\$2,629,435	\$444,833	\$101,846	\$3,176,114	-\$3,900	\$3,172,214

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
DECEMBER 31, 2016**

	Project Total	14,228 Community Development Block Grants/State's Program	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$591	\$181	\$141	\$913	\$0	\$913
321 Accrued Wage/Payroll Taxes Payable	\$10,417	\$134	\$1,610	\$12,161	\$0	\$12,161
322 Accrued Compensated Absences - Current Portion	\$8,986	\$62	\$672	\$9,720	\$0	\$9,720
333 Accounts Payable - Other Government	\$26,390			\$26,390	\$0	\$26,390
341 Tenant Security Deposits	\$32,981	\$1,950		\$34,931	\$0	\$34,931
342 Unearned Revenue	\$5,711	\$232	\$6,270	\$12,213	\$0	\$12,213
346 Accrued Liabilities - Other	\$190			\$190	\$0	\$190
347 Inter Program - Due To	\$0	\$1,825	\$2,075	\$3,900	-\$3,900	\$0
310 Total Current Liabilities	\$85,266	\$4,384	\$10,768	\$100,418	-\$3,900	\$96,518
354 Accrued Compensated Absences - Non Current	\$3,323	\$7	\$83	\$3,413	\$0	\$3,413
350 Total Non-Current Liabilities	\$3,323	\$7	\$83	\$3,413	\$0	\$3,413
300 Total Liabilities	\$88,589	\$4,391	\$10,851	\$103,831	-\$3,900	\$99,931
400 Deferred Inflow of Resources			\$27,789	\$27,789		\$27,789
508.4 Net Investment in Capital Assets	\$1,875,142	\$393,357		\$2,268,499		\$2,268,499
511.4 Restricted Net Position	\$0		\$3,903	\$3,903		\$3,903
512.4 Unrestricted Net Position	\$665,704	\$47,085	\$59,303	\$772,092		\$772,092
513 Total Equity - Net Assets / Position	\$2,540,846	\$440,442	\$63,206	\$3,044,494	\$0	\$3,044,494
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,629,435	\$444,833	\$101,846	\$3,176,114	-\$3,900	\$3,172,214

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
DECEMBER 31, 2016**

	Project Total	14.228 Community Development Block Grants/State's Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$377,133	\$38,414		\$415,547	\$0	\$415,547
70400 Tenant Revenue - Other	\$13,530			\$13,530	\$0	\$13,530
70500 Total Tenant Revenue	\$390,663	\$38,414	\$0	\$429,077	\$0	\$429,077
70600 HUD PHA Operating Grants	\$555,877		\$411,840	\$967,717	\$0	\$967,717
70610 Capital Grants	\$24,688			\$24,688	\$0	\$24,688
71100 Investment Income - Unrestricted	\$1,915		\$146	\$2,061	\$0	\$2,061
71400 Fraud Recovery	\$0		\$400	\$400	\$0	\$400
71500 Other Revenue	\$27,878	\$11		\$27,889	\$0	\$27,889
70000 Total Revenue	\$1,001,021	\$38,425	\$412,386	\$1,451,832	\$0	\$1,451,832
91100 Administrative Salaries	\$217,639	\$4,321	\$52,696	\$274,656	\$0	\$274,656
91200 Auditing Fees	\$8,610	\$205	\$1,435	\$10,250	\$0	\$10,250
91400 Advertising and Marketing	\$794	\$12	\$85	\$891	\$0	\$891
91500 Employee Benefit contributions - Administrative	\$65,846	\$1,358	\$17,932	\$85,136	\$0	\$85,136
91600 Office Expenses	\$13,448	\$318	\$2,672	\$16,438	\$0	\$16,438
91800 Travel	\$0	\$111		\$111	\$0	\$111
91900 Other	\$17,968	\$281	\$2,627	\$20,876	\$0	\$20,876
91000 Total Operating - Administrative	\$324,305	\$6,606	\$77,447	\$408,358	\$0	\$408,358
92400 Tenant Services - Other	\$5,588			\$5,588	\$0	\$5,588
92500 Total Tenant Services	\$5,588	\$0	\$0	\$5,588	\$0	\$5,588
93100 Water	\$24,302	\$3		\$24,305	\$0	\$24,305
93200 Electricity	\$49,010	\$12		\$49,022	\$0	\$49,022
93300 Gas	\$7,719			\$7,719	\$0	\$7,719
93600 Sewer	\$32,202	\$19		\$32,221	\$0	\$32,221
93000 Total Utilities	\$113,233	\$34	\$0	\$113,267	\$0	\$113,267

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
DECEMBER 31, 2016**

	Project Total	14.228 Community Development Block Grants/State's Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$97,964	\$1,329		\$99,293	\$0	\$99,293
94200 Ordinary Maintenance and Operations - Materials and Other	\$75,620	\$7,390	\$123	\$83,133	\$0	\$83,133
94300 Ordinary Maintenance and Operations Contracts	\$178,904	\$8,098		\$187,002	\$0	\$187,002
94500 Employee Benefit Contributions - Ordinary Maintenance	\$33,814	\$222		\$34,036	\$0	\$34,036
94000 Total Maintenance	\$386,302	\$17,039	\$123	\$403,464	\$0	\$403,464
95200 Protective Services - Other Contract Costs	\$3,813			\$3,813	\$0	\$3,813
95000 Total Protective Services	\$3,813	\$0	\$0	\$3,813	\$0	\$3,813
96110 Property Insurance	\$44,556	\$1,506		\$46,062	\$0	\$46,062
96120 Liability Insurance	\$5,806	\$312	\$636	\$6,754	\$0	\$6,754
96130 Workmen's Compensation	\$8,461	\$135	\$947	\$9,543	\$0	\$9,543
96140 All Other Insurance	\$7,476	\$387	\$848	\$8,711	\$0	\$8,711
96100 Total insurance Premiums	\$66,299	\$2,340	\$2,431	\$71,070	\$0	\$71,070
96200 Other General Expenses	\$1,570			\$1,570	\$0	\$1,570
96210 Compensated Absences	\$31,048	\$499	\$5,701	\$37,248	\$0	\$37,248
96300 Payments in Lieu of Taxes	\$26,390			\$26,390	\$0	\$26,390
96400 Bad debt - Tenant Rents	\$6,172			\$6,172	\$0	\$6,172
96000 Total Other General Expenses	\$65,180	\$499	\$5,701	\$71,380	\$0	\$71,380
96900 Total Operating Expenses	\$964,720	\$26,518	\$85,702	\$1,076,940	\$0	\$1,076,940
97000 Excess of Operating Revenue over Operating Expenses	\$36,301	\$11,907	\$326,684	\$374,892	\$0	\$374,892
97300 Housing Assistance Payments	\$0		\$330,931	\$330,931	\$0	\$330,931
97400 Depreciation Expense	\$210,060	\$12,379		\$222,439	\$0	\$222,439
90000 Total Expenses	\$1,174,780	\$38,897	\$416,633	\$1,630,310	\$0	\$1,630,310

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
 PONCA CITY, OKLAHOMA  
 FINANCIAL DATA SCHEDULE  
 DECEMBER 31, 2016**

	Project Total	14.228 Community Development Block Grants/State's Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10010 Operating Transfer In	\$184,910			\$184,910	-\$184,910	\$0
10020 Operating transfer Out	-\$184,910			-\$184,910	\$184,910	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$173,759	-\$472	-\$4,247	-\$178,478	\$0	-\$178,478
11030 Beginning Equity	\$2,714,605	\$440,914	\$67,453	\$3,222,972	\$0	\$3,222,972
11170 Administrative Fee Equity			\$59,303	\$59,303		\$59,303
11180 Housing Assistance Payments Equity			\$3,903	\$3,903		\$3,903
11190 Unit Months Available	2084	70	1608	3762	0	3762
11210 Number of Unit Months Leased	2080	70	1602	3752	0	3752
11270 Excess Cash	\$554,304			\$554,304		\$554,304
11620 Building Purchases	\$7,757			\$7,757		\$7,757
11640 Furniture & Equipment - Administrative Purchases	\$16,931			\$16,931		\$16,931

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, 2016, and the related notes to the financial statements, which collectively comprise the financial statements and have issued my report thereon dated September 10, 2017.

**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.

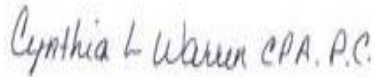
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material deficiencies or significant deficiencies. Given these limitations, during my audit I did not 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 10, 2017



CYNTHIA L WARREN CPA, P.C.

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**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, 2016. 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, 2016.


### **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 10, 2017

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
 PONCA CITY, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

**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:	
#14.850          Public and Indian Housing	
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

**HOUSING AUTHORITY OF THE CITY OF PONCA CITY  
PONCA CITY, OKLAHOMA  
SCHEDULE OF SUMMARY STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016**

The prior report on the audit of the financial statements as of and for the twelve months ended December 31, 2015, contained no findings.