

***THE CITY OF PONCA CITY, OKLAHOMA***

Single Audit Supplement and  
Independent Auditor's Report  
on Compliance and Other Matters  
and Internal Control over Financial Reporting  
For the Fiscal Year Ended June 30, 2012

# *THE CITY OF PONCA CITY, OKLAHOMA*

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**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**

Honorable Mayor and City Commission  
*The City of Ponca City, Oklahoma*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of *The City of Ponca City, Oklahoma*, as of and for the year ended June 30, 2012, which collectively comprise The City's basic financial statements and have issued our report thereon dated January 8, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Ponca City Development Authority, as described in our report on *The City of Ponca City, Oklahoma's* financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

Management of *The City of Ponca City, Oklahoma* is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered *The City of Ponca City, Oklahoma's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *The City of Ponca City, Oklahoma's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of *The City of Ponca City, Oklahoma's* internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether *The City of Ponca City, Oklahoma's* financial statements are free of material misstatement, we performed tests of its 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of *The City of Ponca City, Oklahoma* in a separate letter dated January 8, 2013.

This report is intended solely for the information and use of the audit committee, management and City Commission of *The City of Ponca City, Oklahoma* and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Archanbo & Mueggenborg, PC  
Certified Public Accountants

January 8, 2013



ARCHAMBO & MUEGGENBORG, PC  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Compliance with  
Requirements That Could Have a Direct and Material  
Effect on Each Major Program and on Internal  
Control over Compliance in Accordance with OMB Circular A-133**

Honorable Mayor and City Commission  
*The City of Ponca City, Oklahoma*

Compliance

We have audited *The City of Ponca City, Oklahoma's* compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of *The City of Ponca City, Oklahoma's* major federal programs for the year ended June 30, 2012. *The City of Ponca City, Oklahoma's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of *The City of Ponca City, Oklahoma's* management. Our responsibility is to express an opinion on *The City of Ponca City, Oklahoma's* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of 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 City of Ponca City, Oklahoma's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on *The City of Ponca City, Oklahoma's* compliance with those requirements.

## Compliance (continued)

In our opinion, *The City of Ponca City, Oklahoma* complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control over Compliance

Management of *The City of Ponca City, Oklahoma* is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *The City of Ponca City, Oklahoma's* internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of *The City of Ponca City, Oklahoma'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 program 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of *The City of Ponca City, Oklahoma*, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 8, 2013, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 statement or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the audit committee, management and the City Commission of *The City of Ponca City, Oklahoma*, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Archambo & Mueggenborg, PC  
Certified Public Accountants

January 8, 2013

# ***THE CITY OF PONCA CITY, OKLAHOMA***

## Summary of Auditor's Results For the Fiscal Year Ended June 30, 2012

### **Section 1**

### **Summary of Auditor's Results**

#### Financial Statements

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued                           | Unqualified   |
| 2. | Internal control over financial reporting:                |               |
|    | a. Material weaknesses identified?                        | No            |
|    | b. Significant deficiencies identified?                   | None reported |
| 3. | Noncompliance material to the financial statements noted? | No            |

#### Federal Awards

- |    |  |               |
|----|--|---------------|
| 1. | Internal control over major program:   |               |
|    | a. Material weaknesses identified?   | No            |
|    | b. Significant deficiencies identified?  | None reported |
| 2. | Type of auditor's report issued on compliance for major program:   | Unqualified   |
| 3. | Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | No            |
| 4. | Identification of major program:   |               |

#### CFDA Number

#### Name of Federal Program

15.605

Sport Fish Restoration Program

20.219

Recreational Trails Program

97.052

Emergency Operations Center

- |    |  |           |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B programs:       | \$300,000 |
| 6. | Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes       |



***THE CITY OF PONCA CITY, OKLAHOMA***

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2012

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

# THE CITY OF PONCA CITY, OKLAHOMA

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2012

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant/ Contract Number	Award Amount	Contract Revenue	Contract Expenditures
<b>FEDERAL AWARDS:</b>					
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Pass through Oklahoma Department of Commerce					
Small Cities Program 2008	14.228	13447 CDBG 08	126,843	-	** 589
Small Cities Program 2009	14.228	13901 CDBG 09	81,412	20,068	20,818
Small Cities Program 2010	14.228	14423 CDBG 10	88,559	85,059	85,059
Neighborhood Stabilization Program 2008	14.228	13674 NSP 08	1,048,603	138,937	** 141,250
Total U.S. Department of Housing and Urban Development			<u>1,345,417</u>	<u>244,064</u>	<u>247,716</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>					
U.S. Fish and Wildlife Service					
Pass through Oklahoma Department of Wildlife Conservation					
*Lake Ponca Restroom	15.605	None	292,125	-	* 13,319
*Dock and Ramp In-Kind	15.605	3209003867	22,503	22,503	* 22,503
Total for Sport Fish Restoration Program			<u>314,628</u>	<u>22,503</u>	<u>35,822</u>
Pass through the Oklahoma Historical Society					
Certified Local Government Program	15.904	10-605	4,500	4,500	4,500
Certified Local Government Program	15.904	11-605	4,500	-	4,135
Total for Certified Local Government Program			<u>9,000</u>	<u>4,500</u>	<u>8,635</u>
Total U.S. Department of the Interior			<u>323,628</u>	<u>27,003</u>	<u>44,457</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Bureau of Justice Assistance					
Bulletproof Vest Partnership Program	16.607	None	4,892	-	4,892
Edward Byrne Justice Assistance Grant	16.738	2011-HOO62-OK-DD	17,687	17,687	17,687
2010 COPS Hiring Program Grant	16.710	2010 UM-WX-0254	174,527	48,692	48,962
Total U.S. Department of Justice			<u>197,106</u>	<u>66,379</u>	<u>71,541</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Federal Aviation Administration					
Airport Improvement Program 2008	20.106	3-40-0078-013-2008	2,378,552	67,886	67,886
Airport Improvement Program 2009	20.106	3-40-0078-014-2009	3,852,355	102,730	102,730
Pass through Oklahoma Aeronautics Commission					
Airport Improvement Program 2008	20.106	PNC-08-FS	300,000	-	-
Total for Airport Improvement Program cluster			<u>6,530,907</u>	<u>170,616</u>	<u>170,616</u>
Pass through Oklahoma Department of Public Safety					
OHSO Traffic Safety Project 2011	20.600	PT-11-03-18-04	32,869	21,038	6,538
OHSO Traffic Safety Project 2012	20.600	PT-12-03-24-05	34,050	24,666	24,666
Total for OHSO Traffic Safety Project cluster			<u>66,919</u>	<u>45,704</u>	<u>31,204</u>
Pass through Oklahoma Tourism and Recreation Department					
*Recreational Trails Program	20.219	NRT-2010 (100)	160,000	127,110	* 160,000
Total U.S. Department of Transportation			<u>6,757,826</u>	<u>343,430</u>	<u>361,820</u>

\*denotes major federal program

**THE CITY OF PONCA CITY, OKLAHOMA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**  
(continued)

**FEDERAL AWARDS:**

**U.S. DEPARTMENT OF HOMELAND SECURITY**

Pass through Oklahoma Department of Emergency Management

Emergency Management Performance Grant	97.042	85-606	\$ 29,708	29,708	29,708
Lansbrook Culvert Improvement Project	97.039	FEMA-1926-DR-OK	179,650	-	24,224
Hazard Mitigation Grant Program	97.039	FEMA-1718-DR-OK	234,799	14,435	37,899
Generator Project	97.039	FEMA-1735-DR-OK	29,281	-	** 661
Ponca City Individual Safe Room Project # 23	97.039	FEMA-1678-DR-OK	125,853	6,000	4,000
Hazard Mitigation Planning	97.039	FEMA-1712-DR-OK	52,477	15,496	** 4,246
Total for CFDA Number 97.039 cluster			<u>622,060</u>	<u>35,931</u>	<u>71,030</u>

Pass through Oklahoma Office of Homeland Security

*Emergency Operations Center Grant Program	97.052	170.000	178,070	45,770	* 95,413
Citizens Corps Fire corp / U#8	97.053	130.006	812	812	-
Total U.S. Department of Homeland Security			<u>830,650</u>	<u>112,221</u>	<u>196,151</u>

**ENVIRONMENTAL PROTECTION AGENCY**

Pass through Oklahoma Water Resources Board

Clean Water State Revolving Fund Loan	66.458	ORF-07-0006-CW	68,214	68,214	68,214
Clean Water State Revolving Fund Loan	66.458	ORF-09-0011-CW	4,515	4,515	4,515
			<u>72,729</u>	<u>72,729</u>	<u>72,729</u>
Drinking Water State Revolving Fund Loan	66.468	ORF-09-0006-DW	103,201	103,201	103,201
Total U.S. Environmental Protection Agency			<u>175,930</u>	<u>175,930</u>	<u>175,930</u>

**Total Federal Awards**

\$ 1,097,615

\*denotes major federal program

\*\*denotes prior year expenditures not previously reported

***THE CITY OF PONCA CITY, OKLAHOMA***  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of *The City of Ponca City, Oklahoma* under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of *The City of Ponca City, Oklahoma*, it is not intended to and does not present the financial position, changes in net assets or cash flows of *The City of Ponca City, Oklahoma*.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.