

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

Single Audit Supplement and  
Independent Auditor's Report  
on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133  
For the Fiscal Year Ended June 30, 2013

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

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ARCHAMBO & MUEGGENBORG, PC  
CERTIFIED PUBLIC ACCOUNTANTS

**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**

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

We 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 governmental activities, the business-type activities, the fiduciary 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, 2013, and the related notes to the financial statements, which collectively comprise *The City's* basic financial statements, and have issued our report thereon dated December 9, 2013. Our report includes a reference to other auditors who 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**

In planning and performing our audit of the financial statements, we considered *The City of Ponca City, Oklahoma's* internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of *The City of Ponca City, Oklahoma'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.

Our consideration of 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 weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

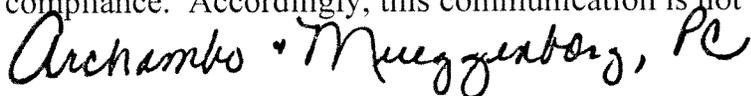
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *The 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 December 9, 2013.

### **Purpose of this Report**

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



Archambo & Mueggenborg, PC  
Certified Public Accountants

December 9, 2013



ARCHAMBO & MUEGGENBORG, PC

CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

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, 2013. *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.

**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**

Our responsibility is to express an opinion on compliance for each of *The City of Ponca City, Oklahoma's* major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination on *The City of Ponca City, Oklahoma's* compliance.

### **Opinion on Each Major Federal Program**

In our opinion, *The City of Ponca City, Oklahoma* 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 June 30, 2013.

### **Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered *The City of Ponca City, Oklahoma's* internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of *The City of Ponca City, Oklahoma's* internal control over compliance.

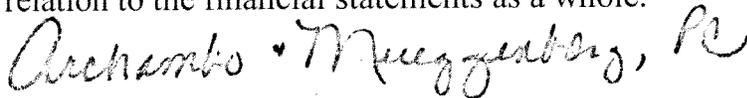
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. *A significant deficiency in internal control over compliance* is a deficiency, or a 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 attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of *The City of Ponca City, Oklahoma*, as of and for the year ended June 30, 2013, and have issued our report thereon dated December 9, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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, 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 our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



*Archambo & Mueggenborg, PC*  
Certified Public Accountants

December 9, 2013

# THE CITY OF PONCA CITY, OKLAHOMA

## Summary of Auditor's Results For the Fiscal Year Ended June 30, 2013

### Section 1

### Summary of Auditor's Results

#### Financial Statements

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

#### CFDA Number

66.458

97.039

#### Name of Federal Program

Clean Water State Revolving Fund Loan

Lansbrook Culvert Improvement Project

- |    |  |           |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. | Auditee qualified as a low-risk auditee?                                 | Yes       |

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

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2013

**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, 2013

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 2011	14.228	414841 CDBG 11	\$ 88,559	63,495	\$ 63,495
Total U.S. Department of Housing and Urban Development			<u>88,559</u>	<u>63,495</u>	<u>63,495</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	433,125	161,142	404,688
Pass through the Oklahoma Historical Society					
Certified Local Government Program	15.904	11-605	4,500	4,500	365
Certified Local Government Program	15.904	12-605	4,500	-	2,133
Total for Certified Local Government Program			<u>9,000</u>	<u>4,500</u>	<u>2,498</u>
Total U.S. Department of the Interior			<u>442,125</u>	<u>165,642</u>	<u>407,186</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Bureau of Justice Assistance					
Bulletproof Vest Partnership Program	16.607	None	5,000	4,884	4,884
Bulletproof Vest Partnership Program	16.607	None	2,700	-	2,700
Edward Byrne Justice Assistance Grant	16.738	2011-HOO62-OK-DD	11,592	11,592	11,590
2010 COPS Hiring Program Grant	16.710	2010 UM-WX-0254	174,527	30,746	37,966
Total U.S. Department of Justice			<u>193,819</u>	<u>47,222</u>	<u>57,140</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Federal Aviation Administration					
Airport Improvement Program 2009	20.106	3-40-0078-014-2009	3,852,355	110,834	110,834
Pass through Oklahoma Department of Public Safety					
OHSO Traffic Safety Project 2012	20.600	PT-12-03-24-05/K8-12- 03-35-05	34,050	4,955	3,917
OHSO Traffic Safety Project 2013	20.600	PT-13-03-26-06/K8-13- 03-26-06	18,500	4,704	5,996
Total for OHSO Traffic Safety Project cluster			<u>52,550</u>	<u>9,659</u>	<u>9,913</u>
Total U.S. Department of Transportation			<u>\$ 3,904,905</u>	<u>120,493</u>	<u>120,747</u>

\*denotes major federal program

\*\*denotes prior year expenditures not previously reported

**THE CITY OF PONCA CITY, OKLAHOMA**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013  
(continued)

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 HOMELAND SECURITY</b>					
Pass through Oklahoma Department of Emergency Management					
Storm Damage Repairs	97.036	FEMA-4064-DR-OK	\$ 129,833	120,468	129,833 **
*Lansbrook Culvert Improvement Project	97.039	FEMA-1926-DR-OK	179,650	100,749	155,426 *
Emergency Management Performance Grant	97.042	85-606	29,708	14,854	22,281
Pass through Oklahoma Office of Homeland Security					
Emergency Operations Center Grant Program	97.052	170.000	178,070	87,927	28,661
Citizens Corp Chaplain Grant	97.053	280.536	2,492	1,858	1,858
Total U.S. Department of Homeland Security			<u>519,753</u>	<u>325,856</u>	<u>338,059</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>					
Pass through Oklahoma Water Resources Board					
Clean Water State Revolving Fund Loan	66.458	ORF-07-0006-CW	399,776	399,776	399,776 *
Total U.S. Environmental Protection Agency			<u>\$ 399,776</u>	<u>399,776</u>	<u>399,776</u>
<b>Total Federal Awards</b>					<u>\$ 1,386,403</u>

\*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, 2013

**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, 2013. 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.