

April 9, 2024

To the Honorable Mayor and Members of the City Council of the
City of Sand Springs, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Sand Springs, Oklahoma (the “City”) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the applications of existing policies was not changed during 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City’s financial statements were:

1. Management’s estimate of the allowance for uncollectible accounts receivable is based on past due balances and historical collections experience.
2. Pension assets, deferred outflows, liabilities and deferred inflows, which are based on actuarial reports and the City’s contributions to the plans.
3. Provisions and related disclosures established for unfunded pension and other post-employment benefits are estimated by actuaries using multiple demographic and financial estimates.

We evaluated the key factors and assumptions used to develop the reported amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the prior period restatement related to the initial recording of a capital asset with an incorrect useful life in Note 3.H to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following misstatements detected as a result of audit procedures were corrected by management:

Account	Account Description	Debit	Credit
730-0000-253.02-50	Prior Period Adjustment	\$1,331,771	
730-0000-163.01-05	Buildings / Accumulated Depreciation		\$1,331,771
[To restate net assets for appropriate depreciation of asset #3324]			

Account	Account Description	Debit	Credit
730-9920-433.70-01	NonCash Expense / Depreciation	\$152,850	
730-0000-163.01-05	Buildings / Accumulated Depreciation		\$152,850
[To catch up current year depreciation for asset #3324]			

The below schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial both individually and in the aggregate to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Account	Account Description	Debit	Credit
730-9220-433.30-21	Other Services & Fees / Utilities- Water	\$24,004	
730-0000-202.01-00	Payables / Accounts Payable		\$24,004
[To accrue extrapolated error due to improper cutoff of accounts payable that should have been recorded in FY2023]			

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. The City has employed Crawford & Associates, P.C. as consultants for the City and to provide limited assistance in drafting the City's financial statements. To our knowledge, there were no such consultations with Crawford & Associates, P.C. or other accountants which could affect our opinion on the City's financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We did identify a certain deficiency as part of our procedures which we determined was a material weakness. This issue was outlined in the schedule of findings.

Other Matters

We applied certain limited procedures to management's discussion and analysis, pension and post-employment benefit schedules, and budgetary comparison schedule – general fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of



preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

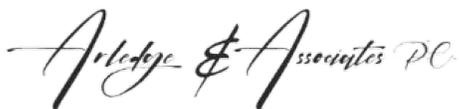
We were engaged to report on the combining schedules and individual fund statements, the schedule of expenditures of state awards, and the schedule of debt service coverage requirements, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other supplementary or statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Arledge & Associates, P.C.

