

CITY OF SAND SPRINGS, OKLAHOMA

**SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES**

JUNE 30, 2025

SAND SPRINGS, CITY OF

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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*

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

We have audited, in accordance with the 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the city of Sand Springs, Oklahoma (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2026. Our report included an emphasis of matter related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, in the current year that required retrospective application and required a restatement to the opening net position.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified deficiencies in internal control, described in the accompany schedule of findings and questioned costs as items 2025-001 and 2025-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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*.

City of Sand Springs, Oklahoma's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arlidge & Associates PC

Oklahoma City, Oklahoma
January 26, 2026





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sand Springs, Oklahoma (the "City"), compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 June 30, 2025.

Basis for Opinion on Each Major Federal Program

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 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the

Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on 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 a 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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City’s basic financial statements. We issued our report thereon dated January 26, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Arlidge & Associates PC

Oklahoma City, Oklahoma
January 26, 2026



CITY OF SAND SPRINGS, OKLAHOMA
Schedule of Expenditures of Federal Award
For the Year Ended June 30, 2025

| <i>Award Information</i> | <i>AL/other #</i> | <i>Name of Grant - Grant ID No.</i> | <i>Federal Expenditures (\$)</i> |
|--|-------------------|-------------------------------------|----------------------------------|
| <i>Transit Services Programs Cluster-Cluster</i> | | | |
| Department of Transportation | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | ADA 15 Van Purchase | \$ 105,958 |
| Total Enhanced Mobility of Seniors and Individuals with Disabilities | | | <u>105,958</u> |
| <i>Total Department of Transportation</i> | | | <u>105,958</u> |
| <i>Total Transit Services Programs Cluster-Cluster</i> | | | 105,958 |
| <i>Highway Safety Cluster-Cluster</i> | | | |
| Department of Transportation | | | |
| State and Community Highway Safety | | | |
| State and Community Highway Safety | 20.600 | FY25 OSHO HWy Safety | 38,813 |
| State and Community Highway Safety | 20.600 | FY24 OSHO HWy Safety | 1,644 |
| Total State and Community Highway Safety | | | <u>40,457</u> |
| <i>Total Department of Transportation</i> | | | <u>40,457</u> |
| <i>Total Highway Safety Cluster-Cluster</i> | | | 40,457 |
| <i>Other Programs (Treated individually for major program determination)</i> | | | |
| United States Department of Justice | | | |
| Bulletproof Vest Partnership Program | | | |
| | | Bullet Proof Vest Partnership | |
| Bulletproof Vest Partnership Program | 16.607 | FY23 | 5,670 |
| Total Bulletproof Vest Partnership Program | | | <u>5,670</u> |
| Public Safety Partnership and Community Policing Grants | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | FY23 COPS Hiring Program | 53,612 |
| Total Public Safety Partnership and Community Policing Grants | | | <u>53,612</u> |
| <i>Total United States Department of Justice</i> | | | <u>59,282</u> |
| Department of Transportation | | | |
| Investment and Jobs Act Programs | | | |
| Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure | | | |
| Investment and Jobs Act Programs | 20.106 | FAA/OAC Lighting/Taxiway | 10,882 |
| Total Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs | | | <u>10,882</u> |
| <i>Total Department of Transportation</i> | | | <u>10,882</u> |
| Department of the Treasury | | | |
| CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | | | |
| CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | 21.027 | ARPA - Pogue AP Waterline | 1,301,219 |
| CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | 21.027 | ARPA - Berryhill Sewer Line | 1,783,302 |
| CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | 21.027 | ARPA - Pogue AP Waterline | 2,000,000 |
| Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | | | <u>5,084,521</u> |
| <i>Total Department of the Treasury</i> | | | <u>5,084,521</u> |
| <i>Total Other Programs (Treated individually for major program determination)</i> | | | 5,154,685 |
| <i>Total Expenditures of Federal Awards</i> | | | \$ 5,301,100 |

The accompanying notes are an integral part of this schedule

CITY OF SAND SPRINGS, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2025. The information in this SEFA 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 SEFA presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Expenditures of federal awards are recognized in the period when the liability is incurred. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. SUBRECIPIENTS

During the year ended June 30, 2025, the City did not provide federal awards to subrecipients.

4. SUBSEQUENT EVENTS

The City has evaluated the effects of all subsequent events from June 30, 2025, through January 26, 2026, the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA.

CITY OF SAND SPRINGS, OKLAHOMA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements were in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

| Program | Assistance Listing Number |
|---|----------------------------------|
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 |

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

CITY OF SAND SPRINGS, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2025

Section II-Findings Required to be Reported in Accordance with *Government Auditing Standards*:

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

Finding 2025-001 – Purchasing Process

Criteria: The City’s purchasing procedures should occur through an appropriate workflow and approval process.

Condition: Various departments received invoices for goods purchased or services performed prior to receiving appropriate approvals per the City’s purchasing policies.

Cause and Effect: City personnel were not following the appropriate purchasing policy and committed the City to purchases prior to receiving appropriate approvals. As a result of not following the City’s existing internal control procedures, a risk arises of overcommitting funds and the potential inefficient spending of City resources.

Recommendation: We recommend that the City prioritize ongoing education and training for key staff involved in the purchasing process. This training should emphasize the correct workflow for obtaining approvals to commit City funds prior to receiving an invoice and incurring expenditures.

Management Response: Staff authorized to submit and approve requisitions will be subject to further training on the City’s purchasing process and procedures. Together with additional training, and new software tools, this process is expected to be improved.

CITY OF SAND SPRINGS, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2025

Section II-Findings Required to be Reported in Accordance with *Government Auditing Standards* (Continued):

Internal Control Findings (Continued)

Finding 2025-002 – Capital Assets Additions

Criteria: Proper fiscal year posting and accurate processing of applications for payment and invoices are required to ensure financial statements are free from material misstatement and comply with generally accepted accounting principles.

Condition:

Multiple factual misstatements were identified during the capital assets additions testing (cutoff inaccuracy):

- \$55,008 was paid based on an incorrect application for payment that was supposed to be cancelled.
- \$133,320 and \$410,119 were posted to fiscal year 2025 but should have been posted to fiscal year 2026.
- The total factual misstatement is \$188,328 within government wide and \$410,119 within business type financial statements.

Cause and Effect: The misstatements resulted from process deficiencies, including failure to cancel incorrect applications for payment and errors in posting invoices to the correct fiscal year, despite manual efforts to move encumbrances. These errors led to overstatements in governmental capital assets additions and business-type activity additions for fiscal year 2025, resulting in a combined significant deficiency in financial reporting.

Recommendation: Enhanced controls and review procedures should be implemented to prevent recurrence of similar cutoff and accuracy errors.

Management Response: Management acknowledges the issue. And will review and strengthen procedures to ensure proper fiscal year posting and prevent future inaccurate occurrences.

CITY OF SAND SPRINGS, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended June 30, 2025

Section III-Findings Required to be Reported in Accordance with the Uniform Guidance:

Internal Control Findings

There are no findings requiring reporting under this section.

Compliance Findings

Finding 2025-003 – Misreporting of Pass-Through Grant Expenditures in SLFRF Compliance Report

Criteria: Per Uniform Guidance (2 CFR 200.331 and 2 CFR 200.510), pass-through entities must clearly identify federal awards to subrecipients, including the source of funding, applicable federal requirements, and the Assistance Listing number (21.027 for SLFRF). Subrecipients are required to report only those federal expenditures they directly administer on their Schedule of Expenditures of Federal Awards (SEFA), and not those administered by the pass-through entity. Expenditures of federal pass-through funds should be reported by the pass-through entity (e.g., OWRB) and not by the subrecipient (the City of Sand Springs).

Condition: During review of the ARPA Funds Project Spending for March 2025, it was identified that the City of Sand Springs reported \$2,392,701.84 in current period expenditures for project #479952 in the SLFRF Compliance report. However, only \$1,109,205.41 should have been reported. The discrepancy resulted from the mistaken inclusion of expenditures from the OWRB Grant (a federal pass-through grant from ARPA) in the City of Sand Springs's SLFRF report.

Cause and Effect: The Finance Director was unaware that the City of Sand Springs was utilizing OWRB funds (ARPA pass-through) first, followed by direct ARPA funds. As a result, expenditures from the OWRB Grant were incorrectly included in the City of Sand Springs's SLFRF Compliance report, rather than being reported by OWRB as the pass-through entity. The City of Sand Springs's SLFRF Compliance report overstated federal expenditures by \$1,283,496.43 for the period. This misreporting could result in inaccurate federal reporting, potential questioned costs, and noncompliance with Uniform Guidance and SLFRF requirements. It also constitutes a significant deficiency in internal controls over federal award reporting.

Recommendation: We recommend that the City of Sand Springs implement procedures to ensure that only expenditures of direct federal awards are reported in the SLFRF Compliance report. Expenditures from federal pass-through grants should be tracked separately and reported by the appropriate pass-through entity. Staff responsible for federal reporting should receive training on the distinction between direct and pass-through federal funds and related reporting requirements.

Management Response: Management concurs with the finding. The Finance Department will update its procedures to ensure that only direct ARPA funds are reported in the SLFRF Compliance report. Expenditures from OWRB pass-through grants will be tracked separately and excluded from the City of Sand Springs's SLFRF reporting. Staff will receive additional training on federal grant reporting requirements. The City of Sand Springs will coordinate with OWRB to ensure proper reporting of pass-through funds.

CITY OF SAND SPRINGS, OKLAHOMA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2025**

Section II-Findings Required to be Reported in Accordance with *Government Auditing Standards*:

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

Finding

Reference

| Number | Description of Finding | Status | Explanation/Corrective Action |
|---------------|---|---------------|--|
| 2024-001 | City personnel were not following the appropriate purchasing policy and committed the City to purchases prior to receiving appropriate approvals. As a result of not following the City's existing internal control procedures, a risk arises of overcommitting funds and the potential inefficient spending of City resources. | In Process | Finding still in process of resolution. Staff authorized to submit and approve requisitions will be subject to further training on the City's purchasing process and procedures. Together with additional training, and new software tools, this process is expected to be improved. |

Section III-Findings Required to be Reported in Accordance with the Uniform Guidance:

Compliance Findings

There are no findings requiring reporting under this section.

Internal Control Findings

There are no findings requiring reporting under this section.