

January 26, 2026

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 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, 2025. 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 June 8, 2025. 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. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, in the current year. As a result, the City restated its beginning net position/fund balance as of July 1, 2024, to reflect the cumulative effect of applying the new standard. This change is outlined in note 3.H of the financial statements. 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 other post-employment benefits are estimated by actuaries using multiple demographic and financial estimates.
4. Investments are held at fair market value per management’s review of the year end investment statements received by the respective financial institutions.
5. Management determines depreciable life by classification of asset and depreciates the asset on a straight-line basis. The city utilizes a \$5,000 threshold for individual assets that have a useful life greater than 1 year.

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 retrospective application of GASB Statement No. 101, *Compensated Absences* 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

The below schedule summarizes corrected misstatements of the financial statements.

2022 GO Bond City Project Fund

Account	Account Description	Debit	Credit
640-0000-202.01-00	Accounts Payable	\$188,328	
640-4140-421.40-05	Capital Outlay		\$188,328
To remove asset from current year fixed asset additions that was inaccurately accrued.			

Government Wide

Account	Account Description	Debit	Credit
003-0000-202.01-00	Accounts Payable	\$188,328	
003-0000-166.01-00	Construction in Progress		\$188,328
To remove asset from current year fixed asset additions that was inaccurately accrued.			

Development Capital Improvement Fund

Account	Account Description	Debit	Credit
630-0000-202.01-00	Accounts Payable	\$410,119	
630-9220-433.40-11	Capital Outlay		\$410,119
To remove asset from current year fixed asset additions that was inaccurately accrued.			

SSMA Wastewater

Account	Account Description	Debit	Credit
730-9910-397.01-01	Capital Contributions	\$410,119	
730-0000-166.01-00	Construction in Progress		\$410,119
To remove asset from current year fixed asset additions that was inaccurately accrued.			

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 January 26, 2026.

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.

