NOTICE
GLENPOOL UTILITY SERVICE AUTHORITY
REGULAR MEETING

A Regular Session of the Glenpool Utility Service Authority will be held at 6:00 p.m. immediately following the Glenpool City Council Meeting on Monday, May 7, 2018, at Glenpool City Hall, City Council Chambers, 12205 S. Yukon Ave., 3rd Floor, Glenpool, Oklahoma.

AGENDA

Page

A) **Call to Order - Timothy Lee Fox, Chairman**

B) **Roll Call, Declaration of Quorum – Susan White, Secretary; Timothy Lee Fox, Chairman**

C) **Public Works Director Report - Wes Richter**

1) Public Works Report May 2018 — 2

D) **Scheduled Business**

1) Discussion and possible action to approve minutes from April 2, 2018 meeting. (Susan White, Secretary) — 3 - 4
GUSA - 02 Apr 2018 - Minutes - Html

2) Discussion and possible action to approve and authorize execution of Reaffirmation of Agreed Upon Procedures Engagement Letter with Elfrink and Associates, PLLC, for FY 2018 Annual Audit of Compliance with Glenpool/Creek-2 Settlement Agreement of May 2015. (Lowell Peterson. City and GUSA Legal Counsel) — 5 - 11
Staff Memo - Elfrink Engagement Letter 050718
Glenpool-Creek2 AUP Engagement Letter

E) **Adjournment**

This notice and agenda was posted at Glenpool City Hall, 12205 S. Yukon Ave., Glenpool, Oklahoma, on May 4, 2018 at 4:00 pm.
Signed: Susan White
City Clerk

City Of Glenpool
Creating Opportunity

Public Works Director's Report

May 7, 2018

To: Glenpool Utility Services Authority Board Members,

The following report highlights and summarizes the various activities that are currently being addressed by the Public Works Department.

Waste Water Treatment Plant:

- Submitted Monthly DMR report to ODEQ.
- Submitted the quarterly bio-monitoring DMR
- 2 sewer backups were reported 1 on the customers side and 1 on city side.

Water Distribution:

- Meter reading started on April 5th and ended on April 6th.
- Total rereads for April is 1.
- 230 Service Orders, 6 Blue tags were issued by the water billing dept.
- 6 New service taps and 6 leaks were repaired.
- 264 Line locates were issued by call Okie which brings the total for 2018 to 934 locates.
- Turn offs for March were reschedule for April 3rd there were 74
- Turn offs for April 197

MINUTES
GUSA Meeting
Monday, April 2, 2018 Council Chambers 6:00 PM

COUNCIL PRESENT: Tim Fox
Momodou Ceesay
Jacqueline Triplett-Lund

COUNCIL ABSENT: Trish Agee
Brandon Kearns

STAFF PRESENT: David Tillotson
Lowell Peterson
Lynn Burrow
Susan White
Wes Richter

STAFF ABSENT: Rick Malone

A Call to Order - Timothy Lee Fox, Chairman

B Roll Call, Declaration of Quorum – Susan White, Secretary; Timothy Lee Fox, Chairman

C Public Works Director Report - Wes Richter

1) Reviewed monthly activities for March.

D Scheduled Business

1) Discussion and possible action to approve minutes from March 19, 2018.
(Susan White, Secretary)

Moved by Momodou Ceesay, seconded by Tim Fox

To approve as presented. Trustee Lund abstained because she was absent from the March 19, 2018 meeting.

	For	Against	Abstained	Absent
Tim Fox	x			
Momodou Ceesay	x			

Trish Agee				x
Brandon Kearns				x
Jacqueline Triplett-Lund			x	
	2	0	1	2

CARRIED.

2) Discussion and possible action to approve an Agreement Pursuant to Section 10(f) of the May 2015 Agreement of Compromise, Settlement, and Release between the City of Glenpool and the Glenpool Utility Services Authority (acting jointly) and Creek County Rural Water District No. 2 and authorizing the Chairman of the Board of Trustees for GUSA to execute said Agreement.
(Lowell Peterson, City Attorney and GUSA Counsel)

Lowell Peterson, City/Trust Attorney reminded Trustees that this item appeared before the City Council as well. The City and the Glenpool Utility Services Authority are both parties to the Settlement.

Moved by Jacqueline Triplett-Lund, seconded by Momodou Ceesay

to approve Agreement as presented.

	For	**Against**	**Abstained**	**Absent**
Tim Fox	x			
Momodou Ceesay	x			
Trish Agee				x
Brandon Kearns				x
Jacqueline Triplett-Lund	x			
	3	0	0	2

CARRIED.

3) Presentation, review and discussion of engineering design study conducted by Crafton Tull, concerning Speedy's Lift Station.
(Lynn Burrow, Community Development Director)

Presentation only, no action.

E Adjournment

There being no further business, the meeting was adjourned at 7:50 p.m.

City Of Glenpool
Creating Opportunity

Glenpool Industrial Authority

To: City of Glenpool, Mayor and City Council
Glenpool Utility Services Authority, Chair and Board of Trustees

From: Lowell Peterson, Attorney for City of Glenpool and Glenpool Utility Services Authority

Date: May 7, 2018

Subject: Annual Audit of Compliance with Agreement of Settlement, Compromise and Release ("Settlement Agreement"); and Reconciliation Agreement (Sec. 10(f) of Settlement Agreement)

Background:

In the Settlement Agreement that terminated the litigation between the City of Glenpool and the Glenpool Utility Services Authority (together "Glenpool") and Creek County Rural Water District #2 ("Creek-2") in May of 2015, the Glenpool proposed, and Creek-2 accepted, a methodology for minimizing and hopefully preventing any future disputes or claims based on multiple years of real or perceived non-compliance by either party. The parties agreed to retain, annually, an independent auditor who will examine all pertinent records and accounts to determine whether the parties have met their respective reporting and payment obligations during the "Auditable Period" under review. Auditable Period has been defined, to conform to the parties' fiscal years, as the 12-month period from July 1 - June 30 of each year of the Agreement.

Sec. 10 of the Agreement requires the Independent Accountant's Audit Report to be completed within 90 days of the close of the Auditable Period. The Audit Report for FY 2016-2017 was dated September 7, 2017, approximately 67 days following the end of the Auditable Period, and was presented by Ms. Anne Elfrink, CPA, to the Creek-2 Board of Directors on September 12, 2017, and to the Glenpool Council and Board of Trustees on October 16, 2017.

If the Audit Report discloses any non-compliance by either party, the other party is allowed 90 days following the date of submission in which to put the non-compliant party on notice of potential default. Any such notices, to be effective, must have been communicated by no later than January 15, 2018. If the non-compliant party corrects any actual deficiencies within 90 days following the notice, then the Settlement Agreement continues to direct the relationship of the parties. Any potential claims or disputes that are not noticed by either party to the other within 90 days following submission of the Audit Report are forever waived.

City of Glenpool
Authority
12205 S. Yukon Avenue, Glenpool, OK 74033
Ceesay
OFFICE: 918-322-5409
FAX: 918-209-4641

The Glenpool Utility Services
Mayor/Chair Timothy Fox Vice Mayor/Vice Chair Momodou
Councilors/Trustees: Patricia Agee, Brandon Kearns, Jacqueline Lund
City Manager David Tillotson

Essential terms of the Settlement Agreement that are audited include:

- Whether Glenpool has accurately reported all new water customer connections within the "Permissive Area" and paid to Creek-2 the corresponding Meter Connection Fees in the initial amount of $800 per tap of less than 1-inch and $1,200 per tap for lines of 1-inch or more diameter, as adjusted annually in accordance with the CPI-U.
- Whether Glenpool has accurately reported all Active Water Connections maintained by Glenpool within the Permissive Area and paid to Creek-2 a monthly Royalty in the initial amount of $7.75 per month for each such connection, as adjusted annually in accordance with the CPI-U.
- Confirm that no Meter Connection Fees and no Royalty payments have been paid to Creek-2 for Glenpool water customers situated in the Released Area, defined as the Glenpool city limits as of March 2, 2012.
- Whether Creek-2 has charged its water customers who choose to connect to the Glenpool sanitary sewer system the applicable sewer rate, based on water usage, and remitted the corresponding amount to Glenpool on a monthly basis (whether or not the customer pays Creek-2 the amount of the bill).

The Audit Report for the Auditable Period of July 1, 2016 – June 30, 2017 determined that,

> "Based on the agreed-upon procedures performed, we find that the purpose and intent of the [Settlement] Agreement has been met by both Creek-2 and Glenpool for the Audit Period."

Reconciliation of Records

The Settlement Agreement also requires that, upon the conclusion of each mandatory annual audit, the parties shall reconcile their records in accordance with the results of such audit. The Settlement Agreement further requires that, upon expiration of the 90-day notice period without notice of default, the Auditable Period under audit is deemed compliant and the parties are required to sign a written agreement setting out certain calculations explained in further detail in this memorandum. "The resulting reconciliation agreement shall be binding on both parties as a definitive statement of compliance with this Agreement [the Settlement Agreement] as of the date of such reconciliation agreement." Settlement Agreement § 10(g).

The written reconciliation agreement is required to state that:

(i) With respect to Glenpool:

- The present number of Active Water Connections in the Permissive Area for which monthly Royalties are due and being paid at that point in time:
    - This number remains two (2), the taps at Triumph Church in Glenpool, which predate the Settlement Agreement;
- Non-Active Water Connections subject to reconnection and resumption of monthly Royalty payments at the applicable rate:

- There are no Non-Active Water Connections for which Royalty payments would otherwise be payable and due.

- The total of new meter connections installed since the preceding annual audit, as well as a calculation of Meter Connection Fees paid for such meter connections;
  - New Meter Connections throughout all Glenpool Territory during the Auditable Period: __120__ in the Released Area, for which no connection fees are required; and

    __-0-__ in the Permissive Area.

And (ii) with respect to Creek- 2:

- The present number of Shared Utility Customers for which Creek-2 administers the assessment and collection of wastewater collection service usage charges:
  - Thirteen (13); and
- The total water consumption of said Shared Utility Customers over the Auditable Period that is the subject of this audit (July 1, 2016 – June 30, 2017): _____ gallons.

- The Audit Report also determined that:
  - There were no unreported or unpaid meter connection fees during the Auditable Period.
  - Glenpool sent the required monthly report form throughout the Auditable Period.
  - Royalty payments were made in a timely manner and otherwise conformed to the Settlement Agreement, including the annual CPI-U adjustment.
  - Shared Utility Customer payments for sewer usage were properly remitted by Creek-2 to Glenpool (except those not reported to Creek-2 as discussed above).

Reconciliation Agreement

Upon review, concurrence and execution by the parties, this memorandum shall satisfy the requirement of the Settlement Agreement, at § 10(f), that the parties shall reconcile their records in accordance with the results of the annual audit and, at § 10(g), that the resulting reconciliation agreement shall be binding on both parties as a definitive statement of compliance or non-compliance with the Settlement Agreement as of the date hereof.

Recommendation:

Legal counsel for both parties to the Settlement Agreement recommend that the City Council, the Glenpool Utilities Services Authority's Board of Trustees and the Creek-2 Board of Directors approve this memorandum acknowledging and confirming that the Independent Accountant's Report on Applying Agreed-Upon Procedures, dated September 7, 2017, accurately reflects the records of both parties as of that date, that all recommendations contained therein have been followed, and that all parties are hereby deemed to be in compliance with so much of the Settlement Agreement as is the subject of said Audit Report.

Elfrink and Associates, PLLC

Member of the AICPA, OSCPA, and GFOA

3119 E 87th Street
Tulsa, Oklahoma 74137

Anne.Elfrink@CPA.com

918-361-2133
Fax: 918-512-4280

October 24, 2016; updated March 29, 2018

City of Glenpool/Glenpool Utility Service Authority and
Creek County Rural Water District No. 2
12205 S. Yukon Ave.
Glenpool, OK 74033

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for the City of Glenpool/Glenpool Utility Service Authority and Creek County Rural Water District No. 2 for the audit period of July 1, 2016 through June 30, 2017, with an option to reaffirm the agreement for the audit period of July 1, 2017 through June 30, 2018.

SCOPE OF SERVICES

We will apply the agreed-upon procedures described below to be performed in accordance with the applicable attestation standards of the American Institute of Certified Public Accountants and the fieldwork reporting standards in *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the schedule below for any purpose. If, for any reason, we are unable to complete the procedures, we will describe the restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the schedule below do not constitute an examination, we will not express an opinion on the financial statements, underlying data, or the procedures being conducted to prepare such statements. In addition, we have no obligation to perform any procedures beyond those listed in the schedule below.

We will submit a report listing the procedures performed and our findings. The report is intended solely for the use of the City of Glenpool/Glenpool Utility Service Authority and Creek County Rural Water District No. 2. It should not be used by anyone other than the specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to the parties.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities, and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, and/or experience to oversee the procedures we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

The specific procedures to be performed are:

With respect to Glenpool's Records

1. We will will update our understanding of the policies, procedures, and methodologies used by Glenpool to create, maintain, bill, and terminate water utility customers, particularly those existing within the Permissive Area, as that term is defined in the Agreement. Such understanding shall be documented by the Auditor in writing.
2. We will obtain building permit records for all new construction within the Permissive Area during the Auditable Period, and compare such records to records maintained within Glenpool's utility billing system pertaining to the installation of new water meters at the physical addresses on the building permits to ensure that information regarding new meter installations reported to Creek-2 is timely and accurate.
3. We will calculate the amount of Meter Connection Fees due Creek-2 during the Auditable Period based upon building permits, utility installation records, and utility billing records, and shall compare the results of that calculation to the amount remitted by Glenpool during the same period. We will reconcile any differences noted and determine the correct amount due during the Auditable Period.
4. We will examine Glenpool's records (including, but not limited to raw computer billing data, customer reports, software billing programs) to determine whether amounts paid to Creek-2 for Royalty Fees due on Active Water Connections in the Permissive Area during the Auditable Period are correct. We will reconcile any differences noted and determine the correct amount due to Creek-2 during the Auditable Period.
5. We will obtain documentation of the CPI-U adjustments made to Meter Connection Fees and Royalty Fees paid by Glenpool to Creek-2 during the Auditable Period and determine whether such adjustments were accurate and made in a timely manner.

With Respect to Creek-2's Records

1. We will update our understanding of the policies, procedures, and methodologies used by Creek-2 to create, maintain, bill, and terminate Shared Utility Customers. We will document our understanding in writing.
2. We will obtain and compare records maintained by Glenpool pertaining to wastewater taps made or maintained at addresses served by Creek-2's domestic water and compare such records to Creek-2's billing records for Shared Utility Customers.
3. We will examine Creek-2's records (including but not limited to raw computer billing data, customer reports, software billing programs) regarding water consumption by Shared Utility Customers and calculate the amounts due Glenpool for wastewater collection services for those customers. We will compare the calculation above to the actual amounts paid to Glenpool for the Auditable Period and reconcile any differences noted.

Procedures Applicable to Creek-2 and Glenpool

I. We will apply the following agreed-upon procedures, as specified in the Agreement of Compromise, Settlement and Release ("Agreement"), dated May 2015 provided that the Auditor may implement the Audit Sampling standards set forth in *AU Section 350, Audit Sampling,* implementing Statements on Auditing Standards No. 39, 43, 45 and 111, promulgated by the Auditing Standards Board of the American Institute of Certified Public Accountants, as such AU 350 may be amended or superseded.
2. We will perform any other procedures we reasonable and necessary to ensure that the purpose and intent of the Agreement has been met by both Creek-2 and Glenpool.

3. The above agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the Government Accountability Office.

We understand that your employees will assist in locating documents and obtaining data files we request.

The documentation for this engagement is the property Elfrink and Associates, PLLC and constitutes confidential information. This documentation will be retained for a minimum of five years after the report release date.

Our fee for these services will be a flat baseline fee of $9,900 for the audit period covering July 1, 2016 through June 30, 2017 plus $10 per meter for each active water connection maintained by the City of Glenpool/Glenpool Utility Service Authority over 100 in the permissive area. If reaffirmed, our fee for these services will be a flat baseline fee of $10,200 for the audit period covering July 1, 2017 through June 30, 2018 plus $10 per meter for each active water connection maintained by the City of Glenpool/Glenpool Utility Service Authority over 100 in the permissive area.

Our invoice for these fees will be rendered upon delivery of our final report and is payable on presentation. However, if we are prevented from continuing our work due to delays in availability of client staff or information, or any other mechanism outside of the jurisdiction and control of our firm, we will bill for services rendered on a monthly basis at our standard rates. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. If an expansion of scope beyond those specific procedures identified above is necessary, we will discuss it with you before we incur additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2016 peer review letter accompanies this letter.

We appreciate the opportunity to be of service to the City of Glenpool and Creek County Rural Water District No. 2 and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC

REAFFIRMATION:

This letter correctly sets forth the understanding of the City of Glenpool and Creek County Rural Water District No 2 for the audit period of July 1, 2017 through June 30, 2018.

FOR THE CITY OF GLENPOOL:

By:_____

Title:_____

Date:_____

FOR THE GLENPOOL UTILITY SERVICE AUTHORITY:

By:_____

Title:_____

Date:_____

FOR THE CREEK COUNTY RURAL WATER DISTRICT NO. 2:

By:_____

Title:_____

Date:_____