

POTTAWATOMIE COUNTY
PUBLIC SAFETY CENTER TRUST

(A Component Unit of Pottawatomie County, OK)
Financial Statements
For the Year Ended June 30, 2023

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TURNER & ASSOCIATES CPAs

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Independent Auditor's Report

Board of Trustees
Pottawatomie County Public Safety Center Trust
Shawnee, Oklahoma

Opinion

We have audited the accompanying financial statements of Pottawatomie County Public Safety Center Trust (a component unit of Pottawatomie County, Oklahoma) which comprise the statement of net position as of June 30, 2023 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Pottawatomie County Public Safety Center Trust as of June 30, 2023 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pottawatomie County Public Safety Center Trust and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pottawatomie County Public Safety Center Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

auditor's report that includes our opinion. 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pottawatomie County Public Safety Center Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pottawatomie County Public Safety Center Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 7, the Schedule of trust's proportionate share of net pension liability Oklahoma Public Employee Retirement Plan (page 25), the schedule of the Trust's contributions Oklahoma public employee retirement plan (page 26), the schedule of the Trust's proportionate share of the net OPEB liability (asset) supplemental health insurance program (page 27), and the schedule of the Trust's contributions supplemental health insurance program (page 28) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board,

who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the schedule of Trust's proportionate share of net pension liability Oklahoma public employee retirement plan and the schedule of the Trust's contributions Oklahoma public employee retirement plan, the schedule of the Trust's proportionate share of the net OPEB liability (asset) supplemental health insurance program, and the schedule of the Trust's contributions supplemental health insurance program in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2023, on our consideration of Pottawatomie County Public Safety Center Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pottawatomie County Public Safety Center Trust's internal control over financial reporting and compliance.

Robert A. Turner

Turner & Associates, CPAs
Lawton, Oklahoma
December 10, 2023

**Pottawatomie County Public Safety Center Trust
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The following discussion and analysis of the financial performance of Pottawatomie County Public Safety Center Trust (the Trust) provides an overview of the Trust's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Trust's financial statements, which begin on page 8.

Financial Highlights

- ❖ During the year ended June 30, 2023 the Trust's net position increased to \$8,559,549 from \$7,616,321 in 2022.
- ❖ Change in net position increased from a profit of \$236,549 in 2022 to a profit of \$943,228 in 2023. This increase was due primarily to an increase in incarceration fees.

Overview of the Financial Statements

The report on audit of financial statements is presented in two sections: financial and supplementary. The Trust has elected to present the financial statements in accordance with the business-type activities format, as designated by the Trust's primary government, Pottawatomie County. Accordingly, the financial section of this report includes management's discussion and analysis (as required supplementary information); the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and explanatory notes to the financial statements, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis—for State and Local Governments*.

The Basic Financial Statements

One of the most important questions asked about the Trust is whether it is better off or worse off as a result of the year's financial activities. The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Trust as a whole and about its activities in a way that answers this question. These statements include *all* assets and *all* liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. The accrual basis of accounting reports the current year's revenues and expenses regardless of when cash is actually received or disbursed.

**Pottawatomie County Public Safety Center Trust
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The statement of net position and the statement of revenues, expenses, and changes in net position report the Trust's net position and changes to them. You can think of the Trust's net position—the difference between assets and liabilities – as one way to measure the Trust's financial health or financial position. Over time, increases or decreases in the Trust's net position are one indicator of whether its financial health is improving or deteriorating. You will also need to consider non-financial factors, however, such as changes in requirements of the programs funded by the Trust, in addition to the condition of its physical facilities, to fully assess the overall health of the Trust.

Financial Analysis of the Trust as a Whole

The Trust's net position increased from a year ago. The following amounts are from the statement of net position, page 8, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Pottawatomie County Public Safety Center Trust			
Net Position			
<u>June 30, 2023 and 2022</u>			
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Current Assets	\$ 4,394,976	\$ 3,360,548	\$ 1,034,428
Noncurrent Assets	<u>4,300,294</u>	<u>5,478,636</u>	<u>(1,178,342)</u>
Total Assets	<u>8,695,270</u>	<u>8,839,184</u>	<u>(143,914)</u>
Deferred Outflows of Resources	1,086,334	362,631	723,703
Current Liabilities	327,290	309,111	18,179
Noncurrent Liabilities	<u>760,019</u>	<u>-</u>	<u>760,019</u>
Total Liabilities	<u>1,087,309</u>	<u>309,111</u>	<u>778,198</u>
Deferred Inflows of Resources	134,746	1,276,383	(1,141,637)
Net Position:			
Investment in Capital Assets	4,215,674	4,441,991	(226,317)
Restricted Net Position	37,896	47,780	(9,884)
Unrestricted Net Position	<u>4,305,979</u>	<u>3,126,550</u>	<u>1,179,429</u>
Total Net Position	<u>\$ 8,559,549</u>	<u>\$ 7,616,321</u>	<u>\$ 943,228</u>

Net Position increased by \$943,228 from a year ago.

**Pottawatomie County Public Safety Center Trust
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

The Trust's operating income increased \$706,679 from a year ago. The following amounts are from the statement of revenue, expenses, and changes in net position from page 9.

**Pottawatomie County Public Safety Center Trust
Operating Results
Year Ended June 30, 2023 and 2022**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Operating Revenues	\$ 5,860,932	\$ 5,070,403	\$ 790,529
Operating Expenses	<u>5,010,292</u>	<u>4,837,314</u>	<u>172,978</u>
Operating Income (Loss)	<u>850,640</u>	<u>233,089</u>	<u>617,551</u>
Nonoperating Revenues	<u>92,588</u>	<u>3,460</u>	<u>89,128</u>
Change in Net Position	<u>943,228</u>	<u>236,549</u>	<u>706,679</u>
Net Position, Beginning	7,616,321	7,379,772	236,549
Net Position, Ending	<u>\$ 8,559,549</u>	<u>\$ 7,616,321</u>	<u>\$ 943,228</u>

The Authority's net position increased \$943,228 from a year ago. The following amounts were taken from the Statement of Net Position on page 8.

**Pottawatomie County Public Safety Center Trust
Analysis of Net Position
Year Ended June 30, 2023 and 2022**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Net position:			
Investment in capital assets	\$ 4,215,674	\$ 4,441,991	\$ (226,317)
Restricted	37,896	47,780	(9,884)
Unrestricted	<u>4,305,979</u>	<u>3,126,550</u>	<u>1,179,429</u>
Total net position	<u>\$ 8,559,549</u>	<u>\$ 7,616,321</u>	<u>\$ 943,228</u>

The Trust's overall cash and cash equivalents increased by \$976,602 from a year ago. The following amounts are from the statement of cash flows on page 10.

**Pottawatomie County Public Safety Center Trust
Cash Flows
Year Ended June 30, 2023 and 2022**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Cash Provided (Used) by:			
Operating Activities	\$ 933,682	\$ 217,956	\$ 715,726
Capital and Related Financing Activities	0	0	0
Investing Activities	<u>42,920</u>	<u>(43,471)</u>	<u>86,391</u>
Net Increase (Decrease) in Cash and Cash Equivalents	976,602	174,485	802,117
Cash and Cash Equivalents, Beginning	<u>2,751,550</u>	<u>2,577,065</u>	<u>174,485</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,728,152</u>	<u>\$ 2,751,550</u>	<u>\$ 976,602</u>

**Pottawatomie County Public Safety Center Trust
Management's Discussion and Analysis
For the Year Ended June 30, 2023**

Capital Assets and Debt Administration

At June 30, 2023, the Trust's investment in capital assets decreased by \$226,317 from a year ago. Capital assets are building and improvements, equipment, vehicles and software. The net decrease is principally due to depreciation expense. (See Note 3)

**Pottawatomie County Public Safety Center Trust
Capital Assets, Net
Year Ended June 30, 2023 and 2022**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Capital Assets:	\$ 8,806,429	\$ 8,756,761	\$ 49,668
Less: Accumulated Depreciation	<u>4,590,755</u>	<u>4,314,770</u>	<u>275,985</u>
Capital Assets, Net	<u>\$ 4,215,674</u>	<u>\$ 4,441,991</u>	<u>\$ (226,317)</u>

Economic Factors and Trust's Future

The Trust's board considered factors when setting the budget, rates, and fees that will be charged for the Trust's services. One of these factors is the demand for inmate housing.

Contacting the Trust's Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Trust's finances and to show the Trust's accountability for the money it receives. If you have questions about this report, or need additional financial information contact Pottawatomie County Public Safety Center Trust, 14209 Highway 177, Shawnee, Oklahoma 74804.

Pottawatomie County Public Safety Center Trust

Statement of Net Position

June 30, 2023

ASSETS

Current Assets:

Cash, Operating	\$ 3,176,813
Cash, Building Fund	513,443
Cash, Restricted	37,896
Total Cash	<u>3,728,152</u>
Sales Tax Receivable	359,432
Accounts Receivable	299,308
Prepaid Expenses	8,084
Total Current Assets	<u>4,394,976</u>

Non Current Assets:

Net OPEB Asset	84,620
Capital Assets (net of accumulated depreciation)	<u>4,215,674</u>
Total Non-current Assets	<u>4,300,294</u>

TOTAL ASSETS \$ 8,695,270

DEFERRED OUTFLOW OF RESOURCES

Deferred Amounts Related to Pensions	\$ 1,029,693
Deferred Amounts Related to OPEB	56,641
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 1,086,334</u></u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 103,352
Payroll Liabilities Payable	27,665
Bail Bonds	5,369
Payable to Inmates	32,527
Accrued Payroll Payable	122,693
Accrued Absences Payable	35,684
Total Current Liabilities	<u>327,290</u>

Noncurrent Liabilities:

Net Pension Liability	<u>760,019</u>
Total Non-current Liabilities	<u>760,019</u>
TOTAL LIABILITIES	<u><u>\$ 1,087,309</u></u>

DEFERRED INFLOWS OF RESOURCES

Deferred Amounts Related to Pensions	\$ 81,196
Deferred Amounts Related to OPEB	53,550
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 134,746</u></u>

NET POSITION

Investment in Capital Assets	\$ 4,215,674
Restricted Net Position (Note 5)	37,896
Unrestricted Net Position	<u>4,305,979</u>
TOTAL NET POSITION	<u><u>\$ 8,559,549</u></u>

See Notes to Financial Statements.

Pottawatomie County Public Safety Center Trust
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

Operating Revenues	
Sales Tax	\$ 2,060,637
Incarceration Fees	3,212,856
Commissary and Other Revenues	587,439
Total Operating Revenues	<u>5,860,932</u>
Operating Expenses	
Personnel Related Expenses	
Salaries	2,493,448
Payroll Taxes	200,910
Health Insurance	200,590
Retirement, OPERS, OPEB	77,436
Workmen's Comp. Insurance	109,804
Total Personnel Related Expenses	<u>3,082,188</u>
Other Expenses	
Depreciation	275,985
Insurance	245,215
Professional Fees	81,680
Telephone and Video	24,106
Vehicle	25,509
Supplies, Cleaning	29,077
Supplies, Inmate	33,731
Supplies, Office	26,165
Supplies, Maintenance	21,934
Supplies, Other	10,680
Supplies, Operational	31,797
Meals	391,308
Medical	412,392
Repairs and Maintenance	46,654
Other Operating	60,243
Utilities	211,628
Total Other Expenses	<u>1,928,104</u>
Total Operating Expenses	<u>5,010,292</u>
Operating Income	850,640
Nonoperating Revenues and (Expenses)	
Interest Income	92,588
Total Nonoperating Revenue	<u>92,588</u>
Increase (Decrease) in Net Position	943,228
Change in Net Position	
Beginning Net Position	7,616,321
Ending Net Position	<u>\$ 8,559,549</u>

See Notes to Financial Statements.

Pottawatomie County Public Safety Center Trust
Statement of Cash Flows
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts Sales Tax	\$ 2,043,337
Receipts from Incarceration Fees	3,172,713
Other Receipts	587,439
Payments to Employees	(3,073,336)
Payments to Suppliers	(1,796,471)
Net Cash Provided by Operating Activities	933,682

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment	(49,668)
Interest Income	92,588
Net Cash Provided by Investing Activities	42,920

Net Increase in Cash	976,602
Cash Balance - Beginning of the Year	2,751,550
Cash Balance - End of the Year	\$ 3,728,152

**Reconciliation of Operating Income to
Net Cash Provided by Operating Activities:**

Operating Income	\$ 850,640
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Adjustment to Reconcile Operating Income
to Net Cash Provided by Operating Activities:

Depreciation	275,985
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Changes in Assets and Liabilities:

Accounts Receivable	(40,143)
Sales Tax Receivable	(17,300)
Prepaid Expenses	(383)
Accounts Payable	19,211
Payroll Liabilities Payable	(500)
Accrued Payroll Payable	13,499
Accrued Absences Payable	(4,147)
Bail Bonds Payable	(6,492)
Net Pension Liability	(153,296)
Payable to Inmates	(3,392)
Net Cash Provided by Operating Activities	\$ 933,682

See Notes to Financial Statements.

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements

1. Reporting Entity and Nature of Operations

The Pottawatomie County Public Safety Center Trust (the Trust), a component unit of Pottawatomie County, was created February 4, 2002 under the provisions of Title 60 of Oklahoma Statutes. One of the purposes of the Trust was to construct and operate a county adult detention center in the county of Pottawatomie, Oklahoma. These financial statements of the Trust are required to be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for the establishing governmental accounting and financial reporting principles. The more significant accounting policies and practices are described below.

In evaluating how to define the entity for financial statement purposes, management evaluated the Trust on a number of criteria. The basic, but not only, criterion is the Trust's financial accountability to the primary government (Pottawatomie County). Financial accountability is measured through the degree to which the primary government can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit.

Based on the above criterion, it was determined that the Trust is a component unit of the county. The accompanying financial statements include only the operations of the Trust, and not those of Pottawatomie County.

2. Summary of Accounting Policies

This report is prepared in conformity with GAAP and the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities which include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

Basis of Accounting - The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the accounting period in which the liability is incurred.

Operating revenues for the Trust result from providing adult detention services in connection with its principal ongoing operations. Operating expenses include personnel costs, facility costs, supplies, general administrative costs, and depreciation on capital assets. Revenues and expenses not meeting those definitions are reported as nonoperating revenues and expenses.

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

Government-wide Financial Statements - The adopted GASB Statements require that the overall financial condition of the Trust be displayed in three entity-wide financial statements. These are the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These include all financial activity of the Trust.

The financial statements are presented using the “business-type activities” approach. Business-type activities are those that provide specific, divisible services to residents or businesses and are funded primarily by user charges.

GASB Statement No. 34 requires that the statement of net position classify net position into three components: investment in capital assets, restricted, and unrestricted. These classifications are defined as follows.

Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the net position component as the unspent proceeds.

Restricted Net Position - This component of net position consists of constraints placed on net position use through external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

Unrestricted Net Position - This component of net position consists of the net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Deferred Outflows of Resources - In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources - In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

Long Lived Assets - Management reviews the recoverability of its long-lived assets in accordance with the provisions of GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB 42 requires recognition of impairment of long-lived assets in the event the assets service utility has declined significantly and unexpectedly. Accordingly, management evaluates assets' recoverability annually or when an event occurs that may impair recoverability of the asset.

Fair Value of Financial Instruments

The Trust's financial instruments include cash and cash equivalents and certificates of deposit. The Trust's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and net position, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Trust considers cash on hand, demand deposits, interest bearing accounts, and investments with a maturity of 90 days or less to be cash and cash equivalents except for cash and investments restricted for the bond program.

Accounts Receivable - The Trust bills different agencies for providing jail facilities to inmates of these agencies. The Trust has not established an allowance for doubtful accounts because uncollectible accounts are insignificant.

Capital Assets - Capital assets are stated at cost, net of accumulated depreciation. Acquisitions of property and equipment with a useful life of more than one year are recorded as additions to capital assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method as follows:

<u>Type of Asset</u>	<u>Years</u>
Buildings and Improvements	40
Vehicles	5
Equipment	5-10
Software	5

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

Statement of Cash Flows - In accordance with GAAP the accompanying financial statements include a statement of cash flows which is presented using the direct method.

Income Tax Status - The Trust qualifies as an organization exempt from income taxes. As a government instrumentality, no provision has been made for federal or state income taxes.

Budget - Title 60 requires public trusts to have budgets. This budget requirement does not set legal appropriations therefore; a budget to actual statement is not required.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, Oklahoma Public Employees Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. Capital Assets

CAPITAL ASSETS SCHEDULE
JUNE 30, 2023

	BALANCE BEGINNING OF YEAR <u>June 30, 2022</u>	<u>Increase</u>	<u>Decrease</u>	BALANCE AT END OF YEAR <u>June 30, 2023</u>
Assets Being Depreciated:				
Buildings and Improvements	\$ 7,696,410			\$ 7,696,410
Vehicles	326,958			326,958
Equipment	661,789	\$ 49,668		711,457
Software	<u>71,604</u>			<u>71,604</u>
Total Assets Being Depreciated	<u>8,756,761</u>	<u>49,668</u>		<u>8,806,429</u>
Less Accumulated Depreciation:				
Buildings and Improvements	3,467,071	194,003		3,661,074
Vehicles	251,991	39,491		291,482
Equipment	524,104	42,491		566,595
Software	<u>71,604</u>			<u>71,604</u>
Total Accumulated Depreciation	<u>4,314,770</u>	<u>275,985</u>		<u>4,590,755</u>
Net Capital Assets	<u>\$ 4,441,991</u>	<u>(\$ 226,317)</u>	\$	<u>\$ 4,215,674</u>

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

4. Deposits and Deposit Risk

The Pottawatomie County Public Safety Center Trust is governed by the deposit and investment limitations of state law. The Trust held deposits at June 30, 2023 of \$3,807,861.

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash and cash equivalents at June 30, 2023 were fully insured by depository insurance or secured with collateral held by the Trust's agent in its name.

Investment Interest Rate Risk - The Trust has no normal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The Trust has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the state is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk - The Trust places no limit on the amount it may invest in any one issuer.

5. Restricted Net Position

Inmate Moneys - The Trust maintains a trust account for each inmate. Deposits to these accounts include funds the inmate had with him/her when arrested or deposits made by families and friends of the inmate. These funds are funds owed to the inmates. Net position has been restricted for the amount owed to the inmates on June 30, 2023. This amount was \$32,527.

Bail Bond - These funds are received for inmates to post bond. The funds are restricted to this use and are not funds available to the Trust. This amount was \$5,369 on June 30, 2023.

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

The total restricted net position at June 30, 2023 is \$37,896 as follows:

Cash, Owed to Inmates	\$ 32,527
Cash, Bail Bonds	<u>5,369</u>
Total Net Position Restricted	<u><u>\$ 37,896</u></u>

6. Ground Lease

Annually the Trust executes an option to renew the ground lease with the county.

Under the terms of this lease the Trust is responsible for all insurance coverage, maintenance and repairs.

The land remains the property of Pottawatomie County. Upon the expiration or termination of the lease agreement the land and all improvements revert to Pottawatomie County.

7. Risk Management

As described in note 6, the lease agreement requires certain insurance coverage be provided by the Trust. This coverage includes fire and extended coverage on Building; comprehensive general public liability and property damage and workmen's compensation.

Property & Liability Protection Plan – The Trust is a member of the Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG). The lines of coverage and limits of liability afforded by ACCO-SIG are subject to a \$25,000 deductible.

Workmen's Compensation - Workers compensation is covered through participation in ACCO-SIG workers compensation program. Risk of loss retained is limited to the excess of insurance liability coverage limits set by ACCO-SIG.

8. Concentration

The Pottawatomie County Public Safety Center Trust received approximately 34% of incarceration fees from one agency. The contract with this agency has a termination provision which allows either party to terminate the contract with 30 days notice. If this agency were to terminate this contract with Pottawatomie County Public Safety Center Trust, it would have a significant impact on the operation of the Trust.

9. Employee Retirement System

Plan description - The Trust as the employer, participates in Oklahoma Public Employees Retirement Plan — a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to OPERS. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

Benefits provided - OPERS provides retirement, disability, and death benefits to members of the plan.

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

- **Employees**
 - Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.
 - Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

- Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.
- Hazardous Duty Members
 - Benefits are determined at (a) 2.5% of the final average compensation up to the applicable annual salary cap multiplied by the number of years of service as a hazardous duty member not to exceed 20 years and (b) 2.0% of the final average compensation multiplied by the number of years of service in excess of 20 years and any other years of service creditable. Normal retirement age under the Plan is 62 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 80/90 if participant became a member prior to November 1, 2011, or age 65 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 90 if participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Contributions - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 3.5% percent of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay. A portion of the contributions received by OPERS are allocated to the Supplemental Health Insurance program; see Note 10. Contributions to the pension plan from the Trust were \$217,941.

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the Trust reported an asset of \$760,019 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Trust's proportion of the net pension liability was based on the Trust's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2022. Based upon this information, the Trust's proportion was .09042 percent.

For the year ended June 30, 2023, the Trust recognized pension expense of \$ 85,802. At June 30, 2023, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 34,846
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	797,736	
Changes in proportion	10,326	35,754
Trust contributions during the measurement date	3,690	10,596
Trust contributions subsequent to the measurement date	217,941	
Total	\$ 1,029,693	\$ 81,196

\$217,941 reported as deferred outflows of resources related to pensions resulting from Trust contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$	79,455
2025		115,840
2026		81,360
2027		453,901
Total	\$	730,556

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

Actuarial Assumptions- • Investment return – 6.50% compounded annually net of investment expense and including inflation

- Salary increases – 3.25% to 9.25% per year including inflation
- Mortality rates – Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.50%
- Payroll growth – 3.25%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2022, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
Total	<u>100.0%</u>	

Discount Rate- The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (-5.50%)	Current Discount Rate (6.50%)	1% Increase (-7.50%)
Employers' net pension liability (asset)	\$ 1,862,811	\$ 760,019	\$ (172,623)

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.opers.ok.gov .

10. Employee OPEB

Plan description - The Trust as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at www.ok.gov/OPERS

Benefits provided - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree, remitted to the (insurance provider or entity).

Contributions - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

Note 9 from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the Trust were \$13,634.

OPEB Liabilities(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2023, the Trust reported an asset of \$84,620 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. The Trust's proportion of the net OPEB asset was based on the Trust's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2022. Based upon this information, the Trust's proportion was .09042 percent.

For the year ended June 30, 2023, the Trust recognized OPEB expense of (\$7,523). At June 30, 2023, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 42,278
Changes of assumptions	\$ 7,145	
Net difference between projected and actual earnings on OPEB plan investments	32,028	
Changes in Trust's proportionate share of contributions	1,547	11,150
Contributions during the measurement date	2,287	122
Trust contributions subsequent to the measurement date	13,634	
Total	\$ 56,641	\$ 53,550

The \$15,233 reported as deferred outflows of resources related to OPEB resulting from Trust contributions subsequent to the measurement date will be recognized as a reduction of

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

the net OPEB liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$	(5,295)
2025		(4,507)
2026		(3,679)
2027		7,544
2028		(4,606)
Total	<u>\$</u>	<u>(10,543)</u>

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2023, was determined based on an actuarial valuation prepared as of June 30, 2022 using the following actuarial assumptions:

- Investment return – 6.50% compounded annually net of investment expense and including inflation
- Salary increases – 3.25% to 9.25% per year including inflation
- Mortality rates – Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.50%
- Payroll growth – 3.25%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years
- Health Care Trend Rate – Not applicable based on how the System is structured and benefit payments are made.

The actuarial assumptions used in the July 1, 2022, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Pottawatomie County Public Safety Center Trust
Notes to Financial Statements (Continued)

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
US TIPS	3.5%	0.3%
Total	<u>100.0%</u>	

Discount Rate- The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Employers' net opeb liability \$	(72,428)	\$ (96,322)	\$ (116,801)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.ok.gov/OPERS .

11. Subsequent Events

Management has evaluated subsequent events through December 10, 2023 which is the date the financial statements were available to be issued.

**Pottawatomie County Public Safety Center Trust
Schedule of the Trust's Proportionate Share of Net Pension Liability
Oklahoma Public Employees Retirement Plan
Last 10 Fiscal Years* (Dollar amounts in thousands)**

	<u>2015</u>	<u>2016</u>	<u>**2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Trust's proportion of the net pension liability	0.0518%	0.0492%	0.06018%	0.0709%	0.0709%	0.0769%	0.1155%	0.0701%	0.0904%
Trust's proportionate share of the net pension liability	\$ 95,085	\$ 176,991	\$ 572,778	\$ 383,487	\$ 138,348	\$ 102,409	\$ 1,030,237	\$ (940,323)	\$ 760,019
Trust's covered-employee payroll	\$ 964,173	\$ 957,000	\$ 1,190,673	\$ 1,361,013	\$ 1,312,073	\$ 1,445,213	\$ 1,346,024	\$ 1,392,133	\$ 1,527,533
Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10%	18%	48%	28%	11%	7%	77%	-68%	50%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	96.00%	89.48%	94.28%	97.96%	98.63%	91.59%	112.51%	92.24%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

*Information to present a 10 year history is not readily available.

** Restatement for fiscal year 2017 due to OPERS implementation of GASB Statement No. 75

The most notable change was raising the System's discount rate from 6.5% to 7.00% for valuations as of June 30, 2020
7.00% to 6.5% for the valuation as of June 30, 2021.

**Pottawatomie County Public Safety Center Trust
Schedule of the Trust's Contributions
Oklahoma Public Employees Retirement Plan
Last 10 Fiscal Years* (Dollar amounts in thousands)**

	<u>2015</u>	<u>2016</u>	<u>**2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 143,550	\$ 178,601	\$ 190,798	\$ 183,938	\$ 201,902	\$ 207,329	\$ 214,647	\$ 236,810	\$ 236,810
Contributions in relation to the contractually required contribution	<u>143,550</u>	<u>178,601</u>	<u>190,798</u>	<u>183,938</u>	<u>201,902</u>	<u>207,329</u>	<u>214,647</u>	<u>236,810</u>	<u>236,810</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TRUST's covered-employee payroll	\$ 957,000	\$ 1,190,673	\$ 1,361,013	\$ 1,312,073	\$ 1,445,213	\$ 1,346,024	\$ 1,392,133	\$ 1,527,533	\$ 1,398,382
Contributions as a percentage of covered-employee payroll	15.00%	15.00%	14.02%	14.02%	13.97%	15.40%	15.42%	15.50%	16.93%

Notes to Schedule:

*Information to present a 10 year history is not readily available.

* Restatement for fiscal year 2017 due to OPERS implementation of GASB Statement No. 75.

Pottawatomie County Public Safety Center Trust
Schedule of the Trust's Proportionate share of the Net OPEB Liability(Asset)
Supplemental Health Insurance Program
Last 10 Fiscal Years* (Dollar amounts in thousands)

	2018	2019	2020	2021	2022	2023
Trust's proportion of the net OPEB liability (asset)	0.0709%	0.0709%	0.0789%	0.0789%	0.0701%	0.0904%
Trust's proportionate share of net OPEB liability	\$ 8,125	\$ (9,179)	\$ (29,890)	\$ (35,126)	\$ (96,322)	\$ (84,620)
Trust's covered-employee payroll	\$ 1,361,013	\$ 1,321,073	\$ 1,445,213	\$ 1,346,024	\$ 1,392,133	\$ 1,527,533
Trust's proportionate share of the net OPEB liability(asset) as a percentage of its covered-employee payroll	0.60%	-0.70%	-2.07%	-2.61%	-6.92%	-5.54%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	96.50%	103.94%	112.11%	114.27%	142.87%	130.01%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

*Information to present a 10 year history is not readily available.

**Pottawatomie County Public Safety Center Trust
Schedule of the Trust's Contributions
Supplemental Health Insurance Program
Last 10 Fiscal Years* (Dollar amounts in thousands)**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 13,354	\$ 12,873	\$ 14,880	\$ 14,765	\$ 15,055	\$ 15,233	\$ 13,634
Contributions in relation to the contractually required contribution	<u>13,354</u>	<u>12,873</u>	<u>14,880</u>	<u>14,765</u>	<u>15,055</u>	<u>15,233</u>	<u>13,634</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Trust's covered-employee payroll	\$ 1,361,013	\$ 1,312,073	\$ 1,445,213	\$ 1,346,024	\$ 1,392,133	\$ 1,527,533	\$ 1,398,382
Contributions as a percentage of covered-employee payroll	0.98%	0.98%	1.03%	1.10%	1.08%	1.00%	97.00%

Notes to Schedule:

*Information to present a 10 year history is not readily available.

TURNER & ASSOCIATES CPAs

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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*

Board of Trustees
Pottawatomie County Public Safety Center Trust
Shawnee, 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 Pottawatomie County Public Safety Center Trust, and as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pottawatomie County Public Safety Center Trust's basic financial statements, and have issued our report thereon date December 10, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pottawatomie County Public Safety Center Trust'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pottawatomie County Public Safety Center Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Pottawatomie County Public Safety Center Trust'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. 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 Pottawatomie County Public Safety Center Trust'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 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*.

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.

Robert A. Turner

Turner & Associates, CPAs
Lawton, Oklahoma
December 10, 2023