

POTTAWATOMIE COUNTY
PUBLIC SAFETY CENTER TRUST

(A Component Unit of Pottawatomie County, OK)
Financial Statements
For the Year Ended June 30, 2020

Table of Contents

	<u>Pages</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10
<u>Required Supplemental Information</u>	
Schedule of the Trust's Proportionate Share of Net Pension Liability Oklahoma Public Employees Retirement Plan	25
Schedule of the Trust's Contributions Oklahoma Public Employees Retirement Plan	26
Schedule of the Trust's Proportionate Share of the Net OPEB Liability(Asset) Supplemental Health Insurance Program	27
Schedule of the Trust's Contributions Supplemental Health Insurance Program	28
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 <i>Government Auditing Standards</i>	29-30

ROBERT D. TURNER C.P.A.

808 WEST GORE BLVD. • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying statement of net position of the Pottawatomie County Public Safety Center Trust, a component unit of Pottawatomie County, Oklahoma, as of June 30, 2020 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, comprising the basic financial statements of Pottawatomie County Public Safety Center Trust.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pottawatomie County Public Safety Center Trust, as of June 30, 2020, and the changes in its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 6, 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. I 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 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 31, 2020, on my consideration of the Trust's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Trust's internal control over financial reporting and compliance.

Robert D. Turner

Robert D. Turner, CPA
Lawton, Oklahoma
December 31, 2020

**Pottawatomie County Public Safety Center Trust
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

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, 2020. Please read it in conjunction with the Trust's financial statements, which begin on page 7.

Financial Highlights

- ❖ During the year ended June 30, 2020 the Trust's net position increased to \$7,263,055 from \$6,990,273 in 2019.
- ❖ Change in net position decreased from a profit of \$373,372 in 2019 to a profit of \$272,782 in 2020. This decrease was due primarily to a decrease in incarceration fees and sales tax revenues.

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, 2020**

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 7, 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, 2020 and 2019</u>			
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Current Assets	\$ 2,612,926	\$ 2,221,128	\$ 391,798
Noncurrent Assets	<u>4,879,892</u>	<u>4,944,344</u>	<u>(64,452)</u>
Total Assets	<u>7,492,818</u>	<u>7,165,472</u>	<u>327,346</u>
Deferred Outflows of Resources	239,594	301,456	(61,862)
Current Liabilities	283,688	223,441	60,247
Noncurrent Liabilities	<u>102,409</u>	<u>129,169</u>	<u>(26,760)</u>
Total Liabilities	<u>386,097</u>	<u>352,610</u>	<u>33,487</u>
Deferred Inflows of Resources	83,260	124,045	(40,785)
Net Position:			
Investment in Capital Assets	4,850,002	4,944,344	(94,342)
Restricted Net Position	79,077	31,071	48,006
Unrestricted Net Position	<u>2,333,976</u>	<u>2,014,858</u>	<u>319,118</u>
Total Net Position	<u>\$ 7,263,055</u>	<u>\$ 6,990,273</u>	<u>\$ 272,782</u>

Net Position increased by \$ 272,782 from a year ago.

**Pottawatomie County Public Safety Center Trust
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

The Trust's operating income decreased \$109,130 from a year ago. The following amounts are from the statement of revenue, expenses, and changes in net position from page 8.

**Pottawatomie County Public Safety Center Trust
Operating Results
Year Ended June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Operating Revenues	\$ 4,498,481	\$ 4,431,088	\$ 67,393
Operating Expenses	<u>4,234,239</u>	<u>4,057,716</u>	<u>176,523</u>
Operating Income (Loss)	<u>264,242</u>	<u>373,372</u>	<u>(109,130)</u>
Change in Net Position	<u>272,782</u>	<u>373,372</u>	<u>(100,590)</u>
Net Position, Beginning	6,990,273	6,616,901	373,372
Net Position, Ending	<u>\$ 7,263,055</u>	<u>\$ 6,990,273</u>	<u>\$ 272,782</u>

The Authority's net position increased \$ 272,782 from a year ago. The following amounts were taken from the Statement of Net Position on page 7.

**Pottawatomie County Public Safety Center Trust
Analysis of Net Position
Year Ended June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Net position:			
Investment in capital assets	\$ 4,850,002	\$ 4,944,344	\$ (94,342)
Restricted	79,077	31,071	48,006
Unrestricted	<u>2,333,976</u>	<u>2,014,858</u>	<u>319,118</u>
Total net position	<u>\$ 7,263,055</u>	<u>\$ 6,990,273</u>	<u>\$ 272,782</u>

The Trust's overall cash and cash equivalents increased by \$112,615 from a year ago. The following amounts are from the statement of cash flows on page 9.

**Pottawatomie County Public Safety Center Trust
Cash Flows
Year Ended June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Cash Provided (Used) by:			
Operating Activities	\$ 215,102	\$ 385,356	\$ (170,254)
Capital and Related Financing Activities	0	0	0
Investing Activities	<u>(102,487)</u>	<u>(141,832)</u>	<u>39,345</u>
Net Increase (Decrease) in Cash and Cash Equivalents	112,615	243,524	(130,909)
Cash and Cash Equivalents, Beginning	<u>1,720,244</u>	<u>1,476,720</u>	<u>243,524</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,832,859</u>	<u>\$ 1,720,244</u>	<u>\$ 112,615</u>

**Pottawatomie County Public Safety Center Trust
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

Capital Assets and Debt Administration

At June 30, 2020, the Trust's investment in capital assets decreased by \$ 94,342 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, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Capital Assets:	\$ 8,640,611	\$ 8,496,450	\$ 144,161
Less: Accumulated Depreciation	<u>3,790,609</u>	<u>3,552,106</u>	<u>238,503</u>
Capital Assets, Net	<u>\$ 4,850,002</u>	<u>\$ 4,944,344</u>	<u>\$ (94,342)</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, 2020

ASSETS

Current Assets:

Cash, Operating	\$ 1,753,782
Cash, Restricted	79,077
Total Cash	<u>1,832,859</u>
Sales Tax Receivable	284,561
Accounts Receivable	487,523
Prepaid Expenses	7,983
Total Current Assets	<u>2,612,926</u>

Non Current Assets:

Net OPEB Asset	29,890
Capital Assets (net of accumulated depreciation)	4,850,002
Total Noncurrent Assets	<u>4,879,892</u>

TOTAL ASSETS

\$ 7,492,818

DEFERRED OUTFLOW OF RESOURCES:

Deferred Amounts Related to Pensions	\$ 217,070
Deferred Amounts Related to OPEB	22,524
Total Deferred Outflows of Resources	<u>\$ 239,594</u>

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 82,029
Payroll Liabilities Payable	4,665
Bail Bonds	3,574
Payable to Inmates	28,307
Accrued Payroll Payable	80,962
Accrued Absences Payable	36,955
Deferred Maintenance Offset	47,196
Total Current Liabilities	<u>283,688</u>

Noncurrent Liabilities:

Net Pension Liability	102,409
Total Noncurrent Liabilities	<u>102,409</u>
Total Liabilities	<u>\$ 386,097</u>

DEFERRED INFLOWS OF RESOURCES:

Deferred Amounts Related to Pensions	\$ 55,296
Deferred Amounts Related to OPEB	27,964
Total Deferred Inflows of Resources	<u>\$ 83,260</u>

NET POSITION

Investment in Capital Assets	\$ 4,850,002
Restricted Net Position (Note 5)	79,077
Unrestricted Net Position	<u>2,333,976</u>
TOTAL NET POSITION	<u>\$ 7,263,055</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, 2020

Operating Revenues:

Sales Tax	\$ 1,632,602
Incarceration Fees	2,433,617
Commissary and Other Revenues	<u>432,262</u>
Total Operating Revenues	<u>4,498,481</u>

Operating Expenditures:

Salaries	1,974,585
Payroll Taxes	161,126
Health Insurance	192,147
Retirement, OPERS,OPEBS	186,521
Workmen's Comp. Insurance	<u>136,589</u>
Total Personnel	<u>2,650,968</u>

Other Expenses:

Depreciation	252,565
Insurance	165,970
Professional Fees	38,917
Telephone and Video	20,981
Vehicle	14,160
Supplies, Cleaning	20,677
Supplies, Inmate	65,027
Supplies, Office	16,290
Supplies, Maintenance	42,887
Supplies, Other	21,221
Supplies, Operational	10,517
Meals	368,873
Medical	339,495
Professional Dues and Member Fees	5,085
Repairs and Maintenance	53,142
Other Operating	24,140
Utilities	<u>123,324</u>
Total Other Expenditures	<u>1,583,271</u>
Total Operating Expenditures	<u>4,234,239</u>

Operating Income 264,242

Nonoperating Revenues and (Expenses)

Interest Income	<u>8,540</u>
Total Nonoperating Revenue	<u>8,540</u>

Increase in Net Position 272,782

Change in Net Position

Beginning Net Position	<u>6,990,273</u>
Ending Net Position	<u><u>\$ 7,263,055</u></u>

See Notes to Financial Statements.

Pottawatomie County Public Safety Center Trust
Statement of Cash Flows
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts Sales Tax	\$ 1,614,890
Receipts from Incarceration Fees	2,180,129
Other Receipts	432,262
Payments to Employees	(2,684,663)
Payments to Suppliers	(1,327,516)
Net Cash Provided by Operating Activities	<u>215,102</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Equipment	(166,359)
Disposition of Equipment	8,135
Interest Income	8,540
Deferred Maintenance Off Set	47,197
Net Cash Used in From Investing Activities	<u>(102,487)</u>

Net Increase in Cash	112,615
Cash Balance - Beginning of the Year	1,720,244
Cash Balance - End of the Year	<u>\$ 1,832,859</u>

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

Operating Income	\$ 264,242
------------------	------------

**Adjustment to Reconcile Operating Income
to Net Cash Provided by Operating Activities:**

Depreciation	252,565
--------------	---------

Changes in Assets and Liabilities:

Accounts Receivable	(253,488)
Sales Tax Receivable	(17,712)
Prepaid Expenses	(7,983)
Accounts Payable	10,363
Accrued Payroll Payable	10,000
Accrued Absences Payable	(6,037)
Accrued Payables	(2,085)
Bail Bonds Payable	(742)
Net Pension Liability	(35,573)
Payable to Inmates	1,552
Net Cash Provided by Operating Activities	<u>\$ 215,102</u>

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 cost, facility cost, supplies, general administrative, 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
Vehicle	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 Asset

CAPITAL ASSET SCHEDULE
JUNE 30, 2020

	Beginning Balance <u>June 30, 2019</u>	<u>Increase</u>	<u>Decrease</u>	Ending Balance <u>June 30, 2020</u>
Assets Being Depreciated:				
Buildings and Improvements	\$ 7,658,593	\$ 37,817		\$ 7,696,410
Vehicles	293,534	55,622	22,198	326,958
Equipment	472,719	72,920		545,639
Software	<u>71,604</u>			<u>71,604</u>
Total Assets Being Depreciated	<u>8,496,450</u>	<u>166,359</u>	<u>22,198</u>	<u>8,640,611</u>
Less Accumulated Depreciation:				
Buildings and Improvements	2,885,377	193,688		3,079,065
Vehicles	141,103	39,257	14,062	166,298
Equipment	454,022	19,620		473,642
Software	<u>71,604</u>			<u>71,604</u>
Total Accumulated Depreciation	<u>3,552,106</u>	<u>252,565</u>	<u>14,062</u>	<u>3,790,609</u>
Net Capital Assets	<u>\$ 4,944,344</u>	<u>(\$ 86,206)</u>	<u>\$ 8,136</u>	<u>\$ 4,850,002</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, 2020 of \$1,832,859.

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash and cash equivalents at June 30, 2020 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, 2020. This amount was \$ 28,307.

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 \$ 3,574.

Deferred Maintenance Offset - These were funds received from the sheriff's sale during the audit period. These funds are required to be set aside for future maintenance. This amount is \$ 47,196.

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

The total restricted net position at June 30, 2020 is \$ 79,077 as follows:

Cash, Owed to Inmate	\$ 28,307
Cash, Bail Bond	3,574
Deferred Maintenance Offset	<u>47,196</u>
Total Net Position Restricted	<u>\$ 79,077</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 and are as follows: Property- Per Schedule on file with the ACCO-SIG.

Blanket Bond Coverage - \$ 100,000 each and every loss.

Casualty –

- Comprehensive, General Liability - \$25/\$125/\$1,000,000 per Occurrence
- Personal Liability - \$25/\$125/\$1,000,000 per Occurrence
- Law Enforcement, Liability - \$1,000,000 per Occurrence
- Employment Practices Liability - \$1,000,000 per Occurrence
- Employee Benefits Liability - \$25/\$125/\$1,000,000 per Occurrence
- Automobile Liability - \$25/\$125/\$1,000,000 per Occurrence
- Medical Payment for Volunteers - \$20,000 per Claim (subject to a \$2,500 maintenance deductible).
- Cyber liability coverage - \$1,000,000 per Claim with a \$1,000,000 Annual
- Public Officials Wrongful Acts - \$1,000,000 per Occurrence.

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

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 44% 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, 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 Trust to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

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.

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

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.
- 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.

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

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 \$207,329.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the Trust reported a liability of \$102,409 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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 pension plan for all participating employers as of June 30, 2019. Based upon this information, the Trust's proportion was .0769 percent.

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

For the year ended June 30, 2020, the Trust recognized pension expense of \$187,287. At June 30, 2020, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 24,098
Net difference between projected and actual earnings on pension plan investments	-	30,900
Changes in proportion and differences between Trust contributions and proportionate share of contributions	9,594	-
Trust contributions during the measurement date	147	298
Trust contributions subsequent to the measurement date	207,329	-
Total	\$ 217,070	\$ 55,296

\$207,329 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, 2021. 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:

2021	\$	8,126	
2022		(65,935)	
2023		(3,170)	
2024		15,424	
Total	\$	(45,555)	

Actuarial Assumptions-

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

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

The actuarial assumptions used in the July 1, 2019, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017. 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-US Equity	24.0%	9.2%
US Fixed	32.0%	1.4%
Total	100.0%	

Discount Rate- The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (-6.00%)	Current Discount Rate (7.00%)	1% Increase (-8.00%)
Employers' net pension liability (asset)	\$ 925,940	\$ 102,409	\$ (595,787)

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.

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

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 Trust 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 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 \$14,765.

OPEB Liabilities(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, the Trust reported a liability of \$29,890 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019. 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, 2019. Based upon this information, the Trust's proportion was .0769% percent.

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

For the year ended June 30, 2020, the Trust recognized OPEB expense of (\$766). At June 30, 2020, 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	\$ -	\$ 24,289
Changes of assumptions	4,491	-
Net difference between projected and actual earnings on OPEB plan investments	-	3,229
Changes in Trust's proportionate share of contributions	3,268	446
Trust contributions subsequent to the measurement date	14,765	-
Total	\$ 22,524	\$ 27,964

The \$14,765 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 the net OPEB liability (asset) in the year ended June 30, 2021. 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:

2021	\$ (5,807)
2022	(5,807)
2023	(3,432)
2024	(2,901)
2025	(2,258)
Total	\$ (20,205)

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2020, was determined based on an actuarial valuation prepared as if June 30, 2019 using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)

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

- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- 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, 2019, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

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, 2019, 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	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non-US Equity	24.0%	9.2%
US Fixed	32.0%	1.4%
Total	<u>100.0%</u>	

Discount Rate- A single discount rate of 7.00% was used to measure the total OPRB liability (asset) as of June 30, 2018. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.00%, as well as what the Plan’s net OPEB liability (asset) would be if it

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

were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net opeb liability (asset) \$	(4,721)	\$ (29,890)	\$ (74,552)

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 31, 2020 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***

	<u>2015</u>	<u>2016</u>	<u>**2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Trust's proportion of the net pension liability	0.0518%	0.0492%	0.06018%	0.0709%	0.0709%	7.6900%
Trust's proportionate share of the net pension liability	\$ 95,085	\$ 176,991	\$ 572,778	\$ 383,487	\$ 138,348	\$ 102,409
Trust's covered-employee payroll	\$ 964,173	\$ 957,000	\$ 1,190,673	\$ 1,361,013	\$ 1,312,073	\$ 1,445,213
Trust's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10%	18%	48%	28%	11%	7%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	96.00%	89.48%	94.28%	97.96%	98.63%

*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 7.25% to 7.00%
for the valuation as of June 30, 2017.

Pottawatomie County Public Safety Center Trust
Schedule of the Trust's Contributions
Oklahoma Public Employees Retirement Plan
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>**2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 143,550	\$ 178,601	\$ 190,798	\$ 183,938	\$ 201,902	\$ 207,329
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered-employee payroll	15.00%	15.00%	14.02%	14.02%	13.97%	15.40%

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*

	2018	2019	2020
Trust's proportion of the net OPEB liability (asset)	0.07090%	0.07090%	0.07690%
Trust's proportionate share of net OPEB liability (asset)	\$ 8,125	\$ (9,179)	\$ (29,890)
Trust's covered-employee payroll	\$ 1,361,013	\$ 1,321,073	\$ 1,445,213
Trust's proportionate share of the net OPEB liability(asset) as a percentage of its covered-employee payroll	0.60%	-0.70%	-2.07%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	96.50%	103.94%	112.11%

*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*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 13,354	\$ 12,873	\$ 14,880	\$ 14,765
Contributions in relation to the contractually required contribution	<u>13,354</u>	<u>12,873</u>	<u>14,880</u>	<u>14,765</u>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered-employee payroll	0.98%	0.98%	1.03%	1.10%

Notes to Schedule:

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

ROBERT D. TURNER C.P.A.

808 WEST GORE BLVD. • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

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

I 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, 2020, and the related notes to the financial statements, which collectively comprise Pottawatomie County Public Safety Center Trust's basic financial statements, and have issued my report thereon date December 31, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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 D. Turner

Robert D. Turner, CPA
December 31, 2020