

OCEANA COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2016



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Oceana County, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oceana County, Michigan (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oceana County Road Commission, which represent 48.6 percent, 54.0 percent, and 30.9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oceana County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required pension and OPEB schedules, and budgetary comparison information as listed in the table of contents 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 required supplementary information 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.

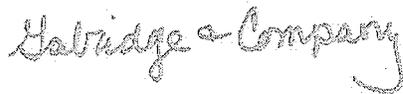
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules and the continuing disclosure filing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The continuing disclosure filing has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, Michigan
June 26, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of Oceana County (the "County" or "government"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at December 31, 2016 by \$10,262,478. Of this amount, \$5,034,793 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased \$855,976 during 2016. Revenues showed a decrease across all County funds during the year of \$167,393 and expenses for the County increased by \$614,948 from the prior fiscal year.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$6,713,708, an increase of \$373,417 in comparison with the prior year. Approximately 66% of this amount (or \$4,436,870) is available for spending at the government's discretion (unassigned fund balance).
- At December 31, 2016, unassigned fund balance for the general fund was \$4,436,870, or 45% of the general fund's annualized expenditures and transfers out.
- The County paid down long-term debt by \$306,425 during 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows, liabilities, and deferred inflows of resources, with the residual reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position

of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The County maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax, jail commissary operations, homestead denials, foreclosures, and housing.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the operations of the five proprietary funds noted above.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain information concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information can be found immediately following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplemental information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$10,262,478 at the close of the most recent fiscal year. A large portion of the County's net position (30.6%, or \$3,144,736) represents its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Addendum

Page 8 of Management's Discussion and Analysis

Compensated absences updated to reflect cap of 120 days, as opposed to hours, for POAM

An additional portion of the County's net position (21.0%, or \$2,082,949) represents resources that are subject to external restrictions on how they may be used. Restricted net position refers to amounts that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. The remaining portion of the County's net position (47.4%, or \$4,712,922) is comprised of unrestricted net position. These amounts may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in total net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 6,563,081	\$ 6,273,722	\$ 4,993,353	\$ 4,512,999	\$ 11,556,434	\$ 10,786,721
Taxes Receivable	2,575,872	2,665,945	1,668,455	1,693,913	4,244,327	4,359,858
Accounts Receivable	418,408	541,152	-	2,266	418,408	543,418
Due from Other Governments	91,859	49,213	-	-	91,859	49,213
Prepaid Items	157,562	62,804	-	-	157,562	62,804
Net OPEB Asset	56,521	42,198	-	-	56,521	42,198
Total Current Assets	9,863,303	9,635,034	6,661,808	6,209,178	16,525,111	15,844,212
<i>Noncurrent Assets</i>						
Advances to Other Governmental Units	31,200	31,200	-	-	31,200	31,200
Capital Assets not Being Depreciated	1,686,025	1,730,509	-	-	1,686,025	1,730,509
Capital Assets Being Depreciated	3,448,711	3,448,711	-	-	3,448,711	3,448,711
Total Assets	15,029,239	14,845,454	6,661,808	6,209,178	21,691,047	21,054,632
DEFERRED OUTFLOWS OF RESOURCES						
Pension	2,708,712	815,472	-	-	2,708,712	815,472
Total Deferred Outflows of Resources	2,708,712	815,472	-	-	2,708,712	815,472
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	189,104	194,682	941	550	190,045	195,232
Accrued Wages	248,693	204,281	-	-	248,693	204,281
Accrued Interest	8,739	4,932	-	-	8,739	4,932
Current Portion of Long-term Debt	400,000	420,925	1,321,000	1,206,500	1,721,000	1,627,425
Current Portion of Compensated Absences	174,333	169,510	-	-	174,333	169,510
Total Current Liabilities	1,020,869	994,330	1,321,941	1,207,050	2,342,810	2,201,380
<i>Noncurrent Liabilities</i>						
Long-term Debt	1,590,000	1,990,000	-	-	1,590,000	1,990,000
Compensated Absences	473,598	460,498	-	-	473,598	460,498
Net Pension Liability	7,900,366	5,417,242	-	-	7,900,366	5,417,242
Total Liabilities	10,984,833	8,862,070	1,321,941	1,207,050	12,306,774	10,069,120
DEFERRED INFLOWS OF RESOURCES						
Taxes Levied for a Subsequent Period	2,152,378	2,394,482	-	-	2,152,378	2,394,482
Total Deferred Inflows of Resources	2,152,378	2,394,482	-	-	2,152,378	2,394,482
NET POSITION						
Net Investment in Capital Assets	3,144,736	2,768,295	-	-	3,144,736	2,768,295
Restricted	2,082,949	2,022,103	-	-	2,082,949	2,022,103
Unrestricted	(626,945)	(386,024)	5,339,867	5,002,128	4,712,922	4,616,104
Total Net Position	\$ 4,600,740	\$ 4,404,374	\$ 5,339,867	\$ 5,002,128	\$ 9,940,607	\$ 9,406,502

The preceding page is the correct page. RJS.

An additional portion of the County's net position (20.3%, or \$2,082,949) represents resources that are subject to external restrictions on how they may be used. Restricted net position refers to amounts that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. The remaining portion of the County's net position (49.1%, or \$5,034,793) is comprised of unrestricted net position. These amounts may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 6,563,081	\$ 6,273,722	\$ 4,993,353	\$ 4,512,999	\$ 11,556,434	\$ 10,786,721
Taxes Receivable	2,575,872	2,665,945	1,668,455	1,693,913	4,244,327	4,359,858
Accounts Receivable	418,408	541,152	-	2,266	418,408	543,418
Due from Other Governments	91,859	49,213	-	-	91,859	49,213
Prepaid Items	157,562	62,804	-	-	157,562	62,804
Net OPEB Asset	56,521	42,198	-	-	56,521	42,198
Total Current Assets	9,863,303	9,635,034	6,661,808	6,209,178	16,525,111	15,844,212
<i>Noncurrent Assets</i>						
Advances to Other Governmental Units	31,200	31,200	-	-	31,200	31,200
Capital Assets not Being Depreciated	1,686,025	1,730,509	-	-	1,686,025	1,730,509
Capital Assets Being Depreciated	3,448,711	3,448,711	-	-	3,448,711	3,448,711
Total Assets	15,029,239	14,845,454	6,661,808	6,209,178	21,691,047	21,054,632
DEFERRED OUTFLOWS OF RESOURCES						
Pension	2,708,712	815,472	-	-	2,708,712	815,472
Total Deferred Outflows of Resources	2,708,712	815,472	-	-	2,708,712	815,472
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	189,104	194,682	941	550	190,045	195,232
Accrued Wages	248,693	204,281	-	-	248,693	204,281
Accrued Interest	8,739	4,932	-	-	8,739	4,932
Current Portion of Long-term Debt	400,000	420,925	1,321,000	1,206,500	1,721,000	1,627,425
Current Portion of Compensated Absences	117,331	169,510	-	-	117,331	169,510
Total Current Liabilities	963,867	994,330	1,321,941	1,207,050	2,285,808	2,201,380
<i>Noncurrent Liabilities</i>						
Long-term Debt	1,590,000	1,990,000	-	-	1,590,000	1,990,000
Compensated Absences	208,729	460,498	-	-	208,729	460,498
Net Pension Liability	7,900,366	5,417,242	-	-	7,900,366	5,417,242
Total Liabilities	10,662,962	8,862,070	1,321,941	1,207,050	11,984,903	10,069,120
DEFERRED INFLOWS OF RESOURCES						
Taxes Levied for a Subsequent Period	2,152,378	2,394,482	-	-	2,152,378	2,394,482
Total Deferred Inflows of Resources	2,152,378	2,394,482	-	-	2,152,378	2,394,482
NET POSITION						
Net Investment in Capital Assets	3,144,736	2,768,295	-	-	3,144,736	2,768,295
Restricted	2,082,949	2,022,103	-	-	2,082,949	2,022,103
Unrestricted	(305,074)	(386,024)	5,339,867	5,002,128	5,034,793	4,616,104
Total Net Position	\$ 4,922,611	\$ 4,404,374	\$ 5,339,867	\$ 5,002,128	\$ 10,262,478	\$ 9,406,502

The County's total net position increased by 9.1%, or \$855,976, from \$9,406,502 to \$10,262,478 for the year ended December 31, 2016. The following table shows the County's revenues, expenses, and changes in net position for each of the past two years:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 2,729,607	\$ 2,704,624	\$ 1,004,985	\$ 896,919	\$ 3,734,592	\$ 3,601,543
Operating Grants and Contributions	1,674,342	1,614,654	-	-	1,674,342	1,614,654
Capital Grants and Contributions	160,727	705,884	-	-	160,727	705,884
General Revenues						
Property Taxes	9,325,723	8,989,334	-	-	9,325,723	8,989,334
State Revenue Sharing	537,106	534,595	-	-	537,106	534,595
Unrestricted Investment Earnings	28,688	13,320	-	-	28,688	13,320
Other Revenues	-	169,241	-	-	-	169,241
Total Revenues	14,456,193	14,731,652	1,004,985	896,919	15,461,178	15,628,571
Expenses						
General Government	5,230,210	5,146,536	-	-	5,230,210	5,146,536
Public Safety	4,517,178	4,253,249	-	-	4,517,178	4,253,249
Public Works	378,061	273,731	-	-	378,061	273,731
Health and Welfare	3,496,196	3,437,856	-	-	3,496,196	3,437,856
Recreation and Culture	335,192	49,565	-	-	335,192	49,565
Community and Economic Development	60,843	242,391	-	-	60,843	242,391
Interest on Long-term Debt	63,247	58,948	-	-	63,247	58,948
Other Expenses	319,391	327,169	204,884	200,809	524,275	527,978
Total Expenses	14,400,318	13,789,445	204,884	200,809	14,605,202	13,990,254
Changes in Net Position Before Transfers	55,875	942,207	800,101	696,110	855,976	1,638,317
Transfers	462,362	400,000	(462,362)	(400,000)	-	-
Changes in Net Position	518,237	1,342,207	337,739	296,110	855,976	1,638,317
<i>Net Position at the Beginning of Period</i>	<i>4,404,374</i>	<i>3,062,167</i>	<i>5,002,128</i>	<i>4,706,018</i>	<i>9,406,502</i>	<i>7,768,185</i>
Net Position at the End of Period	\$ 4,922,611	\$ 4,404,374	\$ 5,339,867	\$ 5,002,128	\$10,262,478	\$ 9,406,502

Governmental activities

Governmental activities increased the County's net position by \$518,237. This was primarily the result of an increase in property tax revenues of \$336,389 from the prior year. The County also experienced a large increase in total expenses, however, much of this increase is related to increased depreciation expense related to current and prior year fixed asset additions along with \$589,884 of additional pension expense recognized as a result of Governmental Accounting Standards Board Statement No. 68, the new pension reporting standard.

Business-type activities

The business-type activities of the County include enterprise fund operations. The change in business-type activities net position increased the County's net position by \$337,739, which is up by \$41,629 from 2015. The increase was primarily the result of increased charges on delinquent taxes earned by the County during the year.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the County *governmental fund statements* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such

information is useful in assessing the County financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance of the general fund represented 40% of total general fund expenditures, including transfers out.

General fund balance increased by \$323,544, from \$4,288,184 to \$4,611,728 during 2016. The County collapses certain funds into the general fund for external financial reporting purposes. A combining schedule is provided as supplementary information to show the various components. The increase in fund balance of the general fund is primarily a result of increased tax revenues and intergovernmental revenues.

The ambulance fund had a decrease in fund balance during the year of \$338,534, from \$979,836 to \$641,302. This is a result of capital outlay expenditures of \$359,535 during the year.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the foreclosure fund at the end of the year was \$2,163,473 and for the delinquent tax revolving fund it was \$3,154,799. The total growth in net position for both funds was \$254,287 and \$96,840, respectively. The increase in net position for both funds is consistent with the prior year.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make an amendment to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain expenditures. Generally, the movement of the appropriations between departments was *not* significant.

Final budget compared to actual results. There were no significant differences between estimated revenues / expenditures and actual revenues / expenditures for 2016.

Capital Asset and Debt Administration

Capital assets. As of December 31, 2016, the County's investment in capital assets for its governmental activities amounted to \$5,134,736 (net of accumulated depreciation). The investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and vehicles. The net decrease in the County's capital assets for its governmental activities during 2016 was \$44,484 or 1%.

Significant capital outlay additions during 2016 included:

- Three new police vehicles
- Storage building and improvements for the EMS and District Health Department
- Completion of a garage and breezeway

The following table summarizes the capital assets of the County for each of the past two years:

	Governmental Activities	
	2016	2015
Land	\$ 1,730,509	\$ 1,730,509
Land improvements	289,608	340,012
Buildings and improvements	2,057,349	1,869,343
Machinery and equipment	950,505	1,127,998
Infrastructure	106,765	111,358
Total	\$ 5,134,736	\$ 5,179,220

Additional information on the County's capital assets can be found in Note 6 to the financial statements.

Long-term debt. As of December 31, 2016, the County had long-term debt outstanding of \$1,990,000 in its governmental activities and \$1,321,000 in its business-type activities, exclusive of compensated absences. At a minimum, all bonds are backed by the County's full faith and credit.

The County's total debt changed by \$306,425 during the year ended December 31, 2016. The County retired \$385,000 of general obligation bonds, retired \$35,925 of capital lease obligations, and issued \$114,500 of delinquent tax revolving notes.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The County is under its legal debt limit as of December 31, 2016.

Following is a comparative schedule of the County's debt for the most recent two years:

Long-term Debt					
Governmental Activities		Business-type Activities		Total	
2016	2015	2016	2015	2016	2015
\$ 1,990,000	\$ 2,375,000	\$ -	\$ -	\$ 1,990,000	\$ 2,375,000
-	35,925	-	-	-	35,925
-	-	1,321,000	1,206,500	1,321,000	1,206,500
\$ 1,990,000	\$ 2,410,925	\$ 1,321,000	\$ 1,206,500	\$ 3,311,000	\$ 3,617,425

Additional information on the County's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Management estimates that \$9,650,000 of revenues will be available for appropriation in the general fund in the upcoming budget. Expenditures are expected to change by small amounts compared to 2016. The County continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any

necessary amendments. In 2017, the County plans again to use current revenues to provide essential services and to maintain the County's financial reserves at similar levels. The ongoing costs of providing essential services for the citizens of the County will again need to be monitored in order to maintain the financial condition of the County.

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Robert Sobie, Ph.D., Oceana County Administrator/Fiscal Officer
100 State Street
Suite M-4
Hart, Michigan 49420

Phone | (231) 873-4835, extension 6702

Basic Financial Statements

Oceana County
Statement of Net Position
December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 6,563,081	\$ 4,993,353	\$ 11,556,434	\$ 5,576,388
Taxes Receivable	2,575,872	1,668,455	4,244,327	2,568,871
Accounts Receivable	418,408	--	418,408	2,265,618
Due from Other Governments	91,859	--	91,859	803,400
Prepays	157,562	--	157,562	205,554
Net OPEB Asset	56,521	--	56,521	--
Inventory	--	--	--	321,550
Total Current Assets	9,863,303	6,661,808	16,525,111	11,741,381
<i>Noncurrent Assets</i>				
Restricted Investments	--	--	--	603,233
Advances to Other Governmental Units	31,200	--	31,200	--
Capital Asset not Being Depreciated	1,686,025	--	1,686,025	3,036,654
Capital Assets Being Depreciated	3,448,711	--	3,448,711	36,797,914
Long-term Receivables	--	--	--	489,795
Total Assets	15,029,239	6,661,808	21,691,047	52,668,977
DEFERRED OUTFLOWS OF RESOURCES				
Pension	2,708,712	--	2,708,712	2,124,268
Total Deferred Outflows of Resources	2,708,712	--	2,708,712	2,124,268
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	189,104	941	190,045	1,320,731
Accrued Wages	248,693	--	248,693	335,413
Accrued Interest	8,739	--	8,739	14,082
Current Portion of Long-term Debt	400,000	1,321,000	1,721,000	147,969
Other Liabilities	--	--	--	380,575
Current Portion of Compensated Absences	117,331	--	117,331	508,137
Total Current Liabilities	963,867	1,321,941	2,285,808	2,706,907
<i>Noncurrent Liabilities</i>				
Advances from Other Governmental Units	--	--	--	31,200
Compensated Absences	208,729	--	208,729	--
Long-term Debt	1,590,000	--	1,590,000	1,179,223
Net Other Post-employment Benefit Obligation	--	--	--	644,544
Net Pension Liability	7,900,366	--	7,900,366	3,921,727
Total Liabilities	10,662,962	1,321,941	11,984,903	8,483,601
DEFERRED INFLOWS OF RESOURCES				
Taxes Levied for a Subsequent Period	2,152,378	--	2,152,378	2,864,885
Total Deferred Inflows of Resources	2,152,378	--	2,152,378	2,864,885
NET POSITION				
Net Investment in Capital Assets	3,144,736	--	3,144,736	38,507,376
<i>Restricted for:</i>				
Public Works	--	--	--	1,725,758
Other Purposes	2,082,949	--	2,082,949	3,211,625
<i>Unrestricted</i>	(305,074)	5,339,867	5,034,793	--
Total Net Position	\$ 4,922,611	\$ 5,339,867	\$ 10,262,478	\$ 43,444,759

The Notes to the Financial Statements are an integral part of these Financial Statements

**Oceana County
Statement of Activities
For the Year Ended December 31, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 5,230,210	\$ 1,103,819	\$ 761,245	\$ --	\$ (3,365,146)	\$ --	\$ (3,365,146)	\$ --
Public Safety	4,517,178	486,593	359,048	160,727	(3,510,810)	--	(3,510,810)	--
Public Works	378,061	155,553	--	--	(222,508)	--	(222,508)	--
Health and Welfare	3,496,196	947,980	210,594	--	(2,337,622)	--	(2,337,622)	--
Community and Economic Development	60,843	29,833	--	--	(31,010)	--	(31,010)	--
Recreation and Culture	335,192	5,829	343,455	--	14,092	--	14,092	--
Other Expenses	319,391	--	--	--	(319,391)	--	(319,391)	--
Interest on Long-term Debt	63,247	--	--	--	(63,247)	--	(63,247)	--
<i>Total Governmental Activities</i>	<u>14,400,318</u>	<u>2,729,607</u>	<u>1,674,342</u>	<u>160,727</u>	<u>(9,835,642)</u>	<u>--</u>	<u>(9,835,642)</u>	<u>--</u>
Business-type Activities:								
Foreclosure	125,081	379,368	--	--	--	254,287	254,287	--
Homestead Denial	--	1,860	--	--	--	1,860	1,860	--
Delinquent Tax Revolving	63,439	610,279	--	--	--	546,840	546,840	--
Housing Commission	5,000	--	--	--	--	(5,000)	(5,000)	--
Jail Commissary	11,364	13,478	--	--	--	2,114	2,114	--
<i>Total Business-type Activities</i>	<u>204,884</u>	<u>1,004,985</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>800,101</u>	<u>800,101</u>	<u>--</u>
<i>Total Primary Government</i>	<u>\$ 14,605,202</u>	<u>\$ 3,734,592</u>	<u>\$ 1,674,342</u>	<u>\$ 160,727</u>	<u>\$ (9,835,642)</u>	<u>\$ 800,101</u>	<u>\$ (9,035,541)</u>	<u>--</u>
Component Units								
Total Component Units	\$ 24,527,985	\$ 20,542,407	\$ 2,009,076	\$ --	--	--	--	(1,976,502)
<i>Total Component Units</i>	<u>\$ 24,527,985</u>	<u>\$ 20,542,407</u>	<u>\$ 2,009,076</u>	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,976,502)</u>
General Purpose Revenues and Transfers:								
Revenues								
Taxes					9,325,723	--	9,325,723	2,921,906
Interest Income					28,688	--	28,688	10,911
State Shared Revenues					537,106	--	537,106	--
Transfers					462,362	(462,362)	--	--
<i>Total General Revenues and Transfers</i>					<u>10,353,879</u>	<u>(462,362)</u>	<u>9,891,517</u>	<u>2,932,817</u>
<i>Change in Net Position</i>					<u>518,237</u>	<u>337,739</u>	<u>855,976</u>	<u>956,315</u>
<i>Net Position at Beginning of Period</i>					<u>4,404,374</u>	<u>5,002,128</u>	<u>9,406,502</u>	<u>42,488,444</u>
<i>Net Position at End of Period</i>					<u>\$ 4,922,611</u>	<u>\$ 5,339,867</u>	<u>\$ 10,262,478</u>	<u>\$ 43,444,759</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Oceana County
Balance Sheet
Governmental Funds
December 31, 2016**

	<u>Special Revenue</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Ambulance Fund</u>		
ASSETS				
Cash and Cash Equivalents	\$ 4,379,962	\$ 666,047	\$ 1,517,072	\$ 6,563,081
Taxes Receivable	622,618	1,053,860	899,394	2,575,872
Accounts Receivable	268,651	127,449	22,308	418,408
Due from Other Governments	49,213	--	42,646	91,859
Prepays	108,868	45,181	3,513	157,562
Advances to Other Governmental Units	31,200	--	--	31,200
Total Assets	<u>\$ 5,460,512</u>	<u>\$ 1,892,537</u>	<u>\$ 2,484,933</u>	<u>\$ 9,837,982</u>
LIABILITIES				
Accounts Payable	\$ 124,511	\$ 37,409	\$ 27,184	\$ 189,104
Accrued Wages	190,174	52,671	5,848	248,693
Total Liabilities	<u>314,685</u>	<u>90,080</u>	<u>33,032</u>	<u>437,797</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	534,099	--	--	534,099
Taxes Levied for a Subsequent Period	--	1,161,155	991,223	2,152,378
Total Liabilities and Deferred Inflows of Resources	<u>848,784</u>	<u>1,251,235</u>	<u>1,024,255</u>	<u>3,124,274</u>
FUND BALANCE				
Nonspendable	140,068	45,181	3,817	189,066
Restricted	34,790	596,121	1,406,857	2,037,768
Committed	--	--	50,004	50,004
Unassigned	4,436,870	--	--	4,436,870
Total Fund Balance	<u>4,611,728</u>	<u>641,302</u>	<u>1,460,678</u>	<u>6,713,708</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,460,512</u>	<u>\$ 1,892,537</u>	<u>\$ 2,484,933</u>	<u>\$ 9,837,982</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Oceana County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

Total Fund Balance - Governmental Funds	\$	6,713,708
General government capital assets of \$10,621,448, net of accumulated depreciation of \$5,486,712, are not financial resources and, accordingly, are not reported in the funds.		5,134,736
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(8,739)
Long-term liabilities are not due any payable in the current period and therefore are not reported in the funds.		(1,990,000)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(326,060)
The net other postemployment benefit asset is not an available resource and, therefore, is not reported in the funds.		56,521
Net pension liability is not due and payable in the current period and is not reported in the funds.		(7,900,366)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows and inflows of resources in the statement of net position, but are reported as expenses in the governmental funds.		2,708,712
Unavailable revenues are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.		534,099
Total Net Position - Governmental Funds	\$	<u>4,922,611</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Oceana County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	<u>Special Revenue</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Ambulance Fund</u>		
Revenues				
Taxes	\$ 6,619,840	\$ 1,143,620	\$ 1,518,464	\$ 9,281,924
Licenses and Permits	24,923	--	334,719	359,642
Intergovernmental	1,629,448	--	639,991	2,269,439
Charges for Services	1,071,509	873,865	99,375	2,044,749
Fines and Forfeits	12,269	--	3,500	15,769
Interest and Rents	26,173	2,515	--	28,688
Other Revenues	207,339	63,950	140,894	412,183
Total Revenues	<u>9,591,501</u>	<u>2,083,950</u>	<u>2,736,943</u>	<u>14,412,394</u>
Expenditures				
General Government	4,825,615	--	92,841	4,918,456
Public Safety	3,686,775	--	336,025	4,022,800
Public Works	322,960	--	--	322,960
Health and Welfare	51,046	2,037,999	1,431,836	3,520,881
Community and Economic Development	60,843	--	--	60,843
Recreation and Culture	34,660	--	287,843	322,503
Other Expenditures	319,391	--	--	319,391
Debt Service - Principal	35,925	--	385,000	420,925
Debt Service - Interest	--	--	59,440	59,440
Capital Outlay	157,505	359,535	16,100	533,140
Total Expenditures	<u>9,494,720</u>	<u>2,397,534</u>	<u>2,609,085</u>	<u>14,501,339</u>
Excess of Revenues Over (Under) Expenditures	<u>96,781</u>	<u>(313,584)</u>	<u>127,858</u>	<u>(88,945)</u>
Other Financing Sources (Uses)				
Transfers In	493,863	--	261,050	754,913
Transfers Out	(267,100)	(24,950)	(501)	(292,551)
Net Other Financing Sources (Uses)	<u>226,763</u>	<u>(24,950)</u>	<u>260,549</u>	<u>462,362</u>
Net Change in Fund Balance	<u>323,544</u>	<u>(338,534)</u>	<u>388,407</u>	<u>373,417</u>
Fund Balance at Beginning of Period	4,288,184	979,836	1,072,271	6,340,291
Fund Balance at End of Period	<u>\$ 4,611,728</u>	<u>\$ 641,302</u>	<u>\$ 1,460,678</u>	<u>\$ 6,713,708</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Oceana County
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	373,417
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		(3,807)
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$533,140 were exceeded by depreciation expense of \$558,881 and loss on disposal of fixed assets of \$18,743.		(44,484)
Repayment of long-term debt principal is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		420,925
The increase in other postemployment benefit asset does not provide current financial resources and, therefore, is not reported in the funds.		14,323
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in compensated absences during the year.		303,948
Changes to the net pension asset are not shown in the fund financial statements. The net effect of the current year increase is to increase net position.		(589,884)
Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred inflows of resources.		43,799
Changes in Net Position - Governmental Funds	\$	<u>518,237</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Oceana County
Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-type Activities - Enterprise Funds			
	Foreclosure	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 2,164,414	\$ 2,807,344	\$ 21,595	\$ 4,993,353
Taxes Receivable	--	1,668,455	--	1,668,455
Total Current Assets	2,164,414	4,475,799	21,595	6,661,808
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	941	--	--	941
Current Portion of Long-term Debt	--	1,321,000	--	1,321,000
Total Current Liabilities	941	1,321,000	--	1,321,941
NET POSITION				
<i>Unrestricted</i>	2,163,473	3,154,799	21,595	5,339,867
Total Net Position	\$ 2,163,473	\$ 3,154,799	\$ 21,595	\$ 5,339,867

The Notes to the Financial Statements are an integral part of these Financial Statements

Oceana County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Foreclosure	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues				
Interest and Penalties on Delinquent Taxes	\$ --	\$ 610,279	\$ --	\$ 610,279
Charges for Services	111,488	--	13,478	124,966
Other Revenue	267,880	--	1,860	269,740
Total Operating Revenues	379,368	610,279	15,338	1,004,985
Operating Expenses				
Public Safety	--	--	11,364	11,364
Community and Economic Development	--	--	5,000	5,000
Other Expenses	125,081	63,439	--	188,520
Total Operating Expenses	125,081	63,439	16,364	204,884
Operating Income (Loss)	254,287	546,840	(1,026)	800,101
Income Before Contributions and Transfers	254,287	546,840	(1,026)	800,101
Transfers In	--	--	5,000	5,000
Transfers Out	--	(450,000)	(17,362)	(467,362)
Change In Net Position	254,287	96,840	(13,388)	337,739
<i>Net Position at Beginning of Period</i>	1,909,186	3,057,959	34,983	5,002,128
Net Position at End of Period	\$ 2,163,473	\$ 3,154,799	\$ 21,595	\$ 5,339,867

The Notes to the Financial Statements are an integral part of these Financial Statements

**Oceana County
Statement of Cash Flows
Proprietary Funds
December 31, 2016**

	Business-type Activities - Enterprise Funds			
	Foreclosure	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities				
Receipts from Customers	\$ 379,368	\$ 635,737	\$ 17,604	\$ 1,032,709
Cash Paid to Suppliers	(124,690)	(63,439)	(16,364)	(204,493)
Total Cash Flows from Operating Activities	<u>254,678</u>	<u>572,298</u>	<u>1,240</u>	<u>828,216</u>
Cash Flows from Noncapital and Related Financing Activities				
Transfers In/(Out)	-	(450,000)	(12,362)	(462,362)
Note Proceeds	-	1,321,000	-	1,321,000
Note Retirement	-	(1,206,500)	-	(1,206,500)
Total Cash Flows from (used by) Noncapital and Related Financing Activities	<u>-</u>	<u>(335,500)</u>	<u>(12,362)</u>	<u>114,500</u>
Net Increase (Decrease) in Cash Equivalents	254,678	236,798	(11,122)	480,354
Cash & Equivalents - Beginning of the Year	1,909,736	2,570,546	32,717	4,512,999
Cash & Equivalents - End of the Year	<u>\$ 2,164,414</u>	<u>\$ 2,807,344</u>	<u>\$ 21,595</u>	<u>\$ 4,993,353</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 254,287	\$ 546,840	\$ (1,026)	\$ 800,101
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Change in Assets and Liabilities:				
Taxes Receivable	-	25,458	-	25,458
Accounts Receivable	-	-	2,266	2,266
Accounts Payable	391	-	-	391
Net Cash Provided (Used) by Operating Activities	<u>\$ 254,678</u>	<u>\$ 572,298</u>	<u>\$ 1,240</u>	<u>\$ 828,216</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Oceana County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	<u>Agency</u>
	<u>Trust and Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 330,940
Investments	83,888
Accounts Receivable	9,418
<i>Total Assets</i>	<u>466,509</u>
LIABILITIES	
Accounts Payable	2,018
Assets Held on Behalf of Others	422,228
<i>Total Liabilities</i>	<u>466,509</u>
NET POSITION	
Held in Trust	<u>\$ --</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Oceana County
Combining Statement of Net Position
Component Units
December 31, 2016

	Road Commission	Board of Public Works	Economic Development Corporation	Land Bank	Drainage Districts	Medical Care Facility	Total Component Units
ASSETS							
<i>Current Assets</i>							
Cash and Cash Equivalents	\$ 1,025,945	\$ 2,236	\$ --	\$ 18,677	\$ 602,742	\$ 3,926,788	\$ 5,576,388
Taxes Receivable	--	--	--	--	--	2,568,871	2,568,871
Accounts Receivable	--	--	9,785	--	117,023	2,138,810	2,265,618
Due from Other Governments	803,400	--	--	--	--	--	803,400
Prepays	--	--	--	--	--	205,554	205,554
Inventory	160,034	--	--	74,002	--	87,514	321,550
Total Current Assets	1,989,379	2,236	9,785	92,679	719,765	8,927,537	11,741,381
<i>Noncurrent Assets</i>							
Restricted Investments	--	--	--	--	--	603,233	603,233
Capital Asset not Being Depreciated	62,094	--	--	--	--	2,974,560	3,036,654
Capital Assets Being Depreciated	23,543,114	--	--	--	2,431,470	10,823,330	36,797,914
Long-term Receivables	--	--	78,829	--	410,966	--	489,795
Total Assets	25,594,587	2,236	88,614	92,679	3,562,201	23,328,660	52,668,977
DEFERRED OUTFLOWS OF RESOURCES							
Pension	--	--	--	--	--	2,124,268	2,124,268
Total Deferred Outflows of Resources	--	--	--	--	--	2,124,268	2,124,268
LIABILITIES							
<i>Current Liabilities</i>							
Accounts Payable	297,140	--	1,003	--	6,283	1,016,305	1,320,731
Accrued Wages	--	--	1,018	--	--	334,395	335,413
Accrued Interest	--	--	--	--	14,082	--	14,082
Current Portion of Long-term Debt	58,503	--	--	--	89,466	--	147,969
Other Liabilities	300,245	--	--	--	7,019	73,311	380,575
Current Portion of Compensated Absences	96,075	--	6,182	--	--	405,880	508,137
Total Current Liabilities	751,963	--	8,203	--	116,850	1,829,891	2,706,907
<i>Noncurrent Liabilities</i>							
Advances from Other Governmental Units	--	--	--	--	31,200	--	31,200
Long-term Debt	746,007	--	--	--	433,216	--	1,179,223
Net Other Post-employment Benefit Obligation	644,544	--	--	--	--	--	644,544
Net Pension Liability	--	--	--	--	--	3,921,727	3,921,727
Total Liabilities	2,142,514	--	8,203	--	581,266	5,751,618	8,483,601
DEFERRED INFLOWS OF RESOURCES							
Taxes Levied for a Subsequent Year	--	--	--	--	--	2,864,885	2,864,885
Total Deferred Inflows of Resources	--	--	--	--	--	2,864,885	2,864,885
NET POSITION							
Net Investment in Capital Assets	22,800,698	--	--	--	1,908,788	13,797,890	38,507,376
<i>Public Works</i>	651,375	2,236	--	--	1,072,147	--	1,725,758
<i>Other Purposes</i>	--	--	80,411	92,679	--	3,038,535	3,211,625
<i>Unrestricted</i>	--	--	--	--	--	--	--
Total Net Position	\$ 23,452,073	\$ 2,236	\$ 80,411	\$ 92,679	\$ 2,980,935	\$ 16,836,425	\$ 43,444,759

The Notes to the Financial Statements are an integral part of these Financial Statements

Oceana County

Notes to the Financial Statements

from other local governmental units within the County. The five (5) members of the Board of Road Commissioners are elected. This component unit is audited individually and the financial statements of the Road Commission may be obtained from the administrative office of the Road Commission located at 3501 W. Polk, Hart, MI 49420, or from the Oceana County Clerk's office located within the County Government Complex.

The *Oceana County Drainage Districts (the "Drainage Districts")* come under the jurisdiction of the Oceana County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$5,000 per mile on drain maintenance without Board of Commission approval and without going through the State of Michigan Local Audit and Finance Division. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are not audited separately.

The *Oceana County Board of Public Works (the "Board of Public Works")* can acquire, improve, operate, and maintain water and sewage disposal systems for local units of government and has the responsibility of administering the various local unit public works construction projects and the associated debt service funds under the provision of Act 185 of the Public Acts of 1957. The Board of Public Works is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County. The Board of Public Works is not audited separately.

The *Oceana County Economic Development Corporation (the "EDC")*, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a thirteen (13) person Board of Directors appointed by the County Board of Commissioners. The EDC is fiscally dependent on the County and may not issue debt without the County's approval. The EDC is not audited separately.

The *Oceana County Medical Care Facility (the "Medical Care Facility")* is governed by a three-member board and is responsible for establishing policies and oversight of the Medical Care Facility. The County appoints two board members and the State of Michigan appoints a third. A Medical Care Facility administrator manages the daily operations of the Medical Care Facility. The Medical Care Facility is audited individually and the audited financial statements can be obtained at the Medical Care Facility Administrative offices or at the County Clerk's office.

Joint Ventures

The *District 10 Health Department (the "Health Department")* is a joint venture between ten (10) counties, as detailed in the formation agreement between the counties, and was established to provide public health services to the ten (10) county regions. A copy of the agreement can be obtained at the County clerk's office. Oceana County appoints two (2) of the twenty (20) members. All ten (10) counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. Oceana County's contribution for the year ended December 31,

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Notes to the Financial Statements

2016 was \$167,666. The financial operations of the Health Department are issued under separate cover and can be obtained at the Health Department's offices.

The *Mason-Oceana 911 Authority (the "Authority")*, which is a joint venture between the counties of Mason and Oceana, and the Michigan State Police, is governed by an eleven (11) member board. Five (5) board members are appointed by each of the participating governmental units and one (1) board member is appointed by the Michigan State Police. The Authority has responsibility for preparing the annual budget and to carry out all activities of the Authority. The Authority's intent is to support and operate primarily with funds generated from operations (i.e., telephone surcharge fees). The financial activities of the Authority are audited separately. The joint venture's audited financial statements can be obtained from the County or at the Authority office.

Jointly Governed Organizations

The County, in conjunction with twenty-nine (29) other counties, has entered into an agreement that created the *Lakeshore Regional Entity*. This organization's Board is composed of thirty (30) members, of which one (1) is appointed by the County. The County's financial responsibility is to pass through a portion of the convention and tourism revenues received to the Lakeshore Regional Entity. For the year ended December 31, 2016, the County passed through \$40,421. A copy of their audited financial statements may be obtained at their administrative offices.

The *West Michigan Community Mental Health System* provides comprehensive mental health services to Lake, Mason, and Oceana counties. Operating revenues are derived from federal, state, and local governments as well as from fees for services. The West Michigan Community Mental Health System is governed by a twelve (12) member Board appointed by the Board of Commissioners of the three (3) counties it services. Oceana County appropriated \$130,000 as its operating contribution to the West Michigan Community Mental Health System for the County's year ended December 31, 2016. A copy of their audited financial statements may be obtained at their administrative offices.

Senior Resources of West Michigan ("Senior Resources") is the Area Agency on Aging for Oceana, Muskegon, and Ottawa counties and provides a comprehensive and coordinated system of care for older persons residing in those counties. Operating revenues are derived from federal, state, and local governments as well as client contributions and fees for services. Senior Resources is governed by a Board of Directors of no less than fifteen (15), of which three (3) are from the County. One director of each county's representation is appointed by the county commissions of Oceana, Muskegon, and Ottawa. A copy of Senior Resources' audited financial statements is available upon request at their administrative offices. The County's contribution for the year ended December 31, 2016 was \$4,000.

Muskegon-Oceana CAP, Inc. is a non-profit corporation formed under the laws of the State of Michigan. This organization's Board is composed of twelve (12) members, of which one (1) is appointed by the County. The organization receives all of its funding from state and federal grants and, as a result, the County has no financial responsibility other than potential liability related to

Oceana County

Notes to the Financial Statements

appropriate use of the federal funds passed through to Muskegon-Oceana CAP, Inc. A copy of their audited financial statements may be obtained at their administrative offices.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include; 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

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Notes to the Financial Statements

Property taxes, state revenue sharing, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

The *ambulance fund* is used to account for expenditures incurred related to emergency services that are financed primarily through property taxes and user charges restricted to cover these expenditures.

The County reports the following major enterprise funds:

The *delinquent tax revolving fund* accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

The *foreclosure fund* accounts for the County's share of delinquent taxes, penalties, and interest due from the sale of foreclosed properties.

Additionally, the County reports the following fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The *capital projects funds* account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The *debt service funds* are used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

The *permanent funds* are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County programs.

The *agency funds* are used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Oceana County

Notes to the Financial Statements

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing certificates of deposits and disclosed as part of the County's cash equivalents or investments depending on the original maturity date. Cash and cash equivalents consist of petty cash, checking accounts, temporary investments in certificates of deposit, and money market savings accounts all with original maturities of 90 days or less. Earnings from deposits are allocated to numerous funds as required by federal regulations, state statutes, and local ordinances.

Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and accounts receivable related to charges for services, special assessments, and notes and leases receivable made in connection with various programs.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids.

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Capital assets are those with an individual initial cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Oceana County

Notes to the Financial Statements

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Years</u>
Buildings and improvements	5-40
Land improvements	3-40
Equipment and furniture	5-20
Vehicles	5-10
Infrastructure	35-40

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category, pension related deferred outflows. The government-wide statements report deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as County contributions made after the measurement date of the net pension liability.

In addition to liabilities, the fund level balance sheet and / or the statement 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 fund balance/net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods. The governmental fund financial statements also include receivables not collected within 60 days of year-end (unavailable revenues) as a deferred inflow.

Long-term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Advances to Other Funds/Component Units (i.e., Other Governmental Units)

Long-term advances from certain funds to other funds or other governmental units (i.e. component

Oceana County

Notes to the Financial Statements

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, interfund advances, and the nonspendable portion of endowments. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of

Oceana County

Notes to the Financial Statements

Commissioners, or the County Administrator as delegated by the Board of Commissioners, may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Commissioners.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types.

The County employs the following procedures in establishing budgets:

- a. Prior to October 1, County departments in conjunction with the County Administrator's Office, prepare and submit their proposed operating budgets to the Finance Committee of the Whole who reviews and makes recommendations for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A public hearing is conducted to obtain taxpayers' comments.
- c. Prior to December 31, the budgets are legally enacted through passage of a budget resolution.
- d. The budgets are legally adopted at the activity level for the general fund and the fund level for the special revenue funds. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval. For control purposes, all fund budgets are maintained at the activity and account level. The Administrator/Fiscal Officer is authorized to transfer budget amounts between accounts with Finance Committee Chairperson approval.
- e. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- f. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year.

Oceana County

Notes to the Financial Statements

Note 2 - Budgetary Compliance

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on the activity level basis for the general fund and the functional basis for special revenue funds.

The County did not incur any significant expenditures in excess of appropriations during the year ended December 31, 2016.

Note 3 - Cash, Cash Equivalents, and Investments

The County utilizes various pooled cash accounts and investments for approximately fifty (50) funds. The County's pooled cash and investments consist of a common checking and savings account.

The County's pooled cash and investments are utilized by the general fund, special revenue funds, capital project funds, permanent funds, enterprise funds, trust and agency funds, and component unit funds. Each fund's portion of these pooled accounts is included in the cash, cash equivalents, and investments captions on the combined balance sheet and statement of net position.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit are separately held by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or Oceana office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Banker's acceptances of United States banks.

Oceana County
Notes to the Financial Statements

- f. Mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Following is a reconciliation of deposit and investment balances as of December 31, 2016:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Cash and Cash Equivalents	\$ 11,556,434	\$ 5,576,388	\$ 330,940	\$ 17,463,762
Investments	-	-	83,888	83,888
Restricted Investments	-	603,233	-	603,233
Less Separately Audited Component Unit				
Road Commission	-	(1,025,945)	-	(1,025,945)
Total Deposits Managed by County Treasurer	<u>\$ 11,556,434</u>	<u>\$ 5,153,676</u>	<u>\$ 414,828</u>	<u>\$ 17,124,938</u>

Deposits and investments consist of the following at December 31, 2016:

Cash on hand	\$ 3,850
Demand deposits (checking and savings accounts)	16,726,700
Certificates of deposits (due within one year)	394,388
Total	<u>\$ 17,124,938</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$14,852,568 of the County's bank balance of \$16,128,317 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2016, the County held no investments that were subject to rating by a NRSRO.

Oceana County

Notes to the Financial Statements

Interest Rate Risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. All certificates of deposits mature within one year.

Concentration of Credit Risk

The County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying its investments by security type and institution to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Note 4 - Advances Receivable and Payable

The following schedule details advances receivable and payable to other governmental units related to the primary government and the Drain Revolving (component unit) Fund at December 31, 2016:

Advanced to component unit from:	
General fund	<u>\$ 31,200</u>

The advance from the general fund to drainage districts was made for working capital and is reflected in the financial statements as advances to/from other governmental units.

Note 5 - Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and component units have been eliminated.

The composition of interfund transfers for the year is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General fund	Ambulance fund	\$ 24,950
General fund	Nonmajor governmental funds	501
General fund	Delinquent tax revolving fund	450,000
General fund	Nonmajor enterprise funds	17,362
Nonmajor governmental funds	General fund	261,050
Nonmajor enterprise funds	General fund	5,000
General fund	General fund	1,050

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Notes to the Financial Statements

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

There were no interfund balances as of December 31, 2016.

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,730,509	\$ -	\$ -	\$ 1,730,509
Capital assets being depreciated				
Buildings and improvements	3,805,417	292,043	-	4,097,460
Land improvements	848,780	-	-	848,780
Equipment and furniture	2,386,912	67,674	-	2,454,586
Vehicles	1,152,179	173,423	65,139	1,260,463
Infrastructure	229,650	-	-	229,650
Subtotal	<u>8,422,938</u>	<u>533,140</u>	<u>65,139</u>	<u>8,890,939</u>
Less accumulated depreciation for				
Buildings and improvements	1,936,074	104,037	-	2,040,111
Land improvements	508,768	50,404	-	559,172
Equipment and furniture	1,746,629	242,408	-	1,989,037
Vehicles	664,464	157,440	46,396	775,508
Infrastructure	118,292	4,593	-	122,885
Subtotal	<u>4,974,227</u>	<u>558,881</u>	<u>46,396</u>	<u>5,486,712</u>
<i>Net capital assets being depreciated</i>	<u>3,448,711</u>	<u>(25,741)</u>	<u>18,743</u>	<u>3,404,227</u>
Capital assets, net	<u>\$ 5,179,220</u>	<u>\$ (25,741)</u>	<u>\$ 18,743</u>	<u>\$ 5,134,736</u>

Depreciation expense and the loss on disposal of capital assets was charged to the following governmental activities:

General government	\$ 138,719
Public safety	313,303
Public works	58,927
Health and welfare	53,986
Recreation and culture	12,689
Total depreciation expense	<u>\$ 577,624</u>

Oceana County

Notes to the Financial Statements

The current year depreciation expense in the governmental activities of \$558,881 has been increased by \$18,743 for the disposal of capital assets during the year.

Capital asset activity for the drainage districts and the Economic Development Corporation for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Drainage Districts				
Capital assets being depreciated:				
Infrastructure - drains	\$ 4,092,864	\$ -	\$ -	\$ 4,092,864
Less accumulated depreciation for:				
Infrastructure - drains	1,559,073	102,321	-	1,661,394
Capital assets, net	<u>\$ 2,533,791</u>	<u>\$ 102,321</u>	<u>\$ -</u>	<u>\$ 2,431,470</u>
Economic Development Corporation				
Capital assets, being depreciated:				
Equipment and furniture	\$ 9,132	\$ -	\$ -	\$ 9,132
Less accumulated depreciation for:				
Equipment and furniture	9,132	-	-	9,132
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 7 - Long-term Debt

The following is a summary of changes in long-term debt (including current portion) of the County for the year ended December 31, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities					
Bonds	\$ 2,375,000	\$ -	\$ 385,000	\$ 1,990,000	\$ 400,000
Capital leases	35,925	-	35,925	-	-
Compensated absences	630,008	-	303,948	326,060	117,331
	3,040,933	-	724,873	2,316,060	517,331
Business-type Activities					
Delinquent tax revolving					
Delinquent tax notes	1,206,500	1,321,000	1,206,500	1,321,000	1,321,000
Total Primary Government	<u>\$ 4,247,433</u>	<u>\$ 1,321,000</u>	<u>\$ 1,931,373</u>	<u>\$ 3,637,060</u>	<u>\$ 1,838,331</u>

Oceana County

Notes to the Financial Statements

various local drainage districts. The drain loans and notes were issued to finance the various construction funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

Loan and notes payable at December 31, 2016, per respective drain projects serviced from the component unit funds are as follows:

Component Unit - Drainage Districts

\$286,374 Ag-Ren Drain Note, dated October 4, 2002, due in annual installments ranging from \$14,575 to \$21,155 through June 4, 2022, with interest of 5.30 percent.	\$ 115,781
\$180,349 Hart #2 Drain Note, dated October 24, 2008, due in annual installments ranging from \$17,855 to \$20,774 through April 1, 2018, with interest of 4.30 percent.	40,901
\$650,000 Hesperia Drain Note, dated July 26, 2001, due in annual installments ranging from \$30,000 to \$35,000 through March 1, 2021, with interest of 5.25 percent.	170,000
\$396,000 Lake Holiday Special Assessment Bonds, dated December 30, 2009, due in annual installments ranging from \$14,000 to \$30,000 through April 1, 2030, with interest of 4.50 percent.	<u>196,000</u>
	<u>\$ 522,682</u>

Economic Development Corporation

In accordance with County personnel policies and/or contracts negotiated with various employee groups, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. As a component unit of the County, the EDC follows those policies. The dollar amount of these vested rights, including related payroll taxes, amounted to \$6,182 for vacation and sick at December 31, 2016.

Oceana County
Notes to the Financial Statements

Primary Government

The annual requirements to pay the debt principal and interest outstanding for the following debts are as follows:

	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 400,000	\$ 52,434	\$ 452,434
2018	245,000	45,250	\$ 290,250
2019	250,000	40,350	290,350
2020	260,000	32,850	292,850
2021	270,000	25,050	295,050
2022-2023	565,000	25,650	590,650
	<u>\$ 1,990,000</u>	<u>\$ 221,584</u>	<u>\$ 2,211,584</u>

Component Units

	Drainage Districts		
	Drain Bonds and Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 89,466	\$ 40,161	\$ 129,627
2018	91,689	36,335	128,024
2019	73,042	15,844	88,886
2020	75,050	12,142	87,192
2021	72,113	8,474	80,586
2022-2026	121,322	15,361	136,683
	<u>\$ 522,682</u>	<u>\$ 128,317</u>	<u>\$ 650,999</u>

Outstanding principal and interest on the 2016 Delinquent Tax Notes have been excluded from the primary government debt schedules above because the periodic principal maturities are not specific other than the final due date and that the interest is calculated through the date of payment.

Note 8 - Retirement System

Primary Government

Defined Contribution

The County also provides benefits to all newly hired full-time employees through a defined contribution benefit plan called the MERS Benefit Program Defined Contribution Plan. In a defined contribution plan, benefits depended solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. The County contribution rates range from 3% to 6% percent of employees' gross earnings and employee

Oceana County

Notes to the Financial Statements

contributions for each employee plus interest allocated to the employee's account are fully vested immediately. The Plan is administered by MERS. Contributions for the year consisted of \$84,707 by the county and \$89,236 for the corresponding employee contributions.

Defined Benefit

Plan Description

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Retirement System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan.

The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers full-time employees at the County including police, patrolmen, police command, and elected officials. Retirement benefits for employees are calculated as 2.50% of the employee's five year final average compensation times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at an unreduced benefit at age 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service, but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. The defined benefits plans are closed to new hires.

Employees Covered by Benefit Terms

At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	73
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>72</u>
Total employees covered by MERS	<u>153</u>

Oceana County
Notes to the Financial Statements

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended December 31, 2016, the active employee contribution rate was 5 percent of annual pay and the County's average contribution rate was 15.6 percent of annual payroll.

Net Pension Liability

The net pension liability reported at December 31, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

<u>Changes in Net Pension Liability</u>	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 20,246,547	\$ 14,829,305	\$ 5,417,242
Service cost	380,952	-	380,952
Interest	1,587,562	-	1,587,562
Changes in benefits	-	-	-
Difference between expected and actual	10,366	-	10,366
Changes in assumptions	990,477	-	990,477
Contributions - Employer	-	602,676	(602,676)
Contributions - Employee	-	184,915	(184,915)
Net investment income	-	(219,435)	219,435
Benefit payments, including refunds	(1,184,993)	(1,184,993)	-
Administrative expenses	-	(32,313)	32,313
Other changes	49,610	-	49,610
Net changes	1,833,974	(649,150)	2,483,124
Balance at December 31, 2016	\$ 22,080,521	\$ 14,180,155	\$ 7,900,366

Oceana County

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Source	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,270,469
Differences in experience	8,293
Change in actuarial assumptions	792,382
Employer contributions to the plan subsequent to the measurement date	637,568
Total	\$ 2,708,712

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended December 31	Amount
2017	\$ 317,617
2018	317,617
2019	317,617
2020	317,617

Actuarial Assumptions

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0% to 4.0%
Salary increases	3.75% in the long-term
Investment rate of return	7.75% net of investment expenses, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

Oceana County

Notes to the Financial Statements

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	57.5%	5.02%
Global fixed income	20%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10%	6.56%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 8.00 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the County	\$ 10,437,193	\$ 7,900,366	\$ 5,747,040

Oceana County
Notes to the Financial Statements

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan’s fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 - Other Post-Employment Benefits

Primary Government

Plan Description

The County provides certain retiree medical benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. The following are the Governmental Accounting Standards Board Statement No. 45 (GASB Statement No. 45) required disclosures and these disclosures have been implemented prospectively by the County. In accordance with the plan provisions, eligible employee must be age 55 or older with 20 years of service. The benefits that are provided include a monthly medical premium contribution by the employer subject to the following maximum amounts:

Non-union	<u>Age at Retirement</u>	<u>Per Month</u>
	55-58	\$ 150
	59-61	250
	62-64	350
Union	\$20/month for every year of service	

The retirees must contribute the balance of the premium not paid by the employer.

During the year ended December 31, 2016, six retirees were receiving benefits. Expenses for post-employment benefits are recognized when claims are paid. During the year, the County contributed \$46,452 to the plan.

The plan does not issue a separate stand-alone financial statement.

Funding Policy

The County has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a “pay-as-you-go” basis). The County paid the required

Oceana County
Notes to the Financial Statements

premiums and also funded an amount into the trust as noted above. The current contributions being made are based on an actuarial calculated valuation. The amount of the annual required contribution is reflected in the schedule that follows. Administrative costs of the plan are paid for by the County.

Funding Progress

For the year ended December 31, 2016, the County has determined an estimated cost of providing other post-employment benefits through an actuarial valuation as of December 31, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 9 years.

Annual required contribution	\$ 31,701
Interest on net OPEB obligation	(282)
Adjustment to annual required contribution	710
Net OPEB cost (expense)	32,129
Contributions made	<u>(46,452)</u>
Increase in net OPEB asset	(14,323)
Net OPEB asset, beginning of year	<u>(42,198)</u>
Net OPEB asset, end of year	<u>\$ (56,521)</u>

As of December 31, 2014, the most recent actuarial valuation date, the plan was 76 percent funded. The actuarial accrued liability for benefits was \$378,469 and the actuarial value of assets was \$287,068, resulting in an unfunded actuarial accrued liability (UAAL) of \$91,401. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual OPEB cost, which is the same as the ARC for the County; the percentage contributed to the plan; and the net OPEB obligation for the years ended December 31, were as follows:

Three-Year Trend Information			
Years Ended	Annual	Percentage of	Net OPEB
June 30	OPEB Cost	Annual OPEB	Obligation
		Cost Contributed	(Asset)
2014	\$ 31,502	99%	\$ (4,155)
2015	30,886	223%	(42,198)
2016	32,129	145%	(56,521)

Oceana County
Notes to the Financial Statements

This trend information was obtained from the most recently issued actuarial reports.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the County are subject to continual revisions as actual results are compared with past expectations and new estimates and assumptions are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit service cost method was used. The actuarial assumptions include a 7.5 percent per year rate of investment return, compounded annually net after investment expense, which is the expected long-term investment returns on plan assets. A discount rate of 7.5% was also used. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study the assumed underlying rate was 5% and an excess medical rate of 4% graded down to 0% over 4 years was used.

Note 10 - Contingent Liabilities

Primary Government

The County participates in a number of federal and state assisted grant programs that are subject to compliance audits. The single audit of the federal programs and the periodic program compliance audits of many of the state programs have not yet been completed or final resolution has not been received. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are various legal actions pending against the County and its component units. Due to the inconclusive nature of many of the actions, it is not possible for legal counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. Those actions for which a reasonable estimate can be determined of the potential liability and that would not be covered by insurance and reserves, in any, are considered by management and legal counsel to be immaterial.

Oceana County

Notes to the Financial Statements

Note 11 - Risk Management

Primary Government

The County is a voluntary member of the Michigan Municipal Risk Management Authority (the Authority) which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately. The Authority administers a risk management fund providing the County with loss protection for general and auto liability, motor vehicle physical damage, and property. Membership of the Authority at December 31, 2016, was comprised of more than 300 units of government.

The administration of the Authority is directed by a ten (10) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing the County with loss protection for general and auto liability, motor vehicle physical damage, and property damage.

Under most circumstances, the County's maximum loss per occurrence is limited as follows:

Maximum Retention Type of Risk	Per Occurrence
General and auto liability	\$ 75,000
Motor vehicle physical damage	\$ 30,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

Liability insurance claims are expenses as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for

Oceana County

Notes to the Financial Statements

reported claims, and reported legal expenses as well as incurred but not reported claims.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that the County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess.

In addition, the Authority has accumulated resources to create and fund an Internal Stop Loss Program. The Internal Stop Loss Program was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$170,000 net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$170,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Program. If at any time the Internal Stop Loss Program is insufficient to fund the County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

The County also participates in a pool, the Michigan Counties Workers' Compensation Self-Insured Fund, with other municipalities for workers' compensation losses with maximums as detailed in the County's policy. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required. The Oceana County Economic Development Corporation, component unit, maintains commercial insurance coverage for workers compensation.

Oceana County

Notes to the Financial Statements

Note 12 - Restricted Net Position / Fund Balances - Governmental Funds

The County reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

	General Fund	Ambulance	Nonmajor Funds	Totals
Fund Balances				
Nonspendable				
Prepays	\$ 108,868	\$ 45,181	\$ 3,513	\$ 157,562
Advances to Other Governmental Units	31,200	-	-	31,200
Perpetual Care	-	-	304	304
Restricted				
Parks and Recreation	34,790	-	-	34,790
Ambulance - Health and Welfare	-	596,121	-	596,121
Friend of the Court Activities	-	-	317,014	317,014
Public Improvement - Capital Outlay	-	-	50,410	50,410
Building Department Activities	-	-	169,788	169,788
Animal Control Activities	-	-	623	623
Animal Care Activities	-	-	12,698	12,698
Register of Deeds Activities	-	-	77,616	77,616
Local Correction Officer Training - Public Safety	-	-	4,450	4,450
Drug Law Enforcement - Public Safety	-	-	10,520	10,520
Law Library Activities	-	-	8,640	8,640
Child Care - Health and Welfare	-	-	51,020	51,020
Senior Citizens' Tax	-	-	4,627	4,627
Soldiers' and Sailors' Relief - Health and Welfare	-	-	56,629	56,629
Veterans' Trust - Health and Welfare	-	-	1,244	1,244
CDBG Housing - Comm. and Econ. Dev.	-	-	48,558	48,558
Criminal Justice Training - Public Safety	-	-	5,529	5,529
Emergency Mgmt. Reserves Corp - Public Safety	-	-	1,685	1,685
GIS Activities	-	-	16,833	16,833
Concealed Pistol	-	-	20,147	20,147
WM Field Rail Trail	-	-	78,604	78,604
Oceana-Mason DHHS	-	-	7,118	7,118
District Court Capital Projects - Capital Outlay	-	-	16,341	16,341
Sheriff Capital Projects - Capital Outlay	-	-	14,639	14,639
Victims Services - Public Safety	-	-	3,634	3,634
Medical Care Facility Building Fund	-	-	428,065	428,065
Medical Care Endowment	-	-	302	302
Airport Terminal	-	-	16	16
Ambulance Debt Retirement	-	-	107	107
Committed				
Equipment Replacement - Capital Outlay	-	-	50,004	50,004
Unassigned	4,436,870	-	-	4,436,870
Total fund balances	\$ 4,611,728	\$ 641,302	\$ 1,460,678	\$ 6,713,708

Restrictions of net position shown in the government-wide financial statements indicate that

Oceana County

Notes to the Financial Statements

restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net position restrictions as of December 31, 2016:

PRIMARY GOVERNMENT

General Government	\$	440,250
Public Safety		208,927
Health & Welfare		717,061
Community & Economic Development		48,558
Recreation & Culture		113,394
Debt Service		428,188
Capital Projects		81,390
<i>Total Restricted</i>	\$	<u>2,037,768</u>

Note 13 - Tax Abatement Disclosure

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. For the year ended December 31, 2016, the County's property taxes were reduced by \$40,452 under this program.

Required Supplementary Information

Oceana County
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes	\$ 6,599,350	\$ 6,753,154	\$ 6,619,840	\$ (133,314)
Licenses and Permits	23,760	23,760	24,923	1,163
Intergovernmental	1,562,512	1,629,014	1,629,448	434
Charges for Services	867,145	970,993	1,071,509	100,516
Fines and Forfeits	12,300	15,425	12,269	(3,156)
Interest and Rents	18,000	23,540	26,173	2,633
Other Revenue	97,650	114,950	207,339	92,389
Total Revenues	<u>9,180,717</u>	<u>9,530,836</u>	<u>9,591,501</u>	<u>60,665</u>
Other Financing Sources				
Transfers In	476,000	476,000	493,863	17,863
Total Revenues and Other Financing Sources	<u>9,656,717</u>	<u>10,006,836</u>	<u>10,085,364</u>	<u>78,528</u>
Expenditures				
General Government				
Board of Commissioners	238,866	241,874	232,088	9,786
Circuit Court	472,491	471,676	433,690	37,986
District Court	401,307	401,675	393,968	7,707
Friend of the Court	381,043	385,881	376,440	9,441
Probate Court	265,984	265,986	258,599	7,387
County Administrator	201,916	238,422	227,060	11,362
County Auditing	22,726	22,726	20,986	1,740
Elections	75,988	91,299	87,042	4,257
Clerk	343,957	344,329	316,810	27,519
Jury Board	1,385	1,385	987	398
Equalization	207,542	230,342	218,010	12,332
Prosecuting Attorney	382,546	382,569	380,623	1,946
Data Processing	211,090	211,097	174,164	36,933
Cooperative Extension	150,048	150,049	148,099	1,950
Register of Deeds	189,131	189,149	184,110	5,039
County Survey and Remonumentation	49,081	31,628	31,628	--
Treasurer	211,949	211,958	211,856	102
Building & Grounds	254,508	254,523	246,026	8,497
Drain Commissioner	162,107	166,107	149,418	16,689
General Services	759,581	760,121	734,011	26,110
Total General Government	<u>4,983,246</u>	<u>5,052,796</u>	<u>4,825,615</u>	<u>227,181</u>
Public Safety				
Sheriff	2,175,328	2,193,960	2,139,736	54,224
Marine Safety	111,937	112,006	107,786	4,220
Snowmobile Enforcement	34,295	34,319	29,014	5,305
Road Patrol	77,955	89,788	86,864	2,924
Jail	1,179,410	1,180,206	1,064,016	116,190
Emergency Management	120,720	153,512	113,638	39,874
Animal Control	157,156	161,304	145,721	15,583
Total Public Safety	<u>3,856,801</u>	<u>3,925,095</u>	<u>3,686,775</u>	<u>238,320</u>

Oceana County
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Expenditures				
Public Works				
Drains	5,610	5,610	5,607	3
Recycling	238,278	265,278	236,299	28,979
Airport	93,275	93,314	81,054	12,260
Total Public Works	<u>337,163</u>	<u>364,202</u>	<u>322,960</u>	<u>41,242</u>
Health and Welfare				
Medical Examiner	57,825	57,883	50,551	7,332
Contagious Diseases	2,000	2,000	495	1,505
Total Health and Welfare	<u>59,825</u>	<u>59,883</u>	<u>51,046</u>	<u>8,837</u>
Community and Economic Development				
Planning Commission	19,010	19,010	15,343	3,667
Economic Development Corporation	45,500	45,500	45,500	--
Total Community and Economic Dev	<u>64,510</u>	<u>64,510</u>	<u>60,843</u>	<u>3,667</u>
Recreation and Culture				
Parks and Recreation	31,500	41,138	34,660	6,478
Other Expenditures				
Insurance	207,950	207,950	169,955	37,995
Other	147,700	149,785	149,436	349
Total Other Expenditures	<u>355,650</u>	<u>357,735</u>	<u>319,391</u>	<u>3,667</u>
Capital Outlay	169,000	161,380	157,505	3,875
Debt Service	35,925	35,925	35,925	--
Total Expenditures	<u>9,893,620</u>	<u>10,062,664</u>	<u>9,494,720</u>	<u>567,944</u>
Other Financing Uses				
Transfers Out	411,773	370,268	267,100	103,168
Total Expenditures and Other Financing Uses	<u>10,305,393</u>	<u>10,432,932</u>	<u>9,761,820</u>	<u>671,112</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(648,676)	(426,096)	323,544	749,640
Net Change in Fund Balance	<u>(648,676)</u>	<u>(426,096)</u>	<u>323,544</u>	<u>749,640</u>
Fund Balance at Beginning of Period	4,288,184	4,288,184	4,288,184	--
Fund Balance at End of Period	<u>\$ 3,639,508</u>	<u>\$ 3,862,088</u>	<u>\$ 4,611,728</u>	<u>\$ 749,640</u>

Oceana County
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Ambulance Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes	\$ 1,075,100	\$ 1,110,672	\$ 1,143,620	\$ 32,948
Charges for Services	890,000	930,000	873,865	(56,135)
Interest and Rents	7,500	8,423	2,515	(5,908)
Other Revenue	38,000	63,682	63,950	268
Total Revenues	2,010,600	2,112,777	2,083,950	(28,827)
Expenditures				
Health and Welfare	1,959,492	2,101,108	2,133,842	(32,734)
Capital Outlay	201,500	408,631	263,692	144,939
Total Expenditures	2,160,992	2,509,739	2,397,534	112,205
Other Financing Uses				
Transfers Out	28,660	27,310	24,950	2,360
Total Expenditures and Other Financing Uses	2,189,652	2,537,049	2,422,484	114,565
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(179,052)	(424,272)	(338,534)	85,738
Net Change in Fund Balance	(179,052)	(424,272)	(338,534)	85,738
Fund Balance at Beginning of Period	979,836	979,836	979,836	--
Fund Balance at End of Period	\$ 800,784	\$ 555,564	\$ 641,302	\$ 85,738

Oceana County
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Fiscal Year (Schedule is built prospectively upon implementation of GASB 68)

	2016	2015
Total Pension Liability		
Service Cost	\$ 380,952	\$ 378,169
Interest	1,587,562	1,569,807
Differences Between Expected & Actual Experience	10,366	-
Changes in Assumptions	990,477	-
Benefit Payments, Including Refunds	(1,184,993)	
Other Changes	49,610	(1,080,593)
Net Change in Pension Liability	1,833,974	867,383
<i>Total Pension Liability - Beginning</i>	<i>20,246,547</i>	<i>19,379,164</i>
Total Pension Liability - Ending (a)	\$ 22,080,521	\$ 20,246,547
Plan Fiduciary Net Position		
Contributions - Employer	\$ 602,676	\$ 527,348
Contributions - Member	184,915	201,226
Net Investment Income	(219,435)	899,130
Benefit Payments, Including Refunds	(1,184,993)	(1,080,593)
Administrative Expenses	(32,313)	(33,011)
Net Change in Plan Fiduciary Net Position	(649,150)	514,100
<i>Plan Fiduciary Net Position - Beginning</i>	<i>14,829,305</i>	<i>14,315,205</i>
Plan Fiduciary Net Position - Ending (b)	\$ 14,180,155	\$ 14,829,305
Net Pension Liability - Ending (a) - (b)	\$ 7,900,366	\$ 5,417,242
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.22%	73.24%
Covered Employee Payroll	\$ 3,623,872	\$ 3,600,041
Net Pension Liability as a Percentage of Covered Employee Payroll	218.01%	150.48%

* Built prospectively upon implementation on GASB 68

**Oceana County
Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years**

	2016	2015	Information Unavailable								
			2014	2013	2012	2011	2010	2009	2008	2007	
Actuarially Determined Contribution	\$ 602,676	\$ 557,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	602,676	557,568	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	3,623,872	3,600,041	-	-	-	-	-	-	-	-	-
Contributions as a Percentage of Covered Employee Payroll	17%	15%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	17 - 23 Years Division Specific
Asset valuation method	10-year smoothed
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense, including inflation
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

Oceana County
Required Supplementary Information
Other Post-Employment Benefits
Schedule of Funding Progress

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio Total	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
2008	\$ -	\$ 430,487	\$ 430,487	0%	Unvailable	N/A
2010	150,755	372,985	222,230	40%	Unvailable	N/A
2013	287,068	378,469	91,401	76%	Unvailable	N/A

Three-year Trend Information

Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset)
2014	\$ 31,502	99%	\$ (4,155)
2015	30,886	223%	(42,198)
2016	32,129	145%	(56,521)

Combining and Individual Fund Statements and Schedules

**Oceana County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2016**

	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Parks and Recreation Matching Grant</u>	<u>Parks and Recreation Capital Projects</u>	<u>Total General Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,344,405	\$ 15,557	\$ 10,000	\$ 10,000	\$ 4,379,962
Taxes Receivable	622,618	--	--	--	622,618
Accounts Receivable	268,651	--	--	--	268,651
Due from Other Governments	49,213	--	--	--	49,213
Prepays	108,868	--	--	--	108,868
Advances to Other Governmental Units	31,200	--	--	--	31,200
<i>Total Assets</i>	<u>\$ 5,424,955</u>	<u>\$ 15,557</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 5,460,512</u>
LIABILITIES					
Accounts Payable	\$ 123,994	\$ 517	\$ --	\$ --	\$ 124,511
Accrued Wages	189,924	250	--	--	190,174
<i>Total Liabilities</i>	<u>313,918</u>	<u>767</u>	<u>--</u>	<u>--</u>	<u>314,685</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	534,099	--	--	--	534,099
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>848,017</u>	<u>767</u>	<u>--</u>	<u>--</u>	<u>848,784</u>
FUND BALANCE					
Nonspendable	140,068	--	--	--	140,068
Restricted	--	14,790	10,000	10,000	34,790
Unassigned	4,436,870	--	--	--	4,436,870
<i>Total Fund Balance</i>	<u>4,576,938</u>	<u>14,790</u>	<u>10,000</u>	<u>10,000</u>	<u>4,611,728</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 5,424,955</u>	<u>\$ 15,557</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 5,460,512</u>

Oceana County
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the Year Ended December 31, 2016

	<u>General Fund</u>	<u>Parks and Recreation</u>	<u>Parks and Recreation Matching Grant</u>	<u>Parks and Recreation Capital Projects</u>	<u>Total General Funds</u>
Revenues					
Taxes	\$ 6,619,840	\$ --	\$ --	\$ --	\$ 6,619,840
Licenses and Permits	24,923	--	--	--	24,923
Intergovernmental	1,628,639	809	--	--	1,629,448
Charges for Services	1,065,680	5,829	--	--	1,071,509
Fines and Forfeits	12,269	--	--	--	12,269
Interest and Rents	26,173	--	--	--	26,173
Other Revenues	207,339	--	--	--	207,339
<i>Total Revenues</i>	<u>9,584,863</u>	<u>6,638</u>	<u>--</u>	<u>--</u>	<u>9,591,501</u>
Expenditures					
General Government	4,825,615	--	--	--	4,825,615
Public Safety	3,686,775	--	--	--	3,686,775
Public Works	322,960	--	--	--	322,960
Health and Welfare	51,046	--	--	--	51,046
Community and Economic Development	60,843	--	--	--	60,843
Recreation and Culture	--	34,660	--	--	34,660
Other Expenditures	319,391	--	--	--	319,391
Debt Service - Principal	35,925	--	--	--	35,925
Capital Outlay	157,505	--	--	--	157,505
<i>Total Expenditures</i>	<u>9,460,060</u>	<u>34,660</u>	<u>--</u>	<u>--</u>	<u>9,494,720</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>124,803</u>	<u>(28,022)</u>	<u>--</u>	<u>--</u>	<u>96,781</u>
Other Financing Sources (Uses)					
Transfers In	467,863	26,000	--	--	493,863
Transfers Out	(267,100)	--	--	--	(267,100)
<i>Net Other Financing Sources (Uses)</i>	<u>200,763</u>	<u>26,000</u>	<u>--</u>	<u>--</u>	<u>226,763</u>
<i>Net Change in Fund Balance</i>	<u>325,566</u>	<u>(2,022)</u>	<u>--</u>	<u>--</u>	<u>323,544</u>
<i>Fund Balance at Beginning of Period</i>	<u>4,251,372</u>	<u>16,812</u>	<u>10,000</u>	<u>10,000</u>	<u>4,288,184</u>
<i>Fund Balance at End of Period</i>	<u>\$ 4,576,938</u>	<u>\$ 14,790</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 4,611,728</u>

Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue								
	Animal Control Building	Building Department	Interim Elderly and Handicapped	Register of Deeds Automation	Emergency Management Reserves Corp	Victims Services	Local Correction Officer Training	Drug Law Enforcement	Law Library
ASSETS									
Cash and Cash Equivalents	\$ 623	\$ 176,126	\$ --	\$ 78,350	\$ 1,685	\$ 3,634	\$ 3,800	\$ 10,520	\$ 8,640
Taxes Receivable	--	--	--	--	--	--	--	--	--
Accounts Receivable	--	--	--	16	--	--	650	--	--
Due from Other Governments	--	--	--	--	--	--	--	--	--
Prepays	--	3,307	--	143	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 623</u>	<u>\$ 179,433</u>	<u>\$ --</u>	<u>\$ 78,509</u>	<u>\$ 1,685</u>	<u>\$ 3,634</u>	<u>\$ 4,450</u>	<u>\$ 10,520</u>	<u>\$ 8,640</u>
LIABILITIES									
Accounts Payable	\$ --	\$ 4,251	\$ --	\$ 750	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued Wages	--	2,087	--	--	--	--	--	--	--
<i>Total Liabilities</i>	<u>--</u>	<u>6,338</u>	<u>--</u>	<u>750</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Year	--	--	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>6,338</u>	<u>--</u>	<u>750</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE									
Nonspendable	--	3,307	--	143	--	--	--	--	--
Restricted	623	169,788	--	77,616	1,685	3,634	4,450	10,520	8,640
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>623</u>	<u>173,095</u>	<u>--</u>	<u>77,759</u>	<u>1,685</u>	<u>3,634</u>	<u>4,450</u>	<u>10,520</u>	<u>8,640</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 623</u>	<u>\$ 179,433</u>	<u>\$ --</u>	<u>\$ 78,509</u>	<u>\$ 1,685</u>	<u>\$ 3,634</u>	<u>\$ 4,450</u>	<u>\$ 10,520</u>	<u>\$ 8,640</u>

Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue								
	Senior Citizens' Tax	CDBG Housing	Child Care	Veterans' Trust	Victims' Restitution	Criminal Justice Training	Mill Pond County Park Improvement	GIS	Friend of the Court
ASSETS									
Cash and Cash Equivalents	\$ 85,441	\$ 48,558	\$ 58,248	\$ 1,244	\$ --	\$ 5,529	\$ --	\$ 16,833	\$ 310,362
Taxes Receivable	793,761	--	--	--	--	--	--	--	--
Accounts Receivable	--	--	14,525	--	--	--	--	--	6,652
Due from Other Governments	--	--	--	--	--	--	--	--	--
Prepays	--	--	--	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 879,202</u>	<u>\$ 48,558</u>	<u>\$ 72,773</u>	<u>\$ 1,244</u>	<u>\$ --</u>	<u>\$ 5,529</u>	<u>\$ --</u>	<u>\$ 16,833</u>	<u>\$ 317,014</u>
LIABILITIES									
Accounts Payable	\$ --	\$ --	\$ 19,509	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued Wages	--	--	2,244	--	--	--	--	--	--
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>21,753</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Year	874,575	--	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>874,575</u>	<u>--</u>	<u>21,753</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE									
Nonspendable	--	--	--	--	--	--	--	--	--
Restricted	4,627	48,558	51,020	1,244	--	5,529	--	16,833	317,014
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>4,627</u>	<u>48,558</u>	<u>51,020</u>	<u>1,244</u>	<u>--</u>	<u>5,529</u>	<u>--</u>	<u>16,833</u>	<u>317,014</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 879,202</u>	<u>\$ 48,558</u>	<u>\$ 72,773</u>	<u>\$ 1,244</u>	<u>\$ --</u>	<u>\$ 5,529</u>	<u>\$ --</u>	<u>\$ 16,833</u>	<u>\$ 317,014</u>

Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue					Debt Service			
	Animal Care	Soldiers' and Sailors' Relief	Medical Care Facility Building Fund	Concealed Pistol	WM Field Rail Trail	Oceana-Mason DHHS	Airport Terminal	Mason/Oceana E- 911	Ambulance Debt Retirement
ASSETS									
Cash and Cash Equivalents	\$ 12,471	\$ 71,613	\$ 428,049	\$ 20,147	\$ 35,958	\$ 7,118	\$ 16	\$ --	\$ 107
Taxes Receivable	--	105,617	16	--	--	--	--	--	--
Accounts Receivable	465	--	--	--	--	--	--	--	--
Due from Other Governments	--	--	--	--	42,646	--	--	--	--
Prepays	--	63	--	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 12,936</u>	<u>\$ 177,293</u>	<u>\$ 428,065</u>	<u>\$ 20,147</u>	<u>\$ 78,604</u>	<u>\$ 7,118</u>	<u>\$ 16</u>	<u>\$ --</u>	<u>\$ 107</u>
LIABILITIES									
Accounts Payable	\$ 238	\$ 2,436	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued Wages	--	1,517	--	--	--	--	--	--	--
<i>Total Liabilities</i>	<u>238</u>	<u>3,953</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Year	--	116,648	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>238</u>	<u>120,601</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE									
Nonspendable	--	63	--	--	--	--	--	--	--
Restricted	12,698	56,629	428,065	20,147	78,604	7,118	16	--	107
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>12,698</u>	<u>56,692</u>	<u>428,065</u>	<u>20,147</u>	<u>78,604</u>	<u>7,118</u>	<u>16</u>	<u>--</u>	<u>107</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 12,936</u>	<u>\$ 177,293</u>	<u>\$ 428,065</u>	<u>\$ 20,147</u>	<u>\$ 78,604</u>	<u>\$ 7,118</u>	<u>\$ 16</u>	<u>\$ --</u>	<u>\$ 107</u>

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016**

	<u>Capital Projects</u>				<u>Permanent</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>District Court</u>	<u>Sheriff</u>	<u>Equipment Replacement</u>	<u>Public Improvement</u>	<u>Cemetery Trust</u>	<u>Medical Care Endowment</u>	
ASSETS							
Cash and Cash Equivalents	\$ 16,341	\$ 14,639	\$ 50,004	\$ 50,410	\$ 304	\$ 302	\$ 1,517,072
Taxes Receivable	--	--	--	--	--	--	899,394
Accounts Receivable	--	--	--	--	--	--	22,308
Due from Other Governments	--	--	--	--	--	--	42,646
Prepays	--	--	--	--	--	--	3,513
<i>Total Assets</i>	<u>\$ 16,341</u>	<u>\$ 14,639</u>	<u>\$ 50,004</u>	<u>\$ 50,410</u>	<u>\$ 304</u>	<u>\$ 302</u>	<u>\$ 2,484,933</u>
LIABILITIES							
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 27,184
Accrued Wages	--	--	--	--	--	--	5,848
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,032</u>
DEFERRED INFLOWS OF RESOURCES							
Taxes Levied for a Subsequent Year	--	--	--	--	--	--	991,223
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,024,255</u>
FUND BALANCE							
Nonspendable	--	--	--	--	304	--	3,817
Restricted	16,341	14,639	--	50,410	--	302	1,406,857
Committed	--	--	50,004	--	--	--	50,004
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>16,341</u>	<u>14,639</u>	<u>50,004</u>	<u>50,410</u>	<u>304</u>	<u>302</u>	<u>1,460,678</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 16,341</u>	<u>\$ 14,639</u>	<u>\$ 50,004</u>	<u>\$ 50,410</u>	<u>\$ 304</u>	<u>\$ 302</u>	<u>\$ 2,484,933</u>

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue								
	Animal Control Building	Building Department	Interim Elderly and Handicapped	Register of Deeds Automation	Emergency Management Reserves Corp	Victims Services	Local Correction Officer Training	Drug Law Enforcement	Law Library
Revenues									
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	318,581	--	--	--	--	--	--	--
Intergovernmental	--	--	27,828	--	--	1,188	--	--	--
Charges for Services	--	--	--	36,974	--	--	10,471	--	--
Fines and Forfeits	--	--	--	--	--	--	--	--	3,500
Other Revenues	--	--	--	--	--	--	--	--	--
Total Revenues	--	318,581	27,828	36,974	--	1,188	10,471	--	3,500
Expenditures									
General Government	--	--	--	47,526	--	--	--	--	14,003
Public Safety	--	302,819	--	--	4,288	--	11,481	--	--
Health and Welfare	--	--	27,828	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--
Total Expenditures	--	302,819	27,828	47,526	4,288	--	11,481	--	14,003
Excess of Revenues Over (Under) Expenditures	--	15,762	--	(10,552)	(4,288)	1,188	(1,010)	--	(10,503)
Other Financing Sources (Uses)									
Transfers In	--	--	--	--	--	--	--	--	19,000
Transfers Out	--	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	--	--	--	--	--	--	--	--	19,000
Net Change in Fund Balance	--	15,762	--	(10,552)	(4,288)	1,188	(1,010)	--	8,497
Fund Balance at Beginning of Period	623	157,333	--	88,311	5,973	2,446	5,460	10,520	143
Fund Balance at End of Period	\$ 623	\$ 173,095	\$ --	\$ 77,759	\$ 1,685	\$ 3,634	\$ 4,450	\$ 10,520	\$ 8,640

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue								
	Senior Citizens' Tax	CDBG Housing	Child Care	Veterans' Trust	Victims' Restitution	Criminal Justice Training	Mill Pond County Park Improvement	GIS	Friend of the Court
Revenues									
Taxes	\$ 862,184	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--	--	--
Intergovernmental	--	--	180,044	--	--	--	--	--	28,746
Charges for Services	--	--	9,572	--	--	--	--	7,812	17,685
Fines and Forfeits	--	--	--	--	--	--	--	--	--
Other Revenues	--	20,750	938	2,057	--	--	--	--	--
Total Revenues	862,184	20,750	190,554	2,057	--	--	--	7,812	46,431
Expenditures									
General Government	--	--	--	--	--	--	--	9,700	--
Public Safety	--	--	--	--	--	3,393	--	--	--
Health and Welfare	857,056	--	368,520	2,803	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--
Total Expenditures	857,056	--	368,520	2,803	--	3,393	--	9,700	--
Excess of Revenues Over (Under) Expenditures	5,128	20,750	(177,966)	(746)	--	(3,393)	--	(1,888)	46,431
Other Financing Sources (Uses)									
Transfers In	--	--	170,000	--	--	--	--	--	--
Transfers Out	(501)	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	(501)	--	170,000	--	--	--	--	--	--
Net Change in Fund Balance	4,627	20,750	(7,966)	(746)	--	(3,393)	--	(1,888)	46,431
Fund Balance at Beginning of Period	--	27,808	58,986	1,990	--	8,922	--	18,721	270,583
Fund Balance at End of Period	\$ 4,627	\$ 48,558	\$ 51,020	\$ 1,244	\$ --	\$ 5,529	\$ --	\$ 16,833	\$ 317,014

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Capital Projects				Permanent		Total Nonmajor Governmental Funds
	District Court	Sheriff	Equipment Replacement	Public Improvement	Cemetery Trust	Medical Care Endowment	
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,518,464
Licenses and Permits	--	--	--	--	--	--	334,719
Intergovernmental	--	--	--	--	--	--	639,991
Charges for Services	--	--	--	--	--	--	99,375
Fines and Forfeits	--	--	--	--	--	--	3,500
Other Revenues	--	7,140	--	9,789	--	--	140,894
Total Revenues	--	7,140	--	9,789	--	--	2,736,943
Expenditures							
General Government	--	--	--	21,612	--	--	92,841
Public Safety	--	--	--	--	--	--	336,025
Health and Welfare	--	--	--	--	--	--	1,431,836
Recreation and Culture	--	--	--	--	--	--	287,843
Debt Service - Principal	--	--	--	--	--	--	385,000
Debt Service - Interest	--	--	--	--	--	--	59,440
Capital Outlay	--	--	--	16,100	--	--	16,100
Total Expenditures	--	--	--	37,712	--	--	2,609,085
Excess of Revenues Over (Under) Expenditures	--	7,140	--	(27,923)	--	--	127,858
Other Financing Sources (Uses)							
Transfers In	--	--	--	20,000	--	--	261,050
Transfers Out	--	--	--	--	--	--	(501)
Net Other Financing Sources (Uses)	--	--	--	20,000	--	--	260,549
Net Change in Fund Balance	--	7,140	--	(7,923)	--	--	388,407
Fund Balance at Beginning of Period	16,341	7,499	50,004	58,333	304	302	1,072,271
Fund Balance at End of Period	\$ 16,341	\$ 14,639	\$ 50,004	\$ 50,410	\$ 304	\$ 302	\$ 1,460,678

Oceana County
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016

	<u>Enterprise</u>			<u>Total Enterprise Funds</u>
	<u>Homestead Denial</u>	<u>Housing Commission</u>	<u>Jail Commissary</u>	
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 9,637	\$ --	\$ 11,958	\$ 21,595
Total Current Assets	<u>9,637</u>	<u>--</u>	<u>11,958</u>	<u>21,595</u>
NET POSITION				
<i>Unrestricted</i>	9,637	--	11,958	21,595
Total Net Position	<u>\$ 9,637</u>	<u>\$ --</u>	<u>\$ 11,958</u>	<u>\$ 21,595</u>

Oceana County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016

	Enterprise			Total Enterprise Funds
	Homestead Denial	Housing Commission	Jail Commissary	
Operating Revenues				
Charges for Services	\$ --	\$ --	\$ 13,478	\$ 13,478
Other Revenue	1,860	--	--	1,860
<i>Total Operating Revenues</i>	1,860	--	13,478	15,338
Operating Expenses				
Public Safety	--	--	11,364	11,364
Community and Economic Development	--	5,000	--	5,000
<i>Total Operating Expenses</i>	--	5,000	11,364	16,364
<i>Operating Income (Loss)</i>	1,860	(5,000)	2,114	(1,026)
<i>Transfers</i>	1,860	(5,000)	2,114	(1,026)
Transfers In	--	5,000	--	5,000
Transfers Out	(17,362)	--	--	(17,362)
<i>Change In Net Position</i>	(15,502)	--	2,114	(13,388)
<i>Net Position at Beginning of Period</i>	25,139	--	9,844	34,983
<i>Net Position at End of Period</i>	\$ 9,637	\$ --	\$ 11,958	\$ 21,595

Oceana County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
December 31, 2016

	Business-type Activities - Enterprise Funds			Total Enterprise Funds
	Homestead Denial	Housing Commission	Jail Commissary	
Cash Flows from Operating Activities				
Receipts from Customers	\$ 4,126	\$ -	\$ 13,478	\$ 17,604
Cash Paid to Suppliers	-	(5,000)	(11,364)	(16,364)
Total Cash Flows from (used by) Operating Activities	<u>4,126</u>	<u>(5,000)</u>	<u>2,114</u>	<u>1,240</u>
Cash Flows from Noncapital and Related Financing Activities				
Transfers In/(Out)	(17,362)	5,000	-	(12,362)
Total Cash Flows from (used by) Noncapital and Related Financing Activities	<u>(17,362)</u>	<u>5,000</u>	<u>-</u>	<u>(12,362)</u>
Net Increase (Decrease) in Cash Equivalents	(13,236)	-	2,114	(11,122)
Cash & Equivalents - Beginning of the Year	22,873	-	9,844	32,717
Cash & Equivalents - End of the Year	<u>\$ 9,637</u>	<u>\$ -</u>	<u>\$ 11,958</u>	<u>\$ 21,595</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 1,860	\$ (5,000)	\$ 2,114	\$ (1,026)
Adjustments to Reconcile Operating Income (Loss) to Net Cash				
Change in Assets and Liabilities:				
Accounts Receivable	2,266	-	-	2,266
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,126</u>	<u>\$ (5,000)</u>	<u>\$ 2,114</u>	<u>\$ 1,240</u>

Oceana County
Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	<u>Agency</u>						
	<u>Trust and Agency</u>	<u>Library</u>	<u>FOC Child Support</u>	<u>Fiduciary Escrow Trust</u>	<u>Inmate Trust</u>	<u>Payroll Clearing Account</u>	<u>Total</u>
ASSETS							
Cash and Cash Equivalents	\$ 279,259	\$ 21,388	\$ 47	\$ --	\$ 13,510	\$ 16,736	\$ 330,940
Investments	--	50,000	--	33,888	--	--	83,888
Accounts Receivable	--	9,418	--	--	--	--	9,418
<i>Total Assets</i>	<u>279,259</u>	<u>80,806</u>	<u>47</u>	<u>33,888</u>	<u>13,510</u>	<u>16,736</u>	<u>466,509</u>
LIABILITIES							
Accounts Payable	2,018	--	--	--	--	--	2,018
Assets Held on Behalf of Others	277,241	80,806	47	33,888	13,510	16,736	422,228
<i>Total Liabilities</i>	<u>279,259</u>	<u>80,806</u>	<u>47</u>	<u>33,888</u>	<u>13,510</u>	<u>16,736</u>	<u>466,509</u>
NET POSITION							
Held in Trust	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Oceana County Drainage Districts
Statement of Net Position
December 31, 2016

ASSETS

Current Assets

Cash and Cash Equivalents	\$	492,742
Investments		110,000
Special Assessments Receivable		117,023
<i>Total Current Assets</i>		719,765

Noncurrent Assets

Capital Assets, net of Accumulated Depreciation		2,431,470
Long-term Receivables		410,966
<i>Total Assets</i>		3,562,201

LIABILITIES

Current Liabilities

Accounts Payable		6,283
Other Liabilities		7,019
Current Portion of Long-term Debt		89,466
Accrued Interest		14,082
<i>Total Current Liabilities</i>		116,850

Noncurrent Liabilities

Advances from Other Governmental Units		31,200
Long-term Debt		433,216
<i>Total Liabilities</i>		581,266

NET POSITION

Net Investment in Capital Assets		1,908,788
<i>Restricted for:</i>		
Restricted for Capital Improvements		1,072,147
<i>Unrestricted</i>		--
<i>Total Net Position</i>	\$	2,980,935

**Oceana County Drainage Districts
Statement of Activities
For the Year Ended December 31, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Public Works	\$ 143,931	\$ 204,590	\$ --	\$ --	\$ 60,659
Interest on Long-term Debt	27,848	--	--	--	(27,848)
Total	\$ 171,779	\$ 204,590	\$ --	\$ --	\$ 32,811

**General Purpose Revenues:
Revenues**

Interest Revenues	606
Total General Revenues	606
Change in Net Position	33,417
<i>Net Position at Beginning of Period</i>	<i>2,947,518</i>
Net Position at End of Period	\$ 2,980,935

**Oceana County Drainage Districts
Balance Sheet
Governmental Funds
December 31, 2016**

	Debt Service	Capital Projects				Total Governmental Funds	
	Drain Debt	Drain Equipment Revolving	Regular Drain	Drain Revolving	Crystal Lake Improvement		Stony Lake Board
ASSETS							
Cash and Cash Equivalents	\$ 7,019	\$ 504	\$ 412,804	\$ 33,803	\$ 5,090	\$ 33,522	\$ 492,742
Investments	--	--	110,000	--	--	--	110,000
Special Assessments Receivable	--	--	378,191	--	--	149,798	527,989
Due from Other Funds	--	--	--	2,662	--	--	2,662
<i>Total Assets</i>	<u>\$ 7,019</u>	<u>\$ 504</u>	<u>\$ 900,995</u>	<u>\$ 36,465</u>	<u>\$ 5,090</u>	<u>\$ 183,320</u>	<u>\$ 1,133,393</u>
LIABILITIES							
Accounts Payable	\$ --	\$ --	\$ 3,033	\$ --	\$ --	\$ 3,250	\$ 6,283
Other Liabilities	7,019	--	--	--	--	--	7,019
Due to Other Funds	--	--	2,662	--	--	--	2,662
Advances from Other Governmental Units	--	--	--	31,200	--	--	31,200
<i>Total Liabilities</i>	<u>7,019</u>	<u>--</u>	<u>5,695</u>	<u>31,200</u>	<u>--</u>	<u>3,250</u>	<u>47,164</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenues - Special Assessments	--	--	298,617	--	--	149,798	448,415
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>7,019</u>	<u>--</u>	<u>304,312</u>	<u>31,200</u>	<u>--</u>	<u>153,048</u>	<u>495,579</u>
FUND BALANCE							
Restricted	--	504	596,683	5,265	5,090	30,272	637,814
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>--</u>	<u>504</u>	<u>596,683</u>	<u>5,265</u>	<u>5,090</u>	<u>30,272</u>	<u>637,814</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 7,019</u>	<u>\$ 504</u>	<u>\$ 900,995</u>	<u>\$ 36,465</u>	<u>\$ 5,090</u>	<u>\$ 183,320</u>	<u>\$ 1,133,393</u>

Oceana County Drainage Districts
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

Total Fund Balance - Governmental Funds	\$ 637,814
Capital assets used in governmental activities of \$4,092,864, net of accumulated depreciation of \$1,559,073, are not financial resources and therefore are not reported as assets in the governmental funds.	2,431,470
Long-term receivables are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds.	448,415
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of bonds and notes payable of \$739,385.	(522,682)
In the statement of activities, interest is accrued on outstanding bonds and notes payable, whereas in governmental funds, the interest expenditure is reported when due.	(14,082)
Total Net Position - Governmental Funds	\$ <u>2,980,935</u>

Oceana County Drainage Districts
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	Debt Service		Capital Projects				Total Governmental Funds	
	General	Drain Debt	Drain Equipment Revolving	Regular Drain	Drain Revolving	Crystal Lake Improvement		Stony Lake Board
Revenues								
Special Assessments	\$ --	\$ --	\$ --	\$ 127,494	\$ --	\$ --	\$ 41,047	\$ 168,541
Interest Revenues	--	--	--	606	--	--	--	606
<i>Total Revenues</i>	--	--	--	128,100	--	--	41,047	169,147
Expenditures								
Public Works	--	--	--	7,237	--	--	34,373	41,610
Debt Service - Principal	--	216,703	--	--	--	--	--	216,703
Debt Service - Interest	--	33,686	--	--	--	--	--	33,686
<i>Total Expenditures</i>	--	250,389	--	7,237	--	--	34,373	291,999
<i>Excess of Revenues Over (Under) Expenditures</i>	--	(250,389)	--	120,863	--	--	6,674	(122,852)
Other Financing Sources (Uses)								
Transfers In	--	228,718	--	--	--	--	--	228,718
Transfers Out	--	--	--	(228,718)	--	--	--	(228,718)
<i>Net Other Financing Sources (Uses)</i>	--	228,718	--	(228,718)	--	--	--	--
<i>Net Change in Fund Balance</i>	--	(21,671)	--	(107,855)	--	--	6,674	(122,852)
<i>Fund Balance at Beginning of Period</i>	--	21,671	504	704,538	5,265	5,090	23,598	760,666
<i>Fund Balance at End of Period</i>	\$ --	\$ --	\$ 504	\$ 596,683	\$ 5,265	\$ 5,090	\$ 30,272	\$ 637,814

Oceana County Drainage Districts
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	(122,852)
Capital outlays are reported as expenditures in the governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This amount represents current year depreciation expense.		(102,321)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		36,049
Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of note principal retirement of \$96,566.		216,703
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease/increase is to increase/decrease net position.		5,838
Changes in Net Position - Governmental Funds	\$	<u>33,417</u>

Oceana County Economic Development Corporation
Statement of Net Position
December 31, 2016

ASSETS

Current Assets

Cash	\$	78,829
Receivables, net		3,947
<i>Total Current Assets</i>		<u>82,776</u>

Noncurrent Assets

Long-term Receivables		5,838
<i>Total Assets</i>		<u>88,614</u>

LIABILITIES

Current Liabilities

Accounts Payable		1,003
Payroll Liabilities		1,018
Compensated Absences		6,182
<i>Total Current Liabilities</i>		<u>8,203</u>

NET POSITION

Restricted for:

Economic Development		80,411
----------------------	--	--------

Unrestricted

		--
<i>Total Net Position</i>		<u>\$ 80,411</u>

**Oceana County Economic Development Corporation
Statement of Activities
For the Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Community and Economic Development	\$ 67,485	\$ 2,694	\$ 62,700	\$ --	\$ (2,091)
<i>Total</i>	<u>\$ 67,485</u>	<u>\$ 2,694</u>	<u>\$ 62,700</u>	<u>\$ --</u>	<u>\$ (2,091)</u>

General Purpose Revenues:

Revenues

Interest Income	34
<i>Total General Revenues</i>	<u>34</u>
<i>Change in Net Position</i>	<u>(2,057)</u>
<i>Net Position at Beginning of Period</i>	82,468
<i>Net Position at End of Period</i>	<u>\$ 80,411</u>

Oceana County Economic Development Corporation
Balance Sheet
Governmental Funds
December 31, 2016

	<u>Special Revenue</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Revolving Loan Fund</u>	
ASSETS			
Cash	\$ 12,054	\$ 66,775	\$ 78,829
Receivables, net	--	9,785	9,785
<i>Total Assets</i>	<u>\$ 12,054</u>	<u>\$ 76,560</u>	<u>\$ 88,614</u>
LIABILITIES			
Accounts Payable	\$ 1,003	\$ --	\$ 1,003
Payroll Liabilities	1,018	--	1,018
<i>Total Liabilities</i>	2,021	--	2,021
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	--	9,785	9,785
<i>Total Liabilities and Deferred Inflows of Resources</i>	2,021	9,785	11,806
FUND BALANCE			
Restricted	10,033	66,775	76,808
Unassigned	--	--	--
<i>Total Fund Balance</i>	10,033	66,775	76,808
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 12,054</u>	<u>\$ 76,560</u>	<u>\$ 88,614</u>

Oceana County Economic Development Corporation
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

Total Fund Balance - Governmental Funds	\$	76,808
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consisted of compensated absences.		(6,182)
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds balance sheet.		9,785
Total Net Position - Governmental Funds	\$	<u>80,411</u>

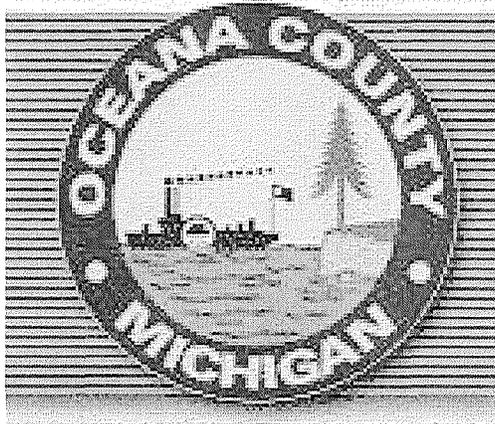
Oceana County Economic Development Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	<u>Special Revenue</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Revolving Loan Fund</u>	
Revenues			
Intergovernmental - Local	\$ 62,700	\$ --	\$ 62,700
Charges for Services	2,093	--	2,093
Other Revenue / Reimbursements	159	4,389	4,548
Interest Income	--	34	34
Total Revenues	<u>64,952</u>	<u>4,423</u>	<u>69,375</u>
Expenditures			
Wages and Fringes	53,074	--	53,074
Contractual Services	10,037	--	10,037
Advertising	1,330	--	1,330
Dues and Subscriptions	270	--	270
Travel	1,632	--	1,632
Supplies and Materials	443	--	443
Utilities	20	--	20
Community and Economic Development	--	148	148
Other	485	--	485
Total Expenditures	<u>67,291</u>	<u>148</u>	<u>67,439</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,339)</u>	<u>4,275</u>	<u>1,936</u>
Net Change in Fund Balance	<u>(2,339)</u>	<u>4,275</u>	<u>1,936</u>
<i>Fund Balance at Beginning of Period</i>	12,372	62,500	74,872
Fund Balance at End of Period	<u>\$ 10,033</u>	<u>\$ 66,775</u>	<u>\$ 76,808</u>

**Oceana County Economic Development Corporation
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2016**

Total Net Change in Fund Balances - Governmental Funds	\$	1,936
Some receivables are long-term in nature and collectible over several years. However, only the current receipts are reflected as revenues on the fund statements.		(3,947)
The change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(46)
Changes in Net Position - Governmental Funds	\$	<u>(2,057)</u>

**OCEANA COUNTY
ANNUAL CONTINUING DISCLOSURE (UNAUDITED)
YEAR ENDED DECEMBER 31, 2016**



Oceana County
Continuing Disclosure – Unaudited
December 31, 2016

ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof is filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: County of Oceana, State of Michigan
Issuer's Six-Digit CUSIP Number(s): 675175 and 428073
Number of pages of the attached Annual Report or portion thereof: four pages
Fiscal Period: January 1, 2016 to December 31, 2016

Name of Bond Issues to which the attached Annual Report relates:

Hesperia Intercounty Drainage District, dated July 12, 2001	CUSIP 428073
County of Oceana, Capital Improvement Refunding Bonds, Series 2012A	675175
County of Oceana, Capital Improvement Refunding Bonds, Series 2012B	675175

I hereby represent that I am authorized by the Issuer to distribute this information publicly.

Signature:

/s/ Robert J. Sobie, Ph.D.

Name: Robert J. Sobie, Ph.D.
Title: Administrator/Fiscal Officer
Employer: County of Oceana
Address: 100 State Street, Suite M-4
Hart, Michigan 49420
Telephone: 231.873.4835

Oceana County
 Continuing Disclosure – Unaudited
 December 31, 2016

COUNTY TAXATION AND LIMITATIONS

Property Tax Levy History

<u>Purpose</u>	<u>7/1/2016</u>	<u>12/1/2016</u>
County Operating ⁽¹⁾	5.6708	-
Ambulance Service ^{(1) (2)}	-	0.9948
Medical Care Facility ^{(1) (2)}	-	2.4847
Council on Aging ⁽²⁾	-	0.7493
Veterans ⁽²⁾	-	0.1000
911 ⁽¹⁾	-	0.1398
Total County	<u>5.6760</u>	<u>4.4686</u>

(1) Reduced from allocated amounts as a result of the 1994 State Constitutional Amendment.

(2) Voter approved millages.

SEV and Taxable Valuation History

<u>Year of Valuation</u>	<u>SEV</u>	<u>Taxable Valuation</u>	<u>SEV Percentage Over Prior Year</u>	<u>Taxable Valuation Percent Over Prior Year</u>
2016	\$ 1,536,204,284	\$ 1,164,364,807	0.08%	0.07%

Property Tax Collection History

<u>Year of Levy</u>	<u>Total Tax Levy as of December 1</u>	<u>Collections to March 1 Year Following Levy</u>	<u>% Collected</u>	<u>Collections to July 1 Year Following Levy</u>
2016	44,351,933	40,902,914	92%	<u>Not available until 7/1/17</u>

REVENUES FROM THE STATE OF MICHIGAN

<u>Fiscal Year Ended/Ending</u>	<u>Revenue Sharing/CIP Payments</u>
December 31, 2016	<u>\$ 537,106</u>

Oceana County
Continuing Disclosure – Unaudited
December 31, 2016

COUNTY DEBT as of December 31, 2015

Statement of Legal Debt Margin

2015 State Equalized Valuation	\$ 1,536,204,284
Legal Debt Limit (10% of SEV)	153,620,428
Debt Outstanding	1,990,000
Additional debt that can legally be incurred	\$ 143,257,396

Debt outstanding as a percentage of 2016 SEV 0.2%

Debt Statement

The following table reflects a breakdown of the County's direct and overlapping debt as of December 31, 2016. Bonds designated L.T.G.O. are limited tax pledge bonds.

Direct Debt	Gross	Self-supporting or Portion Paid Directly by Benefited Municipalities	Net	Net Debt	
				Per Capita ⁽¹⁾	Percent of SEV
Capital Improvement Bods (L.T.G.O.)	\$ 3,140,000	\$ -	\$ 1,990,000		
Drain Bonds (L.T.G.O.)	275,000	170,000	-		
Totals	\$ 3,415,000	\$ 170,000	\$ 1,990,000	\$ 75	0.13%
Overlapping Debt of County ⁽²⁾					
School Districts			\$ 59,968,151		
Cities			375,000		
Villages			1,347,892		
Library			355,950		
Township			441		
Total Overlapping Debt			62,047,434	2,335	4.04%
Total County Net and Overlapping Debt			\$ 64,037,434	\$ 2,410	4.17%

(1) Census figures are obtained directly from the U.S. Census Bureau

(2) Overlapping debt is the issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer, i.e. School District to City). The debt is generally apportioned based upon relative assessed values.

Source: County of Oceana, Municipal Advisory Council of Michigan

Debt History

There is no record of default on any obligation of the County.

Short-term Financing

The County has not issued short-term obligations for cash flow purposes.

Oceana County
 Continuing Disclosure – Unaudited
 December 31, 2016

Lease Obligations

As of December 31, 2016 the County had no capital lease obligations.

Retirement System

For a description of the retirement benefits of the County employees as of December 31, 2016 see the County's GENERAL PURPOSE FINANCIAL STATEMENTS – Notes to General Purpose Financial Statements – Note 8 at the link shown below:

<https://treas-secure.state.mi.us/LAFDocSearch/>

LABOR CONTRACTS

Some of the County's employees are represented by labor organizations. The following table illustrates the various labor organizations that represent County employees, the number of members and non-members and the current contract date.

<u>Bargaining Unit</u>	<u>Employees at December 31 2016</u>	<u>Current Contract Expiration Date</u>
County Sheriff Department	29	12/31/2018
Medical Care Facility	193	12/31/2017
Ambulance	20	12/31/2018
Non-Union	89	
Total	331	

Major Taxpayers

<u>Taxpayer</u>	<u>Product or Service</u>	<u>2016 Taxable Value</u>	<u>Percent of Total 2016 Taxable Value</u>
Arbre Farms Corp	Agriculture	\$ 13,224,595	1.14%
Oceana Co Freezer Storage, Inc.	Agriculture	13,055,591	1.12%
E & L Peterson Land, Inc.	Agriculture	11,292,876	0.97%
Great Lakes Energy	Utilities	8,756,274	0.75%
Peterson Farm Fresh Inc.	Agriculture	7,797,000	0.67%
Consumers Energy	Utilities	6,420,070	0.55%
Gray & Company, LLC	Agriculture	4,480,565	0.38%
Double JJ Propco LLC	Resort/Restaurant	4,472,284	0.38%
Wolverine Power Supply Co-Op	Utilities	3,842,772	0.33%
Michigan Electric Commission	Utilities	3,077,462	0.26%
	Totals	\$ 76,419,489	6.56%

SOURCE: County of Oceana

- Management's assumptions used to calculate the actuarial report and the net present value of post-employment benefits, including health and pension benefits.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 26, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules, the required pension and OPEB schedules, and management's discussion and analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Oceana County's continuing disclosure filing, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of management, the Board of Commissioners, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Gabridge & Company, PLC
Grand Rapids, MI