



**OCEANA COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017**

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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, 2017, 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 47.9 percent, 53.5 percent, and 33.6 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, 2017, 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.

Emphasis of Matter

As described in Note 14 to the financial statements, during the year ended December 31, 2017, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing this pronouncement, the County's net OPEB liability has been recognized on the government-wide statements and, as discussed in Note 14, the 2016 financial statements have been restated. Our opinion is not modified with respect to this matter.

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". The signature is written in dark ink and is positioned above the typed name of the firm.

Gabridge & Company, PLC
Grand Rapids, Michigan
June 29, 2018

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, 2017. 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, 2017 by \$10,779,597. Of this amount, \$4,798,627 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased \$1,321,933 during 2017. Revenues remained steady across all County funds during the year and expenses for the County decreased by \$1,123,870 from the prior fiscal year.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$7,252,187, an increase of \$538,479 in comparison with the prior year. Approximately 69% of this amount (or \$4,977,611) is available for spending at the government's discretion (unassigned fund balance).
- At December 31, 2017, unassigned fund balance for the general fund was \$4,977,611, or 48% of the general fund's annualized expenditures and transfers out.
- The County paid down long-term debt by \$400,000 during 2017.

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

changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued interest expense and long-term debt).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government services (such as: administration, clerk, and treasurer); judicial activities (courts); public safety (sheriff, road patrol, marine safety); public works; health and welfare (such as: health, mental health, and child care), and a variety of other services. The business-type activities of the County include delinquent tax collections and jail commissary activities.

The County includes other legally separate entities in its financial statements: the Oceana County Drain Commission, Oceana County Road Commission, Oceana County Board of Public Works, Oceana Medical Care Facility, and the Oceana County Economic Development Corporation. Although legally separate, these component units are important because the County is financially accountable for them. The Oceana County Road Commission and Oceana County Medical Care Facility issued separate audited financial statements and those statements can be obtained at their respective administrative offices or from the County Administrator's office.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, ambulance, and senior

citizens' tax funds, each 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 budgetary compliance and its 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 \$10,779,597 at the close of the most recent fiscal year. A large portion of the County's net position (35.5%, or \$3,821,067) 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.

An additional portion of the County's net position (20.0%, or \$2,159,903) 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 (44.5%, or \$4,798,627) 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.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 7,283,422	\$ 6,563,081	\$ 4,083,358	\$ 4,993,353	\$ 11,366,780	\$ 11,556,434
Taxes Receivable	2,843,411	2,575,872	1,298,568	1,668,455	4,141,979	4,244,327
Accounts Receivable	265,916	418,408	-	-	265,916	418,408
Due from Other Governments	257,715	91,859	-	-	257,715	91,859
Prepaid Items	57,482	157,562	-	-	57,482	157,562
Total Current Assets	10,707,946	9,806,782	5,381,926	6,661,808	16,089,872	16,468,590
<i>Noncurrent Assets</i>						
Advances to Other Governmental Units	31,200	31,200	-	-	31,200	31,200
Capital Assets not Being Depreciated	1,730,509	1,686,025	-	-	1,730,509	1,686,025
Capital Assets Being Depreciated	3,680,558	3,448,711	-	-	3,680,558	3,448,711
Total Assets	16,150,213	14,972,718	5,381,926	6,661,808	21,532,139	21,634,526
DEFERRED OUTFLOWS OF RESOURCES						
Pension	2,725,112	2,708,712	-	-	2,725,112	2,708,712
Total Deferred Outflows of Resources	2,725,112	2,708,712	-	-	2,725,112	2,708,712
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	228,931	189,104	484	941	229,415	190,045
Accrued Wages	241,789	248,693	-	-	241,789	248,693
Accrued Interest	7,542	8,739	-	-	7,542	8,739
Current Portion of Long-term Debt	245,000	400,000	-	1,321,000	245,000	1,721,000
Current Portion of Compensated Absences	178,157	174,333	-	-	178,157	174,333
Total Current Liabilities	901,419	1,020,869	484	1,321,941	901,903	2,342,810
<i>Noncurrent Liabilities</i>						
Long-term Debt	1,345,000	1,590,000	-	-	1,345,000	1,590,000
Compensated Absences	485,546	473,598	-	-	485,546	473,598
Net Other Post-employment Benefit Obligation	422,827	426,422	-	-	422,827	426,422
Net Pension Liability	7,686,714	7,900,366	-	-	7,686,714	7,900,366
Total Liabilities	10,841,506	11,411,255	484	1,321,941	10,841,990	12,733,196
DEFERRED INFLOWS OF RESOURCES						
Taxes Levied for a Subsequent Period	2,635,664	2,152,378	-	-	2,635,664	2,152,378
Total Deferred Inflows of Resources	2,635,664	2,152,378	-	-	2,635,664	2,152,378
NET POSITION						
Net Investment in Capital Assets	3,821,067	3,144,736	-	-	3,821,067	3,144,736
Restricted	2,159,903	2,082,949	-	-	2,159,903	2,082,949
Unrestricted	(582,815)	(1,109,888)	5,381,442	5,339,867	4,798,627	4,229,979
Total Net Position	\$ 5,398,155	\$ 4,117,797	\$ 5,381,442	\$ 5,339,867	\$ 10,779,597	\$ 9,457,664

The County's total net position increased by 14.0%, or \$1,321,933, from \$9,457,664 to \$10,779,597 for the year ended December 31, 2017. 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	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 3,160,974	\$ 2,729,607	\$ 1,049,732	\$ 1,004,985	\$ 4,210,706	\$ 3,734,592
Operating Grants and Contributions	1,407,156	1,674,342	-	-	1,407,156	1,674,342
Capital Grants and Contributions	166,476	160,727	-	-	166,476	160,727
General Revenues						
Property Taxes	9,188,607	9,325,723	-	-	9,188,607	9,325,723
State Revenue Sharing	542,383	537,106	-	-	542,383	537,106
Unrestricted Investment Earnings	65,796	28,688	26,955	-	92,751	28,688
Total Revenues	14,531,392	14,456,193	1,076,687	1,004,985	15,608,079	15,461,178
Expenses						
General Government	4,978,812	5,606,277	-	-	4,978,812	5,606,277
Public Safety	4,641,060	4,680,075	-	-	4,641,060	4,680,075
Public Works	348,112	382,900	-	-	348,112	382,900
Health and Welfare	3,586,032	3,757,207	-	-	3,586,032	3,757,207
Recreation and Culture	34,330	335,192	-	-	34,330	335,192
Community and Economic Development	60,187	60,843	-	-	60,187	60,843
Interest on Long-term Debt	51,488	63,247	-	-	51,488	63,247
Other Expenses	356,189	319,391	229,936	204,884	586,125	524,275
Total Expenses	14,056,210	15,205,132	229,936	204,884	14,286,146	15,410,016
Changes in Net Position Before Transfers	475,182	(748,939)	846,751	800,101	1,321,933	51,162
Transfers	805,176	462,362	(805,176)	(462,362)	-	-
Changes in Net Position	1,280,358	(286,577)	41,575	337,739	1,321,933	51,162
<i>Net Position at the Beginning of Period</i>	<i>4,117,797</i>	<i>4,404,374</i>	<i>5,339,867</i>	<i>5,002,128</i>	<i>9,457,664</i>	<i>9,406,502</i>
Net Position at the End of Period	\$ 5,398,155	\$ 4,117,797	\$ 5,381,442	\$ 5,339,867	\$10,779,597	\$ 9,457,664

Governmental activities

Governmental activities increased the County's net position by \$1,280,358. This was primarily the result of a favorable market performance of the County's pension and OPEB assets causing the net pension and OPEB liabilities to decrease. These decreased liabilities *reduced* the County's governmental activities *expenses* by \$233,647 during 2017. Conversely, the County recognized an *additional* \$575,561 of pension and OPEB *expenses* during 2016 as a result of poor market performance on its pension and OPEB assets. In addition, there was an increase in charges for services of \$431,367 from the prior year.

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 \$41,575, which is down by \$296,164 from 2016. The large difference in increase was the result of an increase in transfers out to the general fund.

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 48% of total general fund expenditures, including transfers out.

General fund balance increased by \$497,824, from \$4,611,728 to \$5,109,552 during 2017. 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.

The ambulance fund had an increase in fund balance during the year of \$99,944, from \$641,302 to \$741,246. This is a result of significantly less capital outlay expenditures this year compared to the prior year and an increase in charges for services during the year.

The senior citizens' tax fund had a decrease in fund balance during the year of \$4,609, from \$4,627 to \$18. This is a result of an increase in tax revenues and corresponding expenditures of the same amount.

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 \$1,610,013 and for the delinquent tax revolving fund it was \$3,740,839. The foreclosure fund experienced a decrease in net position in the amount of \$553,460 during the year primarily due to an increased amount of transfers out to other funds. The delinquent tax revolving fund had a growth in net position of \$586,040 primarily due to having no transfers out during the year when compared to 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 differences between the final budgeted expenditures and actual expenditures for 2017.

Capital Asset and Debt Administration

Capital assets. As of December 31, 2017, the County's investment in capital assets for its governmental activities amounted to \$5,411,067 (net of accumulated depreciation). The investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and vehicles. The net increase in the County's capital assets for its governmental activities during 2017 was \$276,331, or 5%.

Significant capital asset additions during 2017 included:

- Five new police vehicles
- County services building and improvements

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

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Land	\$ 1,730,509	\$ 1,730,509
Land improvements	239,204	289,608
Buildings and improvements	2,509,725	2,057,349
Machinery and equipment	829,457	950,505
Infrastructure	102,172	106,765
Total	<u>\$ 5,411,067</u>	<u>\$ 5,134,736</u>

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, 2017, the County had long-term debt outstanding of \$1,590,000 in its governmental activities, exclusive of compensated absences. At a minimum, all bonds are backed by the County's full faith and credit.

The County's total long-term debt decreased by \$400,000 during the year ended December 31, 2017. The County retired \$400,000 of general obligation bonds and retired all of its short-term 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, 2017.

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

	Long-term Debt					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bonds payable	\$ 1,590,000	\$ 1,990,000	\$ -	\$ -	\$ 1,590,000	\$ 1,990,000
Delinquent tax revolving notes	-	-	-	1,321,000	-	1,321,000
Total	<u>\$ 1,590,000</u>	<u>\$ 1,990,000</u>	<u>\$ -</u>	<u>\$ 1,321,000</u>	<u>\$ 1,590,000</u>	<u>\$ 3,311,000</u>

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 \$10,100,000 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 2017. 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 2018, 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, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 7,283,422	\$ 4,083,358	\$ 11,366,780	\$ 3,360,631
Taxes Receivable	2,843,411	1,298,568	4,141,979	2,535,755
Accounts Receivable	265,916	--	265,916	1,754,448
Due from Other Governments	257,715	--	257,715	967,265
Prepays	57,482	--	57,482	70,026
Inventory	--	--	--	304,298
Total Current Assets	10,707,946	5,381,926	16,089,872	8,992,423
<i>Noncurrent Assets</i>				
Restricted Cash and Investments	--	--	--	300,912
Advances to Other Governmental Units	31,200	--	31,200	--
Capital Asset not Being Depreciated	1,730,509	--	1,730,509	1,065,877
Capital Assets Being Depreciated	3,680,558	--	3,680,558	43,090,935
Long-term Receivables	--	--	--	349,239
Total Assets	16,150,213	5,381,926	21,532,139	53,799,386
DEFERRED OUTFLOWS OF RESOURCES				
Pension	2,725,112	--	2,725,112	1,369,724
Total Deferred Outflows of Resources	2,725,112	--	2,725,112	1,369,724
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	228,931	484	229,415	1,273,490
Accrued Wages	241,789	--	241,789	354,794
Accrued Interest	7,542	--	7,542	6,493
Current Portion of Long-term Debt	245,000	--	245,000	106,077
Other Liabilities	--	--	--	572,928
Current Portion of Compensated Absences	178,157	--	178,157	432,112
Total Current Liabilities	901,419	484	901,903	2,745,894
<i>Noncurrent Liabilities</i>				
Advances from Other Governmental Units	--	--	--	31,200
Compensated Absences	485,546	--	485,546	3,606
Long-term Debt	1,345,000	--	1,345,000	921,605
Net Other Post-employment Benefit Obligation	422,827	--	422,827	742,145
Net Pension Liability	7,686,714	--	7,686,714	3,488,675
Total Liabilities	10,841,506	484	10,841,990	7,933,125
DEFERRED INFLOWS OF RESOURCES				
Taxes Levied for a Subsequent Period	2,635,664	--	2,635,664	3,111,813
Total Deferred Inflows of Resources	2,635,664	--	2,635,664	3,111,813
NET POSITION				
Net Investment in Capital Assets	3,821,067	--	3,821,067	43,129,130
<i>Restricted for:</i>				
Public Works	--	--	--	1,859,346
Other Purposes	2,159,903	--	2,159,903	346,493
<i>Unrestricted</i>	(582,815)	5,381,442	4,798,627	(1,210,797)
Total Net Position	\$ 5,398,155	\$ 5,381,442	\$ 10,779,597	\$ 44,124,172

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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 4,978,812	\$ 1,192,081	\$ 845,576	\$ --	\$ (2,941,155)	\$ --	\$ (2,941,155)	\$ --
Public Safety	4,641,060	607,807	338,632	163,184	(3,531,437)	--	(3,531,437)	--
Public Works	348,112	169,801	--	--	(178,311)	--	(178,311)	--
Health and Welfare	3,586,032	1,153,431	222,948	--	(2,209,653)	--	(2,209,653)	--
Community and Economic Development	60,187	23,847	--	--	(36,340)	--	(36,340)	--
Recreation and Culture	34,330	14,007	--	3,292	(17,031)	--	(17,031)	--
Other Expenditures	356,189	--	--	--	(356,189)	--	(356,189)	--
Interest on Long-term Debt	51,488	--	--	--	(51,488)	--	(51,488)	--
Total Governmental Activities	14,056,210	3,160,974	1,407,156	166,476	(9,321,604)	--	(9,321,604)	--
Business-type Activities:								
Foreclosure	165,171	414,276	--	--	--	249,105	249,105	--
Homestead Denial	215	1,790	--	--	--	1,575	1,575	--
Delinquent Tax Revolving	47,769	616,501	--	--	--	568,732	568,732	--
Housing Commission	7,000	--	--	--	--	(7,000)	(7,000)	--
Jail Commissary	9,781	17,165	--	--	--	7,384	7,384	--
Total Business-type Activities	229,936	1,049,732	--	--	--	819,796	819,796	--
Total Primary Government	\$ 14,286,146	\$ 4,210,706	\$ 1,407,156	\$ 166,476	\$ (9,321,604)	\$ 819,796	\$ (8,501,808)	--
Component Units								
Total Component Units	\$ 25,205,523	\$ 20,505,003	\$ 2,596,243	\$ --	--	--	--	(2,104,277)
Total Component Units	\$ 25,205,523	\$ 20,505,003	\$ 2,596,243	\$ --	--	--	--	(2,104,277)
General Purpose Revenues and Transfers:								
Revenues								
Taxes					9,188,607	--	9,188,607	2,829,928
Intergovernmental					542,383	--	542,383	--
Interest Income					65,796	26,955	92,751	27,714
Transfers					<u>805,176</u>	<u>(805,176)</u>	<u>--</u>	<u>--</u>
Total General Revenues and Transfers					<u>10,601,962</u>	<u>(778,221)</u>	<u>9,823,741</u>	<u>2,857,642</u>
Change in Net Position					1,280,358	41,575	1,321,933	753,365
<i>Net Position at Beginning of Period (restated, Note 14)</i>					4,117,797	5,339,867	9,457,664	43,370,807
Net Position at End of Period					\$ 5,398,155	\$ 5,381,442	\$ 10,779,597	\$ 44,124,172

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

**Oceana County
Balance Sheet
Governmental Funds
December 31, 2017**

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>Ambulance Fund</u>	<u>Senior Citizens' Tax</u>	<u>Other Governmental Funds</u>	
ASSETS					
Cash and Investments	\$ 4,903,748	\$ 793,063	\$ 142,806	\$ 1,443,805	\$ 7,283,422
Taxes Receivable	556,760	1,018,021	1,022,929	245,701	2,843,411
Accounts Receivable	47,478	201,998	--	16,440	265,916
Due from Other Governments	247,231	--	--	10,484	257,715
Prepays	42,091	10,333	--	5,058	57,482
Advances to Other Governmental Units	31,200	--	--	--	31,200
Total Assets	\$ 5,828,508	\$ 2,023,415	\$ 1,165,735	\$ 1,721,488	\$ 10,739,146
LIABILITIES					
Accounts Payable	\$ 159,498	\$ 35,366	\$ --	\$ 34,067	\$ 228,931
Accrued Wages	178,883	56,708	--	6,198	241,789
Total Liabilities	338,381	92,074	--	40,265	470,720
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	380,575	--	--	--	380,575
Taxes Levied for a Subsequent Period	--	1,190,095	1,165,717	279,852	2,635,664
Total Liabilities and Deferred Inflows of Resources	718,956	1,282,169	1,165,717	320,117	3,486,959
FUND BALANCE					
Nonspendable	73,291	10,333	--	5,359	88,983
Restricted	58,650	730,913	18	1,354,630	2,144,211
Committed	--	--	--	41,382	41,382
Unassigned	4,977,611	--	--	--	4,977,611
Total Fund Balance	5,109,552	741,246	18	1,401,371	7,252,187
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,828,508	\$ 2,023,415	\$ 1,165,735	\$ 1,721,488	\$ 10,739,146

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, 2017

Total Fund Balance - Governmental Funds	\$	7,252,187
General government capital assets of \$11,266,715, net of accumulated depreciation of \$5,855,648, are not financial resources and, accordingly, are not reported in the funds.		5,411,067
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(7,542)
Long-term liabilities are not due any payable in the current period and, therefore, are not reported in the funds.		(1,590,000)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(663,703)
The net other postemployment benefit liability is not an available resource and, therefore, is not reported in the funds.		(422,827)
Net pension liability is not due and payable in the current period and is not reported in the funds.		(7,686,714)
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.		2,725,112
Unavailable revenues are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.		380,575
Total Net Position - Governmental Funds	\$	<u>5,398,155</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, 2017

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>Ambulance Fund</u>	<u>Senior Citizens' Tax</u>	<u>Other Governmental Funds</u>	
Revenues					
Taxes	\$ 6,928,175	\$ 1,157,736	\$ 872,000	\$ 384,220	\$ 9,342,131
Licenses and Permits	28,288	--	--	366,783	395,071
Intergovernmental	1,680,001	--	--	434,180	2,114,181
Charges for Services	1,145,041	1,031,200	--	89,801	2,266,042
Fines and Forfeits	19,189	--	--	3,500	22,689
Interest and Rents	55,608	4,931	11	5,247	65,797
Other Revenue	222,897	113,533	--	142,575	479,005
Total Revenues	<u>10,079,199</u>	<u>2,307,400</u>	<u>872,011</u>	<u>1,426,306</u>	<u>14,684,916</u>
Expenditures					
General Government	4,917,023	--	--	76,950	4,993,973
Public Safety	3,791,009	--	--	681,431	4,472,440
Public Works	290,694	--	--	--	290,694
Health and Welfare	44,348	2,084,029	876,620	517,428	3,522,425
Community and Economic Development	60,187	--	--	--	60,187
Recreation and Culture	22,640	--	--	--	22,640
Other Expenditures	356,189	--	--	--	356,189
Debt Service - Principal	--	--	--	400,000	400,000
Debt Service - Interest	--	--	--	52,685	52,685
Capital Outlay	90,088	98,877	--	591,415	780,380
Total Expenditures	<u>9,572,178</u>	<u>2,182,906</u>	<u>876,620</u>	<u>2,319,909</u>	<u>14,951,613</u>
Excess of Revenues Over (Under) Expenditures	<u>507,021</u>	<u>124,494</u>	<u>(4,609)</u>	<u>(893,603)</u>	<u>(266,697)</u>
Other Financing Sources (Uses)					
Transfers In	710,022	--	--	881,257	1,591,279
Transfers Out	(719,219)	(24,550)	--	(42,334)	(786,103)
Net Other Financing Sources (Uses)	<u>(9,197)</u>	<u>(24,550)</u>	<u>--</u>	<u>838,923</u>	<u>805,176</u>
Net Change in Fund Balance	497,824	99,944	(4,609)	(54,680)	538,479
<i>Fund Balance at Beginning of Period</i>	4,611,728	641,302	4,627	1,456,051	6,713,708
Fund Balance at End of Period	<u>\$ 5,109,552</u>	<u>\$ 741,246</u>	<u>\$ 18</u>	<u>\$ 1,401,371</u>	<u>\$ 7,252,187</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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	538,479
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.		1,197
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 \$780,380 exceeded depreciation expense of \$482,691 and loss on disposal of fixed assets of \$21,358.		276,331
Repayment of bond principal is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		400,000
The change in other postemployment benefit liability does not provide current financial resources and, therefore, is not reported in the funds.		3,595
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.		(15,772)
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.		230,052
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources.		(153,524)
Changes in Net Position - Governmental Funds	\$	<u>1,280,358</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, 2017**

Business-type Activities - Enterprise Funds

	<u>Foreclosure</u>	<u>Delinquent Tax Revolving</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 1,610,497	\$ 2,442,271	\$ 30,590	\$ 4,083,358
Taxes Receivable	--	1,298,568	--	1,298,568
Total Assets	1,610,497	3,740,839	30,590	5,381,926
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	484	--	--	484
Total Liabilities	484	--	--	484
NET POSITION				
<i>Unrestricted</i>	1,610,013	3,740,839	30,590	5,381,442
Total Net Position	\$ 1,610,013	\$ 3,740,839	\$ 30,590	\$ 5,381,442

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, 2017

Business-type Activities - Enterprise Funds

	Foreclosure	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues				
Interest and Penalties on Delinquent Taxes	\$ --	\$ 616,501	\$ --	\$ 616,501
Charges for Services	122,707	--	17,165	139,872
Other Revenue	291,569	--	1,790	293,359
Total Operating Revenues	414,276	616,501	18,955	1,049,732
Operating Expenses				
Public Safety	--	--	9,781	9,781
Community and Economic Development	--	--	7,000	7,000
Other Expenses	165,171	47,769	215	213,155
Total Operating Expenses	165,171	47,769	16,996	229,936
Operating Income (Loss)	249,105	568,732	1,959	819,796
Non-Operating Revenues (Expenses)				
Interest Income	9,611	17,308	36	26,955
Net Non-Operating Revenues (Expenses)	9,611	17,308	36	26,955
Income Before Contributions and Transfers	258,716	586,040	1,995	846,751
Transfers In	384,969	--	7,000	391,969
Transfers Out	(1,197,145)	--	--	(1,197,145)
Change In Net Position	(553,460)	586,040	8,995	41,575
<i>Net Position at Beginning of Period</i>	2,163,473	3,154,799	21,595	5,339,867
Net Position at End of Period	\$ 1,610,013	\$ 3,740,839	\$ 30,590	\$ 5,381,442

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

**Oceana County
Statement of Cash Flows
Proprietary Funds
December 31, 2017**

Business-type Activities - Enterprise Funds

	Foreclosure	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities				
Receipts from Customers	\$ 414,276	\$ 986,388	\$ 18,955	\$ 1,419,619
Cash Paid to Suppliers	(165,628)	(47,769)	(16,996)	(230,393)
Net Cash Provided by Operating Activities	248,648	938,619	1,959	1,189,226
Cash Flows from Noncapital and Related Financing Activities				
Net Transfers	(812,176)	-	7,000	(805,176)
Note Retirement	-	(1,321,000)	-	(1,321,000)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(812,176)	(1,321,000)	7,000	(1,321,000)
Cash Flows from Investing Activities				
Interest Income	9,611	17,308	36	26,955
Net Cash Provided by Investing Activities	9,611	17,308	36	26,955
Net Increase (Decrease) in Cash Equivalents	(553,917)	(365,073)	8,995	(909,995)
Cash and Investments - Beginning of the Year	2,164,414	2,807,344	21,595	4,993,353
Cash and Investments - End of the Year	\$ 1,610,497	\$ 2,442,271	\$ 30,590	\$ 4,083,358
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 249,105	\$ 568,732	\$ 1,959	\$ 819,796
Adjustments to Reconcile Operating Income to Net Cash				
Change in Assets and Liabilities:				
Taxes Receivable	-	369,887	-	369,887
Accounts Payable	(457)	-	-	(457)
Net Cash Provided by Operating Activities	\$ 248,648	\$ 938,619	\$ 1,959	\$ 1,189,226

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, 2017

	Agency
ASSETS	
Cash and Investments	\$ 476,953
Accounts Receivable	17,194
<i>Total Assets</i>	494,147
LIABILITIES	
Assets Held on Behalf of Others	494,147
<i>Total Liabilities</i>	\$ 494,147

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, 2017

	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 Investments	\$ 1,275,950	\$ --	\$ --	\$ 19,203	\$ 412,203	\$ 1,653,275	\$ 3,360,631
Taxes Receivable	--	--	--	--	--	2,535,755	2,535,755
Accounts Receivable	--	--	5,693	--	121,562	1,627,193	1,754,448
Due from Other Governments	967,265	--	--	--	--	--	967,265
Prepays	--	--	--	--	--	70,026	70,026
Inventory	212,233	--	--	600	--	91,465	304,298
Total Current Assets	2,455,448	--	5,693	19,803	533,765	5,977,714	8,992,423
<i>Noncurrent Assets</i>							
Restricted Cash and Investments	--	--	--	--	--	300,912	300,912
Capital Asset not Being Depreciated	145,094	--	--	--	--	920,783	1,065,877
Capital Assets Being Depreciated	23,196,230	--	--	--	2,329,149	17,565,556	43,090,935
Long-term Receivables	--	--	28,821	--	320,418	--	349,239
Total Assets	25,796,772	--	34,514	19,803	3,183,332	24,764,965	53,799,386
DEFERRED OUTFLOWS OF RESOURCES							
Pension	--	--	--	--	--	1,369,724	1,369,724
Total Deferred Outflows of Resources	--	--	--	--	--	1,369,724	1,369,724
LIABILITIES							
<i>Current Liabilities</i>							
Accounts Payable	68,045	--	1,030	--	3,250	1,201,165	1,273,490
Accrued Wages	--	--	1,366	--	--	353,428	354,794
Accrued Interest	--	--	--	--	6,493	--	6,493
Current Portion of Long-term Debt	69,994	--	--	--	36,083	--	106,077
Other Liabilities	499,045	--	--	--	--	73,883	572,928
Current Portion of Compensated Absences	96,501	--	6,340	--	--	329,271	432,112
Total Current Liabilities	733,585	--	8,736	--	45,826	1,957,747	2,745,894
<i>Noncurrent Liabilities</i>							
Advances from Other Governmental Units	--	--	--	--	31,200	--	31,200
Compensated Absences	3,606	--	--	--	--	--	3,606
Long-term Debt	716,690	--	--	--	204,915	--	921,605
Net Other Post-employment Benefit Obligation	742,145	--	--	--	--	--	742,145
Net Pension Liability	--	--	--	--	--	3,488,675	3,488,675
Total Liabilities	2,196,026	--	8,736	--	281,941	5,446,422	7,933,125
DEFERRED INFLOWS OF RESOURCES							
Taxes Levied for a Subsequent Period	--	--	--	--	--	3,111,813	3,111,813
Total Deferred Inflows of Resources	--	--	--	--	--	3,111,813	3,111,813
NET POSITION							
Net Investment in Capital Assets	22,554,640	--	--	--	2,088,151	18,486,339	43,129,130
<i>Public Works</i>	1,046,106	--	--	--	813,240	--	1,859,346
Other Purposes	--	--	25,778	19,803	--	300,912	346,493
<i>Unrestricted</i>	--	--	--	--	--	(1,210,797)	(1,210,797)
Total Net Position	\$ 23,600,746	\$ --	\$ 25,778	\$ 19,803	\$ 2,901,391	\$ 17,576,454	\$ 44,124,172

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

Oceana County
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2017

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Economic Development Corporation</u>	<u>Land Bank</u>	<u>Drainage Districts</u>	<u>Medical Care Facility</u>	<u>Total Component Units</u>
Expenses							
General Government	\$ --	\$ --	\$ --	\$ 270	\$ --	\$ --	\$ 270
Public Works	8,585,929	2,236	--	--	164,163	--	8,752,328
Health and Welfare	--	--	--	--	--	16,316,477	16,316,477
Community and Economic Development	--	--	119,562	--	--	--	119,562
Interest on Long-term Debt	--	--	--	--	16,886	--	16,886
Total Expenses	<u>8,585,929</u>	<u>2,236</u>	<u>119,562</u>	<u>270</u>	<u>181,049</u>	<u>16,316,477</u>	<u>25,205,523</u>
Program Revenues							
Charges for Services	7,430,015	--	3,429	559	99,338	12,971,662	20,505,003
Operating Grants and Contributions	1,300,800	--	61,500	--	--	1,233,943	2,596,243
Total Program Revenues	<u>8,730,815</u>	<u>--</u>	<u>64,929</u>	<u>559</u>	<u>99,338</u>	<u>14,205,605</u>	<u>23,101,246</u>
Net Program Revenues (Expenses)	<u>144,886</u>	<u>(2,236)</u>	<u>(54,633)</u>	<u>289</u>	<u>(81,711)</u>	<u>(2,110,872)</u>	<u>(2,104,277)</u>
General Revenue							
Taxes	--	--	--	787	--	2,829,141	2,829,928
Interest Income	3,787	--	--	--	2,167	21,760	27,714
Total General Revenues	<u>3,787</u>	<u>--</u>	<u>--</u>	<u>787</u>	<u>2,167</u>	<u>2,850,901</u>	<u>2,857,642</u>
Change in Net Position	<u>148,673</u>	<u>(2,236)</u>	<u>(54,633)</u>	<u>1,076</u>	<u>(79,544)</u>	<u>740,029</u>	<u>753,365</u>
<i>Net Position at Beginning of Period (restated, Note 14)</i>	23,452,073	2,236	80,411	18,727	2,980,935	16,836,425	43,370,807
Net Position at End of Period	<u>\$ 23,600,746</u>	<u>\$ --</u>	<u>\$ 25,778</u>	<u>\$ 19,803</u>	<u>\$ 2,901,391</u>	<u>\$ 17,576,454</u>	<u>\$ 44,124,172</u>

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

Notes to the Financial Statements

Oceana County

Notes to the Financial Statements

Note 1 - Description of County Operations and Summary of Significant Accounting Policies

Oceana County, Michigan (the “County” or “government”) was incorporated in 1855 and covers an area of approximately 1,296 square miles with the County seat located in the City of Hart. The County operates under an elected Board of Commissioners and provides services to its more than 26,800 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County’s more significant accounting policies are described below.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the County (primary government) and its component units. The component units described in the sections below are included in the County’s reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities are, in substance, part of the County’s operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Blended Component Units

The *Oceana County Building Authority (the “Building Authority”)* is governed by a five-member board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Building Authority is reported as if it were part of the (blended) primary government because its sole purpose is to finance and construct the County’s public buildings. The Building Authority does not have any current on-going projects within the County.

Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, the County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and the County is such that exclusion of these entities would render the financial statements misleading or incomplete. These entities are reflected as discretely presented component units in accordance with applicable GASB standards.

The *Oceana County Road Commission (the “Road Commission”)* maintains local, state, and federal trunklines within Oceana County. The Road Commission operations are financed primarily

Oceana County

Notes to the Financial Statements

from the State distribution of gas and weight taxes, federal financial assistance, and contributions 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

Oceana County

Notes to the Financial Statements

cigarette tax funding to subsidize operations. Oceana County's contribution for the year ended December 31, 2017 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, 2017, the County passed through \$43,589. 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, 2017. 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, 2017 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

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Notes to the Financial Statements

and, as a result, the County has no financial responsibility other than potential liability related to 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

Oceana County

Notes to the Financial Statements

accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

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 **senior citizens' tax fund** is used to account for expenditures incurred related to senior 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.

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Notes to the Financial Statements

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.

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

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Notes to the Financial Statements

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

	<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

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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 units) are made to finance new activities during their initial operations and to finance capital acquisitions. For the governmental fund types, nonspendable fund balance is shown for the amount of advances made to reflect the fund balance not currently available for expenditure.

Compensated Absences

In accordance with the County personnel policies and/or contracts negotiated with the various employee groups of the County, including certain component units, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of December 31, 2017, including related payroll taxes, is recorded in the government-wide financial statements.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Property Taxes

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

The County's summer 2017 ad valorem taxes were levied and collectible on July 1, 2017. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's summer 2017 tax levy has been recognized as revenue in the current fiscal year. The 2017 adjusted taxable value of the County amounted to approximately \$1,163,457,199 on which ad valorem taxes levied for County general operating purposes consisted of 5.7500 mills. The Council on Aging

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Notes to the Financial Statements

levied 0.9993 mills, the ambulance fund levied 0.9948 mills, the soldiers' and sailors' relief fund levied 0.1000 mills, and the medical care facility levied 2.4847 mills.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2017. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the delinquent tax revolving fund. This activity is accounted for in the delinquent tax revolving (enterprise) fund.

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).

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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 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.

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Notes to the Financial Statements

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.

Pension

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2017.

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.

Oceana County

Notes to the Financial Statements

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.
- 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, 2017:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and Investments	\$ 11,366,780	\$ 3,360,631	\$ 14,727,411
Restricted Cash and Investments	-	300,912	300,912
Statement of Fiduciary Net Position			
Cash and Investments	476,953	-	476,953
Total Deposits and Investments	\$ 11,843,733	\$ 3,661,543	\$ 15,505,276

Deposits and investments consist of the following at December 31, 2017:

Cash on hand	\$ 3,950
Demand deposits (checking and savings accounts)	6,316,675
Investments	9,150,118
Certificates of deposits	34,533
Total	\$ 15,505,276

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At December 31, 2017, the Oceana County Medical Care Facility had \$300,912 in restricted cash and investments, consisting of \$48,991 in a bank deposit account restricted for donations and patient trust funds and \$251,921 on deposit with the Community Foundation for Muskegon County as an investment.

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, \$6,159,036 of the County's bank balance of \$6,693,423 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, 2017, the County had one investment that was subject to rating by a NRSRO, a Michigan CLASS account with an S&P rating of AAm.

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.

The County does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments and certificates of deposits held at year-end are summarized as follows:

	Certificates of Deposits	Investments
No Maturity	\$ -	\$ 9,150,118
Due Within 1-5 Years	34,533	-
	<u>\$ 34,533</u>	<u>\$ 9,150,118</u>

Oceana County

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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.

Fair Value Measurement

The County categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of December 31, 2017:

- Investments held with Michigan CLASS totaled \$8,898,197. Michigan CLASS is authorized to invest in the same investment types as local units of government in Michigan. These holdings are valued using level 2 inputs.
- Investments at the Oceana Medical Care Facility totaled \$251,921 and were on deposit with the Community Foundation for Muskegon County valued using level 2 inputs.

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, 2017:

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.

Oceana County

Notes to the Financial Statements

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	Foreclosure fund	\$ 650,000
General fund	Nonmajor governmental funds	31,022
General fund	General fund	29,000
Foreclosure fund	General fund	384,969
Nonmajor enterprise funds	General fund	7,000
Nonmajor governmental funds	General fund	298,250
Nonmajor governmental funds	Foreclosure fund	547,145
Nonmajor governmental funds	Ambulance fund	24,550
Nonmajor governmental funds	Nonmajor governmental funds	11,312

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, 2017.

Oceana County

Notes to the Financial Statements

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2017 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	4,097,460	569,458	-	4,666,918
Land improvements	848,780	-	-	848,780
Equipment and furniture	2,454,586	22,507	11,175	2,465,918
Vehicles	1,260,463	188,415	123,938	1,324,940
Infrastructure	229,650	-	-	229,650
Subtotal	<u>8,890,939</u>	<u>780,380</u>	<u>135,113</u>	<u>9,536,206</u>
Less accumulated depreciation for				
Buildings and improvements	2,040,111	117,082	-	2,157,193
Land improvements	559,172	50,404	-	609,576
Equipment and furniture	1,989,037	164,518	8,940	2,144,615
Vehicles	775,508	146,094	104,815	816,787
Infrastructure	122,885	4,593	-	127,478
Subtotal	<u>5,486,712</u>	<u>482,691</u>	<u>113,755</u>	<u>5,855,648</u>
Net capital assets being depreciated	<u>3,404,227</u>	<u>297,689</u>	<u>21,358</u>	<u>3,680,558</u>
Capital assets, net	<u>\$ 5,134,736</u>	<u>\$ 297,689</u>	<u>\$ 21,358</u>	<u>\$ 5,411,067</u>

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

General government	\$ 92,883
Public safety	256,632
Public works	57,411
Health and welfare	64,075
Recreation and culture	11,690
Total depreciation expense	<u>\$ 482,691</u>

The current year depreciation expense in the governmental activities of \$482,691 has been increased by \$21,358 for the disposal of capital assets during the year.

Oceana County

Notes to the Financial Statements

Capital asset activity for the drainage districts and the Economic Development Corporation for the year ended December 31, 2017 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	1,661,394	102,321	-	1,763,715
Capital assets, net	<u>\$ 2,431,470</u>	<u>\$ 102,321</u>	<u>\$ -</u>	<u>\$ 2,329,149</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, 2017:

	<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	\$ 1,990,000	\$ -	\$ 400,000	\$ 1,590,000	\$ 245,000
Compensated absences	647,931	15,772	-	663,703	178,157
	2,637,931	15,772	400,000	2,253,703	423,157
Business-type Activities					
Delinquent tax revolving					
Delinquent tax notes	1,321,000	2,450,000	3,771,000	-	-
Total Primary Government	<u>\$ 3,958,931</u>	<u>\$ 2,465,772</u>	<u>\$ 4,171,000</u>	<u>\$ 2,253,703</u>	<u>\$ 423,157</u>

Long-term debt activity for the drainage districts and economic development corporation for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component Units					
Drainage Districts					
Drain bonds and notes	\$ 522,682	\$ -	\$ 281,684	\$ 240,998	\$ 36,083
Economic Development Corporation					
Compensated absences	6,182	158	-	6,340	6,340
Total component units	<u>\$ 528,864</u>	<u>\$ 158</u>	<u>\$ 281,684</u>	<u>\$ 247,338</u>	<u>\$ 42,423</u>

Oceana County

Notes to the Financial Statements

Bonds - Governmental Activities

\$2,565,000 Oceana County Capital Improvement Refunding Bonds - Series 2012B, dated September, 2012, due in annual installments ranging from \$225,000 to \$290,000 through November 1, 2023, with interest ranging from 2.00% to 3.00%, payable semi-annually. \$ 1,590,000

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, 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. The dollar amount of these vested rights, including related payroll taxes, amounted to \$663,703 for vacation and sick at December 31, 2017. Of this liability, \$178,157 has been recorded as a current liability and \$485,546 has been recorded as a noncurrent liability.

Drainage Districts Bonds and Notes

The County has irrevocably pledged its full faith and credit as collateral for the following drain loans and notes. These projects are administered by the Oceana County Drain Commission for 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, 2017, 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.	\$ 63,465
\$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>177,533</u>
	<u>\$ 240,998</u>

Oceana County

Notes to the Financial Statements

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 \$6,340 for vacation and sick at December 31, 2017.

Primary Government

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

	Governmental Activities		
	Principal	Interest	Total
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	275,000	16,950	291,950
2023	290,000	8,700	298,700
	\$ 1,590,000	\$ 169,150	\$ 1,759,150

Component Units

	Drainage Districts		
	Drain Bonds and Notes		
	Principal	Interest	Total
2018	\$ 36,083	\$ 13,215	\$ 49,298
2019	38,041	11,447	49,488
2020	40,050	9,583	49,633
2021	27,292	5,757	33,050
2022	22,000	4,479	26,479
2023-2026	77,532	7,566	85,098
	\$ 240,998	\$ 52,047	\$ 293,045

Oceana County

Notes to the Financial Statements

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 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 \$105,931 by the county and \$113,077 for the corresponding employee contributions.

Defined Benefit

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
01 - General - Closed	2.50%	80%	5	60	-	50/25 or 55/15	10
02 - Sheriff - Closed	2.50%	80%	5	60	55/15	50/25	10
10 - EMS - Closed	2.50%	80%	5	60	55/15	50/25	10

Oceana County

Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2016 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	77
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>66</u>
Total employees covered by MERS	<u>151</u>

Contributions

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 cost of benefits earned by employees 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.

Employer contributions range from \$32,124 to \$341,376 based on annual payroll for closed divisions, with an additional 5% contribution rate from the employees (across all divisions).

Net Pension Liability

The County's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%	
Salary increases	3.75%	in the long-term
Investment rate of return	7.75%	net of investment expense, 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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	57.5%	5.0%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

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 employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Oceana County

Notes to the Financial Statements

Changes in Net Pension Liability

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 22,080,521	\$ 14,180,155	\$ 7,900,366
Service cost	350,067	-	350,067
Interest	1,731,236	-	1,731,236
Difference between expected and actual	95,915	-	95,915
Contributions - Employer	-	637,568	(637,568)
Contributions - Employee	-	180,419	(180,419)
Net investment income	-	1,604,580	(1,604,580)
Benefit payments, including refunds	(1,230,215)	(1,230,215)	-
Administrative expenses	-	(31,697)	31,697
Net changes	947,003	1,160,655	(213,652)
Balance at December 31, 2016	\$ 23,027,524	\$ 15,340,810	\$ 7,686,714

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:

	Current		
	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the County	\$ 10,289,612	\$ 7,686,714	\$ 5,477,631

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Oceana County

Notes to the Financial Statements

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

For the year ended December 31, 2017, the County recognized pension expense of \$734,326. At December 31, 2017, the County reported deferred outflows and inflows of resources related to pension from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,329,891	\$ -
Differences in experience	78,156	-
Change in actuarial assumptions	594,287	-
Employer contributions to the plan subsequent to the measurement date *	722,778	-
Total	\$ 2,725,112	\$ -

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2018.

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

Years Ended December 31	Amount
2018	\$ 652,649
2019	652,649
2020	599,452
2021	97,584

Oceana County

Notes to the Financial Statements

Note 9 - Other Post-Employment Benefits

Plan Description

Oceana County Retiree Health Care Plan (the "Plan") is a single employer plan established and administered by the County and can be amended at its discretion.

Benefits Provided

The County Board will contribute the following portion of the pre-Medicare eligible premium for health insurance coverage for eligible County retirees, effective March 1, 2008.

- Employees with 20 years of service or more are eligible, based on age of retirement:
 - 55-58 at age of retirement, county contribution per month will be \$150
 - 59-61 at age of retirement, county contribution per month will be \$250
 - 62 to date of eligibility for Medicare/Medicaid, county contribution per month will be \$350
- All eligible full-time employees of the Police Officers Association of Michigan (POAM) retiring on or after January 1, 2007 are eligible for a contribution from the County for payment toward the premium in the amount of \$20 per month for every year of service, or the amount of the monthly premium, whichever is less. To be eligible, an employee must have 20 years of service and employer contribution shall cease on the date of eligibility for Medicare/Medicaid benefits.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (January 1, 2017), the plan is closed:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>104</u>
Total employees covered by the Plan	<u>116</u>

Contributions

The Oceana County Retiree Health Care Plan was established and is being funded under the authority of the Board of Commissioners and under agreements with the unions representing various classes of employees. The plan's funding policy is that the employer will contribute any required amounts as determined by an annual actuarial valuation. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

Oceana County

Notes to the Financial Statements

Investments

The Plan's assets are held by the Municipal Employee's Retirement System (MERS) of Michigan. It is the policy of MERS to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. MERS investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Included in investment return
Salary increases	2.50%
Investment rate of return	7.50%
Mortality	As set forth in IRS Regulations for 2017 (1.430(h)(3)) for Non-annuitants, separately for males and females as well as annuitants and non-annuitants. Based on RP-2000 Tables with Scale AA.

Healthcare cost trend rates 7% in 2017 decreasing 1% per year to an ultimate rate of 5% for 2019 and later years.

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

Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of January 1, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
MERS Total Market Portfolio	100.00%	7.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll.

Oceana County

Notes to the Financial Statements

Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. January 1, 2017 is the first year of required compliance with GASB 74, so there is no required discount rate change to disclose.

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

Changes in OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	OPEB Liability
Balance at January 1, 2016	\$ 789,958	\$ 363,536	\$ 426,422
Service cost	35,709	-	35,709
Interest	61,106	-	61,106
Contributions - Employer	-	31,701	(31,701)
Contributions/benefit paid from general operating funds	-	21,840	(21,840)
Net investment income	-	47,744	(47,744)
Benefit payments, including refunds	(21,840)	(21,840)	-
Administrative expenses	-	(875)	875
Net changes	74,975	78,570	(3,595)
Balance at January 1, 2017	\$ 864,933	\$ 442,106	\$ 422,827

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

The following presents the net OPEB liability of the employer, calculated using the discount rate of 7.50%, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Total OPEB Liability	\$ 945,437	\$ 864,933	\$ 791,967
Plan Fiduciary Net Position	(442,106)	(442,106)	(442,106)
Net OPEB liability of the County	\$ 503,331	\$ 422,827	\$ 349,861

Plan fiduciary position as a percentage of the total OPEB liability at the current discount rate was 51.11%.

Oceana County

Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate of 7.0%, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease (6%)	Current Healthcare Cost Trend Rate (7%)	1% Increase (8%)
Total OPEB Liability	\$ 798,237	\$ 864,933	\$ 938,123
Plan Fiduciary Net Position	(442,106)	(442,106)	(442,106)
Net OPEB liability of the County	<u>\$ 356,131</u>	<u>\$ 422,827</u>	<u>\$ 496,017</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan

For the year ended December 31, 2017 the employer recognized OPEB expense of \$97,690. The employer reported no deferred outflows and inflows of resources related to OPEB in the current year.

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

Oceana County

Notes to the Financial Statements

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.

Fund Balances	General Fund	Ambulance	Senior Citizen's Tax	Nonmajor Funds	Totals
Nonspendable					
Prepays	\$ 42,091	\$ 10,333	\$ -	\$ 5,058	\$ 57,482
Advances to Other Governmental Units	31,200	-	-	-	31,200
Perpetual Care	-	-	-	301	301
Restricted					
Parks and Recreation	58,650	-	-	-	58,650
Ambulance - Health and Welfare	-	730,913	-	-	730,913
Friend of the Court Activities	-	-	-	365,944	365,944
Public Improvement - Capital Outlay	-	-	-	27,741	27,741
Building Department Activities	-	-	-	195,348	195,348
Animal Control Activities	-	-	-	946	946
Animal Care Activities	-	-	-	11,492	11,492
Register of Deeds Activities	-	-	-	102,813	102,813
Local Correction Officer Training - Public Safety	-	-	-	7,575	7,575
Drug Law Enforcement - Public Safety	-	-	-	10,553	10,553
Law Library Activities	-	-	-	16,429	16,429
Child Care - Health and Welfare	-	-	-	81,089	81,089
Senior Citizens' Tax	-	-	18	-	18
Soldiers' and Sailors' Relief - Health and Welfare	-	-	-	48,594	48,594
Veterans' Trust - Health and Welfare	-	-	-	-	-
CDBG Housing - Comm. and Econ. Dev.	-	-	-	63,226	63,226
Criminal Justice Training - Public Safety	-	-	-	7,278	7,278
Emergency Mgmt. Reserves Corp - Public Safety	-	-	-	326	326
GIS Activities	-	-	-	11,805	11,805
Concealed Pistol	-	-	-	34,342	34,342
WM Field Rail Trail	-	-	-	78,853	78,853
Oceana-Mason DHHS	-	-	-	7,367	7,367
Mason/Oceana 911	-	-	-	83	83
K9 Unit - Public Safety	-	-	-	33,390	33,390
Technology and Innovation	-	-	-	29,693	29,693
Victims Services - Public Safety	-	-	-	4,320	4,320
Medical Care Facility Building Fund	-	-	-	214,952	214,952
Medical Care Endowment	-	-	-	308	308
Airport Terminal	-	-	-	38	38
Ambulance Debt Retirement	-	-	-	125	125
Committed					
Equipment Replacement - Capital Outlay	-	-	-	41,382	41,382
Unassigned	4,977,611	-	-	-	4,977,611
Total fund balances	<u>\$ 5,109,552</u>	<u>\$ 741,246</u>	<u>\$ 18</u>	<u>\$ 1,401,371</u>	<u>\$ 7,252,187</u>

Oceana County

Notes to the Financial Statements

Restrictions of net position shown in the government-wide financial statements indicate that 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, 2017:

PRIMARY GOVERNMENT

General Government	\$	566,468
Public Safety		271,228
Health & Welfare		878,622
Community & Economic Development		63,226
Recreation & Culture		137,503
Debt Service		215,115
Capital Projects		27,741
<i>Total Restricted</i>	<u>\$</u>	<u>2,159,903</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, 2017, the County's property taxes were reduced by \$40,452 under this program.

Oceana County

Notes to the Financial Statements

Note 14 - Prior Period Restatements

In prior years, the Land Bank (discretely presented component unit) had unrestricted net position and inventory overstated by \$73,952; the corresponding correction resulted in a decrease to unrestricted net position and inventory at the beginning of the fiscal year in the amount of \$73,952.

During the current year, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the government-wide statements now include an increase in OPEB liability by \$482,943 that corresponded with a decrease in net position of the same amount.

In addition, compensated absences were understated and the corresponding correction resulted in a \$321,871 increase to the beginning balance of compensated absences and a decrease in net position.

The following table shows the changes described above and includes the adjustments of net position indicated above:

	Governmental Activities
Net Position - December 30, 2016, as previously reported	
As previously reported, including reclassification	\$ 4,922,611
Adoption of GASB Statement No. 75	(482,943)
Understatement of compensated absences	(321,871)
Net Position - December 30, 2016 - as restated	<u>\$ 4,117,797</u>

Required Supplementary Information

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
				<u>Final to Actual</u>
Revenues				
Taxes	\$ 6,896,216	\$ 7,061,310	\$ 6,928,175	\$ (133,135)
Licenses and Permits	28,860	31,853	28,288	(3,565)
Intergovernmental	1,513,032	1,616,910	1,680,001	63,091
Charges for Services	930,349	1,107,094	1,145,041	37,947
Fines and Forfeits	12,200	18,564	19,189	625
Interest and Rents	31,182	63,463	55,608	(7,855)
Other Revenue	214,913	321,389	222,897	(98,492)
Total Revenues	<u>9,626,752</u>	<u>10,220,583</u>	<u>10,079,199</u>	<u>(141,384)</u>
Other Financing Sources				
Transfers In	679,000	710,022	710,022	--
Total Revenues and Other Financing Sources	<u>10,305,752</u>	<u>10,930,605</u>	<u>10,789,221</u>	<u>(141,384)</u>
Expenditures				
General Government				
Board of Commissioners	214,761	214,761	206,509	8,252
Circuit Court	496,354	497,294	433,964	63,330
District Court	423,375	428,845	395,211	33,634
Friend of the Court	396,115	425,197	422,929	2,268
Probate Court	267,445	271,480	265,606	5,874
County Administrator	199,377	203,796	201,330	2,466
County Auditing	31,480	31,480	20,986	10,494
Elections	28,375	28,375	12,886	15,489
Clerk	324,557	359,101	355,420	3,681
Jury Board	1,385	1,385	974	411
Equalization	237,197	260,797	243,829	16,968
Prosecuting Attorney	391,204	391,214	365,396	25,818
Data Processing	222,417	223,737	203,439	20,298
Cooperative Extension	151,584	152,229	150,814	1,415
Register of Deeds	190,352	192,732	189,566	3,166
County Survey and Remonumentation	31,628	36,837	36,837	--
Treasurer	237,259	237,359	221,601	15,758
Building & Grounds	259,270	261,265	244,376	16,889
Drain Commissioner	167,593	174,227	166,743	7,484
General Services	962,067	921,832	778,607	143,225
Total General Government	<u>5,233,795</u>	<u>5,313,943</u>	<u>4,917,023</u>	<u>396,920</u>
Public Safety				
Sheriff	2,168,998	2,256,106	2,217,038	39,068
Marine Safety	112,376	113,975	111,291	2,684
Snowmobile Enforcement	32,734	34,584	31,865	2,719
Road Patrol	86,846	83,881	81,537	2,344
Jail	1,133,543	1,152,740	1,114,915	37,825
Emergency Management	89,183	83,339	80,242	3,097
Animal Control	157,465	158,635	154,121	4,514
Total Public Safety	<u>3,781,145</u>	<u>3,883,260</u>	<u>3,791,009</u>	<u>92,251</u>

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Expenditures				
Public Works				
Drains	5,200	5,200	5,110	90
Recycling	232,739	232,939	204,986	27,953
Airport	92,601	92,601	80,598	12,003
Total Public Works	<u>330,540</u>	<u>330,740</u>	<u>290,694</u>	<u>40,046</u>
Health and Welfare				
Medical Examiner	58,805	58,805	43,823	14,982
Contagious Diseases	2,000	2,000	525	1,475
Total Health and Welfare	<u>60,805</u>	<u>60,805</u>	<u>44,348</u>	<u>16,457</u>
Community and Economic Development				
Planning Commission	18,860	18,860	14,687	4,173
Economic Development Corporation	45,500	45,500	45,500	--
Total Community and Economic Development	<u>64,360</u>	<u>64,360</u>	<u>60,187</u>	<u>4,173</u>
Parks and Recreation	30,600	34,400	22,640	11,760
Other				
Insurance	188,200	199,054	185,724	13,330
Other	147,355	170,466	170,465	1
Total Other	<u>335,555</u>	<u>369,520</u>	<u>356,189</u>	<u>13,331</u>
Capital Outlay	164,180	192,258	90,088	102,170
Total Expenditures	<u>10,000,980</u>	<u>10,249,286</u>	<u>9,572,178</u>	<u>677,108</u>
Other Financing Uses				
Transfers Out	399,550	775,590	719,219	56,371
Total Expenditures and Other Financing Uses	<u>10,400,530</u>	<u>11,024,876</u>	<u>10,291,397</u>	<u>733,479</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(94,778)	(94,271)	497,824	592,095
Net Change in Fund Balance	<u>(94,778)</u>	<u>(94,271)</u>	<u>497,824</u>	<u>592,095</u>
Fund Balance at Beginning of Period	4,611,728	4,611,728	4,611,728	--
Fund Balance at End of Period	<u>\$ 4,516,950</u>	<u>\$ 4,517,457</u>	<u>\$ 5,109,552</u>	<u>\$ 592,095</u>

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Ambulance Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				Final to Actual
Revenues				
Taxes	\$ 1,113,600	\$ 1,205,710	\$ 1,157,736	\$ (47,974)
Charges for Services	983,000	983,000	1,031,200	48,200
Interest and Rents	16,500	21,093	4,931	(16,162)
Other Revenue	92,000	113,812	113,533	(279)
Total Revenues	<u>2,205,100</u>	<u>2,323,615</u>	<u>2,307,400</u>	<u>(16,215)</u>
Expenditures				
Health and Welfare	2,132,405	2,191,492	2,084,029	107,463
Capital Outlay	144,000	117,000	98,877	18,123
Total Expenditures	<u>2,276,405</u>	<u>2,308,492</u>	<u>2,182,906</u>	<u>125,586</u>
Other Financing Uses				
Transfers Out	27,800	27,800	24,550	3,250
Total Expenditures and Other Financing Uses	<u>2,304,205</u>	<u>2,336,292</u>	<u>2,207,456</u>	<u>128,836</u>
Excess (Deficiency) of Revenues				
Other Sources and Other Uses	<u>(99,105)</u>	<u>(12,677)</u>	<u>99,944</u>	<u>112,621</u>
Net Change in Fund Balance	<u>(99,105)</u>	<u>(12,677)</u>	<u>99,944</u>	<u>112,621</u>
<i>Fund Balance at Beginning of Period</i>	641,302	641,302	641,302	--
Fund Balance at End of Period	<u>\$ 542,197</u>	<u>\$ 628,625</u>	<u>\$ 741,246</u>	<u>\$ 112,621</u>

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Senior Citizens' Tax
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative)
				<u>Final to Actual</u>
Revenues				
Taxes	\$ 869,862	\$ 947,313	\$ 872,000	\$ (75,313)
Interest and Rents	--	12	11	(1)
Total Revenues	<u>869,862</u>	<u>947,325</u>	<u>872,011</u>	<u>(75,314)</u>
Expenditures				
Health and Welfare	869,862	876,620	876,620	--
Total Expenditures	<u>869,862</u>	<u>876,620</u>	<u>876,620</u>	<u>--</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	70,705	(4,609)	(75,314)
Net Change in Fund Balance	--	70,705	(4,609)	(75,314)
<i>Fund Balance at Beginning of Period</i>	4,627	4,627	4,627	--
Fund Balance at End of Period	<u>\$ 4,627</u>	<u>\$ 75,332</u>	<u>\$ 18</u>	<u>\$ (75,314)</u>

Oceana County
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Three Years

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 350,067	\$ 380,952	\$ 378,169
Interest	1,731,236	1,587,562	1,569,807
Differences Between Expected & Actual Experience	95,915	10,366	-
Changes in Assumptions	-	990,477	-
Benefit Payments, Including Refunds	(1,230,215)	(1,184,993)	(1,080,593)
Other Changes	-	49,610	-
Net Change in Pension Liability	<u>947,003</u>	<u>1,833,974</u>	<u>867,383</u>
<i>Total Pension Liability - Beginning</i>	<u>22,080,521</u>	<u>20,246,547</u>	<u>19,379,164</u>
Total Pension Liability - Ending (a)	<u>\$ 23,027,524</u>	<u>\$ 22,080,521</u>	<u>\$ 20,246,547</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 637,568	\$ 602,676	\$ 527,348
Contributions - Member	180,419	184,915	201,226
Net Investment Income (Loss)	1,604,580	(219,435)	899,130
Benefit Payments, Including Refunds	(1,230,215)	(1,184,993)	(1,080,593)
Administrative Expenses	(31,697)	(32,313)	(33,011)
Net Change in Plan Fiduciary Net Position	<u>1,160,655</u>	<u>(649,150)</u>	<u>514,100</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>14,180,155</u>	<u>14,829,305</u>	<u>14,315,205</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,340,810</u>	<u>\$ 14,180,155</u>	<u>\$ 14,829,305</u>
Net Pension Liability - Ending (a) - (b)	\$ 7,686,714	\$ 7,900,366	\$ 5,417,242
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.62%	64.22%	73.24%
Covered Employee Payroll	\$ 3,320,656	\$ 3,623,872	\$ 3,600,041
Net Pension Liability as a Percentage of Covered Employee Payroll	231.48%	218.01%	150.48%

* Built prospectively upon implementation on GASB 68

Oceana County
Required Supplementary Information
Schedule of Contributions
Last 4 Fiscal Years

	2017	2016	2015	2014
Actuarially Determined Contribution	660,348	\$ 557,568	\$ 602,676	\$ 557,568
Contributions in Relation to the Actuarially Determined Contribution	722,778	602,676	602,676	557,568
Contribution Deficiency (Excess)	\$ (62,430)	\$ (45,108)	\$ -	\$ -
Covered Employee Payroll	3,419,416	3,320,656	3,623,872	3,600,041
Contributions as a Percentage of Covered Employee Payroll	18%	18%	17%	15%

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	16 - 22 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
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Fiscal Year

	2016
Total OPEB Liability	
Service Cost	\$ 35,709
Interest	61,106
Benefit Payments, Including Refunds	(21,840)
<i>Net Change in total OPEB Liability</i>	74,975
<i>Total OPEB Liability - Beginning</i>	789,958
<i>Total OPEB Liability - Ending (a)</i>	\$ 864,933
 Plan Fiduciary Net Position	
Contributions to OPEB Trust	\$ 31,701
Contributions/benefit payments made from general operating funds	21,840
Net Investment Income	47,744
Benefit Payments, Including Refunds	(21,840)
Administrative Expenses	(875)
<i>Net Change in Plan Fiduciary Net Position</i>	78,570
<i>Plan Fiduciary Net Position - Beginning</i>	363,536
<i>Plan Fiduciary Net Position - Ending (b)</i>	\$ 442,106
 <i>Net OPEB Liability - Ending (a) - (b)</i>	\$ 422,827
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	51.11%
 Covered Employee Payroll	\$ 4,919,422
 Net OPEB Liability as a Percentage of Covered Employee Payroll	8.60%

* Built prospectively upon implementation of GASB 75

Oceana County
Required Supplementary Information
Schedule of Contributions - OPEB
Last Fiscal Year

	2017
Actuarially Determined Contribution	\$ 31,701
Contributions in Relation to the Actuarially Determined Contribution	53,541
Contribution Deficiency (Excess)	\$ (21,840)
 Covered Employee Payroll	 4,919,422
 Contributions as a Percentage of Covered Employee Payroll	 1%

Notes

Valuation Date January 1, 2014

Methods and assumptions used to determine contribution rates

Actuarial cost method	Projected Unit Credit (level dollar)
Amortization method	Average Future Service
Remaining amortization period	15 Years
Asset valuation method	Equal to Market Value of Assets
Inflation	Included in investment return
Salary increases	2.50%
Investment rate of return	7.50%
Retirement Age	Varies depending on plan adoption
Mortality	IRS 1.430 (h) Annuitant and non-anuitant (sex distinct) tables

Combining and Individual Fund Statements and Schedules

**Oceana County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2017**

	<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 Investments	\$ 4,844,267	\$ 32,400	\$ 10,032	\$ 17,049	\$ 4,903,748
Taxes Receivable	556,760	--	--	--	556,760
Accounts Receivable	47,478	--	--	--	47,478
Due from Other Governments	247,231	--	--	--	247,231
Prepays	42,091	--	--	--	42,091
Advances to Other Governmental Units	31,200	--	--	--	31,200
<i>Total Assets</i>	<u>\$ 5,769,027</u>	<u>\$ 32,400</u>	<u>\$ 10,032</u>	<u>\$ 17,049</u>	<u>\$ 5,828,508</u>
LIABILITIES					
Accounts Payable	\$ 158,667	\$ 831	\$ --	\$ --	\$ 159,498
Accrued Wages	178,883	--	--	--	178,883
<i>Total Liabilities</i>	<u>337,550</u>	<u>831</u>	<u>--</u>	<u>--</u>	<u>338,381</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Levied for a Subsequent Period	380,575	--	--	--	380,575
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>718,125</u>	<u>831</u>	<u>--</u>	<u>--</u>	<u>718,956</u>
FUND BALANCE					
Nonspendable	73,291	--	--	--	73,291
Restricted	--	31,569	10,032	17,049	58,650
Unassigned	4,977,611	--	--	--	4,977,611
<i>Total Fund Balance</i>	<u>5,050,902</u>	<u>31,569</u>	<u>10,032</u>	<u>17,049</u>	<u>5,109,552</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 5,769,027</u>	<u>\$ 32,400</u>	<u>\$ 10,032</u>	<u>\$ 17,049</u>	<u>\$ 5,828,508</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, 2017

	<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	\$ 6,928,175	\$ --	\$ --	\$ --	\$ 6,928,175
Licenses and Permits	28,288	--	--	--	28,288
Intergovernmental	1,676,709	3,292	--	--	1,680,001
Charges for Services	1,138,034	7,007	--	--	1,145,041
Fines and Forfeits	19,189	--	--	--	19,189
Interest and Rents	55,407	120	32	49	55,608
Other Revenue	215,897	--	--	7,000	222,897
Total Revenues	<u>10,061,699</u>	<u>10,419</u>	<u>32</u>	<u>7,049</u>	<u>10,079,199</u>
Expenditures					
General Government	4,917,023	--	--	--	4,917,023
Public Safety	3,791,009	--	--	--	3,791,009
Public Works	290,694	--	--	--	290,694
Health and Welfare	44,348	--	--	--	44,348
Community and Economic Development	60,187	--	--	--	60,187
Recreation and Culture	--	22,640	--	--	22,640
Other Expenditures	356,189	--	--	--	356,189
Capital Outlay	90,088	--	--	--	90,088
Total Expenditures	<u>9,549,538</u>	<u>22,640</u>	<u>--</u>	<u>--</u>	<u>9,572,178</u>
Excess of Revenues Over (Under) Expenditures	<u>512,161</u>	<u>(12,221)</u>	<u>32</u>	<u>7,049</u>	<u>507,021</u>
Other Financing Sources (Uses)					
Transfers In	681,022	29,000	--	--	710,022
Transfers Out	(719,219)	--	--	--	(719,219)
Net Other Financing Sources (Uses)	<u>(38,197)</u>	<u>29,000</u>	<u>--</u>	<u>--</u>	<u>(9,197)</u>
Net Change in Fund Balance	473,964	16,779	32	7,049	497,824
Fund Balance at Beginning of Period	4,576,938	14,790	10,000	10,000	4,611,728
Fund Balance at End of Period	<u>\$ 5,050,902</u>	<u>\$ 31,569</u>	<u>\$ 10,032</u>	<u>\$ 17,049</u>	<u>\$ 5,109,552</u>

Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	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 Investments	\$ 946	\$ 197,290	\$ --	\$ 103,563	\$ 326	\$ 4,320	\$ 6,835	\$ 10,553	\$ 16,429
Taxes Receivable	--	--	--	--	--	--	--	--	--
Accounts Receivable	--	--	--	--	--	--	740	--	--
Due from Other Governments	--	--	--	--	--	--	--	--	--
Prepays	--	3,491	--	172	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 946</u>	<u>\$ 200,781</u>	<u>\$ --</u>	<u>\$ 103,735</u>	<u>\$ 326</u>	<u>\$ 4,320</u>	<u>\$ 7,575</u>	<u>\$ 10,553</u>	<u>\$ 16,429</u>
LIABILITIES									
Accounts Payable	\$ --	\$ 194	\$ --	\$ 750	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued Wages	--	1,748	--	--	--	--	--	--	--
<i>Total Liabilities</i>	<u>--</u>	<u>1,942</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 Period	--	--	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>1,942</u>	<u>--</u>	<u>750</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE									
Nonspendable	--	3,491	--	172	--	--	--	--	--
Restricted	946	195,348	--	102,813	326	4,320	7,575	10,553	16,429
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>946</u>	<u>198,839</u>	<u>--</u>	<u>102,985</u>	<u>326</u>	<u>4,320</u>	<u>7,575</u>	<u>10,553</u>	<u>16,429</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 946</u>	<u>\$ 200,781</u>	<u>\$ --</u>	<u>\$ 103,735</u>	<u>\$ 326</u>	<u>\$ 4,320</u>	<u>\$ 7,575</u>	<u>\$ 10,553</u>	<u>\$ 16,429</u>

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue								
	CDBG Housing	Child Care	Veterans' Trust	Victims' Restitution	Criminal Justice Training	Soldiers' and Sailors' Relief	Medical Care Facility Building Fund	Concealed Pistol	WM Field Rail Trail
ASSETS									
Cash and Investments	\$ 63,226	\$ 84,841	\$ --	\$ --	\$ 7,278	\$ 65,660	\$ 214,936	\$ 34,342	\$ 78,853
Taxes Receivable	--	--	--	--	--	102,420	16	--	--
Accounts Receivable	--	12,025	--	--	--	--	--	--	--
Due from Other Governments	--	4,262	--	--	--	--	--	--	--
Prepays	--	--	--	--	--	55	--	--	--
<i>Total Assets</i>	<u>\$ 63,226</u>	<u>\$ 101,128</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,278</u>	<u>\$ 168,135</u>	<u>\$ 214,952</u>	<u>\$ 34,342</u>	<u>\$ 78,853</u>
LIABILITIES									
Accounts Payable	\$ --	\$ 17,747	\$ --	\$ --	\$ --	\$ 629	\$ --	\$ --	\$ --
Accrued Wages	--	2,292	--	--	--	2,158	--	--	--
<i>Total Liabilities</i>	<u>--</u>	<u>20,039</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,787</u>	<u>--</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Period	--	--	--	--	--	116,699	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>20,039</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>119,486</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE									
Nonspendable	--	--	--	--	--	55	--	--	--
Restricted	63,226	81,089	--	--	7,278	48,594	214,952	34,342	78,853
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>63,226</u>	<u>81,089</u>	<u>--</u>	<u>--</u>	<u>7,278</u>	<u>48,649</u>	<u>214,952</u>	<u>34,342</u>	<u>78,853</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 63,226</u>	<u>\$ 101,128</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,278</u>	<u>\$ 168,135</u>	<u>\$ 214,952</u>	<u>\$ 34,342</u>	<u>\$ 78,853</u>

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Special Revenue							Debt Service	
	Oceana-Mason DHHS	K9 Unit	Technology and Innovation	Mill Pond County Park Improvement	GIS	Friend of the Court	Animal Care	Mason/Oceana 911	Hart City Sewer
ASSETS									
Cash and Investments	\$ 7,367	\$ 46,768	\$ 29,898	\$ --	\$ 11,805	\$ 356,867	\$ 11,695	\$ 19,971	\$ --
Taxes Receivable	--	--	--	--	--	--	--	143,265	--
Accounts Receivable	--	--	--	--	--	2,855	820	--	--
Due from Other Governments	--	--	--	--	--	6,222	--	--	--
Prepays	--	--	1,340	--	--	--	--	--	--
<i>Total Assets</i>	<u>\$ 7,367</u>	<u>\$ 46,768</u>	<u>\$ 31,238</u>	<u>\$ --</u>	<u>\$ 11,805</u>	<u>\$ 365,944</u>	<u>\$ 12,515</u>	<u>\$ 163,236</u>	<u>\$ --</u>
LIABILITIES									
Accounts Payable	\$ --	\$ 13,378	\$ 205	\$ --	\$ --	\$ --	\$ 1,023	\$ --	\$ --
Accrued Wages	--	--	--	--	--	--	--	--	--
<i>Total Liabilities</i>	<u>--</u>	<u>13,378</u>	<u>205</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,023</u>	<u>--</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Period	--	--	--	--	--	--	--	163,153	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>13,378</u>	<u>205</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,023</u>	<u>163,153</u>	<u>--</u>
FUND BALANCE									
Nonspendable	--	--	1,340	--	--	--	--	--	--
Restricted	7,367	33,390	29,693	--	11,805	365,944	11,492	83	--
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>7,367</u>	<u>33,390</u>	<u>31,033</u>	<u>--</u>	<u>11,805</u>	<u>365,944</u>	<u>11,492</u>	<u>83</u>	<u>--</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 7,367</u>	<u>\$ 46,768</u>	<u>\$ 31,238</u>	<u>\$ --</u>	<u>\$ 11,805</u>	<u>\$ 365,944</u>	<u>\$ 12,515</u>	<u>\$ 163,236</u>	<u>\$ --</u>

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017**

	Debt Service			Capital Projects				Permanent		Total Nonmajor Governmental Funds
	Airport Terminal	Mason/Oceana E- 911	Ambulance Debt Retirement	District Court	Sheriff	Equipment Replacement	Public Improvement	Cemetery Trust	Medical Care Endowment	
ASSETS										
Cash and Investments	\$ 38	\$ --	\$ 125	\$ --	\$ --	\$ 41,382	\$ 27,882	\$ 301	\$ 308	\$ 1,443,805
Taxes Receivable	--	--	--	--	--	--	--	--	--	245,701
Accounts Receivable	--	--	--	--	--	--	--	--	--	16,440
Due from Other Governments	--	--	--	--	--	--	--	--	--	10,484
Prepays	--	--	--	--	--	--	--	--	--	5,058
<i>Total Assets</i>	\$ 38	\$ --	\$ 125	\$ --	\$ --	\$ 41,382	\$ 27,882	\$ 301	\$ 308	\$ 1,721,488
LIABILITIES										
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 141	\$ --	\$ --	\$ 34,067
Accrued Wages	--	--	--	--	--	--	--	--	--	6,198
<i>Total Liabilities</i>	--	--	--	--	--	--	141	--	--	40,265
DEFERRED INFLOWS OF RESOURCES										
Taxes Levied for a Subsequent Period	--	--	--	--	--	--	--	--	--	279,852
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	--	--	--	--	--	141	--	--	320,117
FUND BALANCE										
Nonspendable	--	--	--	--	--	--	--	301	--	5,359
Restricted	38	--	125	--	--	--	27,741	--	308	1,354,630
Committed	--	--	--	--	--	41,382	--	--	--	41,382
Unassigned	--	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	38	--	125	--	--	41,382	27,741	301	308	1,401,371
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 38	\$ --	\$ 125	\$ --	\$ --	\$ 41,382	\$ 27,882	\$ 301	\$ 308	\$ 1,721,488

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	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	--	352,077	--	--	--	--	--	--	--
Intergovernmental	--	--	27,828	--	--	800	--	--	--
Charges for Services	--	--	--	37,631	--	--	12,072	--	--
Fines and Forfeits	--	--	--	--	--	--	--	--	3,500
Interest and Rents	362	613	--	355	2	12	12	33	65
Other Revenue	--	--	--	--	--	--	--	--	--
Total Revenues	362	352,690	27,828	37,986	2	812	12,084	33	3,565
Expenditures									
General Government	--	--	--	12,760	--	--	--	--	16,276
Public Safety	--	326,946	--	--	1,361	126	8,959	--	--
Health and Welfare	--	--	27,828	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--	--
Capital Outlay	254,196	--	--	--	--	--	--	--	--
Total Expenditures	254,196	326,946	27,828	12,760	1,361	126	8,959	--	16,276
Excess of Revenues Over (Under) Expenditures	(253,834)	25,744	--	25,226	(1,359)	686	3,125	33	(12,711)
Other Financing Sources (Uses)									
Transfers In	254,157	--	--	--	--	--	--	--	20,500
Transfers Out	--	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	254,157	--	--	--	--	--	--	--	20,500
Net Change in Fund Balance	323	25,744	--	25,226	(1,359)	686	3,125	33	7,789
<i>Fund Balance at Beginning of Period</i>	623	173,095	--	77,759	1,685	3,634	4,450	10,520	8,640
Fund Balance at End of Period	\$ 946	\$ 198,839	\$ --	\$ 102,985	\$ 326	\$ 4,320	\$ 7,575	\$ 10,553	\$ 16,429

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue								
	CDBG Housing	Child Care	Veterans' Trust	Victims' Restitution	Criminal Justice Training	Soldiers' and Sailors' Relief	Medical Care Facility Building Fund	Concealed Pistol	WM Field Rail Trail
Revenues									
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 116,556	\$ 28,655	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--	14,706	--
Intergovernmental	--	179,875	--	--	3,607	13,831	--	--	--
Charges for Services	--	9,722	--	--	--	--	--	--	--
Fines and Forfeits	--	--	--	--	--	--	--	--	--
Interest and Rents	167	135	2	--	18	311	915	94	249
Other Revenue	14,501	--	--	--	--	--	--	--	--
Total Revenues	14,668	189,732	2	--	3,625	130,698	29,570	14,800	249
Expenditures									
General Government	--	--	--	--	--	--	--	--	--
Public Safety	--	--	--	--	1,876	--	--	605	--
Health and Welfare	--	339,663	1,246	--	--	138,741	773	--	--
Debt Service - Principal	--	--	--	--	--	--	200,000	--	--
Debt Service - Interest	--	--	--	--	--	--	41,910	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--
Total Expenditures	--	339,663	1,246	--	1,876	138,741	242,683	605	--
Excess of Revenues Over (Under) Expenditures	14,668	(149,931)	(1,244)	--	1,749	(8,043)	(213,113)	14,195	249
Other Financing Sources (Uses)									
Transfers In	--	180,000	--	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	--	180,000	--	--	--	--	--	--	--
Net Change in Fund Balance	14,668	30,069	(1,244)	--	1,749	(8,043)	(213,113)	14,195	249
<i>Fund Balance at Beginning of Period</i>	48,558	51,020	1,244	--	5,529	56,692	428,065	20,147	78,604
Fund Balance at End of Period	\$ 63,226	\$ 81,089	\$ --	\$ --	\$ 7,278	\$ 48,649	\$ 214,952	\$ 34,342	\$ 78,853

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue							Debt Service	
	Oceana-Mason DHHS	K9 Unit	Technology and Innovation	Mill Pond County Park Improvement	GIS	Friend of the Court	Animal Care	Mason/Oceana 911	Hart City Sewer
Revenues									
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 239,009	\$ --
Licenses and Permits	--	--	--	--	--	--	--	--	--
Intergovernmental	--	12,157	--	--	--	33,698	--	--	--
Charges for Services	--	--	--	--	7,097	14,163	9,116	--	--
Fines and Forfeits	--	--	--	--	--	--	--	--	--
Interest and Rents	36	114	140	--	31	1,069	41	6	--
Other Revenue	390	49,772	--	--	--	--	--	76,792	--
Total Revenues	426	62,043	140	--	7,128	48,930	9,157	315,807	--
Expenditures									
General Government	--	--	34,057	--	12,156	--	--	--	--
Public Safety	--	15,471	--	--	--	--	10,363	315,724	--
Health and Welfare	9,177	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--	--
Capital Outlay	--	13,182	--	--	--	--	--	--	--
Total Expenditures	9,177	28,653	34,057	--	12,156	--	10,363	315,724	--
Excess of Revenues Over (Under) Expenditures	(8,751)	33,390	(33,917)	--	(5,028)	48,930	(1,206)	83	--
Other Financing Sources (Uses)									
Transfers In	9,000	--	64,950	--	--	--	--	--	--
Transfers Out	--	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	9,000	--	64,950	--	--	--	--	--	--
Net Change in Fund Balance	249	33,390	31,033	--	(5,028)	48,930	(1,206)	83	--
<i>Fund Balance at Beginning of Period</i>	7,118	--	--	--	16,833	317,014	12,698	--	--
Fund Balance at End of Period	\$ 7,367	\$ 33,390	\$ 31,033	\$ --	\$ 11,805	\$ 365,944	\$ 11,492	\$ 83	\$ --

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Debt Service			Capital Projects				Permanent		Total Nonmajor Governmental Funds
	Airport Terminal	Mason/Oceana E- 911	Ambulance Debt Retirement	District Court	Sheriff	Equipment Replacement	Public Improvement	Cemetery Trust	Medical Care Endowment	
Revenues										
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 384,220
Licenses and Permits	--	--	--	--	--	--	--	--	--	366,783
Intergovernmental	--	162,384	--	--	--	--	--	--	--	434,180
Charges for Services	--	--	--	--	--	--	--	--	--	89,801
Fines and Forfeits	--	--	--	--	--	--	--	--	--	3,500
Interest and Rents	40	--	41	19	23	153	181	2	6	5,247
Other Revenue	--	--	--	--	--	--	1,120	--	--	142,575
Total Revenues	40	162,384	41	19	23	153	1,301	2	6	1,426,306
Expenditures										
General Government	--	--	--	--	--	--	1,696	5	--	76,950
Public Safety	--	--	--	--	--	--	--	--	--	681,431
Health and Welfare	--	--	--	--	--	--	--	--	--	517,428
Debt Service - Principal	20,000	160,000	20,000	--	--	--	--	--	--	400,000
Debt Service - Interest	3,818	2,384	4,573	--	--	--	--	--	--	52,685
Capital Outlay	--	--	--	--	--	8,775	315,262	--	--	591,415
Total Expenditures	23,818	162,384	24,573	--	--	8,775	316,958	5	--	2,319,909
Excess of Revenues Over (Under) Expenditures	(23,778)	--	(24,532)	19	23	(8,622)	(315,657)	(3)	6	(893,603)
Other Financing Sources (Uses)										
Transfers In	23,800	--	24,550	--	--	--	304,300	--	--	881,257
Transfers Out	--	--	--	(16,360)	(14,662)	--	(11,312)	--	--	(42,334)
Net Other Financing Sources (Uses)	23,800	--	24,550	(16,360)	(14,662)	--	292,988	--	--	838,923
Net Change in Fund Balance	22	--	18	(16,341)	(14,639)	(8,622)	(22,669)	(3)	6	(54,680)
<i>Fund Balance at Beginning of Period</i>	16	--	107	16,341	14,639	50,004	50,410	304	302	1,456,051
Fund Balance at End of Period	\$ 38	\$ --	\$ 125	\$ --	\$ --	\$ 41,382	\$ 27,741	\$ 301	\$ 308	\$ 1,401,371

Oceana County
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2017

	Enterprise			Total Enterprise Funds
	Homestead Denial	Housing Commission	Jail Commissary	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 11,248	\$ --	\$ 19,342	\$ 30,590
Total Assets	11,248	--	19,342	30,590
LIABILITIES				
Total Liabilities	--	--	--	--
NET POSITION				
<i>Unrestricted</i>	11,248	--	19,342	30,590
Total Net Position	\$ 11,248	\$ --	\$ 19,342	\$ 30,590

Oceana County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

	<u>Enterprise</u>			<u>Total Enterprise Funds</u>
	<u>Homestead Denial</u>	<u>Housing Commission</u>	<u>Jail Commissary</u>	
Operating Revenues				
Charges for Services	\$ --	\$ --	\$ 17,165	\$ 17,165
Other Revenue	1,790	--	--	1,790
Total Operating Revenues	<u>1,790</u>	<u>--</u>	<u>17,165</u>	<u>18,955</u>
Operating Expenses				
Public Safety	--	--	9,781	9,781
Development	--	7,000	--	7,000
Other Expenses	215	--	--	215
Total Operating Expenses	<u>215</u>	<u>7,000</u>	<u>9,781</u>	<u>16,996</u>
Operating Income (Loss)	<u>1,575</u>	<u>(7,000)</u>	<u>7,384</u>	<u>1,959</u>
(Expenses)				
Interest Income	36	--	--	36
(Expenses)	<u>36</u>	<u>--</u>	<u>--</u>	<u>36</u>
Income Before Transfers	1,611	(7,000)	7,384	1,995
Transfers In	--	7,000	--	7,000
Change In Net Position	<u>1,611</u>	<u>--</u>	<u>7,384</u>	<u>8,995</u>
<i>Net Position at Beginning of Period</i>	9,637	--	11,958	21,595
Net Position at End of Period	<u>\$ 11,248</u>	<u>\$ --</u>	<u>\$ 19,342</u>	<u>\$ 30,590</u>

Oceana County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
December 31, 2017

Business-type Activities - Enterprise Funds

	Homestead Denial	Housing Commission	Jail Commissary	Total Enterprise Funds
Cash Flows from Operating Activities				
Receipts from Customers	\$ 1,790	\$ -	\$ 17,165	\$ 18,955
Cash Paid to Suppliers	(215)	(7,000)	(9,781)	(16,996)
Net Cash Provided (Used) by Operating Activities	<u>1,575</u>	<u>(7,000)</u>	<u>7,384</u>	<u>1,959</u>
Cash Flows from Noncapital and Related Financing Activities				
Transfers In	-	7,000	-	7,000
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Cash Flows from Investing Activities				
Interest Income	36	-	-	36
Net Cash Provided by Investing Activities	<u>36</u>	<u>-</u>	<u>-</u>	<u>36</u>
Net Increase in Cash and Investments	1,611	-	7,384	8,995
Cash and Investments - Beginning of the Year	9,637	-	11,958	21,595
Cash and Investments - End of the Year	<u>\$ 11,248</u>	<u>\$ -</u>	<u>\$ 19,342</u>	<u>\$ 30,590</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 1,575	\$ (7,000)	\$ 7,384	\$ 1,959
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,575</u>	<u>\$ (7,000)</u>	<u>\$ 7,384</u>	<u>\$ 1,959</u>

Oceana County
Combining Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	Agency						
	Trust and Agency	Library	FOC Child Support	Fiduciary Escrow Trust	Inmate Trust	Payroll Clearing Account	Total
ASSETS							
Cash and Investments	\$ 331,741	\$ 78,515	\$ 1,037	\$ 34,533	\$ 14,650	\$ 16,477	\$ 476,953
Accounts Receivable	--	17,194	--	--	--	--	17,194
<i>Total Assets</i>	<u>331,741</u>	<u>95,709</u>	<u>1,037</u>	<u>34,533</u>	<u>14,650</u>	<u>16,477</u>	<u>494,147</u>
LIABILITIES							
Assets Held on Behalf of Others	331,741	95,709	1,037	34,533	14,650	16,477	494,147
<i>Total Liabilities</i>	<u>\$ 331,741</u>	<u>\$ 95,709</u>	<u>\$ 1,037</u>	<u>\$ 34,533</u>	<u>\$ 14,650</u>	<u>\$ 16,477</u>	<u>\$ 494,147</u>

Oceana County Drainage Districts
Statement of Net Position
December 31, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$	393,539
Investments		18,664
Special Assessments Receivable		121,562
<i>Total Current Assets</i>		<u>533,765</u>

Noncurrent Assets

Capital Assets, net of Accumulated Depreciation		2,329,149
Long-term Receivables		320,418
<i>Total Assets</i>		<u>3,183,332</u>

LIABILITIES

Current Liabilities

Accounts Payable		3,250
Current Portion of Long-term Debt		36,083
Accrued Interest		6,493
<i>Total Current Liabilities</i>		<u>45,826</u>

Noncurrent Liabilities

Advances from Other Governmental Units		31,200
Long-term Debt		204,915
<i>Total Liabilities</i>		<u>281,941</u>

NET POSITION

Net Investment in Capital Assets		2,088,151
<i>Restricted for:</i>		
Restricted for Debt Service		1,479
Restricted for Capital Improvements		811,761
<i>Unrestricted</i>		--
<i>Total Net Position</i>	\$	<u>2,901,391</u>

**Oceana County Drainage Districts
Statement of Activities
For the Year Ended December 31, 2017**

<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>	
Primary Government					
Governmental Activities:					
Public Works	\$ 164,163	\$ 99,338	\$ --	\$ --	\$ (64,825)
Interest on Long-term Debt	16,886	--	--	--	(16,886)
<i>Total Primary Government</i>	<u>\$ 181,049</u>	<u>\$ 99,338</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (81,711)</u>
General Purpose Revenues:					
Revenues					
					2,167
Interest Revenues					<u>2,167</u>
<i>Total General Revenues</i>					<u>2,167</u>
<i>Change in Net Position</i>					<u>(79,544)</u>
<i>Net Position at Beginning of Period</i>					2,980,935
<i>Net Position at End of Period</i>					<u>\$ 2,901,391</u>

**Oceana County Drainage Districts
Balance Sheet
Governmental Funds
December 31, 2017**

	Debt Service			Capital Projects			Total Governmental Funds	
	General	Drain Debt	Drain Equipment Revolving	Regular Drain	Drain Revolving	Crystal Lake Improvement		Stony Lake Board
ASSETS								
Cash and Cash Equivalents	\$ --	\$ 1,479	\$ 251	\$ 340,820	\$ 7,800	\$ 5,106	\$ 38,083	\$ 393,539
Investments	--	--	508	18,156	--	--	--	18,664
Special Assessments Receivable	--	--	--	329,631	--	--	112,349	441,980
Due from Other Funds	--	--	--	--	28,728	--	--	28,728
Total Assets	\$ --	\$ 1,479	\$ 759	\$ 688,607	\$ 36,528	\$ 5,106	\$ 150,432	\$ 882,911
LIABILITIES								
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 3,250	\$ 3,250
Due to Other Funds	--	--	--	28,728	--	--	--	28,728
Advances from Other Governmental Units	--	--	--	--	31,200	--	--	31,200
Total Liabilities	--	--	--	28,728	31,200	--	3,250	63,178
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenues - Special Assessments	--	--	--	245,518	--	--	112,349	357,867
Total Liabilities and Deferred Inflows of Resources	--	--	--	274,246	31,200	--	115,599	421,045
FUND BALANCE								
Restricted	--	1,479	759	414,361	5,328	5,106	34,833	461,866
Unassigned	--	--	--	--	--	--	--	--
Total Fund Balance	--	1,479	759	414,361	5,328	5,106	34,833	461,866
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ --	\$ 1,479	\$ 759	\$ 688,607	\$ 36,528	\$ 5,106	\$ 150,432	\$ 882,911

Oceana County Drainage Districts
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2017

Total Fund Balance - Governmental Funds	\$ 461,866
Capital assets used in governmental activities of \$4,092,864, net of accumulated depreciation of \$1,763,715, are not financial resources and therefore are not reported as assets in the governmental funds.	2,329,149
Long-term receivables are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds.	357,867
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 \$240,998.	(240,998)
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.	(6,493)
Total Net Position - Governmental Funds	\$ <u>2,901,391</u>

Oceana County Drainage Districts
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	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	\$ --	\$ 18,043	\$ 250	\$ 134,938	\$ --	\$ --	\$ 36,655	\$ 189,886
Interest Revenues	--	4	5	2,069	63	16	10	2,167
Total Revenues	<u>--</u>	<u>18,047</u>	<u>255</u>	<u>137,007</u>	<u>63</u>	<u>16</u>	<u>36,665</u>	<u>192,053</u>
Expenditures								
Public Works	--	--	--	29,738	--	--	32,104	61,842
Debt Service - Principal	--	281,684	--	--	--	--	--	281,684
Debt Service - Interest	--	24,475	--	--	--	--	--	24,475
Total Expenditures	<u>--</u>	<u>306,159</u>	<u>--</u>	<u>29,738</u>	<u>--</u>	<u>--</u>	<u>32,104</u>	<u>368,001</u>
Excess of Revenues Over (Under) Expenditures	<u>--</u>	<u>(288,112)</u>	<u>255</u>	<u>107,269</u>	<u>63</u>	<u>16</u>	<u>4,561</u>	<u>(175,948)</u>
Other Financing Sources (Uses)								
Transfers In	--	289,591	--	--	--	--	--	289,591
Transfers Out	--	--	--	(289,591)	--	--	--	(289,591)
Net Other Financing Sources (Uses)	<u>--</u>	<u>289,591</u>	<u>--</u>	<u>(289,591)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u>--</u>	<u>1,479</u>	<u>255</u>	<u>(182,322)</u>	<u>63</u>	<u>16</u>	<u>4,561</u>	<u>(175,948)</u>
Fund Balance at Beginning of Period	<u>--</u>	<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>
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ 1,479</u>	<u>\$ 759</u>	<u>\$ 414,361</u>	<u>\$ 5,328</u>	<u>\$ 5,106</u>	<u>\$ 34,833</u>	<u>\$ 461,866</u>

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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	(175,948)
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.		(90,548)
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 \$281,684.		281,684
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.		7,589
Changes in Net Position - Governmental Funds	\$	<u>(79,544)</u>

Oceana County Economic Development Corporation
Statement of Net Position
December 31, 2017

ASSETS

Current Assets

Cash	\$	28,821
Receivables, net		4,244
<i>Total Current Assets</i>		33,065

Noncurrent Assets

Long-term Receivables		1,449
<i>Total Assets</i>		34,514

LIABILITIES

Current Liabilities

Accounts Payable		1,030
Payroll Liabilities		1,366
Compensated Absences		6,340
<i>Total Liabilities</i>		8,736

NET POSITION

Restricted for:

Economic Development		25,778
----------------------	--	--------

Unrestricted

		--
<i>Total Net Position</i>	\$	25,778

**Oceana County Economic Development Corporation
Statement of Activities
For the Year Ended December 31, 2017**

<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>	
Primary Government					
Governmental Activities:					
Community and Economic Development	\$ 119,562	\$ 3,429	\$ 61,500	\$ --	\$ (54,633)
<i>Total Primary Government</i>	<u>\$ 119,562</u>	<u>\$ 3,429</u>	<u>\$ 61,500</u>	<u>\$ --</u>	<u>\$ (54,633)</u>
					<u>(54,633)</u>
					<u>80,411</u>
					<u>\$ 25,778</u>

Oceana County Economic Development Corporation
Balance Sheet
Governmental Funds
December 31, 2017

	<u>Special Revenue</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Revolving Loan Fund</u>	
ASSETS			
Cash	\$ 9,946	\$ 18,875	\$ 28,821
Receivables, net	--	5,693	5,693
<i>Total Assets</i>	<u>\$ 9,946</u>	<u>\$ 24,568</u>	<u>\$ 34,514</u>
LIABILITIES			
Accounts Payable	\$ 1,030	--	\$ 1,030
Payroll Liabilities	1,366	--	1,366
<i>Total Liabilities</i>	<u>2,396</u>	<u>--</u>	<u>2,396</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	--	5,693	5,693
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>2,396</u>	<u>5,693</u>	<u>8,089</u>
FUND BALANCE			
Restricted	7,550	18,875	26,425
Unassigned	--	--	--
<i>Total Fund Balance</i>	<u>7,550</u>	<u>18,875</u>	<u>26,425</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 9,946</u>	<u>\$ 24,568</u>	<u>\$ 34,514</u>

Oceana County Economic Development Corporation
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2017

Total Fund Balance - Governmental Funds	\$ 26,425
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.	(6,340)
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds balance sheet.	5,693
Total Net Position - Governmental Funds	\$ <u>25,778</u>

Oceana County Economic Development Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	<u>Special Revenue</u>		Total Governmental Funds
	<u>General</u>	<u>Revolving Loan Fund</u>	
Revenues			
Intergovernmental - Local	\$ 61,500	\$ --	\$ 61,500
Charges for Services	1,440	--	1,440
Other Revenue / Reimbursements	1,701	4,380	6,081
<i>Total Revenues</i>	64,641	4,380	69,021
Expenditures			
Wages and Fringes	53,167	--	53,167
Contractual Services	9,305	--	9,305
Advertising	1,998	--	1,998
Dues and Subscriptions	280	--	280
Travel	1,167	--	1,167
Supplies and Materials	663	--	663
Utilities	39	--	39
Community and Economic Development	--	880	880
Other	505	51,400	51,905
<i>Total Expenditures</i>	67,124	52,280	119,404
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,483)	(47,900)	(50,383)
<i>Net Change in Fund Balance</i>	(2,483)	(47,900)	(50,383)
<i>Fund Balance at Beginning of Period</i>	10,033	66,775	76,808
<i>Fund Balance at End of Period</i>	\$ 7,550	\$ 18,875	\$ 26,425

**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, 2017**

Total Net Change in Fund Balances - Governmental Funds	\$ (50,383)
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.	(4,092)
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.	(158)
Changes in Net Position - Governmental Funds	\$ <u>(54,633)</u>



**OCEANA COUNTY
ANNUAL CONTINUING DISCLOSURE (UNAUDITED)
YEAR ENDED DECEMBER 31, 2017**

Oceana County
Continuing Disclosure – Unaudited
December 31, 2017

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, 2017 to December 31, 2017

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, 2017

COUNTY TAXATION AND LIMITATIONS

Property Tax Levy History

<u>Purpose</u>	<u>7/1/2017</u>	<u>12/1/2017</u>
County Operating ⁽¹⁾	5.7500	-
Ambulance Service ^{(1) (2)}	-	0.9948
Medical Care Facility ^{(1) (2)}	-	2.4847
Council on Aging ⁽²⁾	-	0.9993
Veterans ⁽²⁾	-	0.1000
911 ⁽¹⁾	-	0.1398
Total County	<u>5.7500</u>	<u>4.7186</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>
2017	\$ 1,531,168,880	\$ 1,163,489,777	-0.33%	-0.08%

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>
2017	45,023,501	41,726,709	93%	<u>Not available until 7/1/18</u>

REVENUES FROM THE STATE OF MICHIGAN

<u>Fiscal Year Ended/Ending</u>	<u>Revenue Sharing/CIP Payments</u>
December 31, 2017	<u>\$ 542,383</u>

Oceana County
Continuing Disclosure – Unaudited
December 31, 2017

COUNTY DEBT as of December 31, 2017

Statement of Legal Debt Margin

2017 State Equalized Valuation	\$ 1,536,204,284
Legal Debt Limit (10% of SEV)	153,620,428
Debt Outstanding	1,590,000
Additional debt that can legally be incurred	\$ 143,257,396

Debt Statement

The following table reflects a breakdown of the County’s direct and overlapping debt as of December 31, 2017:

<u>Direct Debt</u>	<u>Gross</u>	<u>Self-supporting or Portion Paid Directly by Benefited Municipalities</u>	<u>Net</u>	<u>Net Debt</u>	
				<u>Per Capita ⁽¹⁾</u>	<u>Percent of SEV</u>
Capital Improvement Bods (L.T.G.O.)	\$ 3,140,000	\$ -	\$ 1,590,000	\$ 60	0.10%
<u>Overlapping Debt of County ⁽²⁾</u>					
School Districts			\$ 57,080,090		
Intermediate School Districts			68,655		
Cities			320,000		
Villages			2,973,785		
Library			286,672		
Township			351		
Total Overlapping Debt			60,729,553	2,286	3.95%
Total County Net and Overlapping Debt			\$ 62,319,553	\$ 2,345	4.06%

(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.

Lease Obligations

As of December 31, 2017 the County had no capital lease obligations.

Oceana County
Continuing Disclosure – Unaudited
December 31, 2017

Retirement System

For a description of the retirement benefits of the County employees as of December 31, 2017 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 2017</u>	<u>Current Contract Expiration Date</u>
County Sheriff Department	29	12/31/2018
Medical Care Facility	193	12/31/2018
Ambulance	20	12/31/2018
Non-Union	89	
Total	<u>331</u>	

Major Taxpayers

<u>Taxpayer</u>	<u>Product or Service</u>	<u>2017 Taxable Value</u>	<u>Percent of Total 2017 Taxable Value</u>
Oceana Co Freezer Storage, Inc.	Agriculture	\$ 13,208,531	1.13%
E & L Peterson Land, Inc.	Agriculture	11,102,356	0.95%
Great Lakes Energy	Utilities	9,309,185	0.80%
Consumers Energy	Utilities	6,785,976	0.58%
Peterson Farm Fresh Inc.	Agriculture	6,202,100	0.53%
Valley View Pork LLC	Agriculture	6,122,416	0.53%
Arbre Farms Corp	Agriculture	4,954,904	0.43%
Willow Cold Storage Corp	Agriculture	3,335,175	0.29%
Michigan Electric Transmission	Utilities	2,901,636	0.25%
Wolverine Power Supply Co-Op	Utilities	<u>2,817,923</u>	<u>0.24%</u>
	Totals	<u>\$ 66,740,202</u>	<u>5.73%</u>

SOURCE: County of Oceana

June 29, 2018

To the Board of Commissioners
Oceana County, Michigan

We have audited the 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, 2017. Our report includes a reference to other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 19, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. The County implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* during 2017. Refer to Note 14 to the financial statements for more information on how implementing the new OPEB standard impacted the County's financial statements as of and during the year ended December 31, 2017. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences and the related pay rates as of December 31, 2017.

- Management’s estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- 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 29, 2018.

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