

Oceana County

Annual Financial Report
Year Ended December 31, 2018



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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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oceana County Road Commission, which represent 48.3 percent, 53.7 percent, and 33.3 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

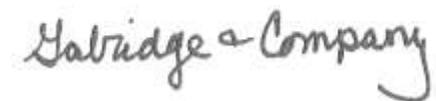
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required pension and OPEB schedules, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Gabridge & Company, PLC
Grand Rapids, Michigan
June 28, 2019

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, 2018. 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, 2018 by \$11,268,702. Of this amount, \$5,145,240 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased \$1,269,783 during 2018. Revenues increased by \$1,147,204 during the year and expenses for the County increased by \$1,199,354 from the prior fiscal year.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$7,129,999, a decrease of \$122,188 in comparison with the prior year. Approximately 69.1% of this amount (or \$4,924,178) is available for spending at the government's discretion (unassigned fund balance).
- At December 31, 2018, unassigned fund balance for the general fund was \$4,924,178, or 45.2% of the general fund's annualized expenditures and transfers out.
- The County paid down long-term debt by \$245,000 during 2018.

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 \$11,268,702 at the close of the most recent fiscal year. A large portion of the County's net position (36.6%, or \$4,126,710) 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 (17.7%, or \$1,966,752) 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 (45.7%, or \$5,145,240) 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	
	2018	2017	2018	2017	2018	2017
ASSETS						
<i>Current Assets</i>						
Cash and Cash Equivalents	\$ 7,055,824	\$ 7,283,422	\$ 4,875,303	\$ 4,083,358	\$ 11,931,127	\$ 11,366,780
Taxes Receivable	3,194,608	2,843,411	1,351,982	1,298,568	4,546,590	4,141,979
Accounts Receivable	123,468	265,916	-	-	123,468	265,916
Due from Other Governments	336,319	257,715	-	-	336,319	257,715
Prepaid Items	113,307	57,482	-	-	113,307	57,482
Total Current Assets	10,823,526	10,707,946	6,227,285	5,381,926	17,050,811	16,089,872
<i>Noncurrent Assets</i>						
Advances to Other Governmental Units	96,200	31,200	-	-	96,200	31,200
Capital Assets not Being Depreciated	2,107,885	1,730,509	-	-	2,107,885	1,730,509
Capital Assets Being Depreciated	3,363,825	3,680,558	-	-	3,363,825	3,680,558
Total Assets	16,391,436	16,150,213	6,227,285	5,381,926	22,618,721	21,532,139
DEFERRED OUTFLOWS OF RESOURCES						
Pension	1,900,583	2,725,112	-	-	1,900,583	2,725,112
Total Deferred Outflows of Resources	1,900,583	2,725,112	-	-	1,900,583	2,725,112
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	151,551	228,931	6,568	484	158,119	229,415
Accrued Wages	191,086	241,789	-	-	191,086	241,789
Accrued Interest	6,725	7,542	-	-	6,725	7,542
Current Portion of Long-term Debt	250,000	245,000	-	-	250,000	245,000
Current Portion of Compensated Absences	140,181	178,157	-	-	140,181	178,157
Total Current Liabilities	739,543	901,419	6,568	484	746,111	901,903
<i>Noncurrent Liabilities</i>						
Long-term Debt	1,095,000	1,345,000	-	-	1,095,000	1,345,000
Compensated Absences	459,863	485,546	-	-	459,863	485,546
Net Other Post-employment Benefit Obligation	421,131	422,827	-	-	421,131	422,827
Net Pension Liability	7,181,895	7,686,714	-	-	7,181,895	7,686,714
Total Liabilities	9,897,432	10,841,506	6,568	484	9,904,000	10,841,990
DEFERRED INFLOWS OF RESOURCES						
Pension	333,191	-	-	-	333,191	-
OPEB	21,966	-	-	-	21,966	-
Taxes Levied for a Subsequent Period	2,991,445	2,635,664	-	-	2,991,445	2,635,664
Total Deferred Inflows of Resources	3,346,602	2,635,664	-	-	3,346,602	2,635,664
NET POSITION						
Net Investment in Capital Assets	4,126,710	3,821,067	-	-	4,126,710	3,821,067
Restricted	1,996,752	2,159,903	-	-	1,996,752	2,159,903
Unrestricted	(1,075,477)	(582,815)	6,220,717	5,381,442	5,145,240	4,798,627
Total Net Position	\$ 5,047,985	\$ 5,398,155	\$ 6,220,717	\$ 5,381,442	\$ 11,268,702	\$ 10,779,597

The County's net pension liability decreased by \$504,819 as a result of strong market returns on the County's pension assets during 2017 (a one-year lag exists between the County's year-end and the valuation reports). The County's total net position increased by 12.7%, or \$1,269,783, from \$9,998,919 to \$11,268,702 for the year ended December 31, 2018. 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	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 3,170,786	\$ 3,160,974	\$ 914,130	\$ 1,049,732	\$ 4,084,916	\$ 4,210,706
Operating Grants and Contributions	1,939,412	1,407,156	-	-	1,939,412	1,407,156
Capital Grants and Contributions	1,920	166,476	-	-	1,920	166,476
General Revenues						
Property Taxes	9,974,671	9,188,607	-	-	9,974,671	9,188,607
State Revenue Sharing	547,017	542,383	-	-	547,017	542,383
Unrestricted Investment Earnings	129,184	65,796	78,163	26,955	207,347	92,751
Total Revenues	15,762,990	14,531,392	992,293	1,076,687	16,755,283	15,608,079
Expenses						
General Government	5,727,025	4,978,812	-	-	5,727,025	4,978,812
Public Safety	4,850,711	4,641,060	-	-	4,850,711	4,641,060
Public Works	394,422	348,112	-	-	394,422	348,112
Health and Welfare	3,781,884	3,586,032	-	-	3,781,884	3,586,032
Recreation and Culture	154,327	34,330	-	-	154,327	34,330
Community and Economic Development	62,769	60,187	-	-	62,769	60,187
Interest on Long-term Debt	44,683	51,488	-	-	44,683	51,488
Other Expenses	311,661	356,189	158,018	229,936	469,679	586,125
Total Expenses	15,327,482	14,056,210	158,018	229,936	15,485,500	14,286,146
Changes in Net Position Before Transfers	435,508	475,182	834,275	846,751	1,269,783	1,321,933
Transfers	(5,000)	805,176	5,000	(805,176)	-	-
Changes in Net Position	430,508	1,280,358	839,275	41,575	1,269,783	1,321,933
<i>Net Position at the Beginning of Period</i>	<i>4,617,477</i>	<i>4,117,797</i>	<i>5,381,442</i>	<i>5,339,867</i>	<i>9,998,919</i>	<i>9,457,664</i>
Net Position at the End of Period	\$ 5,047,985	\$ 5,398,155	\$ 6,220,717	\$ 5,381,442	\$11,268,702	\$10,779,597

Governmental activities

Governmental activities increased the County's net position by \$430,508. This was primarily the result of an increase of \$786,064 in property tax revenues. The increase in property tax revenues can be attributed to a 3.3% increase in the County's taxable value from \$1,163,457,199 in 2017 to \$1,201,336,093 in 2018.

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 \$839,275 compared to a small increase in net position of \$41,575 in the prior year. The reason for the large difference is due to the enterprise fund operations not having any transfers out for the year ended December 31, 2018.

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 45.2% of total general fund expenditures, including transfers out.

General fund balance increased by \$74,503, from \$5,109,552 to \$5,184,055 during 2018. 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 as mentioned above.

The ambulance fund had a decrease in fund balance during the year of \$284,858, from \$741,246 to \$456,388. This is a result of decreased revenue from charges for the services during the year.

The senior citizens' tax fund had an increase in fund balance during the year of \$38, from \$18 to \$56. This is a result of an increase in tax revenues and corresponding expenditures of a similar 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 \$1,939,437 and for the delinquent tax revolving fund it was \$4,244,517. The foreclosure and the delinquent tax revolving funds experienced an increase in net position in the amount of \$329,424 and \$503,678, respectively, during the year 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. The County had one significant expenditure in excess of appropriations during the year ended December 31, 2018:

- Capital outlay within the general fund with a final budget of \$68,234 and an actual amount of \$421,034, resulting in a variance of \$352,800.

Capital Asset and Debt Administration

Capital assets. As of December 31, 2018, the County’s investment in capital assets for its governmental activities amounted to \$5,471,710 (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 2018 was \$60,643, or 1.1%.

Significant capital asset additions during 2018 included:

- Two new police vehicles
- Construction on airport runway and terminal

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

	Capital Assets, Net	
	Governmental Activities	
	2017	2016
Land	\$ 1,730,509	\$ 1,730,509
Construction in progress	377,376	-
Land improvements	188,800	239,204
Buildings and improvements	2,391,183	2,509,725
Equipment, furniture, and vehicles	686,263	829,457
Infrastructure	97,579	102,172
Total	\$ 5,471,710	\$ 5,411,067

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, 2018, the County had long-term debt outstanding of \$1,345,000 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 \$245,000 during the year ended December 31, 2018. 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, 2018.

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 \$10,583,710 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 2018. 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 2019, 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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 7,055,824	\$ 4,875,303	\$ 11,931,127	\$ 3,605,314
Taxes Receivable	3,194,608	1,351,982	4,546,590	2,645,724
Accounts Receivable	123,468	--	123,468	2,256,720
Due from Other Governments	336,319	--	336,319	1,148,819
Prepays	113,307	--	113,307	68,436
Inventory	--	--	--	289,386
Total Current Assets	10,823,526	6,227,285	17,050,811	10,014,399
<i>Noncurrent Assets</i>				
Restricted Investments	--	--	--	303,218
Advances to Other Governmental Units	96,200	--	96,200	445,319
Capital Asset not Being Depreciated	2,107,885	--	2,107,885	221,915
Capital Assets Being Depreciated	3,363,825	--	3,363,825	42,870,909
Long-term Receivables	--	--	--	252,146
Total Assets	16,391,436	6,227,285	22,618,721	54,107,906
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,900,583	--	1,900,583	16,152
OPEB	--	--	--	779,780
Total Deferred Outflows of Resources	1,900,583	--	1,900,583	795,932
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	151,551	6,568	158,119	737,593
Accrued Wages	191,086	--	191,086	407,375
Accrued Interest	6,725	--	6,725	581
Current Portion of Long-term Debt	250,000	--	250,000	437,927
Other Liabilities	--	--	--	566,408
Current Portion of Compensated Absences	140,181	--	140,181	495,220
Total Current Liabilities	739,543	6,568	746,111	2,645,104
<i>Noncurrent Liabilities</i>				
Advances from Other Governmental Units	--	--	--	96,200
Residents' Trust Payable	--	--	--	3,120
Compensated Absences	459,863	--	459,863	--
Long-term Debt	1,095,000	--	1,095,000	543,692
Net OPEB Liability	421,131	--	421,131	736,285
Net Pension Liability	7,181,895	--	7,181,895	2,726,525
Total Liabilities	9,897,432	6,568	9,904,000	6,750,926
DEFERRED INFLOWS OF RESOURCES				
Pension	333,191	--	333,191	547,646
OPEB	21,966	--	21,966	173,107
Taxes Levied for a Subsequent Period	2,991,445	--	3,346,602	2,977,958
Total Deferred Inflows of Resources	3,346,602	--	3,346,602	3,698,711
NET POSITION				
Net Investment in Capital Assets	4,126,710	--	4,126,710	42,111,205
<i>Restricted for:</i>				
Public Works	--	--	--	856,032
Other Purposes	1,996,752	--	1,996,752	380,476
<i>Unrestricted</i>	(1,075,477)	6,220,717	5,145,240	1,106,488
Total Net Position	\$ 5,047,985	\$ 6,220,717	\$ 11,268,702	\$ 44,454,201

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, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 5,727,025	\$ 1,514,657	\$ 1,751,059	\$ --	\$ (2,461,309)	\$ --	\$ (2,461,309)	\$ --
Public Safety	4,850,711	551,141	27,175	--	(4,272,395)	--	(4,272,395)	--
Public Works	394,422	188,321	--	--	(206,101)	--	(206,101)	--
Health and Welfare	3,781,884	886,884	131,178	359	(2,763,463)	--	(2,763,463)	--
Community and Economic Development	62,769	3,750	--	--	(59,019)	--	(59,019)	--
Recreation and Culture	154,327	26,033	30,000	1,561	(96,733)	--	(96,733)	--
Other Expenditures	311,661	--	--	--	(311,661)	--	(311,661)	--
Interest on Long-term Debt	44,683	--	--	--	(44,683)	--	(44,683)	--
Total Governmental Activities	15,327,482	3,170,786	1,939,412	1,920	(10,215,364)	--	(10,215,364)	--
Business-type Activities:								
Foreclosure	131,686	431,358	--	--	--	299,672	299,672	--
Homestead Denial	--	1,125	--	--	--	1,125	1,125	--
Delinquent Tax Revolving	1,236	456,565	--	--	--	455,329	455,329	--
Housing Commission	5,000	--	--	--	--	(5,000)	(5,000)	--
Jail Commissary	20,096	25,082	--	--	--	4,986	4,986	--
Total Business-type Activities	158,018	914,130	--	--	--	756,112	756,112	--
Total Primary Government	\$ 15,485,500	\$ 4,084,916	\$ 1,939,412	\$ 1,920	\$ (10,215,364)	\$ 756,112	\$ (9,459,252)	--
Component Units								
Total Component Units	\$ 28,904,577	\$ 22,943,505	\$ 3,644,903	\$ --	--	--	--	(2,316,169)
Total Component Units	\$ 28,904,577	\$ 22,943,505	\$ 3,644,903	\$ --	--	--	--	(2,316,169)
General Purpose Revenues and Transfers:								
Revenues								
Taxes					9,974,671	--	9,974,671	2,899,612
Intergovernmental					547,017	--	547,017	--
Interest Income					129,184	78,163	207,347	43,180
Transfers					(5,000)	5,000	--	--
Total General Revenues and Transfers					10,645,872	83,163	10,729,035	2,942,792
Change in Net Position					430,508	839,275	1,269,783	626,623
<i>Net Position at Beginning of Period (Restated, Note 14)</i>					4,617,477	5,381,442	9,998,919	43,827,578
Net Position at End of Period					\$ 5,047,985	\$ 6,220,717	\$ 11,268,702	\$ 44,454,201

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

**Oceana County
Balance Sheet
Governmental Funds
December 31, 2018**

	Special Revenue				
	General	Ambulance Fund	Senior Citizens' Tax	Other Governmental Funds	
ASSETS					
Cash and Investments	\$ 4,798,137	\$ 590,312	\$ 134,112	\$ 1,533,263	\$ 7,055,824
Taxes Receivable	596,369	1,061,804	1,067,268	469,167	3,194,608
Accounts Receivable	37,288	83,950	--	2,230	123,468
Due from Other Governments	305,093	--	--	31,226	336,319
Prepays	99,215	587	--	13,505	113,307
Advances to Other Governmental Units	96,200	--	--	--	96,200
Total Assets	\$ 5,932,302	\$ 1,736,653	\$ 1,201,380	\$ 2,049,391	\$ 10,919,726
LIABILITIES					
Accounts Payable	\$ 107,942	\$ 18,737	\$ --	\$ 24,872	\$ 151,551
Accrued Wages	184,660	--	--	6,426	191,086
Total Liabilities	292,602	18,737	--	31,298	342,637
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	455,645	--	--	--	455,645
Taxes Levied for a Subsequent Period	--	1,261,528	1,201,324	528,593	2,991,445
Total Liabilities and Deferred Inflows of Resources	748,247	1,280,265	1,201,324	559,891	3,789,727
FUND BALANCE					
Nonspendable	195,415	587	--	13,505	209,507
Restricted	64,462	455,801	56	1,462,199	1,982,518
Committed	--	--	--	13,796	13,796
Unassigned	4,924,178	--	--	--	4,924,178
Total Fund Balance	5,184,055	456,388	56	1,489,500	7,129,999
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,932,302	\$ 1,736,653	\$ 1,201,380	\$ 2,049,391	\$ 10,919,726

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, 2018

Total Fund Balance - Governmental Funds	\$	7,129,999
General government capital assets of \$11,756,876, net of accumulated depreciation of \$6,285,166, are not financial resources and, accordingly, are not reported in the funds.		5,471,710
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(6,725)
Long-term liabilities are not due any payable in the current period and, therefore, are not reported in the funds.		(1,345,000)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(600,044)
The net OPEB liability is not due and payable in the current period and is not reported in the funds.		(443,097)
Net pension liability is not due and payable in the current period and is not reported in the funds.		(7,181,895)
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.		1,567,392
Unavailable revenues are not available to pay current period expenditures and, therefore, are deferred inflows of resources in the funds.		455,645
Total Net Position - Governmental Activities	\$	<u>5,047,985</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, 2018

	<u>Special Revenue</u>				Total Governmental Funds
	<u>General</u>	<u>Ambulance Fund</u>	<u>Senior Citizens' Tax</u>	<u>Other Governmental Funds</u>	
Revenues					
Taxes	\$ 6,920,865	\$ 1,160,340	\$ 1,165,839	\$ 652,557	\$ 9,899,601
Licenses and Permits	26,648	--	--	369,609	396,257
Intergovernmental	2,141,038	--	--	346,454	2,487,492
Charges for Services	1,264,754	724,543	--	111,435	2,100,732
Capital Grants & Contributions	--	--	--	359	359
Fines and Forfeits	21,536	--	--	3,500	25,036
Interest and Rents	101,098	15,941	283	11,862	129,184
Other Revenue	477,732	149,800	--	21,727	649,259
Total Revenues	<u>10,953,671</u>	<u>2,050,624</u>	<u>1,166,122</u>	<u>1,517,503</u>	<u>15,687,920</u>
Expenditures					
General Government	5,502,225	--	--	198,287	5,700,512
Public Safety	3,952,830	--	--	755,717	4,708,547
Public Works	332,874	--	--	--	332,874
Health and Welfare	29,265	2,198,025	1,166,084	327,113	3,720,487
Community and Economic Development	62,769	--	--	--	62,769
Recreation and Culture	43,510	--	--	100,000	143,510
Other Expenditures	311,661	--	--	--	311,661
Debt Service - Principal	--	--	--	245,000	245,000
Debt Service - Interest	--	--	--	45,500	45,500
Capital Outlay	421,034	104,537	--	8,677	534,248
Total Expenditures	<u>10,656,168</u>	<u>2,302,562</u>	<u>1,166,084</u>	<u>1,680,294</u>	<u>15,805,108</u>
Excess of Revenues Over (Under) Expenditures	<u>297,503</u>	<u>(251,938)</u>	<u>38</u>	<u>(162,791)</u>	<u>(117,188)</u>
Other Financing Sources (Uses)					
Transfers In	10,600	--	--	264,159	274,759
Transfers Out	(233,600)	(32,920)	--	(13,239)	(279,759)
Net Other Financing Sources (Uses)	<u>(223,000)</u>	<u>(32,920)</u>	<u>--</u>	<u>250,920</u>	<u>(5,000)</u>
Net Change in Fund Balance	74,503	(284,858)	38	88,129	(122,188)
<i>Fund Balance at Beginning of Period</i>	5,109,552	741,246	18	1,401,371	7,252,187
Fund Balance at End of Period	<u>\$ 5,184,055</u>	<u>\$ 456,388</u>	<u>\$ 56</u>	<u>\$ 1,489,500</u>	<u>\$ 7,129,999</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, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	(122,188)
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.		817
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 \$534,248 exceeded depreciation expense of \$473,605.		60,643
Repayment of bond principal is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		245,000
The change in other postemployment benefit liability, and OPEB related deferrals, does not provide current financial resources and, therefore, is not reported in the funds.		(20,270)
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.		63,659
Changes to the net pension liability, and the pension related deferrals, are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		127,777
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources		75,070
Changes in Net Position - Governmental Activities	\$	<u>430,508</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, 2018**

Business-type Activities - Enterprise Funds

	<u>Foreclosure</u>	<u>Delinquent Tax Revolving</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
ASSETS				
Cash and Investments	\$ 1,946,005	\$ 2,892,535	\$ 36,763	\$ 4,875,303
Taxes Receivable	--	1,351,982	--	1,351,982
Total Assets	<u>1,946,005</u>	<u>4,244,517</u>	<u>36,763</u>	<u>6,227,285</u>
LIABILITIES				
Accounts Payable	6,568	--	--	6,568
Total Liabilities	<u>6,568</u>	<u>--</u>	<u>--</u>	<u>6,568</u>
NET POSITION				
<i>Unrestricted</i>	1,939,437	4,244,517	36,763	6,220,717
Total Net Position	<u>\$ 1,939,437</u>	<u>\$ 4,244,517</u>	<u>\$ 36,763</u>	<u>\$ 6,220,717</u>

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, 2018

Business-type Activities - Enterprise Funds

	Foreclosure	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues				
Interest and Penalties on Delinquent Taxes	\$ --	\$ 456,565	\$ --	\$ 456,565
Charges for Services	96,747	--	25,082	121,829
Other Revenue	334,611	--	1,125	335,736
Total Operating Revenues	431,358	456,565	26,207	914,130
Operating Expenses				
Public Safety	--	--	20,096	20,096
Community and Economic Development	--	--	5,000	5,000
Other Expenses	131,686	1,236	--	132,922
Total Operating Expenses	131,686	1,236	25,096	158,018
Operating Income (Loss)	299,672	455,329	1,111	756,112
Non-Operating Revenues (Expenses)				
Interest Income	29,752	48,349	62	78,163
Net Non-Operating Revenues (Expenses)	29,752	48,349	62	78,163
Income Before Contributions and Transfers	329,424	503,678	1,173	834,275
Transfers In	--	--	5,000	5,000
Change In Net Position	329,424	503,678	6,173	839,275
<i>Net Position at Beginning of Period</i>	1,610,013	3,740,839	30,590	5,381,442
Net Position at End of Period	\$ 1,939,437	\$ 4,244,517	\$ 36,763	\$ 6,220,717

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

**Oceana County
Statement of Cash Flows
Proprietary Funds
December 31, 2018**

	Business-type Activities - Enterprise Funds			
	Foreclosure	Delinquent Tax Revolving	Other Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities				
Receipts from Customers	\$ 431,358	\$ 403,151	\$ 26,207	\$ 860,716
Cash Paid to Suppliers	(125,602)	(1,236)	(25,096)	(151,934)
Net Cash Provided by Operating Activities	<u>305,756</u>	<u>401,915</u>	<u>1,111</u>	<u>708,782</u>
Cash Flows from Noncapital and Related Financing Activities				
Net Transfers	-	-	5,000	5,000
Net Cash Provided by Noncapital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest Income	29,752	48,349	62	78,163
Net Cash Provided by Investing Activities	<u>29,752</u>	<u>48,349</u>	<u>62</u>	<u>78,163</u>
Net Increase (Decrease) in Cash Equivalents	335,508	450,264	6,173	791,945
Cash and Investments - Beginning of the Year	1,610,497	2,442,271	30,590	4,083,358
Cash and Investments - End of the Year	<u>\$ 1,946,005</u>	<u>\$ 2,892,535</u>	<u>\$ 36,763</u>	<u>\$ 4,875,303</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 299,672	\$ 455,329	\$ 1,111	\$ 756,112
Adjustments to Reconcile Operating Income to Net Cash				
Change in Assets and Liabilities:				
Taxes Receivable	-	(53,414)	-	(53,414)
Accounts Payable	6,084	-	-	6,084
Net Cash Provided by Operating Activities	<u>\$ 305,756</u>	<u>\$ 401,915</u>	<u>\$ 1,111</u>	<u>\$ 708,782</u>

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

Oceana County
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2018

	Agency Funds
ASSETS	
Cash and Investments	\$ 562,195
Accounts Receivable	8,678
<i>Total Assets</i>	<i>570,873</i>
LIABILITIES	
Assets Held on Behalf of Others	570,873
<i>Total Liabilities</i>	<i>\$ 570,873</i>

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, 2018

	Road Commission	Economic Development Corporation	Land Bank	Drainage Districts	Medical Care Facility	Total Nonmajor Component Units
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 951,226	\$ 55,121	\$ 20,249	\$ 405,981	\$ 2,172,737	\$ 3,605,314
Taxes Receivable	--	--	--	--	2,645,724	2,645,724
Accounts Receivable	7,523	1,088	--	327,291	1,920,818	2,256,720
Due from Other Governments	1,148,819	--	--	--	--	1,148,819
Prepays	--	--	--	--	68,436	68,436
Inventory	189,243	--	800	--	99,343	289,386
Total Current Assets	2,296,811	56,209	21,049	733,272	6,907,058	10,014,399
<i>Noncurrent Assets</i>						
Restricted Investments	--	--	--	--	303,218	303,218
Advances to Other Governmental Units	445,319	--	--	--	--	445,319
Capital Asset not Being Depreciated	62,094	--	--	--	159,821	221,915
Capital Assets Being Depreciated	23,333,829	--	--	2,392,952	17,144,128	42,870,909
Long-term Receivables	--	--	--	252,146	--	252,146
Total Assets	26,138,053	56,209	21,049	3,378,370	24,514,225	54,107,906
DEFERRED OUTFLOWS OF RESOURCES						
OPEB	16,152	--	--	--	--	16,152
Pension	--	--	--	--	779,780	779,780
Total Deferred Outflows of Resources	16,152	--	--	--	779,780	795,932
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	13,902	--	--	32,605	691,086	737,593
Accrued Wages	--	--	--	--	407,375	407,375
Accrued Interest	--	--	--	581	--	581
Current Portion of Long-term Debt	254,349	--	--	183,578	--	437,927
Other Liabilities	493,769	--	--	--	72,639	566,408
Current Portion of Compensated Absences	105,496	--	--	--	389,724	495,220
Total Current Liabilities	867,516	--	--	216,764	1,560,824	2,645,104
<i>Noncurrent Liabilities</i>						
Advances from Other Governmental Units	--	--	--	96,200	--	96,200
Residents' Trust Payable	--	--	--	--	3,120	3,120
Long-term Debt	501,382	--	--	42,310	--	543,692
Net OPEB Liability	736,285	--	--	--	--	736,285
Net Pension Liability	--	--	--	--	2,726,525	2,726,525
Total Liabilities	2,105,183	--	--	355,274	4,290,469	6,750,926
DEFERRED INFLOWS OF RESOURCES						
OPEB	173,107	--	--	--	--	173,107
Pension	--	--	--	--	547,646	547,646
Taxes Levied for a Subsequent Period	--	--	--	--	2,977,958	2,977,958
Total Deferred Inflows of Resources	173,107	--	--	--	3,525,604	3,698,711
NET POSITION						
Net Investment in Capital Assets	22,640,192	--	--	2,167,064	17,303,949	42,111,205
<i>Restricted for:</i>						
Public Works	--	--	--	856,032	--	856,032
Other Purposes	--	56,209	21,049	--	303,218	380,476
<i>Unrestricted</i>	1,235,723	--	--	--	(129,235)	1,106,488
Total Net Position	\$ 23,875,915	\$ 56,209	\$ 21,049	\$ 3,023,096	\$ 17,477,932	\$ 44,454,201

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, 2018

	Road Commission	Economic Development Corporation	Land Bank	Drainage Districts	Medical Care Facility	Total Nonmajor Component Units
Expenses						
General Government	\$ --	\$ --	\$ 125	\$ --	\$ --	\$ 125
Public Works	9,267,816	--	--	217,987	--	9,485,803
Health and Welfare	--	--	--	--	19,389,756	19,389,756
Community and Economic Development	--	28,893	--	--	--	28,893
Total Expenses	9,267,816	28,893	125	217,987	19,389,756	28,904,577
Program Revenues						
Charges for Services	7,826,226	2,009	--	337,199	14,778,071	22,943,505
Operating Grants and Contributions	1,996,300	57,300	--	--	1,591,303	3,644,903
Capital Grants and Contributions	--	--	--	--	--	--
Total Program Revenues	9,822,526	59,309	--	337,199	16,369,374	26,588,408
Net Program Revenues (Expenses)	554,710	30,416	(125)	119,212	(3,020,382)	(2,316,169)
General Revenue						
Taxes	--	--	1,371	--	2,898,241	2,899,612
Interest Income	17,053	15	--	2,493	23,619	43,180
Total General Revenues	17,053	15	1,371	2,493	2,921,860	2,942,792
Change in Net Position	571,763	30,431	1,246	121,705	(98,522)	626,623
<i>Net Position at Beginning of Period</i>	23,304,152	25,778	19,803	2,901,391	17,576,454	43,827,578
Net Position at End of Period	\$ 23,875,915	\$ 56,209	\$ 21,049	\$ 3,023,096	\$ 17,477,932	\$ 44,454,201

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

NOTES TO 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

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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 EDC has dissolved during 2019.

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

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cigarette tax funding to subsidize operations. Oceana County's contribution for the year ended December 31, 2018 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, 2018, the County passed through \$44,260. 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, 2018. 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, 2018 was \$2,000.

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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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

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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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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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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, 2018, 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 2018 ad valorem taxes were levied and collectible on July 1, 2018. 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 2018 tax levy has been recognized as revenue in the current fiscal year. The 2018 adjusted taxable value of the County amounted to approximately \$1,201,336,093 on which ad valorem taxes levied for County general operating purposes consisted of 5.7500 mills. The Council on Aging

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levied 0.9993 mills, the ambulance fund levied 0.9948 mills, the soldiers' and sailors' relief fund levied 0.1000 mills, the 9-1-1 fund levied 0.1398 mills, the medical care facility building fund levied 0.2000 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, 2018. 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

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control purposes, all fund budgets are maintained at the activity and account level. The Administrator/Fiscal Officer is authorized to transfer budget amounts between accounts with Finance Committee Chairperson approval.

- e. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- f. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year.

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.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Oceana County Employee OPEB Plan and additions to/deductions from the County's fiduciary net position have been determined on the same basis as they are reported by the County. For this purposes, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Related Party Transactions

The County contracts with H Security Service for security personnel at the County. H Security Service is a business owned by the currently appointed Jail Administrator, Lt. Louis Herremans. The total amount for the year ended December 31, 2018 totaled \$67,184.

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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 had one significant expenditure in excess of appropriations during the year ended December 31, 2018:

- Capital outlay within the general fund with a final budget of \$68,234 and an actual amount of \$421,034, resulting in a variance of \$352,800.

Net Position Deficit

The County reported a deficit in net position for governmental activities in the amount of \$(1,075,477) for the year ended December 31, 2018.

Note 3 - Cash, Cash Equivalents, and Investments

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

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

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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or Oceana office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.

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- 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, 2018:

	Primary Government	Component Units	Totals
Statement of Net Position			
Cash and Investments	\$ 11,931,127	\$ 3,605,314	\$ 15,536,441
Restricted Investments	-	303,218	303,218
Statement of Fiduciary Assets and Liabilities			
Cash and Investments	562,195	-	562,195
Total Deposits and Investments	\$ 12,493,322	\$ 3,908,532	\$ 16,401,854
Cash on hand			\$ 2,448
Demand deposits (checking and savings accounts)			5,610,703
Investments			10,753,757
Certificates of deposits			34,946
Total			\$ 16,401,854

At December 31, 2018, the Oceana County Medical Care Facility had \$303,218 in restricted cash and investments, consisting of \$46,489 in a bank deposit account restricted for donations and patient trust funds and \$256,729 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, \$3,991,719 of the County's bank balance of \$4,493,767 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.

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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, 2018, 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	\$ -	\$ 10,753,757
Due in less than 1 year	34,946	-
	<u>\$ 34,946</u>	<u>\$ 10,753,757</u>

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

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unobservable inputs.

The County has the following recurring fair value measurements as of December 31, 2018:

- Investments held with Michigan CLASS totaled \$10,497,028. 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 \$256,729 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, 2018:

Advanced to component unit from:	
General fund	<u>\$ 96,200</u>

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

Note 5 - Interfund Transfers

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

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 10,600
General fund	General fund	32,000
Nonmajor enterprise funds	General fund	5,000
Nonmajor governmental funds	General fund	228,600
Nonmajor governmental funds	Ambulance fund	32,920
Nonmajor governmental funds	Nonmajor governmental funds	2,639

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

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programs accounted for in other funds in accordance with budgetary authorizations.

There were no interfund balances as of December 31, 2018.

Note 6 - Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,730,509	\$ -	\$ -	\$ 1,730,509
Construction in progress	-	377,376	-	377,376
Total capital assets not being depreciated	1,730,509	377,376	-	2,107,885
Capital assets being depreciated				
Buildings and improvements	4,666,918	7,497	-	4,674,415
Land improvements	848,780	-	-	848,780
Equipment and furniture	2,465,918	21,472	-	2,487,390
Vehicles	1,324,940	127,903	44,087	1,408,756
Infrastructure	229,650	-	-	229,650
Subtotal	9,536,206	156,872	44,087	9,648,991
Less accumulated depreciation for				
Buildings and improvements	2,157,193	126,039	-	2,283,232
Land improvements	609,576	50,404	-	659,980
Equipment and furniture	2,144,615	140,014	-	2,284,629
Vehicles	816,787	152,555	44,087	925,255
Infrastructure	127,478	4,593	-	132,071
Subtotal	5,855,648	473,605	44,087	6,285,166
<i>Net capital assets being depreciated</i>	3,680,558	(316,733)	-	3,363,825
Capital assets, net	\$ 5,411,067	\$ 60,643	\$ -	\$ 5,471,710

Depreciation expense was charged to the following governmental activities:

General government	\$ 90,534
Public safety	250,799
Public works	60,058
Health and welfare	61,397
Recreation and culture	10,817
Total depreciation expense	\$ 473,605

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, 2018 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	\$ 166,125	\$ -	\$ 4,258,989
Less accumulated depreciation for:				
Infrastructure - drains	1,763,715	102,322	-	1,866,037
Capital assets, net	<u>\$ 2,329,149</u>	<u>\$ 268,447</u>	<u>\$ -</u>	<u>\$ 2,392,952</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, 2018:

	<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	\$ 1,590,000	\$ -	\$ 245,000	\$ 1,345,000	\$ 250,000
Compensated absences	663,703	-	63,659	600,044	140,181
<i>Total Primary Government</i>	<u>\$ 2,253,703</u>	<u>\$ -</u>	<u>\$ 308,659</u>	<u>\$ 1,945,044</u>	<u>\$ 390,181</u>

Long-term debt activity for the drainage districts and economic development corporation for the year ended December 31, 2018 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	\$ 240,998	\$ 173,000	\$ 188,110	\$ 225,888	\$ 183,578
Economic Development Corporation					
Compensated absences	6,340	-	6,340	-	-
<i>Total component units</i>	<u>\$ 247,338</u>	<u>\$ 173,000</u>	<u>\$ 194,450</u>	<u>\$ 225,888</u>	<u>\$ 183,578</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. \$ 1,345,000

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 \$600,044 for vacation and sick at December 31, 2018. Of this liability, \$140,181 has been recorded as a current liability and \$459,863 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, 2018, per respective drain projects serviced from the component unit funds are as follows:

Component Unit - Drainage Districts

\$63,465.83 Ag-Ren Drain Note, dated July 25, 2017, due in annual installments of \$10,578 through May 1, 2023, with interest of 3.25 percent.	\$ 52,888
\$173,000 Silver Lake Special Assessment Bonds, dated September 20, 2018, due in full within one year of issue date, with interest of 2.25 percent.	<u>173,000</u>
	<u>\$ 225,888</u>

Economic Development Corporation

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

Oceana County

Notes to the Financial Statements

amounted to \$0 for vacation and sick at December 31, 2018.

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
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
	<u>\$ 1,345,000</u>	<u>\$ 123,900</u>	<u>\$ 1,468,900</u>

Component Units

	Drainage Districts		
	Drain Bonds and Notes		
	Principal	Interest	Total
2019	\$ 183,578	\$ 11,447	\$ 195,025
2020	10,578	9,583	20,161
2021	10,578	5,757	16,335
2022	10,578	4,479	15,057
2023	10,576	7,566	18,142
	<u>\$ 225,888</u>	<u>\$ 38,832</u>	<u>\$ 264,720</u>

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 \$122,819 by the county and \$114,106 for the corresponding employee contributions.

Oceana County

Notes to the Financial Statements

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

Employees Covered by Benefit Terms

At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	78
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>65</u>
Total employees covered by MERS	<u>150</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 \$2,023 to \$39,723 per month based on annual payroll for closed divisions, with an additional 5% contribution rate from the employees (across all divisions).

Oceana County

Notes to the Financial Statements

Net Pension Liability

The County's net pension liability was measured as of December 31, 2017 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
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.

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%	5.00%
Global fixed income	20.0%	2.18%
Real assets	12.5%	4.23%
Diversifying strategies	10.0%	6.56%

Oceana County

Notes to the Financial Statements

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.

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, 2016	\$ 23,027,524	\$ 15,340,810	\$ 7,686,714
Service cost	355,053	-	355,053
Interest	1,801,887	-	1,801,887
Difference between expected and actual experience	215,533	-	215,533
Contributions - Employer	-	722,778	(722,778)
Contributions - Employee	-	168,039	(168,039)
Net investment income	-	2,018,442	(2,018,442)
Benefit payments, including refunds	(1,362,956)	(1,362,956)	-
Administrative expenses	-	(31,967)	31,967
Net changes	1,009,517	1,514,336	(504,819)
Balance at December 31, 2017	\$ 24,037,041	\$ 16,855,146	\$ 7,181,895

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

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

	1% Decrease	Current	1% Increase
	(7.00%)	Discount Rate (8.00%)	(9.00%)
Net pension liability of the County	\$ 9,876,815	\$ 7,181,895	\$ 4,889,688

Oceana County

Notes to the Financial Statements

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.

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

For the year ended December 31, 2018, the County recognized pension expense of \$705,382. At December 31, 2018, the County reported deferred outflows 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	\$ -	\$ 333,191
Differences in experience	213,754	-
Change in actuarial assumptions	396,192	-
Employer contributions to the plan subsequent to the measurement date *	1,290,637	-
Total	\$ 1,900,583	\$ 333,191

* 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, 2019.

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

Years Ended December 31	Amount
2019	\$ 349,094
2020	295,897
2021	(205,968)
2022	(162,268)

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.

Oceana County

Notes to the Financial Statements

- 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 (December 31, 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.

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 December 31, 2017 and the following actuarial assumptions, applied to all periods included in the measurement:

Oceana County

Notes to the Financial Statements

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 December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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. 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.

Oceana County

Notes to the Financial Statements

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, 2017	\$ 864,933	\$ 433,770	\$ 431,163
Service cost	38,442	-	38,442
Interest	65,826	-	65,826
Contributions - Employer	-	31,701	(31,701)
Contributions/benefit paid from general operating funds	-	25,696	(25,696)
Net investment income	-	58,022	(58,022)
Benefit payments, including refunds	(25,696)	(25,696)	-
Administrative expenses	-	(1,119)	1,119
Net changes	78,572	88,604	(10,032)
Balance at December 31, 2017	\$ 943,505	\$ 522,374	\$ 421,131

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	\$ 1,028,921	\$ 943,505	\$ 865,924
Plan Fiduciary Net Position	(522,374)	(522,374)	(522,374)
Net OPEB liability of the County	<u>\$ 506,547</u>	<u>\$ 421,131</u>	<u>\$ 343,550</u>

Plan fiduciary position as a percentage of the total OPEB liability at the current discount rate was 55.4%.

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	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 867,096	\$ 943,505	\$ 1,027,875
Plan Fiduciary Net Position	(522,374)	(522,374)	(522,374)
Net OPEB liability of the County	<u>\$ 344,722</u>	<u>\$ 421,131</u>	<u>\$ 505,501</u>

Oceana County

Notes to the Financial Statements

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

For the year ended December 31, 2018 the employer recognized OPEB expense of \$69,331. The employer reported inflows of resources related to OPEB in the current year from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Investment earnings	\$ -	\$ 21,966

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ended December 31</u>	<u>Amount</u>
2018	\$ (5,492)
2019	(5,492)
2020	(5,492)
2021	(5,490)

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.

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.

Oceana County

Notes to the Financial Statements

	General Fund	Ambulance	Senior Citizen's Tax	Nonmajor Funds	Totals
Fund Balances					
Nonspendable					
Prepays	\$ 99,215	\$ 587	\$ -	\$ 13,505	\$ 113,307
Advances to Other Governmental Units	96,200	-	-	-	96,200
Restricted					
Parks and Recreation	64,462	-	-	-	64,462
Ambulance - Health and Welfare	-	455,801	-	-	455,801
Friend of the Court Activities	-	-	-	411,656	411,656
Public Improvement - Capital Outlay	-	-	-	27,889	27,889
Building Department Activities	-	-	-	165,059	165,059
Animal Control Activities	-	-	-	950	950
Animal Care Activities	-	-	-	18,845	18,845
Register of Deeds Activities	-	-	-	76,083	76,083
Local Correction Officer Training - Public Safety	-	-	-	15,740	15,740
Law Library Activities	-	-	-	21,419	21,419
Child Care - Health and Welfare	-	-	-	139,386	139,386
Senior Citizens' Tax	-	-	56	-	56
Soldiers' and Sailors' Relief - Health and Welfare	-	-	-	73,187	73,187
CDBG Housing - Comm. and Econ. Dev.	-	-	-	66,559	66,559
Criminal Justice Training - Public Safety	-	-	-	9,411	9,411
Emergency Mgmt. Reserves Corp - Public Safety	-	-	-	1,535	1,535
GIS Activities	-	-	-	17,700	17,700
Concealed Pistol	-	-	-	50,957	50,957
WM Field Rail Trail	-	-	-	9,156	9,156
Oceana-Mason DHHS	-	-	-	8,733	8,733
Mason/Oceana 911	-	-	-	4	4
K9 Unit - Public Safety	-	-	-	26,235	26,235
Technology and Innovation	-	-	-	4,188	4,188
Court Improvement and Services	-	-	-	13,527	13,527
Indigent Defense Fund	-	-	-	117,834	117,834
Victims Services - Public Safety	-	-	-	4,343	4,343
Medical Care Facility Building Fund	-	-	-	178,470	178,470
Medical Care Endowment	-	-	-	309	309
Airport Terminal	-	-	-	80	80
Ambulance Debt Retirement	-	-	-	2,944	2,944
Committed					
Equipment Replacement - Capital Outlay	-	-	-	13,796	13,796
Unassigned	4,924,178	-	-	-	4,924,178
Total fund balances	\$ 5,184,055	\$ 456,388	\$ 56	\$ 1,489,500	\$ 7,129,999

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, 2018:

PRIMARY GOVERNMENT

General Government	\$ 723,299
Public Safety	245,579
Health and Welfare	678,172
Community and Economic Development	66,559
Recreation and Culture	73,760
Debt Service	181,494
Capital Projects	27,889
Total Restricted	\$ 1,996,752

Oceana County

Notes to the Financial Statements

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, 2018, the County's property taxes were reduced by \$15,835 under this program.

Note 14 - Prior Period Restatements

In prior years, deferred outflows related to differences in expected pension investment earnings was overstated; the corresponding correction resulted in a decrease to deferred outflows of resources related to pension and a decrease to unrestricted net position within governmental activities.

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

	Governmental Activities
Net Position - December 31, 2017 - as previously reported	
As previously reported, including reclassification	\$ 5,398,155
Adjust prior deferred outflows related to investment earnings	<u>(780,678)</u>
Net Position - December 31, 2017 - as restated	<u>\$ 4,617,477</u>

REQUIRED SUPPLEMENTARY INFORMATION

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 7,079,480	\$ 7,429,636	\$ 6,920,865	\$ (508,771)
Licenses and Permits	24,180	26,653	26,648	(5)
Intergovernmental	1,564,216	1,692,010	2,141,038	449,028
Charges for Services	999,529	1,279,849	1,264,754	(15,095)
Fines and Forfeits	11,950	21,437	21,536	99
Interest and Rents	29,200	104,079	101,098	(2,981)
Other Revenue	139,279	480,013	477,732	(2,281)
Total Revenues	<u>9,847,834</u>	<u>11,033,678</u>	<u>10,953,671</u>	<u>(80,007)</u>
Other Financing Sources				
Transfers In	40,000	10,600	10,600	(0)
Total Revenues and Other Financing Sources	<u>9,887,834</u>	<u>11,044,278</u>	<u>10,964,271</u>	<u>(80,007)</u>
Expenditures				
General Government				
Board of Commissioners	221,267	222,757	202,109	20,648
Circuit Court	479,790	481,296	436,656	44,640
District Court	439,660	455,409	422,942	32,467
Friend of the Court	433,718	445,788	441,786	4,002
Probate Court	279,334	281,496	271,367	10,129
County Administrator	211,701	214,144	208,592	5,552
County Auditing	22,000	22,440	22,220	220
Elections	74,158	74,683	62,018	12,665
Clerk	365,127	370,666	367,563	3,103
Jury Board	1,385	1,385	943	442
Equalization	235,017	236,548	190,118	46,430
Prosecuting Attorney	376,361	381,070	371,571	9,499
Data Processing	201,836	202,586	194,769	7,817
Cooperative Extension	152,800	153,152	149,986	3,166
Register of Deeds	193,403	195,192	189,197	5,995
County Survey and Remonumentation	47,527	47,527	47,527	--
Treasurer	227,957	231,571	228,398	3,173
Building and Grounds	249,849	245,321	231,791	13,530
Drain Commissioner	181,954	188,582	166,916	21,666
General Services	906,695	1,341,638	1,295,756	45,882
Total General Government	<u>5,301,539</u>	<u>5,793,251</u>	<u>5,502,225</u>	<u>291,026</u>

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Expenditures				
Public Safety				
Sheriff	2,157,269	2,306,559	2,243,448	63,111
Marine Safety	128,030	129,806	126,538	3,268
Snowmobile Enforcement	14,381	15,041	13,361	1,680
Road Patrol	81,783	86,558	83,303	3,255
Jail	1,126,920	1,248,981	1,236,876	12,105
Emergency Management	114,672	118,160	93,962	24,198
Animal Control	162,661	163,478	155,342	8,136
Total Public Safety	<u>3,785,716</u>	<u>4,068,583</u>	<u>3,952,830</u>	<u>115,753</u>
Public Works				
Drains	4,910	4,910	4,907	3
Recycling	223,464	263,420	250,904	12,516
Airport	84,276	82,953	77,063	5,890
Total Public Works	<u>312,650</u>	<u>351,283</u>	<u>332,874</u>	<u>18,409</u>
Health and Welfare				
Medical Examiner	40,231	40,301	29,265	11,036
Community and Economic Development				
Planning Commission	44,220	64,970	62,769	2,201
Parks and Recreation	38,400	46,548	43,510	3,038
Other				
Insurance	326,000	337,001	309,201	27,800
Other - General	2,500	2,500	2,460	40
Total Other	<u>328,500</u>	<u>339,501</u>	<u>311,661</u>	<u>27,840</u>
Capital Outlay	24,350	68,234	421,034	(352,800)
Total Expenditures	<u>9,875,606</u>	<u>10,772,671</u>	<u>10,656,168</u>	<u>116,503</u>
Other Financing Uses				
Transfers Out	371,900	359,105	233,600	125,505
Total Expenditures and Other Financing Uses	<u>10,247,506</u>	<u>11,131,776</u>	<u>10,889,768</u>	<u>242,008</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(359,672)	(87,499)	74,503	162,002
Net Change in Fund Balance	<u>(359,672)</u>	<u>(87,499)</u>	<u>74,503</u>	<u>162,002</u>
Fund Balance at Beginning of Period	5,109,552	5,109,552	5,109,552	--
Fund Balance at End of Period	<u>\$ 4,749,880</u>	<u>\$ 5,022,053</u>	<u>\$ 5,184,055</u>	<u>\$ 162,002</u>

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Ambulance Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 1,211,250	\$ 1,300,806	\$ 1,160,340	\$ (140,466)
Charges for Services	1,000,000	1,000,000	724,543	(275,457)
Interest and Rents	16,810	18,334	15,941	(2,393)
Other Revenue	92,000	149,800	149,800	0
Total Revenues	<u>2,320,060</u>	<u>2,468,940</u>	<u>2,050,624</u>	<u>(418,316)</u>
Expenditures				
Health and Welfare	2,166,681	2,313,227	2,198,025	115,202
Capital Outlay	120,000	107,000	104,537	2,463
Total Expenditures	<u>2,286,681</u>	<u>2,420,227</u>	<u>2,302,562</u>	<u>117,665</u>
Other Financing Uses				
Transfers Out	32,920	32,920	32,920	--
Total Expenditures and Other Financing Uses	<u>2,319,601</u>	<u>2,453,147</u>	<u>2,335,482</u>	<u>117,665</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	<u>459</u>	<u>15,793</u>	<u>(284,858)</u>	<u>(300,651)</u>
Net Change in Fund Balance	459	15,793	(284,858)	(300,651)
<i>Fund Balance at Beginning of Period</i>	741,246	741,246	741,246	--
Fund Balance at End of Period	<u>\$ 741,705</u>	<u>\$ 757,039</u>	<u>\$ 456,388</u>	<u>\$ (300,651)</u>

Oceana County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Senior Citizens' Tax
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Taxes	\$ 875,078	\$ 1,299,898	\$ 1,165,839	\$ (134,059)
Interest and Rents	10	293	283	(10)
<i>Total Revenues</i>	<u>875,088</u>	<u>1,300,191</u>	<u>1,166,122</u>	<u>(134,069)</u>
Expenditures				
Health and Welfare	875,088	1,166,084	1,166,084	--
<i>Total Expenditures</i>	<u>875,088</u>	<u>1,166,084</u>	<u>1,166,084</u>	<u>--</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	--	134,107	38	(134,069)
<i>Net Change in Fund Balance</i>	--	134,107	38	(134,069)
<i>Fund Balance at Beginning of Period</i>	18	18	18	--
<i>Fund Balance at End of Period</i>	<u>\$ 18</u>	<u>\$ 134,125</u>	<u>\$ 56</u>	<u>\$ (134,069)</u>

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

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 355,053	\$ 350,067	\$ 380,952	\$ 378,169
Interest	1,801,887	1,731,236	1,587,562	1,569,807
Differences Between Expected & Actual Experience	215,533	95,915	10,366	-
Changes in Assumptions	-	-	990,477	-
Benefit Payments, Including Refunds	(1,362,956)	(1,230,215)	(1,184,993)	(1,080,593)
Other Changes	-	-	49,610	-
Net Change in Pension Liability	<u>1,009,517</u>	<u>947,003</u>	<u>1,833,974</u>	<u>867,383</u>
<i>Total Pension Liability - Beginning</i>	<u>23,027,524</u>	<u>22,080,521</u>	<u>20,246,547</u>	<u>19,379,164</u>
Total Pension Liability - Ending (a)	<u>\$ 24,037,041</u>	<u>\$ 23,027,524</u>	<u>\$ 22,080,521</u>	<u>\$ 20,246,547</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 722,778	\$ 637,568	\$ 602,676	\$ 527,348
Contributions - Member	168,039	180,419	184,915	201,226
Net Investment Income (Loss)	2,018,442	1,604,580	(219,435)	899,130
Benefit Payments, Including Refunds	(1,362,956)	(1,230,215)	(1,184,993)	(1,080,593)
Administrative Expenses	(31,967)	(31,697)	(32,313)	(33,011)
Net Change in Plan Fiduciary Net Position	<u>1,514,336</u>	<u>1,160,655</u>	<u>(649,150)</u>	<u>514,100</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>15,340,810</u>	<u>14,180,155</u>	<u>14,829,305</u>	<u>14,315,205</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,855,146</u>	<u>\$ 15,340,810</u>	<u>\$ 14,180,155</u>	<u>\$ 14,829,305</u>
Net Pension Liability - Ending (a) - (b)	\$ 7,181,895	\$ 7,686,714	\$ 7,900,366	\$ 5,417,242
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.12%	66.62%	64.22%	73.24%
Covered Employee Payroll	\$ 3,362,605	\$ 3,320,656	\$ 3,623,872	\$ 3,600,041
Net Pension Liability as a Percentage of Covered Employee Payroll	213.58%	231.48%	218.01%	150.48%

* Built prospectively upon implementation on GASB 68

**Oceana County
Required Supplementary Information
Schedule of Contributions
Last Four Years**

	2018	2017	2016	2015	2014
Actuarially Determined Contribution	749,304	660,348	\$ 557,568	\$ 602,676	\$ 557,568
Contributions in Relation to the Actuarially Determined Contribution	749,304	722,778	602,676	602,676	557,568
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (62,430)</u>	<u>\$ (45,108)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	3,429,857	3,419,416	3,320,656	3,623,872	3,600,041
Contributions as a Percentage of Covered Employee Payroll	21%	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	9 - 14 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 Two Years

	2017	2016
Total OPEB Liability		
Service Cost	\$ 38,442	\$ 35,709
Interest	65,826	61,106
Benefit Payments, Including Refunds	(25,696)	(21,840)
<i>Net Change in total OPEB Liability</i>	78,572	74,975
<i>Total OPEB Liability - Beginning</i>	864,933	789,958
<i>Total OPEB Liability - Ending (a)</i>	\$ 943,505	\$ 864,933
Plan Fiduciary Net Position		
Contributions to OPEB Trust	\$ 31,701	\$ 31,701
Contributions/benefit payments made from general operating funds	25,696	21,840
Net Investment Income	58,022	47,744
Benefit Payments, Including Refunds	(25,696)	(21,840)
Administrative Expenses	(1,119)	(875)
<i>Net Change in Plan Fiduciary Net Position</i>	88,604	78,570
<i>Plan Fiduciary Net Position - Beginning</i>	433,770	363,536
<i>Plan Fiduciary Net Position - Ending (b)</i>	\$ 522,374	\$ 442,106
<i>Net OPEB Liability - Ending (a) - (b)</i>	\$ 421,131	\$ 422,827
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	55.37%	51.11%
Covered Employee Payroll	\$ 3,429,857	\$ 3,419,416
Net OPEB Liability as a Percentage of Covered Employee Payroll	12.28%	12.37%

* Built prospectively upon implementation of GASB 75

**Oceana County
Required Supplementary Information
Schedule of Contributions - OPEB
Last Two Years**

	2018	2017
Actuarially Determined Contribution	\$ 133,100	\$ 31,701
Contributions in Relation to the Actuarially Determined Contribution	57,397	53,541
Contribution Deficiency (Excess)	\$ 75,703	\$ (21,840)
 Covered Employee Payroll	 3,429,857	 3,419,416
 Contributions as a Percentage of Covered Employee Payroll	 2%	 2%

Notes

Valuation Date: December 31, 2017

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-annuitant (sex distinct) tables

OTHER SUPPLEMENTARY INFORMATION

**Oceana County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2018**

	<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	\$ 4,732,968	\$ 31,572	\$ 10,084	\$ 23,513	\$ 4,798,137
Taxes Receivable	596,369	--	--	--	596,369
Accounts Receivable	37,288	--	--	--	37,288
Due from Other Governments	305,093	--	--	--	305,093
Prepays	99,073	142	--	--	99,215
Advances to Other Governmental Units	96,200	--	--	--	96,200
<i>Total Assets</i>	<u>\$ 5,866,991</u>	<u>\$ 31,714</u>	<u>\$ 10,084</u>	<u>\$ 23,513</u>	<u>\$ 5,932,302</u>
LIABILITIES					
Accounts Payable	\$ 107,235	\$ 441	\$ --	\$ 266	\$ 107,942
Accrued Wages	184,660	--	--	--	184,660
<i>Total Liabilities</i>	<u>291,895</u>	<u>441</u>	<u>--</u>	<u>266</u>	<u>292,602</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	455,645	--	--	--	455,645
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>747,540</u>	<u>441</u>	<u>--</u>	<u>266</u>	<u>748,247</u>
FUND BALANCE					
Nonspendable	195,273	142	--	--	195,415
Restricted	--	31,131	10,084	23,247	64,462
Unassigned	4,924,178	--	--	--	4,924,178
<i>Total Fund Balance</i>	<u>5,119,451</u>	<u>31,273</u>	<u>10,084</u>	<u>23,247</u>	<u>5,184,055</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 5,866,991</u>	<u>\$ 31,714</u>	<u>\$ 10,084</u>	<u>\$ 23,513</u>	<u>\$ 5,932,302</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, 2018

	<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	\$ 6,920,865	\$ --	\$ --	\$ --	\$ 6,920,865
Licenses and Permits	26,648	--	--	--	26,648
Intergovernmental	2,139,477	1,561	--	--	2,141,038
Charges for Services	1,256,721	8,033	--	--	1,264,754
Fines and Forfeits	21,536	--	--	--	21,536
Interest and Rents	100,731	221	52	94	101,098
Other Revenue	459,732	--	--	18,000	477,732
Total Revenues	<u>10,925,710</u>	<u>9,815</u>	<u>52</u>	<u>18,094</u>	<u>10,953,671</u>
Expenditures					
General Government	5,502,225	--	--	--	5,502,225
Public Safety	3,952,830	--	--	--	3,952,830
Public Works	332,874	--	--	--	332,874
Health and Welfare	29,265	--	--	--	29,265
Community and Economic Development	62,769	--	--	--	62,769
Recreation and Culture	--	36,111	--	7,399	43,510
Other Expenditures	311,661	--	--	--	311,661
Capital Outlay	413,537	--	--	7,497	421,034
Total Expenditures	<u>10,605,161</u>	<u>36,111</u>	<u>--</u>	<u>14,896</u>	<u>10,656,168</u>
Excess of Revenues Over (Under) Expenditures	<u>320,549</u>	<u>(26,296)</u>	<u>52</u>	<u>3,198</u>	<u>297,503</u>
Other Financing Sources (Uses)					
Transfers In	10,600	--	--	--	10,600
Transfers Out	(262,600)	26,000	--	3,000	(233,600)
Net Other Financing Sources (Uses)	<u>(252,000)</u>	<u>26,000</u>	<u>--</u>	<u>3,000</u>	<u>(223,000)</u>
Net Change in Fund Balance	68,549	(296)	52	6,198	74,503
Fund Balance at Beginning of Period	<u>5,050,902</u>	<u>31,569</u>	<u>10,032</u>	<u>17,049</u>	<u>5,109,552</u>
Fund Balance at End of Period	<u>\$ 5,119,451</u>	<u>\$ 31,273</u>	<u>\$ 10,084</u>	<u>\$ 23,247</u>	<u>\$ 5,184,055</u>

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	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	\$ 950	\$ 167,672	\$ --	\$ 76,083	\$ 2,811	\$ 4,343	\$ 15,103	\$ --	\$ 21,419
Taxes Receivable	--	--	--	--	--	--	--	--	--
Accounts Receivable	--	--	--	--	--	--	770	--	--
Due from Other Governments	--	--	--	--	--	--	--	--	--
Prepays	--	3,461	--	208	--	--	--	--	--
<i>Total Assets</i>	\$ 950	\$ 171,133	\$ --	\$ 76,291	\$ 2,811	\$ 4,343	\$ 15,873	\$ --	\$ 21,419
LIABILITIES									
Accounts Payable	\$ --	\$ 416	\$ --	\$ --	\$ 1,276	\$ --	\$ 133	\$ --	\$ --
Accrued Wages	--	2,197	--	--	--	--	--	--	--
<i>Total Liabilities</i>	--	2,613	--	--	1,276	--	133	--	--
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Period	--	--	--	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	2,613	--	--	1,276	--	133	--	--
FUND BALANCE									
Nonspendable	--	3,461	--	208	--	--	--	--	--
Restricted	950	165,059	--	76,083	1,535	4,343	15,740	--	21,419
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	950	168,520	--	76,291	1,535	4,343	15,740	--	21,419
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 950	\$ 171,133	\$ --	\$ 76,291	\$ 2,811	\$ 4,343	\$ 15,873	\$ --	\$ 21,419

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue								
	CDBG Housing	Child Care	Veterans' Trust	Criminal Justice Training	Soldiers' and Sailors' Relief	Medical Care Facility Building Fund	Concealed Pistol	WM Field Rail Trail	Oceana-Mason DHHS
ASSETS									
Cash and Investments	\$ 66,559	\$ 135,310	\$ --	\$ 9,411	\$ 90,157	\$ 205,508	\$ 50,957	\$ 9,156	\$ 8,733
Taxes Receivable	--	--	--	--	106,656	213,388	--	--	--
Accounts Receivable	--	730	--	--	--	--	--	--	--
Due from Other Governments	--	19,647	--	--	--	--	--	--	--
Prepays	--	113	--	--	--	--	--	--	--
<i>Total Assets</i>	\$ 66,559	\$ 155,800	\$ --	\$ 9,411	\$ 196,813	\$ 418,896	\$ 50,957	\$ 9,156	\$ 8,733
LIABILITIES									
Accounts Payable	\$ --	\$ 13,757	\$ --	\$ --	\$ 1,780	\$ --	\$ --	\$ --	\$ --
Accrued Wages	--	2,544	--	--	1,685	--	--	--	--
<i>Total Liabilities</i>	--	16,301	--	--	3,465	--	--	--	--
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Period	--	--	--	--	120,161	240,426	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	16,301	--	--	123,626	240,426	--	--	--
FUND BALANCE									
Nonspendable	--	113	--	--	--	--	--	--	--
Restricted	66,559	139,386	--	9,411	73,187	178,470	50,957	9,156	8,733
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	66,559	139,499	--	9,411	73,187	178,470	50,957	9,156	8,733
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 66,559	\$ 155,800	\$ --	\$ 9,411	\$ 196,813	\$ 418,896	\$ 50,957	\$ 9,156	\$ 8,733

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue							Debt Service	
	K9 Unit	Technology and Innovation	Mason/Oceana 911	Court Improvement and Services Fund	Indigent Defense Fund	GIS	Friend of the Court	Animal Care	Airport Terminal
ASSETS									
Cash and Investments	\$ 26,377	\$ 10,793	\$ 18,887	\$ 10,117	\$ 117,834	\$ 17,700	\$ 403,007	\$ 19,358	\$ 80
Taxes Receivable	--	--	149,123	--	--	--	--	--	--
Accounts Receivable	--	--	--	--	--	--	480	250	--
Due from Other Governments	--	--	--	3,410	--	--	8,169	--	--
Prepays	--	9,723	--	--	--	--	--	--	--
<i>Total Assets</i>	\$ 26,377	\$ 20,516	\$ 168,010	\$ 13,527	\$ 117,834	\$ 17,700	\$ 411,656	\$ 19,608	\$ 80
LIABILITIES									
Accounts Payable	\$ 142	\$ 6,605	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 763	\$ --
Accrued Wages	--	--	--	--	--	--	--	--	--
<i>Total Liabilities</i>	142	6,605	--	--	--	--	--	763	--
DEFERRED INFLOWS OF RESOURCES									
Taxes Levied for a Subsequent Period	--	--	168,006	--	--	--	--	--	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	142	6,605	168,006	--	--	--	--	763	--
FUND BALANCE									
Nonspendable	--	9,723	--	--	--	--	--	--	--
Restricted	26,235	4,188	4	13,527	117,834	17,700	411,656	18,845	80
Committed	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	26,235	13,911	4	13,527	117,834	17,700	411,656	18,845	80
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ 26,377	\$ 20,516	\$ 168,010	\$ 13,527	\$ 117,834	\$ 17,700	\$ 411,656	\$ 19,608	\$ 80

**Oceana County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018**

	Debt Service		Capital Projects		Permanent		Total Nonmajor Governmental Funds
	Mason/Oceana E- 911	Ambulance Debt Retirement	Equipment Replacement	Public Improvement	Cemetery Trust	Medical Care Endowment	
ASSETS							
Cash and Investments	\$ --	\$ 2,944	\$ 13,796	\$ 27,889	\$ --	\$ 309	\$ 1,533,263
Taxes Receivable	--	--	--	--	--	--	469,167
Accounts Receivable	--	--	--	--	--	--	2,230
Due from Other Governments	--	--	--	--	--	--	31,226
Prepays	--	--	--	--	--	--	13,505
<i>Total Assets</i>	\$ --	\$ 2,944	\$ 13,796	\$ 27,889	\$ --	\$ 309	\$ 2,049,391
LIABILITIES							
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 24,872
Accrued Wages	--	--	--	--	--	--	6,426
<i>Total Liabilities</i>	--	--	--	--	--	--	31,298
DEFERRED INFLOWS OF RESOURCES							
Taxes Levied for a Subsequent Period	--	--	--	--	--	--	528,593
<i>Total Liabilities and Deferred Inflows of Resources</i>	--	--	--	--	--	--	559,891
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	13,505
Restricted	--	2,944	--	27,889	--	309	1,462,199
Committed	--	--	13,796	--	--	--	13,796
Unassigned	--	--	--	--	--	--	--
<i>Total Fund Balance</i>	--	2,944	13,796	27,889	--	309	1,489,500
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	\$ --	\$ 2,944	\$ 13,796	\$ 27,889	\$ --	\$ 309	\$ 2,049,391

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	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	--	352,747	--	--	--	--	--	--	--
Intergovernmental	--	--	27,828	--	2,500	--	--	--	--
Charges for Services	--	--	--	36,180	--	--	13,950	--	--
Capital Grants & Contributions	--	--	--	--	--	--	--	--	--
Fines and Forfeits	--	--	--	--	--	--	--	--	3,500
Interest and Rents	4	1,189	--	406	10	23	59	47	126
Other Revenue	--	--	--	--	--	--	--	--	--
Total Revenues	4	353,936	27,828	36,586	2,510	23	14,009	47	3,626
Expenditures									
General Government	--	--	--	63,280	--	--	--	--	14,136
Public Safety	--	382,376	--	--	1,301	--	5,844	--	--
Health and Welfare	--	--	27,828	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	--
Debt Service - Interest	--	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--
Total Expenditures	--	382,376	27,828	63,280	1,301	--	5,844	--	14,136
Excess of Revenues Over (Under) Expenditures	4	(28,440)	--	(26,694)	1,209	23	8,165	47	(10,510)
Other Financing Sources (Uses)									
Transfers In	--	--	--	--	--	--	--	--	15,500
Transfers Out	--	(1,879)	--	--	--	--	--	(10,600)	--
Net Other Financing Sources (Uses)	--	(1,879)	--	--	--	--	--	(10,600)	15,500
Net Change in Fund Balance	4	(30,319)	--	(26,694)	1,209	23	8,165	(10,553)	4,990
<i>Fund Balance at Beginning of Period</i>	946	198,839	--	102,985	326	4,320	7,575	10,553	16,429
Fund Balance at End of Period	\$ 950	\$ 168,520	\$ --	\$ 76,291	\$ 1,535	\$ 4,343	\$ 15,740	\$ --	\$ 21,419

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Special Revenue								
	CDBG Housing	Child Care	Veterans' Trust	Criminal Justice Training	Soldiers' and Sailors' Relief	Medical Care Facility Building Fund	Concealed Pistol	WM Field Rail Trail	Oceana-Mason DHHS
Revenues									
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 116,821	\$ 204,889	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	16,862	--	--
Intergovernmental	--	101,329	--	3,700	1,523	--	--	30,000	--
Charges for Services	--	12,799	--	--	--	--	--	--	--
Capital Grants & Contributions	--	--	--	--	359	--	--	--	--
Fines and Forfeits	--	--	--	--	--	--	--	--	--
Interest and Rents	333	348	--	41	994	1,663	216	303	62
Other Revenue	3,000	--	--	--	--	--	--	--	240
Total Revenues	<u>3,333</u>	<u>114,476</u>	<u>--</u>	<u>3,741</u>	<u>119,697</u>	<u>206,552</u>	<u>17,078</u>	<u>30,303</u>	<u>302</u>
Expenditures									
General Government	--	--	--	--	--	--	--	--	--
Public Safety	--	--	--	1,608	--	--	463	--	--
Health and Welfare	--	196,066	--	--	95,159	124	--	--	7,936
Recreation and Culture	--	--	--	--	--	--	--	100,000	--
Debt Service - Principal	--	--	--	--	--	205,000	--	--	--
Debt Service - Interest	--	--	--	--	--	37,910	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>196,066</u>	<u>--</u>	<u>1,608</u>	<u>95,159</u>	<u>243,034</u>	<u>463</u>	<u>100,000</u>	<u>7,936</u>
Excess of Revenues Over (Under) Expenditures	<u>3,333</u>	<u>(81,590)</u>	<u>--</u>	<u>2,133</u>	<u>24,538</u>	<u>(36,482)</u>	<u>16,615</u>	<u>(69,697)</u>	<u>(7,634)</u>
Other Financing Sources (Uses)									
Transfers In	--	140,000	--	--	--	--	--	--	9,000
Transfers Out	--	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	<u>--</u>	<u>140,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,000</u>
Net Change in Fund Balance	<u>3,333</u>	<u>58,410</u>	<u>--</u>	<u>2,133</u>	<u>24,538</u>	<u>(36,482)</u>	<u>16,615</u>	<u>(69,697)</u>	<u>1,366</u>
Fund Balance at Beginning of Period	63,226	81,089	--	7,278	48,649	214,952	34,342	78,853	7,367
Fund Balance at End of Period	<u>\$ 66,559</u>	<u>\$ 139,499</u>	<u>\$ --</u>	<u>\$ 9,411</u>	<u>\$ 73,187</u>	<u>\$ 178,470</u>	<u>\$ 50,957</u>	<u>\$ 9,156</u>	<u>\$ 8,733</u>

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Special Revenue							Debt Service	
	K9 Unit	Technology and Innovation	Mason/Oceana 911	Court Improvement and Services Fund	Indigent Defense Fund	GIS	Friend of the Court	Animal Care	Airport Terminal
Revenues									
Taxes	\$ --	\$ --	\$ 330,847	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--	--	--
Intergovernmental	10,975	--	--	--	142,444	--	26,155	--	--
Charges for Services	--	--	--	--	--	12,451	14,609	21,446	--
Capital Grants & Contributions	--	--	--	--	--	--	--	--	--
Fines and Forfeits	--	--	--	--	--	--	--	--	--
Interest and Rents	178	245	43	28	--	63	4,948	80	59
Other Revenue	675	90	--	17,722	--	--	--	--	--
Total Revenues	11,828	335	330,890	17,750	142,444	12,514	45,712	21,526	59
Expenditures									
General Government	--	66,796	--	3,463	24,610	6,619	--	--	--
Public Safety	18,983	--	330,969	--	--	--	--	14,173	--
Health and Welfare	--	--	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	--	--	--	20,000
Debt Service - Interest	--	--	--	--	--	--	--	--	3,417
Capital Outlay	--	--	--	--	--	--	--	--	--
Total Expenditures	18,983	66,796	330,969	3,463	24,610	6,619	--	14,173	23,417
Excess of Revenues Over (Under) Expenditures	(7,155)	(66,461)	(79)	14,287	117,834	5,895	45,712	7,353	(23,358)
Other Financing Sources (Uses)									
Transfers In	--	49,339	--	--	--	--	--	--	23,400
Transfers Out	--	--	--	(760)	--	--	--	--	--
Net Other Financing Sources (Uses)	--	49,339	--	(760)	--	--	--	--	23,400
Net Change in Fund Balance	(7,155)	(17,122)	(79)	13,527	117,834	5,895	45,712	7,353	42
Fund Balance at Beginning of Period	33,390	31,033	83	--	--	11,805	365,944	11,492	38
Fund Balance at End of Period	\$ 26,235	\$ 13,911	\$ 4	\$ 13,527	\$ 117,834	\$ 17,700	\$ 411,656	\$ 18,845	\$ 80

Oceana County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Debt Service		Capital Projects		Permanent		Total Nonmajor Governmental Funds
	Mason/Oceana E- 911	Ambulance Debt Retirement	Equipment Replacement	Public Improvement	Cemetery Trust	Medical Care Endowment	
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 652,557
Licenses and Permits	--	--	--	--	--	--	369,609
Intergovernmental	--	--	--	--	--	--	346,454
Charges for Services	--	--	--	--	--	--	111,435
Capital Grants & Contributions	--	--	--	--	--	--	359
Fines and Forfeits	--	--	--	--	--	--	3,500
Interest and Rents	--	72	172	148	1	1	11,862
Other Revenue	--	--	--	--	--	--	21,727
Total Revenues	--	72	172	148	1	1	1,517,503
Expenditures							
General Government	--	--	19,081	--	302	--	198,287
Public Safety	--	--	--	--	--	--	755,717
Health and Welfare	--	--	--	--	--	--	327,113
Recreation and Culture	--	--	--	--	--	--	100,000
Debt Service - Principal	--	20,000	--	--	--	--	245,000
Debt Service - Interest	--	4,173	--	--	--	--	45,500
Capital Outlay	--	--	8,677	--	--	--	8,677
Total Expenditures	--	24,173	27,758	--	302	--	1,680,294
Excess of Revenues Over (Under) Expenditures	--	(24,101)	(27,586)	148	(301)	1	(162,791)
Other Financing Sources (Uses)							
Transfers In	--	26,920	--	--	--	--	264,159
Transfers Out	--	--	--	--	--	--	(13,239)
Net Other Financing Sources (Uses)	--	26,920	--	--	--	--	250,920
Net Change in Fund Balance	--	2,819	(27,586)	148	(301)	1	88,129
<i>Fund Balance at Beginning of Period</i>	--	125	41,382	27,741	301	308	1,401,371
Fund Balance at End of Period	\$ --	\$ 2,944	\$ 13,796	\$ 27,889	\$ --	\$ 309	\$ 1,489,500

Oceana County
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018

	Enterprise			
	Homestead Denial	Housing Commission	Jail Commissary	Total Enterprise Funds
ASSETS				
Cash and Investments	\$ 12,435	\$ --	\$ 24,328	\$ 36,763
<i>Total Assets</i>	12,435	--	24,328	36,763
LIABILITIES				
<i>Total Liabilities</i>	--	--	--	--
NET POSITION				
<i>Unrestricted</i>	12,435	--	24,328	36,763
<i>Total Net Position</i>	\$ 12,435	\$ --	\$ 24,328	\$ 36,763

Oceana County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	Enterprise			Total Enterprise Funds
	Homestead Denial	Housing Commission	Jail Commissary	
Operating Revenues				
Charges for Services	\$ --	\$ --	\$ 25,082	\$ 25,082
Other Revenue	1,125	--	--	1,125
Total Operating Revenues	1,125	--	25,082	26,207
Operating Expenses				
Public Safety	--	--	20,096	20,096
Community and Economic Development	--	5,000	--	5,000
Total Operating Expenses	--	5,000	20,096	25,096
Operating Income (Loss)	1,125	(5,000)	4,986	1,111
Non-Operating Revenues (Expenses)				
Interest Income	62	--	--	62
(Expenses)	62	--	--	62
Transfers	1,187	(5,000)	4,986	1,173
Transfers In	--	5,000	--	5,000
Change In Net Position	1,187	--	4,986	6,173
Net Position at Beginning of Period	11,248	--	19,342	30,590
Net Position at End of Period	\$ 12,435	\$ --	\$ 24,328	\$ 36,763

Oceana County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
December 31, 2018

	Business-type Activities - Enterprise Funds			
	Homestead Denial	Housing Commission	Jail Commissary	Total Enterprise Funds
Cash Flows from Operating Activities				
Receipts from Customers	\$ 1,125	\$ -	\$ 25,082	\$ 26,207
Cash Paid to Suppliers	-	(5,000)	(20,096)	(25,096)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>1,125</u>	<u>(5,000)</u>	<u>4,986</u>	<u>1,111</u>
Cash Flows from Noncapital and Related Financing Activities				
Transfers In	-	5,000	-	5,000
<i>Net Cash Provided by Noncapital and Related Financing Activities</i>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Cash Flows from Investing Activities				
Interest Income	62	-	-	62
<i>Net Cash Provided by Investing Activities</i>	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>
Net Increase in Cash and Investments	1,187	-	4,986	6,173
Cash and Investments - Beginning of the Year	11,248	-	19,342	30,590
Cash and Investments - End of the Year	<u>\$ 12,435</u>	<u>\$ -</u>	<u>\$ 24,328</u>	<u>\$ 36,763</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 1,125	\$ (5,000)	\$ 4,986	\$ 1,111
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,125</u>	<u>\$ (5,000)</u>	<u>\$ 4,986</u>	<u>\$ 1,111</u>

Oceana County
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2018

	Agency						Total
	Trust and Agency	Library	FOC Child Support	Fiduciary Escrow Trust	Inmate Trust	Payroll Clearing Account	
ASSETS							
Cash and Investments	\$ 393,274	\$ 90,160	\$ 64	\$ 34,946	\$ 28,748	\$ 15,003	\$ 562,195
Accounts Receivable	--	8,678	--	--	--	--	8,678
Total Assets	<u>393,274</u>	<u>98,838</u>	<u>64</u>	<u>34,946</u>	<u>28,748</u>	<u>15,003</u>	<u>570,873</u>
LIABILITIES							
Assets Held on Behalf of Others	393,274	98,838	64	34,946	28,748	15,003	570,873
Total Liabilities	<u>\$ 393,274</u>	<u>\$ 98,838</u>	<u>\$ 64</u>	<u>\$ 34,946</u>	<u>\$ 28,748</u>	<u>\$ 15,003</u>	<u>\$ 570,873</u>

Oceana County Drainage Districts
Statement of Net Position
December 31, 2018

ASSETS

Current Assets

Cash and Cash Equivalents	\$	351,603
Investments		54,378
Special Assessments Receivable - Current		327,291
<i>Total Current Assets</i>		733,272

Noncurrent Assets

Capital Assets, net of Accumulated Depreciation		2,392,952
Long-term Receivables		252,146
<i>Total Assets</i>		3,378,370

LIABILITIES

Current Liabilities

Accounts Payable		32,605
Current Portion of Long-term Debt		183,578
Accrued Interest		581
<i>Total Current Liabilities</i>		216,764

Noncurrent Liabilities

Advances from Other Governmental Units		96,200
Long-term Debt		42,310
<i>Total Liabilities</i>		355,274

NET POSITION

Net Investment in Capital Assets		2,167,064
<i>Restricted for:</i>		
Restricted for Debt Service		11
Restricted for Capital Improvements		856,021
<i>Unrestricted</i>		--
<i>Total Net Position</i>	\$	3,023,096

**Oceana County Drainage Districts
Statement of Activities
For the year Ended December 31, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Revenue</u>
					<u>Total</u>
Primary Government					
Governmental Activities:					
Public Works	\$ 217,987	\$ 337,199	\$ --	\$ --	\$ 119,212
<i>Total Primary Government</i>	<u>\$ 217,987</u>	<u>\$ 337,199</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 119,212</u>

**General Purpose Revenues:
Revenues**

Interest Revenues	2,493
<i>Total General Revenues</i>	<u>2,493</u>
<i>Change in Net Position</i>	121,705
<i>Net Position at Beginning of Period</i>	<u>2,901,391</u>
<i>Net Position at End of Period</i>	<u>\$ 3,023,096</u>

**Oceana County Drainage Districts
Balance Sheet
Governmental Funds
December 31, 2018**

	Debt Service		Capital Projects					Total Governmental Funds
	Drain Debt	Drain Construction Fund	Drain Equipment Revolving	Regular Drain	Drain Revolving	Crystal Lake Improvement	Stony Lake Board	
ASSETS								
Cash and Cash Equivalents	\$ 11	\$ 44,504	\$ 827	\$ 265,219	\$ 817	\$ 5,133	\$ 35,092	\$ 351,603
Investments	--	--	519	53,859	--	--	--	54,378
Special Assessments Receivable - Current	--	--	--	254,012	--	--	73,279	327,291
Due from Other Funds	--	--	--	--	35,802	--	--	35,802
Long-term Receivables	--	--	--	252,146	--	--	--	252,146
Total Assets	\$ 11	\$ 44,504	\$ 1,346	\$ 825,236	\$ 36,619	\$ 5,133	\$ 108,371	\$ 1,021,220
LIABILITIES								
Accounts Payable	\$ --	\$ 12,193	\$ 104	\$ 17,058	\$ --	\$ --	\$ 3,250	\$ 32,605
Due to Other Funds	--	--	--	35,802	--	--	--	35,802
Advances from Other Governmental Units	--	--	--	65,000	31,200	--	--	96,200
Total Liabilities	--	12,193	104	117,860	31,200	--	3,250	164,607
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenues - Special Assessments	--	--	--	422,194	--	--	73,278	495,472
Total Liabilities and Deferred Inflows of Resources	--	12,193	104	540,054	31,200	--	76,528	660,079
FUND BALANCE								
Restricted	11	32,311	1,242	285,182	5,419	5,133	31,843	361,141
Unassigned	--	--	--	--	--	--	--	--
Total Fund Balance	11	32,311	1,242	285,182	5,419	5,133	31,843	361,141
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 11	\$ 44,504	\$ 1,346	\$ 825,236	\$ 36,619	\$ 5,133	\$ 108,371	\$ 1,021,220

Oceana County Drainage Districts
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Funds	\$	361,141
Capital assets used in governmental activities of \$4,258,989, net of accumulated depreciation of \$1,866,037, are not financial resources and therefore are not reported as assets in the governmental funds.		2,392,952
Long-term receivables are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds.		495,472
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 \$225,888.		(225,888)
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.		(581)
Total Net Position - Governmental Activities	\$	<u>3,023,096</u>

Oceana County Drainage Districts
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Debt Service	Capital Projects					Total Governmental Funds	
	Drain Debt	Drain Construction Fund	Drain Equipment Revolving	Regular Drain	Drain Revolving	Crystal Lake Improvement		Stony Lake Board
Revenues								
Special Assessments	\$ --	\$ --	\$ 1,952	\$ 163,452	\$ --	\$ --	\$ 34,190	\$ 199,594
Interest Revenues	12	150	15	2,171	91	27	27	2,493
Total Revenues	<u>12</u>	<u>150</u>	<u>1,967</u>	<u>165,623</u>	<u>91</u>	<u>27</u>	<u>34,217</u>	<u>202,087</u>
Expenditures								
Public Works	--	--	1,484	77,287	--	--	37,207	115,978
Debt Service - Principal	188,110	--	--	--	--	--	--	188,110
Debt Service - Interest	5,599	--	--	--	--	--	--	5,599
Capital Outlay	--	140,839	--	25,286	--	--	--	166,125
Total Expenditures	<u>193,709</u>	<u>140,839</u>	<u>1,484</u>	<u>102,573</u>	<u>--</u>	<u>--</u>	<u>37,207</u>	<u>475,812</u>
Excess of Revenues Over (Under) Expenditures	<u>(193,697)</u>	<u>(140,689)</u>	<u>483</u>	<u>63,050</u>	<u>91</u>	<u>27</u>	<u>(2,990)</u>	<u>(273,725)</u>
Other Financing Sources (Uses)								
Proceeds from Bond Issue	--	173,000	--	--	--	--	--	173,000
Transfers In	192,229	--	--	--	--	--	--	192,229
Transfers Out	--	--	--	(192,229)	--	--	--	(192,229)
Net Other Financing Sources (Uses)	<u>192,229</u>	<u>173,000</u>	<u>--</u>	<u>(192,229)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>173,000</u>
Net Change in Fund Balance	<u>(1,468)</u>	<u>32,311</u>	<u>483</u>	<u>(129,179)</u>	<u>91</u>	<u>27</u>	<u>(2,990)</u>	<u>(100,725)</u>
Fund Balance at Beginning of Period	<u>1,479</u>	<u>--</u>	<u>759</u>	<u>414,361</u>	<u>5,328</u>	<u>5,106</u>	<u>34,833</u>	<u>461,866</u>
Fund Balance at End of Period	<u>\$ 11</u>	<u>\$ 32,311</u>	<u>\$ 1,242</u>	<u>\$ 285,182</u>	<u>\$ 5,419</u>	<u>\$ 5,133</u>	<u>\$ 31,843</u>	<u>\$ 361,141</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, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	(100,725)
<p>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 capital outlay expenditures of \$166,125 less depreciation expense of \$102,322.</p>		
		63,803
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		137,605
<p>Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of note principal retirement of \$188,110.</p>		
		188,110
<p>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.</p>		
		5,912
<p>Borrowing of long-term debt is reported as other financing sources in governmental funds, but the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of note issuance of \$173,000.</p>		
		(173,000)
Changes in Net Position - Governmental Activities	\$	<u>121,705</u>

Oceana County Economic Development Corporation
Statement of Net Position
December 31, 2018

ASSETS

Current Assets

Cash	\$ 55,121
Receivables, net	1,088
<i>Total Assets</i>	<u>56,209</u>

NET POSITION

Restricted for:

Economic Development	56,209
----------------------	--------

Unrestricted

	--
<i>Total Net Position</i>	<u>\$ 56,209</u>

**Oceana County Economic Development Corporation
Statement of Activities
For the Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary Government					
Governmental Activities:					
Community and Economic Development	\$ 28,893	\$ 2,009	\$ 57,300	\$ --	\$ 30,416
Total Primary Government	\$ 28,893	\$ 2,009	\$ 57,300	\$ --	\$ 30,416
		General Purpose Revenues:			
		Revenues			
					15
					15
					30,431
					<i>Net Position at Beginning of Period</i> 25,778
					\$ 56,209

Oceana County Economic Development Corporation
Balance Sheet
Governmental Funds
December 31, 2018

		<u>Special Revenue</u>	
	<u>General</u>	<u>Revolving Loan Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 31,866	\$ 23,255	\$ 55,121
Receivables, net	--	1,088	1,088
<i>Total Assets</i>	<u>\$ 31,866</u>	<u>\$ 24,343</u>	<u>\$ 56,209</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	--	1,088	1,088
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>--</u>	<u>1,088</u>	<u>1,088</u>
FUND BALANCE			
Restricted	31,866	23,255	55,121
Unassigned	--	--	--
<i>Total Fund Balance</i>	<u>31,866</u>	<u>23,255</u>	<u>55,121</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 31,866</u>	<u>\$ 24,343</u>	<u>\$ 56,209</u>

Oceana County Economic Development Corporation
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Funds	\$ 55,121
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds balance sheet.	1,088
Total Net Position - Governmental Activities	\$ <u>56,209</u>

Oceana County Economic Development Corporation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2018

	<u>Special Revenue</u>		Total Governmental Funds
	<u>General</u>	<u>Revolving Loan Fund</u>	
Revenues			
Intergovernmental - Local	\$ 57,300	\$ --	\$ 57,300
Charges for Services	1,820	--	1,820
Other Revenue / Reimbursements	50	4,744	4,794
Interest Income	--	15	15
<i>Total Revenues</i>	<u>59,170</u>	<u>4,759</u>	<u>63,929</u>
Expenditures			
Wages and Fringes	18,062	--	18,062
Contractual Services	14,155	--	14,155
Advertising	1,817	--	1,817
Dues and Subscriptions	290	--	290
Travel	59	--	59
Supplies and Materials	255	--	255
Utilities	6	--	6
Other	210	379	589
<i>Total Expenditures</i>	<u>34,854</u>	<u>379</u>	<u>35,233</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>24,316</u>	<u>4,380</u>	<u>28,696</u>
<i>Net Change in Fund Balance</i>	<u>24,316</u>	<u>4,380</u>	<u>28,696</u>
<i>Fund Balance at Beginning of Period</i>	7,550	18,875	26,425
<i>Fund Balance at End of Period</i>	<u>\$ 31,866</u>	<u>\$ 23,255</u>	<u>\$ 55,121</u>

**Oceana County Economic Development Corporation
 Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
 Changes in Fund Balance with Statement of Activities
 For the Year Ended December 31, 2018**

Total Net Change in Fund Balances - Governmental Funds	\$	28,696
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.		(4,605)
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.		6,340
Changes in Net Position - Governmental Activities	\$	<u>30,431</u>

Oceana County

Annual Continuing Disclosure
(UNAUDITED)
Year Ended December 31, 2018



Oceana County
Continuing Disclosure – Unaudited
December 31, 2018

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, 2018 to December 31, 2018

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 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, 2018

COUNTY TAXATION AND LIMITATIONS

Property Tax Levy History

<u>Purpose</u>	<u>7/1/2018</u>	<u>12/1/2018</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>
2018	\$ 1,630,229,932	\$ 1,201,336,093	3.20%	3.01%

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>
2018	46,860,292	43,224,620	92%	<u>Not available until 7/1/19</u>

REVENUES FROM THE STATE OF MICHIGAN

<u>Fiscal Year Ended/Ending</u>	<u>Revenue Sharing/CIP Payments</u>
December 31, 2018	<u>\$ 547,017</u>

Oceana County
 Continuing Disclosure – Unaudited
 December 31, 2018

COUNTY DEBT as of December 31, 2018

Statement of Legal Debt Margin

2018 State Equalized Valuation	\$ 1,630,229,932
Legal Debt Limit (10% of SEV)	163,022,993
Debt Outstanding	1,345,000
Additional debt that can legally be incurred	\$ 161,677,993

Debt Statement

The following table reflects a breakdown of the County’s direct and overlapping debt as of December 31, 2018:

<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	\$ -	\$ 1,345,000	\$ 51	0.08%
<u>Overlapping Debt of County ⁽²⁾</u>					
School Districts			\$ 54,826,460		
Intermediate School Districts			59,512		
Cities			260,000		
Villages			2,596,629		
Library			219,450		
Township			260		
Total Overlapping Debt			57,962,311	2,181	3.56%
Total County Net and Overlapping Debt			\$ 59,307,311	\$ 2,232	3.64%

(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, 2018 the County had no capital lease obligations.

Oceana County
 Continuing Disclosure – Unaudited
 December 31, 2018

Retirement System

For a description of the retirement benefits of the County employees as of December 31, 2018 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 2018</u>	<u>Current Contract Expiration Date</u>
County Sheriff Department	29	12/31/2019
Medical Care Facility	193	12/31/2019
Ambulance	20	12/31/2018
Non-Union	89	
Total	<u>331</u>	

Major Taxpayers

<u>Taxpayer</u>	<u>Product or Service</u>	<u>2018 Taxable Value</u>	<u>Percent of Total 2018 Taxable Value</u>
Oceana Co Freezer Storage, Inc.	Agriculture	\$ 11,522,931	0.96%
E & L Peterson Land, Inc.	Agriculture	11,200,356	0.93%
Great Lakes Energy	Utilities	9,309,158	0.77%
Consumers Energy	Utilities	6,799,958	0.57%
Valley View Pork LLC	Agriculture	6,122,416	0.51%
Arbre Farms Corp	Agriculture	4,297,504	0.36%
Double JJ Propco LLC	Hospitality	4,087,883	0.34%
Willow Cold Storage Corp	Agriculture	3,335,175	0.28%
Gray & Company	Cherry Products	2,790,095	0.23%
Hanson Logistics	Distripution	2,625,044	0.22%
	Totals	<u>\$ 62,090,520</u>	<u>5.17%</u>

SOURCE: County of Oceana

June 28, 2019

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, 2018. 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 25, 2019. 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. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended December 31, 2018. 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, 2018.
- 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 28, 2019.

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.

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI