

Oceana County Road Commission
Year Ended December 31, 2017

Audit Presentation
July 17, 2018

Presented by:
Jordan Smith
Manager

SK&T
STEVENS KIRINOVIC & TUCKER P.C.



**SETTING THE STANDARD FOR QUALITY
GOVERNMENTAL AUDITS**



INDEPENDENT AUDITOR'S REPORT

Board of the County Road Commissioners
Oceana County
Hart, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Oceana County Road Commission (the Commission), a component unit of Oceana County, Michigan, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Commission as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As discussed in Note K to the financial statements, the Commission implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, during the year. As a result, this Statement improves the usefulness of information about other postemployment benefits (OPEB) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of funding progress and employer contributions, schedules of changes in Commission's net OPEB liability and related ratios, schedule of Commission's OPEB contributions, and schedule of investment returns, as listed in the table of contents, are required supplementary information (RSI) that 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 Commission's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

June 22, 2018

Oceana County Road Commission

Governmental Fund

BALANCE SHEET

December 31, 2017

	<u>General Operating Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,275,950
Due from other governmental units	
State	959,661
Local	7,604
Inventory	<u>212,233</u>
TOTAL ASSETS	<u>\$ 2,455,448</u>
LIABILITIES	
Accounts payable	\$ 68,045
Accrued liabilities	53,540
Advances from other governmental units	<u>445,505</u>
TOTAL LIABILITIES	567,090
FUND BALANCE	
Nonspendable for inventory	212,233
Unassigned	<u>1,676,125</u>
TOTAL FUND BALANCE	<u>1,888,358</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,455,448</u>

Oceana County Road Commission

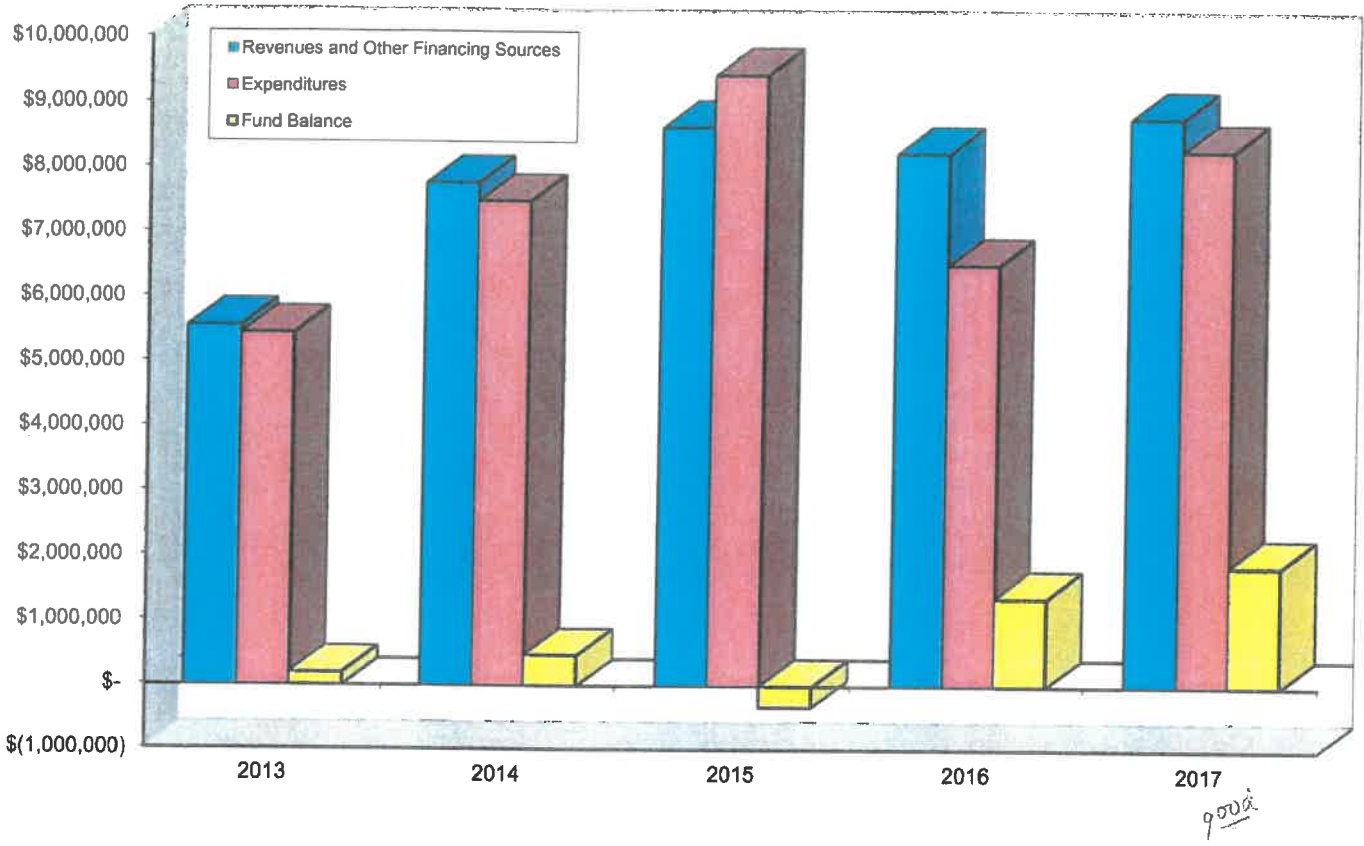
Governmental Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

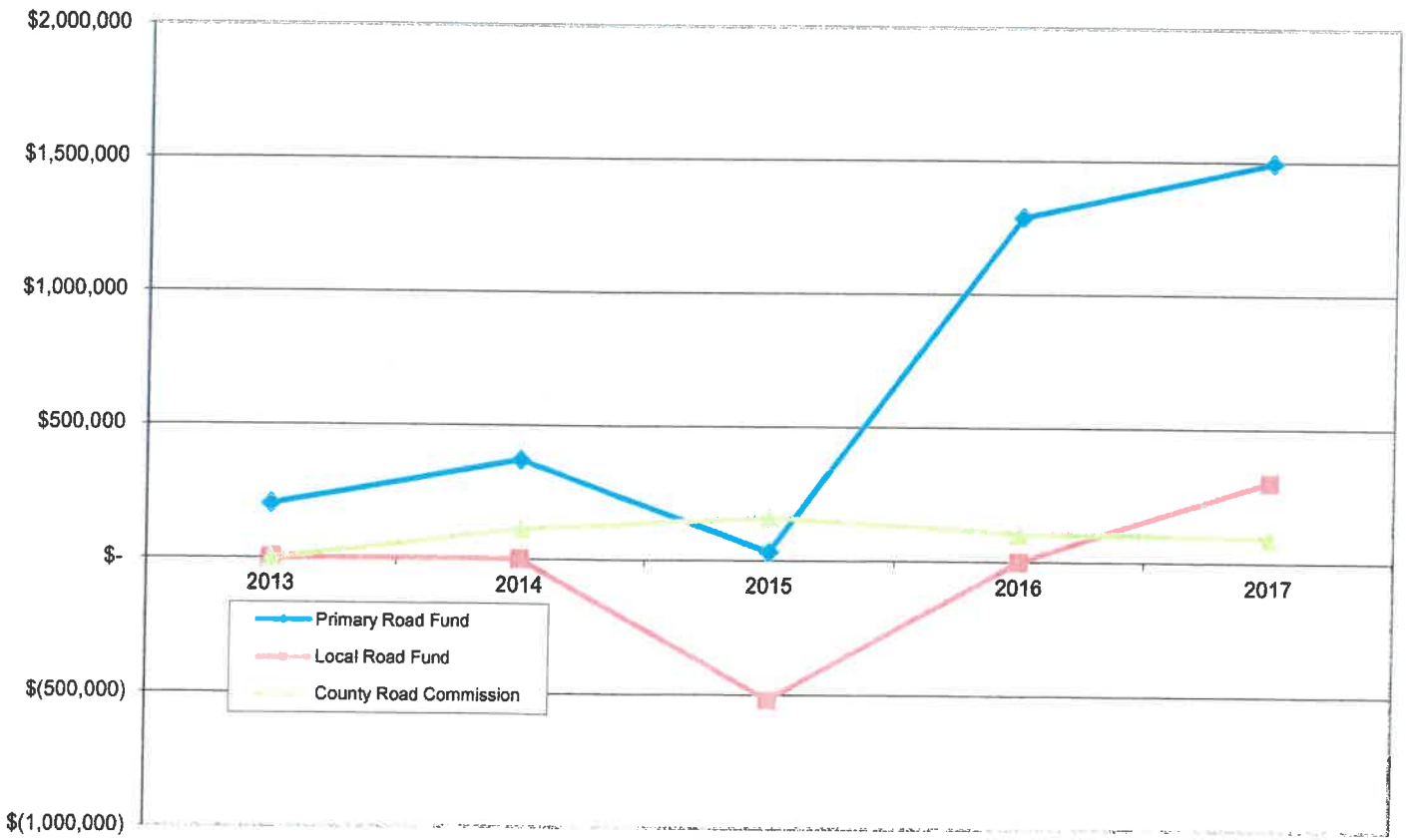
Year Ended December 31, 2017

	<u>General Operating Fund</u>
REVENUES	
Licenses and permits	\$ 29,860
Intergovernmental	7,616,518
Charges for services	1,084,437
Interest	<u>3,787</u>
TOTAL REVENUES	8,734,602
EXPENDITURES	
Current	
Primary road	4,041,259
Local road	2,768,192
State trunkline	1,065,514
Equipment - net	511,298
Administrative - net	314,216
Drain assessment	4,703
Other	7,610
Capital outlay - net	(516,092)
Debt service	<u>93,578</u>
TOTAL EXPENDITURES	<u>8,290,278</u>
EXCESS OF REVENUES OVER EXPENDITURES	444,324
OTHER FINANCING SOURCES	
Lease purchase agreements	<u>52,040</u>
NET CHANGE IN FUND BALANCE	496,364
Fund balance, beginning of year	<u>1,391,994</u>
Fund balance, end of year	<u><u>\$ 1,888,358</u></u>

Oceana County Road Commission Revenues, Expenditures, and Fund Balance

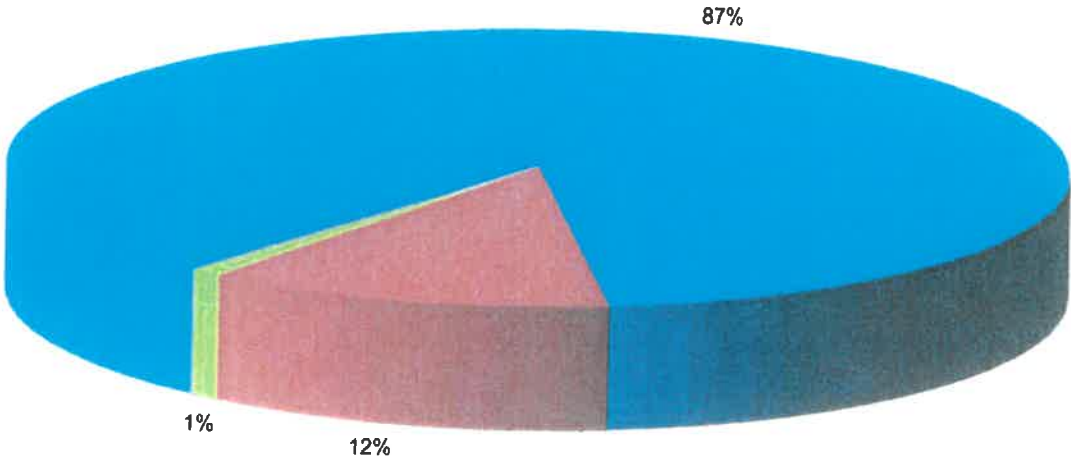


Oceana County Road Commission Fund Balance Trends



Oceana County Road Commission
Revenues and Other Financing Sources
2017

- Intergovernmental
- Charges for Services
- Other



Oceana County Road Commission
Expenditures
2017

- Primary Road Fund
- Local Road Fund
- County Road Commission

