The Village of Northport

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Year Ended June 30, 2026

The Village of Northport

Table of Contents

June 30, 2026

Independent Auditor's Report
Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS
- Government-wide Financial Statements
  - Statement of Net Position 11
  - Statement of Activities 12

- Fund Financial Statements
  - Governmental Funds
    - Balance Sheet 14
    - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 15
    - Statement of Revenues, Expenditures and Changes in Fund Balances 16
    - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17

  - Proprietary Funds
    - Statement of Net Position 18
    - Statement of Revenues, Expenses and Changes in Net Position 19
    - Statement of Cash Flows 20

  - Fiduciary Funds
    - Statement of Fiduciary Net Position 21
    - Statement of Changes in Fiduciary Net Position 22

- Notes to Financial Statements 24

REQUIRED SUPPLEMENTAL INFORMATION
- Budgetary Comparison Schedules
  - General Fund 39
  - Major Streets Fund 42
  - Debt Service Fund 44

OTHER SUPPLEMENTAL INFORMATION
- Nonmajor Governmental Funds
  - Combining Balance Sheet 48
  - Combining Statement of Revenues, Expenditures and Changes in Fund Balances 49

AUDITORS' COMMUNICATION 51

MORGAN & Associates
CPAS + ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Village Council
The Village of Northport, Northport, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of The Village of Northport, Michigan, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 nonmajor fund financial statements are 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 *Government Auditing Standards*, we have also issued our report dated October 27, 2026, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Morgan & Associates, CPAs, PC
Grand Rapids, Michigan
October 27, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Village of Northport
MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of management's discussion and analysis (MD&A) is to help Village residents and other readers understand what the financial statements and notes in this financial report say about the Village's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Village's finances.

If you have questions about this report or require further information, contact the Village Manager's Office at 116 Nagonaba St, Northport, MI 49670, phone: (231) 386-5182.

Overview of the Financial Statements

The Village's financial report contains basic financial statements. Those financial statements present the Village's finances at both an overall and a detailed level. The first two—the government-wide financial statements—cover the Village's governmental activities and business-type activities together (See the diagram below.)

Governmental activities comprise the Village's most basic functions, such as public works, culture and recreation, and economic development. Governmental activities primarily are financed by taxes paid by Village residents and businesses and grants from the State of Michigan and the federal government.

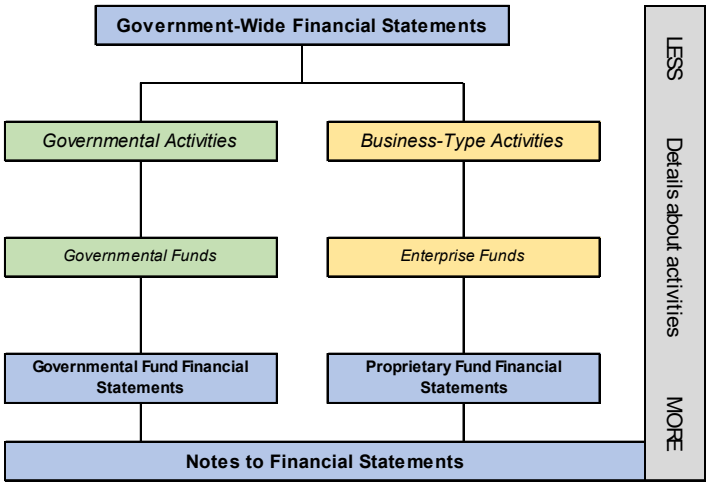
Business-type activities, the water system and the marina, are Village services primarily financed in whole or in part with charges to customers.

The remaining basic financial statements present the Village's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Village reports two groups of funds:

Governmental fund financial statements report all of the governmental activities except those that involve providing services to Village departments. In addition to the Village's main operating fund—the general fund—those financial statements report special revenue funds to track Michigan Transportation Funds for street maintenance and construction a special revenue fund for fireworks, and a capital projects fund for capital improvements.

Proprietary fund financial statements report all of the business-type activities (enterprise funds).

This section of the annual financial report of the Village of Northport, Michigan (the Village) presents management's discussion and analysis (MD&A) of the Village's financial activities for the year ended June 30, 2026. Its purpose is to help readers understand what the accompanying basic financial statements and notes report about the Village's financial position and why it changed from the prior year. The information presented here is based on currently known facts, decisions, and conditions as of the date the financial statements were issued, presents a comparison of the current year with the prior year with emphasis on the current year, and should be read in conjunction with the basic financial statements and the notes that follow.



The next section of this financial report contains notes to financial statements, which delve deeper into the Village's finances as reported in the financial statements. The information in the notes is as important to understanding the Village's finances as the information in the financial statements. The Village uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

All of the Village's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting; see the figure below. In other words, they comprehensively report all types of financial statement elements:

- Assets—resources the Village controls, from short-term assets like cash to long-term assets like roads and bridges
- Liabilities—amounts the Village owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions
- Deferred outflows of resources and deferred inflows of resources—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related
- Revenues and expenses—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the construction of a Village building.

Types of Information Reported in the Village's Financial Statements

Financial Statements	Government-Wide Statements	Governmental Fund Statements
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short-term and long-term	Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues / additions	All types of revenues and additions that flow into the government during the year that relate to that year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of that year
Types of expenses / deductions / expenditures	All types of expenses and deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid	Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows and deferred inflows of resources	All types of resources that flow into and out of the government during the year that relate to a future year	Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

More detail about the measurement focuses and basis of accounting can be found in the first note to financial statements, the summary of significant accounting policies, beginning on page 24.

	Governmental Activities		Business-type Activities		Total	
	2026	2024	2026	2024	2026	2024
Assets:						
Current assets	$ 1,802,674	$ 2,584,161	$ 776,937	$ 611,916	$ 2,579,611	$ 3,196,077
Noncurrent assets	8,928,866	9,578,698	3,219,225	3,634,268	12,148,091	13,212,966
Total assets	10,731,540	12,162,859	3,996,162	4,246,184	14,727,702	16,409,043
Liabilities:						
Current liabilities	757,749	798,144	467,012	378,773	1,224,761	1,176,917
Long term liabilities	762,775	2,042,285	447,835	577,835	1,210,610	2,620,120
Total liabilities	1,520,524	2,840,429	914,847	956,608	2,435,371	3,797,037
Net position:						
Net investment in capital assets	7,385,741	6,899,760	2,673,396	2,991,433	10,059,137	9,891,193
Restricted	808,521	1,605,280	-	-	808,521	1,605,280
Unrestricted	1,016,754	817,390	407,919	298,143	1,424,673	1,115,533
Total net position	$ 9,211,016	$ 9,322,430	$ 3,081,315	$ 3,289,576	$12,292,331	$12,612,006

The table above shows the financial position of the Village at June 30, 2026. Total net position decreased 2.5 percent from the prior audited year. The decrease in noncurrent assets from the prior year represents the Village's depreciation of capital assets, vehicles, and building and land improvements. The decrease in long-term liabilities results from the Village paying off the remaining balances of the general obligation bonds and other payables.

Governmental activities

	Governmental Activities		Business-type Activities		Total	
	2026	2024	2026	2024	2026	2024
Program revenues						
Charges for services	$ 137,317	$ 13,445	$ 883,097	$ 1,065,440	$ 1,020,414	$ 1,078,885
Operating grants	176,940	526,669	-	-	176,940	526,669
Capital grants	16,160	-	-	378,094	16,160	378,094
General revenues						
Property taxes	627,832	612,473	-	-	627,832	612,473
State-shared revenues	117,367	72,621	-	-	117,367	72,621
Investment income	48,209	23,388	11,114	1,793	59,323	25,181
Rents and Royalties	219,451	-	-	-	219,451	-
Miscellaneous	67,066	66,873	113,819	19,211	180,885	86,084
Transfers	(110,000)	(112,350)	110,000	112,350	-	-
Capital Contributions	44,943	-	-	-	44,943	-
Total revenues	1,345,285	1,203,119	1,118,030	1,576,888	2,463,315	2,780,007
Expenses						
General government	340,041	599,438	-	-	340,041	599,438
Public safety	1,238	-	-	-	1,238	-
Public works	446,974	189,445	-	-	446,974	189,445
Community and economic development	37,969	33,652	-	-	37,969	33,652
Recreation and culture	44,980	83,990	-	-	44,980	83,990
Interest on long-term debt	34,576	35,628	13,801	-	48,377	35,628
Water Fund	-	-	232,361	286,968	232,361	286,968
Marina Fund	-	-	738,203	1,075,336	738,203	1,075,336
Depreciation	485,306	587,001	203,268	-	688,574	587,001
Total expenses	1,391,084	1,529,154	1,187,633	1,362,304	2,578,717	2,891,458
Change in net position	(45,799)	(326,035)	(69,603)	214,584	(115,402)	(111,451)
Net position-beginning	9,256,815	9,648,465	3,150,918	3,074,992	12,407,733	12,723,457
Net position-ending	$ 9,211,016	$ 9,322,430	$ 3,081,315	$ 3,289,576	$12,292,331	$12,612,006

The table above shows the Village's financial activity for the year. Both the governmental activities and the business-type activities experienced decreases in net position. The rents and royalties increased substantially due to additional rents put in place for the repayment of bonds. Increases in investment income result largely from the Village's investment in MI CLASS certificates of deposit.

Overall financial position remained strong

All funds maintain healthy fund balances or net position, with the exception of the Capital Improvements fund which is running a deficit.

Careful budgeting and monitoring

The Village management works hard to develop effective budgets and goals. In addition, the financial processes provide management with reliable and timely information to respond to challenges, take advantage of opportunities, and make adjustments.

Large projects or capital outlay

During the year, the Village invested over $33,000 in capital improvements. It also bought a new vehicle, made improvements to land, and continues to invest in tools and equipment for the Water and Marina Funds.

Governmental funds

The Village reports three major funds individually in the governmental fund financial statements. Those funds are:

General Fund
Major Streets Fund
Debt Service Fund

Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the Village's current financial health are more apparent in the fund financial statements than in the government-wide financial statements.

General fund

The fund balance of the Village's general fund increased by 23 percent from the prior audited year. The Village experienced a 3 percent increase in property taxes and transferred $137,000 to the water fund and the internal service fund. The Village benefits from a generally positive economic environment.

Significant capital asset and long-term financing activity

The discussion thus far has only touched upon certain significant transactions and events during the year ended June 30, 2026 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets—original cost less accumulated depreciation— decreased 9.1 percent over the prior audited year.

The Village's governmental activities added $27,000 to streets infrastructure improvements, and $35,776 to vehicles.

The Village issued no new debt for the fiscal year ended June 30, 2026. The balance of long-term obligations was $1,919,370 at year end.

BASIC FINANCIAL STATEMENTS

The Village of Northport

Statement of Net Position

June 30, 2026

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	$ 1,653,772	$ 756,306	$ 2,410,078
Receivables, Net	102,678	4,422	107,100
Prepaid Short-Term SBITA	46,224	16,209	62,433
Total current assets	1,802,674	776,937	2,579,611
Noncurrent assets:			
Restricted Cash	136,590	-	136,590
Special Assessment Receivable - Non Current	-	32,994	32,994
Capital Assets Not Being Depreciated	1,052,570	220,991	1,273,561
Capital Assets Being Depreciated, Net	7,739,706	2,965,240	10,704,946
Total Capital Assets	8,792,276	3,186,231	11,978,507
Total Noncurrent assets	8,928,866	3,219,225	12,148,091
Total assets	10,731,540	3,996,162	14,727,702
LIABILITIES			
Current liabilities:			
Accounts Payable	5,444	89	5,533
Accrued Wages Payable	1,698	3,368	5,066
Accrued Benefits Payable	6,856	3,478	10,334
Other Accrued Liabilities	2,252	-	2,252
Bonds Payable - Current	643,760	65,000	708,760
Unearned Revenue	97,739	395,077	492,816
Total current liabilities	757,749	467,012	1,224,761
Noncurrent liabilities:			
Bonds and Notes Payable - Long Term (Net of Current Portion)	762,775	447,835	1,210,610
Total noncurrent liabilities	762,775	447,835	1,210,610
Total liabilities	1,520,524	914,847	2,435,371
NET POSITION			
Net investment in capital assets	7,385,741	2,673,396	10,059,137
Restricted for:			
Public Works	382,337	-	382,337
Debt Service	426,184	-	426,184
Unrestricted Net Position	1,016,754	407,919	1,424,673
Total net position	9,211,016	3,081,315	12,292,331
Total liabilities and net position	10,731,540	3,996,162	14,727,702

The notes to the financial statements are an integral part of this statement.

The Village of Northport

STATEMENT OF ACTIVITIES

For the year ended June 30, 2026

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary government:							
Governmental activities:							
General Government	$ 340,041	$ 7,716	$ -	$ -	$ (332,325)	$ -	$ (332,325)
Public Safety	1,238	-	-	-	(1,238)	-	(1,238)
Public Works	446,974	105,336	176,940	16,160	(148,538)	-	(148,538)
Community and Economic Development	37,969	2,630	-	-	(35,339)	-	(35,339)
Recreation and Culture	44,980	21,635	-	-	(23,345)	-	(23,345)
Interest on Long-Term Debt - Governmental	34,576	-	-	-	(34,576)	-	(34,576)
Depreciation	485,306	-	-	-	(485,306)	-	(485,306)
Total governmental activities	1,391,084	137,317	176,940	16,160	(1,060,667)	-	(1,060,667)
Business-type activities:							
Water	232,361	135,044	-	-	-	(97,317)	(97,317)
Marina	738,203	748,053	-	-	-	9,850	9,850
Interest on Long-Term Debt - Business-Type	13,801	-	-	-	-	(13,801)	(13,801)
Depreciation	203,268	-	-	-	-	(203,268)	(203,268)
Total business-type activities	1,187,633	883,097	-	-	-	(304,536)	(304,536)
Total primary government	$ 2,578,717	$ 1,020,414	$ 176,940	$ 16,160	(1,060,667)	(304,536)	$ (1,365,203)

The notes to the financial statements are an integral part of this statement.

The Village of Northport

STATEMENT OF ACTIVITIES

For the year ended June 30, 2026

	Primary Government		
	Governmental Activities	Business-type Activities	Total
General revenues:			
Property Taxes - Current Real	608,984	$	608,984
Property Taxes - Current Personal	18,848		18,848
Marijuana Excise Tax	59,017		59,017
Special Assessments	505		505
Local Community Stabilization Share Tax	5,082		5,082
Constitutional Revenue Sharing (Sales Tax)	53,268		53,268
Investment Earnings - Unrestricted	48,209	11,114	59,323
Rents and Royalties	219,451		219,451
Miscellaneous Revenue	1,281		1,281
Private Donations / Contributions	44,943		44,943
Transfers	(110,000)	110,000	-
Unusual or Infrequent Items		113,819	113,819
Sewer Connection Fees	65,280		65,280
Total general revenues and transfers	1,014,868	234,933	1,249,801
Change in net position	(45,799)	(69,603)	(115,402)
Net position-beginning	9,256,815	3,150,918	12,407,733
Net position-ending	$ 9,211,016	$ 3,081,315	$ 12,292,331

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Governmental Funds

Balance Sheet

June 30, 2026

	General Fund	Major Street Fund	Debt Service Fund	Nonmajor Funds	Totals
ASSETS					
Cash and Investments	$ 492,422	$ 372,402	$ 759,048	$ 40,435	$ 1,664,307
Receivables, Net	-	24,106	72,852	5,720	102,678
Prepaid Short-Term SBITA	41,549	1,608	-	3,067	46,224
Due from Other Funds	405,716	-	-	-	405,716
Total assets	939,687	398,116	831,900	49,222	2,218,925
LIABILITIES					
Accounts Payable	38	-	-	5,406	5,444
Accrued and Other Liabilities	-	812	-	886	1,698
Due to Other Funds	-	-	405,716	-	405,716
Payroll-Related Liabilities	3,689	1,936	-	1,231	6,856
Unearned Revenue and Undistributed Receipts	51,109	46,630	-	-	97,739
Total liabilities	54,836	49,378	405,716	7,523	517,453
FUND BALANCES					
Restricted for:					
Street Improvements	-	348,738	-	33,599	382,337
Debt Service	-	-	426,184	-	426,184
Committed					
Fireworks	-	-	-	10,652	10,652
Unassigned Fund Balance	884,851	-	-	(2,552)	882,299
Total fund balances	884,851	348,738	426,184	41,699	1,701,472
Total liabilities and fund balances	$ 939,687	$ 398,116	$ 831,900	$ 49,222	$ 2,218,925

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2026

Total fund balances - governmental funds	$	1,701,472
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets, net of accumulated depreciation, are reported in the statement of net position.		8,505,288
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.		(1,229,535)
Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		233,791
Net position of governmental activities	$	9,211,016

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2026

	General Fund	Major Street Fund	Debt Service Fund	Nonmajor Funds	Totals
REVENUES					
Taxes	$ 686,849	$ -	$ -	$ -	$ 686,849
Special Assessments	-	-	505	-	505
Licenses and Permits	10,346	-	-	-	10,346
State Grants and Shared Revenue	58,350	101,831	-	38,942	199,123
Local Unit Contributions	-	36,167	-	-	36,167
Charges for Services	56,963	-	-	-	56,963
Interest, Investment Earnings, and Rents	10,229	7,261	250,170	-	267,660
Miscellaneous and Other Revenue	43,891	-	-	17,212	61,103
Total revenues	$ 866,628	$ 145,259	$ 250,675	$ 56,154	$ 1,318,716
EXPENDITURES					
Current:					
General Government	322,675	-	-	17,366	340,041
Public Works	225,502	129,689	345	60,006	415,542
Community and Economic Development	34,307	-	-	4,900	39,207
Recreation and Culture	44,980	-	-	-	44,980
Capital Outlay	-	-	-	27,000	27,000
Debt Service	-	-	630,492	-	630,492
Total expenditures	627,464	129,689	630,837	109,272	1,497,262
Excess (deficiency) of revenues over expenditures	239,164	15,570	(380,162)	(53,118)	(178,546)
OTHER FINANCING SOURCES (USES)					
Connection Fees	-	-	65,280	-	65,280
Interfund Transfers In	-	-	-	20,000	20,000
Interfund Transfers Out	(137,000)	(20,000)	-	-	(157,000)
Total other financing sources (uses)	(137,000)	(20,000)	65,280	20,000	(71,720)
Net change in fund balances	102,164	(4,430)	(314,882)	(33,118)	(250,266)
Fund balances-beginning	782,687	353,168	741,066	74,817	1,951,738
Fund balances-ending	$ 884,851	$ 348,738	$ 426,184	$ 41,699	$ 1,701,472

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended June 30, 2026

Net change in fund balances - total governmental funds	$	(250,266)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of those assets is capitalized and allocated over their estimated useful lives. This is the amount of capital outlay capitalized as capital assets in the current year.		
Capital outlay capitalized		27,000
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.		-
Depreciation expense		(441,279)
Repayment of long-term debt principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and has no effect on the statement of activities.		
Principal repayments on long-term debt		600,750
Internal Service funds are used by management to charge costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported within the governmental activities.		17,996
Change in net position of governmental activities	$	(45,799)

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Proprietary Funds

Statement of Net Position

June 30, 2026

	Water Department Fund	Marina Fund	Total Enterprise Funds	Internal Service Fund - Vehicles & Equipment
ASSETS				
Current assets:				
Cash and Cash Equivalents	$ 256,630	$ 499,676	$ 756,306	$ 126,055
Receivables - Current (Net of Allowances)	4,422	-	4,422	-
Prepaid Items and Other Current Assets	3,581	12,628	16,209	-
Total current assets	264,633	512,304	776,937	126,055
Noncurrent assets:				
Special Assessment Receivable	32,994	-	32,994	-
Capital assets not being depreciated	-	220,991	220,991	-
Depreciating capital assets	2,216,297	5,945,571	8,161,868	583,347
Less: Accumulated depreciation	(1,046,493)	(4,150,135)	(5,196,628)	(296,359)
Capital Assets, net	1,169,804	2,016,427	3,186,231	286,988
Total Noncurrent assets	1,202,798	2,016,427	3,219,225	286,988
Total assets	$ 1,467,431	$ 2,528,731	$ 3,996,162	$ 413,043
LIABILITIES				
Current liabilities:				
Accounts Payable and Accrued Liabilities	3,436	21	3,457	2,252
Current Portion of Long-Term Obligations	35,000	30,000	65,000	35,000
Due to Other Funds and Governments	2,698	780	3,478	-
Customer Deposits and Unearned Revenue	-	395,077	395,077	-
Total current liabilities	41,134	425,878	467,012	37,252
Noncurrent liabilities:				
Bonds and Notes Payable - Long-Term	312,835	135,000	447,835	142,000
Total noncurrent liabilities	312,835	135,000	447,835	142,000
Total liabilities	353,969	560,878	914,847	179,252
NET POSITION				
Net Investment in Capital Assets	821,969	1,851,427	2,673,396	109,988
Unrestricted Net Position	291,493	116,426	407,919	123,803
Total net position	1,113,462	1,967,853	3,081,315	233,791
Total liabilities and net position	$ 1,467,431	$ 2,528,731	$ 3,996,162	$ 413,043

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2026

	Water Department Fund	Marina Fund	Total Enterprise Funds	Internal Service Fund - Vehicles & Equipment
Operating revenues:				
Charges for Services	$ 121,376	$ 748,053	$ 869,429	$ -
Utility-Specific Operating Revenue	13,668	-	13,668	-
Interfund Services Provided	-	-	-	70,008
Total operating revenues	135,044	748,053	883,097	70,008
Operating expenses:				
Personnel Services	115,029	249,026	364,055	-
Supplies	16,451	274,485	290,936	25,828
Contractual and Professional Services	52,255	106,179	158,434	-
Utilities, Communications, and Transportation	14,056	50,066	64,122	-
Repairs and Maintenance	13,013	8,867	21,880	5,604
Rentals and Lease Costs (Short-Term / Variable)	15,000	19,400	34,400	-
Insurance	4,000	12,000	16,000	-
Depreciation, Amortization, and Depletion	45,016	158,252	203,268	44,027
Miscellaneous Operating Expenses	-	18,180	18,180	-
Printing and Publishing	746	-	746	-
Miscellaneous	1,811	-	1,811	-
Total operating expenses	277,377	896,455	1,173,832	75,459
Operating income (loss)	(142,333)	(148,402)	(290,735)	(5,451)
Noncapital Subsidies:				
Operating Transfers In (Subsidy)	110,000	-	110,000	27,000
Total noncapital subsidies	110,000	-	110,000	27,000
Operating income (loss) and noncapital subsidies	(32,333)	(148,402)	(180,735)	21,549
Nonoperating revenues (expenses):				
Interest Income	-	11,114	11,114	-
Interest Expense - Bonds and Notes	(9,571)	(4,230)	(13,801)	(4,834)
Reimbursements	-	-	-	1,281
Total nonoperating revenues (expenses)	(9,571)	6,884	(2,687)	(3,553)
Income (loss) before contributions and transfers	(41,904)	(141,518)	(183,422)	17,996
Unusual or Infrequent Items				
PFAS/AFFF Class Action Settlement — Water Supply System	113,819	-	113,819	-
Change in net position	$ 71,915	$ (141,518)	$ (69,603)	$ 17,996
Net position-beginning	1,041,547	2,109,371	3,150,918	215,795
Net position-ending	$ 1,113,462	$ 1,967,853	$ 3,081,315	$ 233,791

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Proprietary Funds

Statement of Cash Flows

For the year ended June 30, 2026

	Water Fund	Marina Fund	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 133,599	$ 868,117	$ 1,001,716	$ 70,008
Payments to suppliers	(117,264)	(489,156)	(606,420)	(31,432)
Payments to employees	(112,332)	(248,246)	(360,578)	-
Net cash provided by (used for) operating activities	(95,997)	130,715	34,718	38,576
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund transactions, net	110,000	-	110,000	27,000
Other receipts (reimbursements)	113,819	-	113,819	1,281
Net cash provided by (used for) noncapital financing activities	223,819	-	223,819	28,281
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(4,916)	(6,581)	(11,497)	(35,776)
Other receipts (payments)	6,461	-	6,461	-
Principal Paid on Debt	(35,000)	(30,000)	(65,000)	(35,000)
Interest Paid on Debt	(9,571)	(4,230)	(13,801)	(4,834)
Net cash provided by (used for) capital and related financing activities	(43,026)	(40,811)	(83,837)	(75,610)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	-	11,114	11,114	-
Net increase (decrease) in cash and cash equivalents	84,796	101,018	185,814	(8,753)
Cash and cash equivalents July 1	171,834	398,658	570,492	134,808
Cash and cash equivalents June 30	$ 256,630	$ 499,676	$ 756,306	$ 126,055
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (142,333)	$ (148,402)	$ (290,735)	$ (5,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	45,016	158,252	203,268	44,027
Change in net assets and liabilities	-	120,844	120,844	
(Increase) decrease in accounts receivable	(1,446)	-	(1,446)	-
Increase (decrease) in accounts and other payables	68	21	89	-
(Increase) decrease in special assessments receivable	2,698	-	2,698	-
Net cash provided by (used for) operating activities	$ (95,997)	$ 130,715	$ 34,718	$ 38,576

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2026

		Custodial Funds
		General Custodial Fund
ASSETS		
Cash and Cash Equivalents	$	10,956
Total assets	$	10,956
LIABILITIES		
Other Liabilities		9,378
NET POSITION		
Unrestricted net position	$	1,578
Total liabilities and net position	$	10,956

The notes to the financial statements are an integral part of this statement.

The Village of Northport

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2026

	Custodial Funds	
	General Custodial Fund	Total Fiduciary Funds
ADDITIONS		
Total additions	-	-
DEDUCTIONS		
Total deductions	-	-
Net increase (decrease) in fiduciary net position	$ -	$ -
Net position-beginning	1,578	1,578
Net position-ending	$ 1,578	$ 1,578

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Northport conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village.

A. Reporting Entity

The Village of Northport is governed by an elected seven-member Council. The Village operates under a President-Council form of government and provides the following services: public safety, public works, culture and recreation, and general administration services. In addition, the Village operates a water system and a marina.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 61, “The Financial Reporting Entity,” these financial statements present the Village (the primary government). The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

There are no other units that should be included in the financial statements.

B. 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, normally 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 revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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 financial statements. 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 revenue 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund is used to account for the maintenance and construction of the Village's street system. This fund accounts for revenues provided by the Michigan Transportation Fund (MTF) Distribution, known as Public Act 51 of 1951.

The Debt Service Fund is used to account for the accumulation of resources (assessments) for, and the payment of, bond principal, interest, and related costs.

The Village reports the following major proprietary funds:

The Water Fund accounts for the activities of the water distribution system. Primary financing is provided through user charges.

The Marina Fund accounts for the operations of the marina. Primary financing is provided through user charges.

Additionally, the Village reports the following fund:

The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on September 15, at which time penalties and interest are assessed and collected by the Village.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following useful lives:

Capital Asset Classes	Lives
Buildings, additions, and improvements	20 to 50 years
Land improvements	20 years
Vehicles	5 to 10 years
Equipment and Furniture	5 to 10 years

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 a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village did not have any items qualifying for this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Village did not have any items qualifying for this category.

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of the following: assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Other Financing Sources (Uses)

Transfers of cash between the various Village funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

Net Position and Fund Balances

The difference between fund assets and liabilities is “Net Position” on the government-wide and proprietary fund statements and “Fund Balances” on governmental fund statements. Net Position is classified as “Net investment in capital assets,” legally “Restricted” for a specific purpose, or “Unrestricted” and available for appropriation for the general purposes of the fund. In governmental fund financial statements, fund balances are classified as follows:

- Nonspendable—Amounts that cannot be spent either because they are (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
- Restricted—Amounts with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or; (b) imposed by law through constitutional provisions or enabling legislation.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Village ordinance or resolution, and that remain binding unless removed in the same manner.
- Assigned—Amounts neither restricted nor committed for which a government has a stated intended use as established by the Village or a body or official to which the Village has delegated the authority to assign amounts for specific purposes.
- Unassigned—Amounts that cannot be properly classified in one of the other four categories. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

E. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Property Taxes

The Village of Northport's property tax is levied on each July 1 on the taxable valuation of property as of the preceding December 31. It is the Village's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing operations. Taxes are considered delinquent on September 15, at which time penalties and interest are assessed.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 revenue of the proprietary funds relate to charges to customers for sales and services. The water fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Village is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to year end, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to July 1.

The budget document presents information by fund, function, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Village Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Village Council.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

At year end, the Village's deposits and investments were reported in the basic financial statements in the following categories:

Governmental activities	$	1,790,362
Business-type activities		756,306
Total	$	2,546,668

The breakdown between deposits and investments is as follows:

Bank deposits (checking, savings, and money market accounts)	$	1,059,581
Certificates of deposit		25,492
Petty cash and cash on hand		500
MI CLASS		1,461,095
Total	$	2,546,668

Credit risk - State statutes authorize the Village to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Village is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. This includes United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the Village authorizes investment in all of the above.

Concentration of credit risk - The Village has no policy that would limit the amount that may be invested in any one issuer.

Custodial Credit Risk-Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. The bank balance of the Village's deposits is $2,546,668, of which $250,000 is covered by federal depository insurance. The remaining $2,296,668 is uninsured and uncollateralized. The Village does not have a policy for custodial risk.

Michigan Cooperative Liquid Assets Securities System

At June 30, 2026, the Village held $1,461,095 in the Michigan Cooperative Liquid Assets Securities System (MI CLASS), a local government investment pool used by Michigan governmental entities. MI CLASS is organized for investment by local governments under the Local Government Investment Pool Act, PA 121 of 1985, MCL 129.141 to 129.150. Amounts are presented in dollars and are rounded to the nearest dollar.

MI CLASS is measured using net asset value (NAV) per share. MI CLASS seeks to maintain a stable NAV of $1.00 per share. The Village reports its investment in MI CLASS at the NAV per share provided by the pool. At June 30, 2026, the fair value of the Village’s position in MI CLASS was the same as the value of the pool shares.

MI CLASS is rated AAAm by S&P Global Ratings.

Participation in MI CLASS is voluntary.

The Village is not subject to limitations or restrictions on withdrawals from MI CLASS. Management is not aware of any withdrawal restrictions, redemption notice periods, maximum transaction limits, liquidity fees, or redemption gates applicable to the Village's MI CLASS account as of June 30, 2026.

Investment income earned from MI CLASS is recorded in the fund that holds the investment. No investment income associated with one fund was assigned to another fund during the year ended June 30, 2026.

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the primary government for the year was as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,025,570	$ -	$ -	$ 1,025,570
Construction in progress	-	27,000	-	27,000
Capital assets, being depreciated:				
Land improvements	13,225,141	-	-	13,225,141
Buildings, additions and improvements	1,865,082	-	-	1,865,082
Machinery and equipment	998,973	-	19,450	979,523
Total capital assets, being depreciated	16,089,196	-	19,450	16,069,746
Less accumulated depreciation for:				
Land improvements	6,410,747	397,722	-	6,808,469
Buildings, additions and improvements	805,459	40,048	-	845,507
Machinery and equipment	978,993	3,509	19,450	963,052
Total accumulated depreciation	8,195,199	441,279	19,450	8,617,028
Total capital assets being depreciated, net	7,893,997	(441,279)	-	7,452,718
Governmental activities capital assets, net	8,919,567	(414,279)	-	8,505,288
Internal service fund capital assets, net				286,988
Net capital assets per statement of net position				$ 8,792,276

Depreciation expense was charged to the functions/programs of the governmental activities as follows:

Governmental Activities:	
General government	$ 441,279
Internal Service Fund	44,027
Total governmental activities	$ 485,306

Business-type Activities	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 220,991	$ -	$ -	$ -	$ 220,991
Construction in progress	12,000	4,916	-	(16,916)	-
Capital assets, being depreciated:					
Buildings and additions	$ 222,177	$ -	-	$ -	$ 222,177
Machinery and equipment	299,537	-	-	16,916	316,453
Marina Improvements	5,627,135	6,581	-	-	5,633,716
Water system	1,989,522	-	-	-	1,989,522
Total capital assets being depreciated, net	8,138,371	6,581	-	16,916	8,161,868
Less accumulated depreciation for:					
Buildings and additions	129,096	4,197	-	-	133,293
Machinery and equipment	246,764	9,509	-	-	256,273
Marina Improvements	3,789,106	149,303	-	-	3,938,409
Water system	828,394	40,259	-	-	868,653
Total accumulated depreciation	4,993,360	203,268	-	-	5,196,628
Total capital assets being depreciated, net	3,145,011	(196,687)	-	16,916	2,965,240
Business-type activities capital assets, net	$ 3,378,002	$ (191,771)	$ -	$ -	$ 3,186,231

Depreciation expense was charged to the functions/programs of the proprietary activities as follows:

Business-type Activities:	
Marina Fund	$ 158,252
Water Fund	45,016
Total business-type activities	$ 203,268

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2026 consisted of the following:

	Receivable Fund:
Payable Fund:	**General**
Debt Service	$ 405,716
Total	$ 405,716

Interfund balances result primarily from timing differences in the collection and payment of revenues and expenditures and reimbursements for expenditures paid on behalf of other funds. These balances are expected to be repaid within the normal course of operations.

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers are used to move resources from one fund to another in accordance with budgetary authorizations, legal restrictions, and other financing decisions approved by management. Transfers are reported as other financing sources in the funds receiving resources and as other financing uses in the funds providing resources.

For the year ended June 30, 2026, interfund transfers consisted of the following:

Transfers Out Fund:	Transfers In Fund:		Total
General	Water	$	110,000
General	Vehicles & Equipment		27,000
Major Streets	Local Streets		20,000
Total		$	157,000

Total transfers in equaled total transfers out for the year ended June 30, 2026.

NOTE 7 - LONG-TERM DEBT

Long-term obligation activity, for the year ended June 30, 2026, can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation bonds	$ 1,830,285	$ -	$ 600,750	$ 1,229,535	$ 608,760
Direct borrowings and direct placements	212,000	-	35,000	177,000	35,000
Total governmental activities	$ 2,042,285	$ -	$ 635,750	$ 1,406,535	$ 643,760

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Business-type activities					
Bonds and notes payable:					
General obligation bonds	$ 195,000	$ -	$ 30,000	$ 165,000	$ 30,000
Revolving fund loan	382,835	-	35,000	347,835	35,000
Total business-type activities	$ 577,835	$ -	$ 65,000	$ 512,835	$ 65,000

General Obligation Bonds

Local governments issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The General Fund provides resources for the retirement of this long-term debt. General obligation bonds and other debt currently outstanding are as follows:

Governmental activities:		
$13,290,000 General Obligation Limited Tax Bonds, payable in annual installments of $760,000 to $775,000 through April 2028 with interest of 1.625%. Debt will be repaid from the Village Debt Service Fund. The Village is responsible for 80.10% of the amount borrowed and Leelanau Township is responsible for the remaining 19.9%	$	1,229,535
$332,000 installment purchase agreement for equipment due in annual installments of $35,000 to $37,000 through May 1, 2031 with interest at 2.28%		177,000
Total long-term debt	$	1,406,535

Business-type activities:		
$305,000 Limited Tax General Obligation Capital Improvement Bond due in annual installments of $30,000 to $35,000 through August 1, 2030 with interest at 2.35%	$	165,000
$678,085 Drinking Water Revolving Fund Loan due in annual installments of $35,000 to $42,835 through April 1, 2035 with interest at 2.50%		347,835
Total long-term debt	$	512,835

Annual debt service requirements to maturity for the above obligations are as follows:

Year ending June 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2027	$ 643,760	$ 24,016	$ 667,776	$ 65,000	$ 12,221	$ 77,221
2028	655,775	13,325	669,100	65,000	10,641	75,641
2029	35,000	2,440	37,440	70,000	9,002	79,002
2030	35,000	1,642	36,642	75,000	7,305	82,305
2031	37,000	844	37,844	75,000	5,482	80,482
2032-2036	-	-	-	162,835	10,284	173,119
Totals	$ 1,406,535	$ 42,267	$ 1,448,802	$ 512,835	$ 54,935	$ 567,770

The Village paid $48,377 in interest expense for the year.

NOTE 8 - RECEIVABLES

In the governmental activities statement of net position, amounts are aggregated into a single receivables (net of allowance for uncollectibles) line for certain funds and aggregated columns. The detail for this line item (Receivables, net) is as follows:

Receivables, net	Major Streets	Debt Service	Non-major	Total
Special Assessments Receivable	$ -	$ 28,657	$ -	$ 28,657
Due from Other Governments	24,106	44,195	5,720	74,021
Net receivables	$ 24,106	$ 72,852	$ 5,720	$ 102,678

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village obtains commercial insurance coverage for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

The Village provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The plan permits employees to defer a portion of their current compensation until the employee terminates employment. The plan is administered by third-party trustees. Plan provisions and contribution requirements are established and may be amended by the Council. The contribution by the Village is 6% of each employee's compensation. Employees make additional contributions of 4% or 6% of gross wages and can optionally contribute a flat rate. Total employee contributions (and interest allocated to the employee's account) are immediately 100% vested. The employer contributions are vested following the schedule below. The Village is not a trustee of the plan, nor is the Village responsible for investment management of plan assets.

Years of Service	Vested %
0-1	0%
1	10%
2	20%
3	40%
4	60%
5	80%
6	100%

The Village made contributions of $25,753 and employees made contributions of $22,862 for the fiscal year ended June 30, 2026.

NOTE 11 - JOINTLY GOVERNED ORGANIZATION

The Village of Northport is a participant with Leelanau Township in the Northport/Leelanau Township Utilities Authority (the Authority), organized in 2006 under Public Act 233 of 1955. The Authority administers, operates, and maintains the Leelanau County Sewage Disposal System (Northport/Leelanau Township), which is owned by Leelanau County and serves the Village and portions of the Township. The Authority is governed by a five-member board; the Village and the Township each appoint two members, and the fifth is appointed jointly.

Under the agreements governing the System, the Village and the Township are responsible for ensuring the costs of operating and maintaining the System are paid, and the Village is contractually obligated to pay 80.10% of the debt service on the County bonds that financed the System (see Note 7). The Village has no equity interest in the Authority. During the year ended June 30, 2026, the Village received $107,406 from the Authority for services and debt repayments, and the Authority owed the Village $44,195 at June 30, 2026.

In compliance with the terms in its operating agreement, the Village reimburses the Authority for its share of the services provided. The governing documents of the Authority do not explicitly convey an equity interest to its members. The Village is unaware of any indication that the Authority is accumulating significant financial resources or is experiencing fiscal stress that may cause a benefit or burden on the Village in the near future. Payments to the Authority during the year amounted to $22,602 for its operation.

The Northport/Leelanau Township Utilities Authority receives an annual audit of its financial statements by an independent certified public accountant. A copy of the annual audit is kept on file at the Village office, and can be reviewed upon request. Summary financial information is as follows:

At February 28, 2026		
Total Assets	$	774,009
Total Liabilities	$	140,972
Total Net Position		633,037
Total Liabilities and Net Position	$	774,009

For the year ended February 28, 2026		
Revenues	$	750,187
Expenses		658,092
Change in Net Position	$	92,095

NOTE 12 - SUBSEQUENT EVENTS

Management evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation was performed through October 27, 2026, the date the financial statements were approved for issuance. There were no subsequent events that should be accounted for or require disclosure in the accompanying financial statements.

This page intentionally left blank.

REQUIRED SUPPLEMENTAL INFORMATION

The Village of Northport
General Fund Budgetary Comparison Schedule
For the year ended June 30, 2026

	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts: Budgetary and GAAP Basis	Original Budget Over (under) Final	Final Budget Over (under) Actual Amount
REVENUES					
Taxes:					
Current Real Property Taxes	$ 609,911	$ 609,911	$ 608,984	$ -	$ 927
Current Personal Property Taxes	20,000	20,000	18,848	-	1,152
Marijuana Tax	62,000	62,000	59,017	-	2,983
Total taxes	691,911	691,911	686,849	$ -	5,062
Licenses and Permits:					
Business Licenses and Permits	1,200	1,200	2,190	-	(990)
Cable TV Franchise Fees	5,000	5,000	7,716	-	(2,716)
Alcoholic Beverage Licenses	2,000	2,000	440	-	1,560
Total licenses and permits	8,200	8,200	10,346	-	(2,146)
State Grants and Shared Revenue:					
Local Community Stabilization Share	2,000	2,000	5,082	-	(3,082)
State Revenue Sharing	56,000	56,000	53,268	-	2,732
Total state grants and shared revenue	58,000	58,000	58,350	-	(350)
Charges for Services:					
Services Rendered	-	35,000	35,328	(35,000)	(328)
Other Use and Admission Fees	20,000	20,000	21,635	-	(1,635)
Total Charges for Services	20,000	55,000	56,963	(35,000)	(1,963)
Interest, Investment Earnings, and Rents:					
Interest	1,600	7,500	7,679	(5,900)	(179)
Rent	2,500	2,500	2,550	-	(50)
Total interest and rents	4,100	10,000	10,229	(5,900)	(229)
Miscellaneous and Other Revenue					
Other Miscellaneous Revenue	18,000	18,000	43,891	-	(25,891)
Total other revenue	18,000	18,000	43,891	-	(25,891)
Total revenues	800,211	841,111	866,628	(40,900)	(25,517)

The Village of Northport
General Fund Budgetary Comparison Schedule
For the year ended June 30, 2026

	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts: Budgetary and GAAP Basis	Original Budget Over (under) Final	Final Budget Over (under) Actual Amount
EXPENDITURES					
Current:					
General Government:					
Village Council	$ 8,636	$ 8,994	$ 9,004	$ (358)	$ (10)
Village Manager and Assistant	69,559	58,562	45,435	10,997	13,127
Clerk	60,195	76,236	82,681	(16,041)	(6,445)
Audit Fees	4,500	8,300	8,295	(3,800)	5
Treasurer	41,205	41,293	22,157	(88)	19,136
Building and Grounds	78,440	78,386	94,212	54	(15,826)
Attorney	45,650	56,700	52,506	(11,050)	4,194
Other General Government	19,529	17,335	8,385	2,194	8,950
Total general government	327,714	345,806	322,675	(18,092)	23,131
Public Works:					
Department of Public Works (DPW)	182,119	245,199	209,257	(63,080)	35,942
Street Lighting	15,000	17,689	15,788	(2,689)	1,901
Water System	-	500	457	(500)	43
Total public works	197,119	263,388	225,502	(66,269)	37,886
Community and Economic Development					
Zoning	6,230	1,380	1,238	4,850	142
Economic Development	39,850	39,850	33,069	-	6,781
Total community and economic development	46,080	41,230	34,307	4,850	6,923
Recreation and Culture:					
Parks and Recreation Department	40,071	44,264	44,980	(4,193)	(716)
Total expenditures	610,984	694,688	627,464	(83,704)	67,224
Excess (deficiency) of revenues over expenditures	189,227	146,423	239,164	42,804	(92,741)
OTHER FINANCING SOURCES (USES)					
OUTGOING ITEMS:					
Other Financing Uses					
Interfund Transfers Out	137,000	137,000	137,000	-	-
Total other financing sources (uses)	(137,000)	(137,000)	(137,000)	-	-
Net change in fund balance	52,227	9,423	102,164	42,804	(92,741)
Fund balance-beginning	782,687	782,687	782,687	-	-
Fund balance-ending	$ 834,914	$ 792,110	$ 884,851	$ 42,804	$ (92,741)

NOTE 1 — BUDGETARY INFORMATION AND BASIS OF PRESENTATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The Village is legally required to adopt an annual appropriated budget for the General Fund, the Major Streets Fund, and the Debt Service Fund. The Village is not legally required to adopt annual appropriated budgets for its other special revenue funds; accordingly, budgetary comparison schedules are presented only for the General Fund, the Major Streets Fund, and the Debt Service Fund, the funds for which a legally adopted annual budget is required.

The budget is adopted by the Village Council through the General Appropriations Act. For the year ended June 30, 2026, the final budget amounts presented in the schedules reflect the original appropriations as adjusted for all budget amendments approved by the Council through June 30, 2026.

Because there are no differences between the budgetary basis and the GAAP basis of accounting, the actual amounts in the budgetary comparison schedules equal the amounts reported in the governmental fund financial statements. This note explains the significant variances between (a) the original and final budget and (b) the final budget and actual results, for the lines presented on each schedule, as required by GASB Statement No. 103. Explanations address only the lines presented on the schedules; variances within individual accounts that are combined into a single presented line are not separately explained.

NOTE 2 — GENERAL FUND

The General Fund closed the year with actual revenues of $866,628 against a final budget of $841,111, and actual expenditures of $627,464 against a final budget of $694,688. The net change in fund balance was a surplus of $102,164, compared with a final budget of $9,423, increasing fund balance to $884,851. The surplus is driven far more by expenditures coming in well under budget than by revenue outperformance, and within expenditures it is concentrated in three areas — public works, salaries and wages and community and economic development — where budgeted work was either not performed or completed below estimate during the year.

Original-to-final budget variances

Governing body (general government), increased $18,092 from $327,714 to $345,806. Public works increased $66,269 from $197,119 to $263,388. Additional changes to cost centers were individually below the threshold and left total General Fund appropriations essentially unchanged.

Final budget-to-actual variances — revenues

Licenses and permits came in $2,146 (26%) over budget — actual licenses and permit fees of $10,346. The overage arose from unexpected activity during the year. Miscellaneous revenue was $25,891 over budget due to private donations and restricted cash received for the wind turbine.

Property taxes, state revenue sharing, charges for services, and interest each finished modestly above or under the final budget but within the threshold; taken together the revenue lines produced $25,517 more than the final budget, of which the two lines above account for roughly $28,037.

Final budget-to-actual variances — expenditures

General government expenditures came in $23,131 (7%) under budget while public works expenditures came in $37,886 (14%) under budget — these are the two largest variances in the General Fund.

In the aggregate, the General Fund spent $67,224 less than its final budget, with the general government and public works accounting for $61,017 of that total.

These notes are an integral part of the required supplementary information and should be read together with the budgetary comparison schedules for the General Fund. Amounts are presented in whole dollars and agree to those schedules and to the governmental fund financial statements.

The Village of Northport
Major Street Fund Budgetary Comparison Schedule
For the year ended June 30, 2026

	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts: Budgetary and GAAP Basis	Original Budget Over (under) Final	Final Budget Over (under) Actual Amount
REVENUES					
State Grants and Shared Revenue:					
State Capital Grants	$ 97,000	$ 102,000	$ 101,831	$ (5,000)	$ 169
Total state grants and shared revenue	97,000	102,000	101,831	(5,000)	169
Local Unit Contributions:					
Contributions from Other Local Units - General	28,000	36,200	36,167	(8,200)	33
Total contributions from local units	28,000	36,200	36,167	(8,200)	33
Interest, Investment Earnings, and Rents:					
Interest	-	-	7,261	-	(7,261)
Total interest and rents	-	-	7,261	-	(7,261)
Total revenues	125,000	138,200	145,259	(13,200)	(7,059)
EXPENDITURES					
Current:					
Public Works:					
Drains	3,322	10,124	9,108	(6,802)	1,016
Engineers / Engineering	-	30,000	27,191	(30,000)	2,809
Road Commission / Street Department (Act 51)	76,654	97,143	85,411	(20,489)	11,732
Street Cleaning	6,881	9,022	7,979	(2,141)	1,043
Total public works	86,857	146,289	129,689	(59,432)	16,600
Total expenditures	86,857	146,289	129,689	(59,432)	16,600
Excess (deficiency) of revenues over expenditures	38,143	(8,089)	15,570	46,232	(23,659)
OTHER FINANCING SOURCES (USES)					
OUTGOING ITEMS:					
Other Financing Uses					
Interfund Transfers Out	20,000	20,000	20,000	-	-
Total other financing sources (uses)	(20,000)	(20,000)	(20,000)	-	-
Net change in fund balance	18,143	(28,089)	(4,430)	46,232	(23,659)
Fund balance-beginning	353,168	353,168	353,168	-	-
Fund balance-ending	$ 371,311	$ 325,079	$ 348,738	$ 46,232	$ (23,659)

NOTE 3 — MAJOR STREETS FUND

The Major Streets Fund is the Village's special revenue fund to care for those streets designated by the state of Michigan as major thoroughfares. It is financed principally by grants from the State of Michigan. The fund closed the year with actual revenues of $145,259 against a final budget of $138,200, actual expenditures of $129,689 against a final budget of $146,289, and a net change in fund balance of a $4,430 deficit compared with a budgeted deficit of $28,089, decreasing fund balance to $348,738.

Original-to-final budget variances

Amendments to the budget included a $5,000 change to state grants and an $8,200 increase to the budgeted contributions from other governments. Additionally the total expenditures budget increased from $86,857 to $146,289.

Final budget-to-actual variances — revenues

Interest, investment earnings, and rents, $7,261 (100%) over budget. The fund invested in MI CLASS certificates of deposit which provide interest at more favorable rates. Interest-bearing savings accounts of $372,402 and the Michigan CLASS investment pool, and elevated short-term interest rates during the year produced unexpected earnings. The Village was not previously invested in MI CLASS CDs prior to the 2026 fiscal year and therefore did not budget for it. This single line accounts for essentially all of the fund's revenue outperformance.

Final budget-to-actual variances — expenditures

Expenditures remained under budget across all categories with total expenditures coming in $16,600 under budget.

These notes are an integral part of the required supplementary information and should be read together with the budgetary comparison schedules for the Major Streets Fund. Amounts are presented in whole dollars and agree to those schedules and to the governmental fund financial statements.

The Village of Northport
Debt Service Fund Budgetary Comparison Schedule
For the year ended June 30, 2026

	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts: Budgetary and GAAP Basis	Original Budget Over (under) Final	Final Budget Over (under) Actual Amount
REVENUES					
Special Assessments					
Special Assessments - Other	$ 205,000	$ 20,000	$ 505	$ 185,000	$ 19,495
Total special assessments	205,000	20,000	505	185,000	19,495
Interest, Investment Earnings, and Rents:					
Interest	17,800	35,000	33,269	(17,200)	1,731
Rent	78,533	217,000	216,901	(138,467)	99
Total interest and rents	96,333	252,000	250,170	(155,667)	1,830
Total revenues	301,333	272,000	250,675	29,333	21,325
EXPENDITURES					
Current:					
Public Works:					
Sewer Systems	-	145	345	(145)	(200)
Total public works	-	145	345	(145)	(200)
Debt Service					
Debt Service - Principal (Bonds / Notes)	588,735	600,750	600,750	(12,015)	-
Debt Service - Interest and Fiscal Charges (Bonds / Notes)	34,526	34,526	29,742	-	4,784
Total debt service	623,261	635,276	630,492	(12,015)	4,784
Total expenditures	623,261	635,421	630,837	(12,160)	4,584
Excess (deficiency) of revenues over expenditures	(321,928)	(363,421)	(380,162)	41,493	16,741
OTHER FINANCING SOURCES (USES)					
INCOMING ITEMS:					
Other Financing Sources					
Connection Fees	37,340	65,280	65,280	(27,940)	-
Interfund Transfers In	179,568	-	-	179,568	-
Total other financing sources (uses)	216,908	65,280	65,280	151,628	-
Net change in fund balance	(105,020)	(298,141)	(314,882)	193,121	16,741
Fund balance-beginning	741,066	741,066	741,066	-	-
Fund balance-ending	$ 636,046	$ 442,925	$ 426,184	$ 193,121	$ 16,741

NOTE 4 — DEBT SERVICE FUND

The Debt Service Fund is a major fund. It is financed principally by special assessments and contributions from other funds and funds the repayment of the Village's portion of the General Obligation bonds issued in 2007. The fund closed the year with actual revenues of $250,675 against a final budget of $272,000, actual expenditures of $630,837 against a final budget of $635,421, and a net change in fund balance of a $314,882 deficit, compared with a budgeted deficit of $298,141, decreasing fund balance to $426,184.

Original-to-final budget variances

The Village amended the budget for special assessments from $205,000 to $20,000, increased the interest revenue from $17,800 to $35,000 and increased the rent from $78,533 to $217,000. Expenditures for debt service increased from $588,735 to $600,750. The budget for other financing sources (uses) decreased from $216,908 to $65,280.

Final budget-to-actual variances — revenues

Special assessment revenue of $505 finished $19,495 under the $20,000 budget, a variance of (97%).

Final budget-to-actual variances — expenditures

The debt service interest was $4,784 under budget and accounts for substantially all of the variance within fund expenditures.

These notes are an integral part of the required supplementary information and should be read together with the budgetary comparison schedules for the Debt Service Fund. Amounts are presented in whole dollars and agree to those schedules and to the governmental fund financial statements.

This page intentionally left blank.

OTHER SUPPLEMENTARY INFORMATION

The Village of Northport

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2026

	Special Revenue		Capital Project	
	Local Street Fund	Fireworks Fund	Capital Improvements Fund	Total Nonmajor Funds
ASSETS				
Cash and Investments	$ 28,722	$ 8,859	$ 2,854	$ 40,435
Receivables, Net	5,720	-	-	5,720
Prepaid Short-Term SBITA	1,274	1,793	-	3,067
Total assets	$ 35,716	$ 10,652	$ 2,854	$ 49,222
LIABILITIES				
Accounts Payable	$ -	$ -	$ 5,406	$ 5,406
Accrued and Other Liabilities	886	-	-	886
Payroll-Related Liabilities	1,231	-	-	1,231
Total liabilities	2,117	-	5,406	7,523
FUND BALANCES				
Street Improvements	33,599	-	-	33,599
Committed	-	10,652	-	10,652
Unassigned Fund Balance	-	-	(2,552)	(2,552)
Total liabilities and fund balances	$ 35,716	$ 10,652	$ 2,854	$ 49,222

The Village of Northport

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the year ended June 30, 2026

	Special Revenue		Capital Project	
	Local Street Fund	Fireworks Fund	Capital Improvements Fund	Total Nonmajor Funds
REVENUES				
State Grants and Shared Revenue	$ 38,942	$ -	$ -	$ 38,942
Other Miscellaneous Revenues	-	1,052	16,160	17,212
Total revenues	38,942	1,052	16,160	56,154
EXPENDITURES				
Current:				
General Government	-	-	17,366	17,366
Public Works	60,006	-	-	60,006
Community and Economic Development	-	4,900	-	4,900
Capital Outlay	-	-	27,000	27,000
Total expenditures	60,006	4,900	44,366	109,272
Excess (deficiency) of revenues over expenditures	(21,064)	(3,848)	(28,206)	(53,118)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	20,000	-	-	20,000
Total other financing sources (uses)	20,000	-	-	20,000
Net change in fund balances	(1,064)	(3,848)	(28,206)	(33,118)
Fund balances-beginning	34,663	14,500	25,654	74,817
Fund balances-ending	$ 33,599	$ 10,652	$ (2,552)	$ 41,699

This page intentionally left blank.

AUDITORS' COMMUNICATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Village Council

The Village of Northport, Northport, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Northport (the Village), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we identified two instances of significant deficiencies (items 2026-002 and 2026-003), which are described in the accompanying schedule of findings and responses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests identified one instance of nonmaterial noncompliance (item 2026-001), the details of which are disclosed in the schedule of findings and responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morgan & Associates CPAs

Morgan & Associates, CPAs, PC
Grand Rapids, Michigan
October 27, 2026

The Village of Northport

Schedule of Findings and Responses

For the year ended June 30, 2026

Finding 2026-001 - Expenditures in Excess of Appropriations

Type: Nonmaterial Noncompliance

Criteria: Sections 18 and 19 of the Uniform Budgeting and Accounting Act (MCL 141.438 and 141.439) state that the Village shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body.

Statement of Condition: The Village's General Appropriations Act (budget) provided for expenditures of the General Fund to be controlled at the activity level. As detailed below, actual expenditures exceeded the Village's approved budget allocations. During the fiscal year, expenditures were incurred in excess of amounts appropriated as follows:

Fund and Function	Budget Appropriation	Actual Expenditure	Excess Expenditure
General Fund:			
General Government			
Village Council	$ 8,994	$ 9,004	$ 10
Clerk	76,236	82,681	6,445
Buildings and Grounds	78,386	94,212	15,826
Recreation and Culture			
Parks and Recreation Department	44,264	44,980	716
Debt Service Fund:			
Public Works	145	345	200

Effect: The Village is in noncompliance with State statute. Unavailable funds continued to be spent despite the lack of budgeted funds to support the expenses.

Cause: Inadequate accounting procedures do not provide timely and reliable reporting needed to make informed decisions.

Auditor's Recommendation: It is the auditor's recommendation that the Village improve its accounting and budgeting procedures to provide more reliable information to make informed budgetary decisions.

Village's Response: The Village will improve its accounting and budgeting procedures.

The Village of Northport

Schedule of Findings and Responses

For the year ended June 30, 2026

Finding 2026-002 - Preparation of Financial Statements in Accordance With GAAP

Type: Significant Deficiency

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of management of the Village. The preparation of financial statements in accordance with GAAP requires internal controls over both: 1) recording, processing and summarizing accounting data (maintaining internal accounting books and records); and 2) reporting government-wide and fund financial statements, including the related notes to financial statements (external financial reporting).

Statement of Condition: As many small and medium-sized governmental entities do, the Village has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements, fund financial statements, and notes to financial statements as part of its external financial reporting process. Accordingly, the Village's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered to be a part of the Village's internal controls.

Effect: The Village lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this duty.

Cause: This condition was caused by the Village's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for Village personnel to prepare them internally.

Auditor's Recommendation: We recommend that the Village evaluate the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determine if it is in the best interests of the Village to outsource this duty to its external auditors. If the Village continues to rely on its external auditors to prepare the financial statements, we recommend that the Village designate a responsible official to carefully review the draft financial statements, including the notes, prior to approving them and accepting responsibility for their content and presentation.

Village's Response: Pending Village Council's response.

The Village of Northport

Schedule of Findings and Responses

For the year ended June 30, 2026

Finding 2026-003 - Capital Assets

Type: Significant Deficiency

Criteria: It is the responsibility of the Village to update the capital assets listing for additions and deletions. For the governmental funds, assets purchased during the year and recorded as capital outlay should equal the additions to the capital asset records. Depreciation for governmental capital assets should be recorded on the capital asset schedule. Disposals should equal the reductions to the capital asset records.

Statement of Condition: The Village does not maintain adequate internal controls for capital assets and a capital asset listing is not maintained in accordance with generally accepted accounting principles. The balances reported in the Village's audit report are maintained by the Village's auditor.

Effect: The Village cannot readily determine or value the assets owned by the Village.

Cause: The Village has relied upon its auditors to update and maintain the listing.

Auditor's Recommendation: We recommend that the Village implement procedures to record the assets and depreciation expense as listed in Note 4 of the financial statements.

Village's Response: Pending Village Council's response.