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VILLAGE OF NORTHPORT, MICHIGAN

JUNE 30, 2024

VILLAGE OF NORTHPORT, MICHIGAN
JUNE 30, 2024

TABLE OF CONTENTS

	PAGES
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds	
Balance Sheet	14
Reconciliation of the Balance Sheet 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 to the Statement of Activities	17
Proprietary Funds	
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Fund Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements	21-37
Required Supplementary Information	
Budgetary Comparison Schedule – Major Governmental Funds	38
Supplementary Information	
Nonmajor Special Revenue Fund Financial Statements	
Combining Balance Sheet	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	40

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Northport
Leelanau County
Northport, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Northport, Leelanau County, Northport, Michigan as of and for the sixteen months ended June 30, 2024, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Northport, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 of Northport 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 of Northport'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 judgement 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 judgement 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 of Northport'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Northport'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 on pages 4-11 and 38 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, 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 of Northport's basic financial statements. The accompanying combining 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 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 January 15, 2025, on our consideration of the Village of Northport'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 of Northport'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 of Northport's internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
January 15, 2025

VILLAGE OF NORTHPORT, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR SIXTEEN MONTHS ENDED JUNE 30, 2024

The management of the Village of Northport, Michigan ("the Village") offers this narrative overview and analysis of the financial activities of the Village for sixteen months ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of this fiscal year by $12,612,006 (shown as *net position)*. Of this amount, $1,115,533 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors.

- The Village's net position decreased by $111,451 during the fiscal year. Government activities decreased $326,035 and business-type activities increased $214,584.

- As of June 30, 2024, the governmental funds of the Village reported combined ending fund balances of $1,994,903, of which $676,080 was unassigned.

- As of June 30, 2024, the proprietary funds of the Village reported combined ending net position of $3,289,576, of which $298,143 was unrestricted.

- The Village's total long-term obligations decreased by $675,770 for governmental activities and $90,000 for business-type activities during the fiscal year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Village's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *Statement of Activities* presents the information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

VILLAGE OF NORTHPORT, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances for Governmental Funds		$ 1,994,903
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 in the funds.		
Capital Assets	$ 16,992,498	
Accumulated Depreciation	(7,750,679)	9,241,819
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Installment Purchase Agreement Payable		(17,918)
Bonds Payable		(2,419,020)
Accrued interest is not included as a liability in government funds, it is recorded when paid.		(9,828)
Special assessments receivable are expected to be collected over several years and are not available for current year expenditures		338,944
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.		193,530
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 9,322,430

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NORTHPORT, MICHIGAN
GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

SIXTEEN MONTHS JUNE 30, 2024

	GENERAL FUND	MAJOR STREET FUND	CAPITAL IMPROVEMENT FUND	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTALS
REVENUES						
Taxes	$ 612,473	$ 0	$ 0	$ 0	$ 0	$ 612,473
Special Assessments	0	0	0	307,174	0	307,174
Licenses and Permits	13,445	0	0	0	0	13,445
State Grants	80,409	120,319	0	0	50,298	251,026
Contributions from Local Units	0	27,934	0	284,674	0	312,608
Interest and Rents	1,862	0	0	21,509	17	23,388
Other Revenue	91,841	0	0	0	10,688	102,529
Total Revenues	800,030	148,253	0	613,357	61,003	1,622,643
EXPENDITURES						
General Government	617,618	0	0	0	0	617,618
Public Works	21,561	90,296	32,618	0	53,886	198,361
Community and Economic Development	33,652	0	0	0	0	33,652
Recreation and Culture	69,829	0	0	0	16,430	86,259
Debt Service	36,261	0	0	629,471	0	665,732
Total Expenditures	778,921	90,296	32,618	629,471	70,316	1,601,622
Excess (Deficiency) of Revenues Over Expenditures	21,109	57,957	(32,618)	(16,114)	(9,313)	21,021
OTHER FINANCING SOURCES (USES)						
Transfer In	0	0	0	0	24,000	24,000
Transfer Out	(122,350)	(14,000)	0	0	0	(136,350)
Total Other Financing Sources (Uses)	(122,350)	(14,000)	0	0	24,000	(112,350)
Net Change in Fund Balance	(101,241)	43,957	(32,618)	(16,114)	14,687	(91,329)
FUND BALANCES - Beginning of Year	822,079	274,903	52,134	887,067	50,049	2,086,232
FUND BALANCES - End of Year	$ 720,838	$ 318,860	$ 19,516	$ 870,953	$ 64,736	$ 1,994,903

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NORTHPORT, MICHIGAN
GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

SIXTEEN MONTHS ENDED JUNE 30, 2024

Net Change in Fund Balance - Total Governmental Funds	$	(91,329)
Amounts reported for governmental activities are different because:		
Accrued interest on long-term liabilities is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid.		
Accrued Interest Payable - Beginning of Year		24,162
Accrued Interest Payable - Ending of Year		(9,828)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation in the Statement of Activities.		
Capital Outlay		30,949
Depreciation Expense		(587,001)
Repayments of principal on long-term obligations is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities).		615,770
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year-end		(307,174)
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.		(1,584)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(326,035)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NORTHPORT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF NET POSITION
JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
	WATER FUND	MARINA FUND	TOTALS	EQUIPMENT FUND
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 188,359	$ 378,754	$ 567,113	$ 99,673
Accounts Receivable	33,356	0	33,356	0
Special Assessment Receivable	5,278	0	5,278	0
Prepaid Expense	1,883	4,286	6,169	0
Total Current Assets	228,876	383,040	611,916	99,673
NON CURRENT ASSETS				
Special Assessments Receivable, Net of Current Portion	40,793	0	40,793	0
Capital Assets (Net of Accumulated Depreciation)				
Assets Being Depreciated	1,242,256	2,130,228	3,372,484	336,879
Assets Not Being Depreciated	0	220,991	220,991	0
Total Non Current Assets	1,283,049	2,351,219	3,634,268	336,879
TOTAL ASSETS	1,511,925	2,734,259	4,246,184	436,552
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	0	35,085	35,085	0
Accrued Expenditures	3,368	11,333	14,701	0
Unearned Revenues	0	263,987	263,987	0
Accrued Interest	0	0	0	1,022
Current Portion of Long-Term Debt	35,000	30,000	65,000	30,000
Total Current Liabilities	38,368	340,405	378,773	31,022
LONG-TERM LIABILITIES				
Bonds Payable Net of Current Portion	382,835	195,000	577,835	212,000
TOTAL LIABILITIES	421,203	535,405	956,608	243,022
NET POSITION				
Net Investment in Capital Assets	865,214	2,126,219	2,991,433	94,879
Unrestricted	225,508	72,635	298,143	98,651
TOTAL NET POSITION	$ 1,090,722	$ 2,198,854	$ 3,289,576	$ 193,530

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NORTHPORT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
SIXTEEN MONTHS ENDED JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
	WATER FUND	MARINA FUND	TOTALS	EQUIPMENT FUND
OPERATING REVENUES				
Charges for Services	$ 136,697	$ 564,003	$ 700,700	$ 0
Gas and Oil Sales	0	364,740	364,740	0
Other	18	19,193	19,211	61,600
Total Operating Revenues	136,715	947,936	1,084,651	61,600
OPERATING EXPENSES				
Payroll and Related Benefits	94,490	266,791	361,281	0
Retirement	4,487	8,257	12,744	0
Health Insurance	20,276	28,171	48,447	0
Supplies	15,686	40,340	56,026	0
Gasoline and Oil	0	335,612	335,612	0
Contractual Services	18,129	52,429	70,558	0
Utilities	15,390	48,338	63,728	0
Repairs and Maintenance	22,617	14,657	37,274	16,271
Equipment Rental	17,000	17,400	34,400	0
Insurance	5,617	19,825	25,442	0
Miscellaneous	3,006	550	3,556	0
Depreciation	59,074	237,026	296,100	36,653
Total Operating Expenses	275,772	1,069,396	1,345,168	52,924
Operating Income (Loss)	(139,057)	(121,460)	(260,517)	8,676
NONOPERATING REVENUES (EXPENSES)				
Interest Income	1,784	9	1,793	0
State Grant	0	378,094	378,094	0
Interest Expense	(11,196)	(5,940)	(17,136)	(10,260)
Total Nonoperating Revenues (Expenses)	(9,412)	372,163	362,751	(10,260)
Net Income (Loss) Before Transfers	(148,469)	250,703	102,234	(1,584)
TRANSFERS IN (OUT) FROM OTHER FUNDS	112,350	0	112,350	0
Change in Net Position	(36,119)	250,703	214,584	(1,584)
TOTAL NET POSITION - Beginning of Year	1,126,841	1,948,151	3,074,992	195,114
TOTAL NET POSITION - End of Year	$ 1,090,722	$ 2,198,854	$ 3,289,576	$ 193,530

The accompanying notes are an integral part of the financial statements.

VILLAGE OF NORTHPORT, MICHIGAN
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
SIXTEEN MONTHS ENDED JUNE 30, 2024

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
	WATER FUND	MARINA FUND	TOTALS	EQUIPMENT FUND
CASH EQUIVALENTS				
Cash Flows from Operating Activities				
Cash Received from Customers	$ 119,945	$ 936,422	$ 1,056,367	$ 0
Cash Received from Interfund Services Provided and Used	0	0	0	61,600
Cash Payments to Suppliers for Goods and Services	(96,728)	(505,431)	(602,159)	(16,271)
Cash Payments to Employees for Services	(115,885)	(291,886)	(407,771)	0
Net Cash Provided (Used) for Operating Activities	(92,668)	139,105	46,437	45,329
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	0	(824,751)	(824,751)	(28,997)
State Grant Payments	0	399,164	399,164	0
Payments for Special Assessment Receivable	12,481	0	12,481	0
Principal Paid on Loans	(30,000)	(30,000)	(60,000)	(60,000)
Interest Paid on Loans	(11,196)	(5,940)	(17,136)	(11,489)
Net Cash Provided (Used) for Capital and Related Financing Activities	(28,715)	(461,527)	(490,242)	(100,486)
Cash Flows from Investing Activities				
Interest on Investments	1,784	9	1,793	0
Cash Flows from Non Capital and Related Financing Activities				
Transfers In From Other Funds	112,350	0	112,350	0
Net Increase (Decrease) in Cash and Cash Equivalents	(7,249)	(322,413)	(329,662)	(55,157)
CASH AND CASH EQUIVALENTS - Beginning of Year	195,608	701,167	896,775	154,830
CASH AND CASH EQUIVALENTS - End of Year	$ 188,359	$ 378,754	$ 567,113	$ 99,673
CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (139,057)	$ (121,460)	$ (260,517)	$ 8,676
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities				
Depreciation	59,074	237,026	296,100	36,653
(Increase) Decrease in Current Assets				
Accounts Receivable	(16,770)	0	(16,770)	0
Prepaid Expense	1,617	6,342	7,959	0
Increase (Decrease) in Current Liabilities				
Accounts Payable	(900)	17,378	16,478	0
Accrued Wages	3,368	11,333	14,701	0
Unearned Revenues	0	(11,514)	(11,514)	0
Total Adjustments	46,389	260,565	306,954	36,653
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (92,668)	$ 139,105	$ 46,437	$ 45,329

The accompanying notes are an integral part of the financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., *The Statement of Net Position* and *The Statement of Activities*) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary governmental is financially accountable. The Village of Northport does not have any *component units*.

B. Reporting Entity

The Village of Northport, Michigan, was incorporated under the laws of the State of Michigan and operates under the direction of an elected Village Council. Under the criteria established by accounting principles generally accepted in the United States of America, the Village has determined that there are no component units which should be included in its reporting entity.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between government's water and marina functions 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.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Village of Northport 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 financial activity of the streets designated by the State of Michigan as major thoroughfares.

The *Capital Improvement Fund* is used to account for the financial activity to be used to the acquisition or improvement of capital assets.

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 of Northport reports the following major proprietary funds:

The *Water Fund* account for the provision of water services to the residents of the Village and certain adjacent areas. 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 of Northport reports the following nonmajor special revenue funds:

The *Local Street Fund* is used to account for the financial activity of the streets designated by the State of Michigan as local thoroughfares.

The *Fireworks Fund* accounts for the financial activity to be used for firework displays provided by the Village.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the governmental-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related 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.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Budgetary Information

1. Budgetary Basis of Accounting

- Prior to July 1, a proposed operating budget for all governmental funds for the fiscal year is submitted to the Village Council. The operating budget includes proposed expenditures and the means of financing them.

- The Village Council holds a public hearing and adopts a resolution approving the budgets.

- All transfers of budget amounts between functions within the General Fund and any revisions that alter the total expenditures of any fund must be approved by the Village Council. General Fund expenditures may not legally exceed budgeted appropriations at the major function level. Expenditures in all other governmental funds may not exceed appropriations at the total fund level.

- Formal budgetary integration is employed as a management control device during the year for all governmental fund types.

- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). All appropriations lapse at year-end. Budgeted amounts are as originally adopted, or as amended by the Village Council from time to time throughout the year.

- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

2. Excess of Expenditures Over Appropriations

	APPROPRIATIONS	EXPENDITURES
General Fund		
General Government		
Clerk	$ 55,162	$ 59,332
Treasurer	22,430	22,772
Public Works		
Street Lighting	19,333	21,561
Recreation and Culture		
Parks and Recreation Department	64,994	69,829
Debt Service		
Principal	34,500	35,045

These overages were funded by available fund balance.

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

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

The Village's investment policy is in compliance with state law and authorizes the Village to invest in passbook savings accounts, certificates of deposit, and money market funds. The Village does not have any investments.

3. Inventories and Prepaid Items

Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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 columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 asset lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component unit are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings & Improvements	20 – 50
Land Improvements	20
Vehicles	5 – 10
Equipment and Furniture	5 – 10

5. Unearned Revenue

Unearned revenue arises when resources are received by the Village before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The Village had unearned revenues related to golf course donations, playground equipment grant, and contributions from the county applicable to the next fiscal year.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 of Northport does not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The 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 of Northport does not have any deferred inflows of resources.

7. Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund

financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Use of Estimates

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

11. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations and other long-term obligations are reported as liabilities in the applicable

governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method.

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 obligations issued is reported as other financing sources. Premiums received on obligation issuances are reported as other financing sources while discounts on obligations issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual obligation proceeds received, are reported as debt service expenditures.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenue 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

The Village bills and collects its own property taxes. Taxes are billed on July 1 and due by September 15. After this time, the taxes become delinquent and must be paid at the County Treasurer's office. The county pays the Village for uncollected taxes as of September 15 out of proceeds of revolving tax notes. Personal property taxes are the responsibility of the Village to collect.

The 2023 taxable valuation of the Village of Northport totaled approximately $64,869,973 on which ad valorem taxes levied consisted of 8.500 mills for the Village of Northport operating purposes. This levy raised approximately $553,000 for operating purposes.

3. 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 revenues of the water fund, marina fund, and internal service fund are charges to customers for services. Operating expenses for enterprise funds and internal services fund include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note I.F.2., on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2024. It also explains the provision provided by law that was used to remedy the violation.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2024, the Village had deposits subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of June 30, 2024, $2,079,847 of the Village's bank balance of $2,472,521 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Interest rate risk. The Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Village's cash requirement.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk. The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk. The Village is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the Township will do business.

The deposits referred to above have been reported in the cash and cash equivalents caption on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2024:

	Governmental Activities	Business-Type Activities	Totals
Deposits	$ 1,897,144	$ 566,763	$2,463,907
Petty Cash	150	350	500
	$ 1,897,294	$ 567,113	$2,464,407

B. Receivables

Receivables as of year-end for the government's individual major funds in aggregate are as follows:

	General	Major Street	Debt Service	Non-major	Total
Accounts Receivable	$ 13,063	$ 0	$ 0	$ 0	$ 13,063
Special Assessments Receivable	0	0	338,944	0	338,944
Due from Other Governments	8,760	13,864	287,613	5,720	315,957
TOTAL	$ 21,823	$ 13,864	$ 626,557	$ 5,720	$ 667,964

By ordinance, the Village can place substantially all of its delinquent receivables on the tax rolls as a lien against real property. As a result, its uncollectible accounts are virtually nil. Amounts due from other governments consist of state-shared revenues and Act 51 distributions from the state of Michigan and sewer debt assessment fees being paid from the Northport Leelanau Township Utility Authority (NLTUA).

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 1,025,571	$ 0	$ 0	$ 1,025,571
Capital Assets, Being Depreciated				
Land Improvements	1,391,081	0	0	1,391,081
Building and Improvements	1,852,602	12,480	0	1,865,082
Sewer Land Improvements	11,711,791	0	0	11,711,791
Sewer Equipment	636,351	0	0	636,351
Equipment and Furniture	344,153	18,469	0	362,622
Total Capital Assets, Being Depreciated	15,935,978	30,949	0	15,966,927
Less Accumulated Depreciation for:				
Land Improvements	652,461	85,190	0	737,651
Building and Improvements	712,665	52,746	0	765,411
Sewer Land Improvements	4,834,733	439,662	0	5,274,395
Sewer Equipment	636,351	0	0	636,351
Equipment and Furniture	327,468	9,403	0	336,871
Total Accumulated Depreciation	7,163,678	587,001	0	7,750,679
Total Capital Assets, Being Depreciated, Net	8,772,300	(556,052)	0	8,216,248
Governmental Activities Capital Assets, Net	$ 9,797,871	$ (556,052)	$ 0	9,241,819
Internal Service Fund Net Capital Assets				336,879
Net Capital Assets per Statement of Net Position				$ 9,578,698

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 220,991	$ 0	$ 0	$ 220,991
Capital Assets, Being Depreciated				
Buildings	222,177	0	0	222,177
Water System Improvements	1,989,522	0	0	1,989,522
Marina Improvements	4,794,924	810,026	0	5,604,950
Mains, Equipment, and Fixtures	295,798	14,724	0	310,522
Total Capital Assets, Being Depreciated	7,302,421	824,750	0	8,127,171
Less Accumulated Depreciation for:				
Buildings	119,318	5,582	0	124,900
Water System Improvements	734,506	53,629	0	788,135
Marina Improvements	3,369,115	223,770	0	3,592,885
Mains, Equipment, and Fixtures	235,648	13,119	0	248,767
Total Accumulated Depreciation	4,458,587	296,100	0	4,754,687
Total Depreciable Assets, Net	2,843,834	528,650	0	3,372,484
Business-Type Activities Capital Assets, Net	$ 3,064,825	$ 528,650	$ 0	$ 3,593,475

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Unallocated	$ 587,001
Internal Service Fund	36,653
Total Depreciation Expense - Governmental Activities	$ 623,654
Business-Type Activities:	
Water Fund	$ 59,074
Marina Fund	237,026
Total Depreciation Expense - Business-Type Activities	$ 296,100

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at June 30, 2024, were:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	$ 405,716

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers as of June 30, 2024, were:

Fund Transferred To	Funds Transferred From	Amount
Water Fund	General Fund	$ 112,350
Fireworks Fund	General Fund	10,000
Local Street Fund	Major Street Fund	14,000
		$ 136,350

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

E. Long-Term Obligations

The following is a summary of long-term obligation transactions of the Village of Northport for the year ended June 30, 2024:

1. Primary Government

Governmental Activities:

	GENERAL OBLIGATION BONDS	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	TOTAL
Balance at March 1, 2023	$ 2,999,745	$ 354,963	$3,354,708
Additions	0	0	0
Deletions	(580,725)	(95,045)	(675,770)
Balance at June 30, 2024	2,419,020	259,918	2,678,938
Less Current Portion	588,735	47,918	636,653
Total Due After One Year	$ 1,830,285	$ 212,000	$2,042,285

The Village's debt obligations at June 30, 2024, are comprised of the following issues:

Governmental Activities	
General Obligation Bonds	
$12,725,000 2008 General Obligation Limited Tax Bonds due in annual installments of $735,000 to $775,000 through April 1, 2028; Interest at 1.625%. The debt will be repaid from special assessments recorded in the Debt Service Fund. The Village is responsible for repayment of 80.1% of the amount borrowed and Leelanau Township is responsible for payment of the remaining 19.9%.	$ 2,419,020
Notes From Direct Borrowings and Direct Placements	
$150,000 land contract purchase agreement due in annual installments of $17,918 through April 10, 2025; interest at 1.50%.	17,918
$332,000 installment purchase agreement for equipment due in annual installments of $30,000 to $37,000 through May 1, 2031; interest at 2.28%.	242,000
Total Governmental Activities Long-Term Obligations	$ 2,678,938

The Village's outstanding notes from direct borrowings and direct placements related to governmental activities of $259,918 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2024, including interest payments of $121,938 are as follows:

YEAR ENDING	GENERAL OBLIGATION BONDS		NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS		
JUNE 30,	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2025	$ 588,735	$ 39,310	$ 47,918	$ 5,787	$ 681,750
2026	600,750	29,742	35,000	4,834	670,326
2027	608,760	19,980	35,000	4,036	667,776
2028	620,775	10,088	35,000	3,237	669,100
2029	0	0	35,000	2,439	37,439
2030-2031	0	0	72,000	2,485	74,485
	$ 2,419,020	$ 99,120	$ 259,918	$ 22,818	$ 2,800,876

Interest expense for the year ended June 30, 2024 was $60,000.

Business-Type Activities:

	GENERAL OBLIGATION BONDS
Balance at March 1, 2023	$ 732,835
Additions	0
Deletions	(90,000)
Balance at June 30, 2024	642,835
Less Current Portion	65,000
Total Due After One Year	$ 577,835

The Village's debt obligations at June 30, 2024, are comprised of the following issues:

Business-Type Activities	
General Obligation Bonds	
$678,085 Drinking Water Revolving Fund Loan due in annual installments of $35,000 to $42,835 through April 1, 2035; interest at 2.50%.	$ 417,835
$305,000 Limited Tax General Obligation Capital Improvement Bond due in annual installments of $30,000 to $35,000 through August 1, 2030; interest at 2.35%.	225,000
Total Business-Type Activities Long-Term Obligations	$ 642,835

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2024, including interest payments of $84,118 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		
	PRINCIPAL	INTEREST	TOTAL
2025	$ 65,000	$ 15,381	$ 80,381
2026	65,000	13,800	78,800
2027	65,000	12,221	77,221
2028	65,000	10,641	75,641
2029	70,000	9,003	79,003
2030-2034	270,000	22,001	292,001
2035	42,835	1,071	43,906
	$ 642,835	$ 84,118	$ 726,953

Interest expense for the year ended June 30, 2024, was approximately $17,000.

IV. OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The Village continues to carry commercial insurance for other risks of loss, including general liability, property and casualty, and employee health and accident insurance. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

The Village participates in a distinct pool of governmental entities within the State of Michigan for workers' disability compensation. The pool is considered a public entity risk pool. The Village pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required.

B. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including certificates of deposits) to be cash equivalents.

C. Pension Plan

The Village participates in a defined contribution pension plan. The plan covers substantially all employees with the exception of seasonal employees. The amount of covered payroll for the year ended June 30, 2024, was $463,056; total payroll for the year ended June 30, 2024, was $706,742. Employer contributions are based on 6% of annual covered payroll. Employees make additional contributions of 4% of gross wages. Employees are vested 100% immediately in employee contributions and are vested as follows in employer contributions:

Years of Services	Vested
0 -2	0%
3	20%
4	40%
5	60%
6	80%
7	100%

The Village fully funded its required contribution for the year ended June 30, 2024. Employer contributions for the year ended June 30, 2024, amounted to $29,580, including fees of approximately $1,735. Employees contributed $27,845 during the year ended June 30, 2024.

D. Contingencies and Commitments

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However,

management does not believe such disallowances, if any, would be material to the financial position of the Village.

E. Subsequent Events

Subsequent to year end, the Village approved the 4th street drain modification project, with an expected cost of approximately $13,800. No adjustment was made to the financial statements as a result of this subsequent event.

F. GASB Statement No. 96 – Subscription Based IT Arrangements (SBITAs)

It has been determined that the Village has SBITAs as defined by GASB Statement No. 96. However, the total of these SBITAs has been determined they are not significant enough to warrant disclosure.

G. Special Assessments Receivable

Governmental Activities

The special assessments receivable are the result of sewer special assessments and connection fee assessments levied on Village residents. Annual installment payments carry interest at the annual rate of 2.625%. As of June 30, 2024, the balance of the sewer special assessment and connection fee assessment receivables were $338,944. The remaining balance is expected to be paid in in two annual installments occurring in December 2024 and December 2025.

Business-Type Activities

During the fiscal year 2021, the Village replaced the water main, benefiting nine property owners. The property owners were assessed $92,500 collectively, with the option to pay either over 7 or 14 years at 2.9% interest. Two property owners paid off their assessments in full in 2021 and during June 30, 2024, another property owners balance was full paid. As of June 30, 2024, $46,071 was remaining on the assessments.

H. General Fund Assigned Fund Balance

As of June 30, 2024, General Fund assigned $30,531 of its fund balance for the following:

Paver donations in the amount of $14,659
Veterans memorial in the amount of $4,645
Tree lighting in the amount of $3,023
Tree donations in the amount of $8,204

V. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's

pay rate as of the date of the financial statements. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

a. Management's discussion and analysis (MD&A);

   i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:

      1) Overview of the Financial Statements,
      2) Financial Summary,
      3) Detailed Analyses,
      4) Significant Capital Asset and Long-Term Financing Activity,
      5) Currently Known Facts, Decisions, or Conditions;

   ii. Stresses detailed analyses and should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;

   iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;

b. Unusual or infrequent items;

c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;

   i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;

   ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;

d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;

e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

VILLAGE OF NORTHPORT, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
SIXTEEN MONTHS ENDED JUNE 30, 2024

	GENERAL FUND				MAJOR STREET FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES								
Taxes	$ 585,018	$ 604,083	$ 612,473	$ 8,390	$ 0	$ 0	$ 0	$ 0
Licenses and Permits	2,000	2,667	13,445	10,778	0	0	0	0
State Grants	54,104	72,137	80,409	8,272	92,000	122,664	120,319	(2,345)
Contributions from Local Units	0	0	0	0	26,000	34,666	27,934	(6,732)
Interest and Rents	800	1,067	1,862	795	150	150	0	(150)
Other Revenue	123,950	115,363	91,841	(23,522)	0	0	0	0
Total Revenues	765,872	795,317	800,030	4,713	118,150	157,480	148,253	(9,227)
EXPENDITURES								
General Government								
Village Council	2,961	8,961	8,456	(505)	0	0	0	0
Village President	646	646	0	(646)	0	0	0	0
Village Manager	40,291	61,828	53,011	(8,817)	0	0	0	0
Audit	7,000	7,000	3,500	(3,500)	0	0	0	0
Attorney	25,000	28,500	17,953	(10,547)	0	0	0	0
Clerk	40,915	55,162	59,332	4,170	0	0	0	0
Treasurer	12,959	22,430	22,772	342	0	0	0	0
Building and Grounds	247,057	372,114	361,216	(10,898)	0	0	0	0
Other General Government	58,888	114,680	91,378	(23,302)	0	0	0	0
Public Works								
Department of Public Works	2,800	2,800	0	(2,800)	0	0	0	0
Road Commission/Street Department	0	0	0	0	75,647	110,970	90,296	(20,674)
Street Lighting	14,500	19,333	21,561	2,228	0	0	0	0
Community and Economic Development								
Planning and Zoning	31,457	41,942	33,652	(8,290)	0	0	0	0
Recreation and Culture								
Parks and Recreation Department	48,746	64,994	69,829	4,835	0	0	0	0
Debt Service								
Principal	17,000	34,500	35,045	545	0	0	0	0
Interest	1,100	1,647	1,216	(431)	0	0	0	0
Total Expenditures	551,320	836,537	778,921	(57,616)	75,647	110,970	90,296	(20,674)
Excess (Deficiency) of Revenues Over Expenditures	214,552	(41,220)	21,109	62,329	42,503	46,510	57,957	11,447
OTHER FINANCING SOURCES (USES)								
Transfers In	21,000	27,999	0	(27,999)	0	0	0	0
Transfers Out	(122,350)	(122,350)	(122,350)	0	(14,000)	(14,000)	(14,000)	0
Total Other Financing Sources (Uses)	(101,350)	(94,351)	(122,350)	(27,999)	(14,000)	(14,000)	(14,000)	0
Net Change in Fund Balance	113,202	(135,571)	(101,241)	34,330	28,503	32,510	43,957	11,447
FUND BALANCE - Beginning of Year	822,079	822,079	822,079	0	0	0	274,903	274,903
FUND BALANCE - End of Year	$ 935,281	$ 686,508	$ 720,838	$ 34,330	$ 28,503	$ 32,510	$ 318,860	$ 286,350

VILLAGE OF NORTHPORT, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2024

	LOCAL STREET FUND	FIREWORKS FUND	TOTALS
ASSETS			
Cash and Cash Equivalents	$ 53,781	$ 3,053	$ 56,834
Due from Other Governments	5,720	0	5,720
Prepaid Expenditures	1,275	1,793	3,068
TOTAL ASSETS	$ 60,776	$ 4,846	$ 65,622
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accrued Expenditures	$ 886	$ 0	$ 886
FUND BALANCE			
Nonspendable, Prepaid Expenditures	1,275	1,793	3,068
Restricted for Steet Improvements	58,615	0	58,615
Committed for Fireworks	0	3,053	3,053
Total Fund Balance	59,890	4,846	64,736
TOTAL LIABILITIES AND FUND BALANCE	$ 60,776	$ 4,846	$ 65,622

VILLAGE OF NORTHPORT, MICHIGAN
NONMAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

SIXTEEN MONTHS ENDED JUNE 30, 2024

	LOCAL STREET FUND	FIREWORKS FUND	TOTALS
REVENUES			
State Grants	$ 50,298	$ 0	$ 50,298
Interest	17	0	17
Other Revenue	0	10,688	10,688
Total Revenues	50,315	10,688	61,003
EXPENDITURES			
Public Works			
Road Commission/Street Department	53,886	0	53,886
Recreation and Culture			
Community Activities	0	16,430	16,430
Total Expenditures	53,886	16,430	70,316
Excess (Deficiency) of Revenues Over Expenditures	(3,571)	(5,742)	(9,313)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	14,000	10,000	24,000
Net Change in Fund Balance	10,429	4,258	14,687
FUND BALANCE - Beginning of Year	49,461	588	50,049
FUND BALANCE - End of Year	$ 59,890	$ 4,846	$ 64,736