A PROPOSAL FOR FINANCIAL AUDIT SERVICES

For the Years Ending June 30, 2026 and 2028

Submitted by

GABRIDGE & CO
WEALTH ADVISORS / CERTIFIED PUBLIC ACCOUNTANTS / CONSULTANTS

Joe Verlin, CPA, CGFM
3940 Peninsular Drive SE, Suite 200
Grand Rapids, MI 49546
Ph | (616) 328-6275
JVerlin@Gabridgeco.com

January 15, 2026

Table of Contents

Letter of Transmittal

Audit Scope 3
Authorized Contact 4
Proposed Audit Fees 5

Firm Profile

Firm Qualifications & Experience 6
Team Qualifications & Experience 7
Other Services 11

Mandatory Criteria

License to Practice in Michigan 11
Independence & Conflict of Interest 11

Summary Qualifications

Similar Engagements 12
Continuing Education and External Quality Control Review 15

Audit Approach

Specific Audit Approach 15
Identification of Potential Audit Problems 18

Additional Data

Non-Discrimination Clause 19

Audit Scope

Gabridge & Company, PLC will audit and provide an opinion on the Village of Northport's (the "Village") basic financial statements for the fiscal year ending June 30, 2026.

The auditing procedures will be performed, and the reports will be prepared in accordance with:

- Generally Accepted Auditing Standards (GAAS), as promulgated by the American Institute of Certified Public Accountants (AICPA).
- The AICPA Audit and Accounting Guide for State and Local Government Units.
- Government Auditing Standards, issued by the Comptroller General of the United States.
- The Uniform Guidance and Single Audit Act Amendments of 1996 (if applicable, based on federal grant expenditures).
- Any other applicable standards required by the State of Michigan and Federal regulations, including those issued by the Governmental Accounting Standards Board (GASB).

We will guarantee retention and access to working papers for a minimum of five years, in compliance with the Village's requirements. All data, files, and reports will be safeguarded throughout the engagement to ensure confidentiality and integrity.

Deliverables

The following reports and documents will be prepared and submitted to the Village:

- Independent Auditor's Report
- A report on internal control over financial reporting in accordance with Government Auditing Standards. This report will include:
    - Testing for compliance with applicable laws, regulations, contracts, and grant agreements.
    - Internal control findings, recommendations for improvements, and any identified deficiencies.
    - Review and discussion with the Treasurer and Village Council prior to finalization.
- Single Audit Reports, if required:
    - Schedule of Expenditures of Federal Awards (SEFA)
    - Report on compliance with federal requirements, prepared in accordance with OMB Uniform Guidance.
- Management Letter
- Required reports and schedules, including:
    - F65 Report
    - Act 51 Report
    - Qualifying Statement
    - Other state or federally mandated deliverables
- Year-End Audit Adjustments and Supporting Documentation
- Fixed Asset Depreciation Lapse Schedules

Reporting and Filing

Final financial statements and related reports will be delivered in accordance with the Village's audit calendar:

- Draft reports issued by October 1
- Final, bound reports issued no later than November 1 of each audit year
- Electronic (PDF) and hardbound copies will be provided
- Audit reports will be:
    - Filed with the Michigan Department of Treasury
    - Uploaded to the Federal Audit Clearinghouse, if a Single Audit is performed

Gabridge & Company, PLC is committed to maintaining the highest level of professionalism, quality, and responsiveness throughout this multi-year engagement. We will collaborate closely with the Treasurer, Village Manager, and Village Council to ensure a smooth audit process and the timely delivery of all required materials.

Authorized Contact

Joe Verlin, CPA, CGFM
Principal in Charge - Audit Services
3940 Peninsular Drive SE, Suite 200
Grand Rapids, MI 49546
Ph | (616) 328-6275

We warrant that Joe Verlin is authorized to bind Gabridge & Company, PLC to the terms set forth in this proposal.

Proposed Audit Fees

VILLAGE OF NORTHPORT
Proposed Audit Fees

For the Period Ending June 30, 2026

PRELIMINARY		Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	Fee
	Partner in charge	4	-	-	4	$ 295	$ 1,180
	Senior Staff	16	-	-	16	125	2,000
Total		20	-	-	20		$ 3,180

FINAL		Planning Hours	Field Work Hours	Report Prep Hours	Total Hours	Hourly Rate	* Fee
	Partner in charge	-	4	4	8	$ 295	$ 2,360
	Audit Manager	-	8	8	16	205	3,280
	Senior Staff	-	16	10	26	125	3,250
Total		-	28	22	50		$ 8,890

TOTALS	20	28	22	70		$ 12,070

Year Ending June 30, 2026	$ 12,070	- Not to exceed
Year Ending June 30, 2027	$ 3,500	- F-65, Act 51, and qualifying statement submissions (if requested)
Year Ending June 30, 2028	$ 12,800	- Not to exceed
Optional Years		
Year Ending June 30, 2029	$ 3,750	- F-65, Act 51, and qualifying statement submissions (if requested)
Year Ending June 30, 2030	$ 13,500	- Not to exceed
Year Ending June 30, 2031	$ 3,900	- F-65, Act 51, and qualifying statement submissions (if requested)
Year Ending June 30, 2032	$ 14,300	- Not to exceed

* Notes regarding the proposed fees are as follows:

- Fee would increase by $6,000 for any year(s) requiring a federal single audit report.
- Bound copies of the audit report are provided, upon request, and would be invoiced separately based on the number of copies requested (approximately $17.50 per bound copy).

Firm Qualifications and Experience

Gabridge & Company currently has over 270 governmental and non-profit audit clients throughout the State of Michigan. We also have 30 employees, including fifteen full-time governmental audit professionals. Gabridge & Company actively recruits prospective governmental audit staff members by seeking only individuals who are committed to serving our clients with integrity; while also being committed to becoming industry experts and providing proactive customer service. Gabridge & Company has offices located in Traverse City and Grand Rapids. Gabridge & Company will assign only accountants with extensive governmental experience to the audit of the Village, including a principal in charge and an independent review principal. Joe Verlin (Principal in Charge of Audit Services) will be assigned full-time to the audit and will remain the primary contact for the Village for the duration of the engagement term(s). Gabridge & Company is a member of the Michigan Association of Certified Public Accountants, the American Institute of Certified Public Accountants, the Governmental Audit Quality Center, the Michigan Municipal League and the Michigan Local Government Association.

Gabridge & Company is dedicated to serving municipal clients. We offer newsletters, webinars, and conferences at no charge to provide our clients with timely updates and best practices for the rapidly changing governmental financial regulations. We advise our clients before, during, and after the audit – and strive to be much more than what you would expect from your auditor.

Our firm has not been involved with any state or federal desk reviews or field reviews of its audits. Additionally, our firm has not been involved with any disciplinary action taken by state regulatory bodies or professional organizations. Our firm will also follow the American Institute of Certified Public Accountants "Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits." Our firm will not subcontract any of the auditing services included in this proposal.

Our proposal will remain valid for 120 days past the deadline for submittal.

We warrant that all information provided in connection with this proposal is true and accurate to the best of our knowledge.

PRINCIPALS

Joseph Verlin, CPA, CGFM

Principal in Charge - Audit Services

Education

BA, Accounting
Ferris State University

Memberships

American Institute of Certified Public Accountants (AICPA)
Michigan Association of Certified Public Accountants (MICPA)
Michigan Municipal League
Michigan Local Government Management Association
AICPA Governmental Audit Quality Center
Association of Government Accountants (AGA)
Government Finance Officers Association (GFOA)

Committees

Co-Chair: MICPA Governmental Accounting and Auditing Task Force
President: West Michigan Chapter of the Association of Governmental Accountants

Recent Speaking Engagements

MICPA sponsored governmental auditing conferences
Internal Controls for Local Units of Government
Improving Audit Timelines
Implementing GASB 54, 63 & 65
Single Audit Update
Preventing Fraud, Waste and Abuse

AGA sponsored governmental accounting event
Implementing GASB 63 and 65

Joe will serve as the engagement principal with responsibility for planning and technical execution of all of Gabridge & Company's services. Joe will ensure appropriate levels of staffing for your engagement, monitor your satisfaction, and manage regular communication with your executive leadership and Audit Committee. Joe currently serves as the engagement executive or independent review partner on over 75 of our firm's audit clients.

Joe is certified to practice public accounting in Michigan. Joe is also a ***Certified Government Financial Manager*** (CGFM), has earned the ***Advanced Single Audit certification*** from the AICPA, and is a member of the Government Finance Officers Association's (GFOA) Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program.

Andrew Wilcoxen, CPA, CGFM
Independent Reviewer

With over eight years of experience specializing in governmental and nonprofit audits, Andrew is a senior auditor with extensive expertise in providing assurance services to local units of government across Michigan. His work spans a wide variety of governmental entities, including townships, counties, cities, villages, and school districts, ensuring clients meet all relevant financial and regulatory standards.

Education

Bachelor of Science in Public Accountancy
Grand Valley State University

Memberships

Michigan Association of Certified Public Accountants (MICPA)
AICPA Governmental Audit Quality Center

Key Qualifications and Experience

- **Over 8 Years of Specialization in Governmental and Nonprofit Audits**: Andrew has dedicated his career to performing audits exclusively for governmental entities and nonprofits, ensuring full compliance with GAAP, GASB, Yellow Book, and federal/state regulations.

- **Comprehensive Audit Involvement**: Andrew plays an active role in all audit phases, from planning and risk assessment to final reporting. His focus on quality and attention to detail ensures accurate, compliant financial reporting for each engagement.

- **Client-Focused Reporting**: He presents financial statements and audit findings to governing boards, helping clients strengthen internal controls and improve financial practices through actionable recommendations.

- **Leadership & Mentorship**: Andrew collaborates with audit teams, guides junior staff, and maintains strong communication with both clients and supervisors, ensuring smooth and effective audit processes.

Matt Holland
Audit Manager

With 12 years of experience in governmental and nonprofit audits, Matt Holland serves as an audit manager at Gabridge & Company, PLC. His comprehensive expertise spans local units of government, nonprofit organizations, and other public entities across Michigan. As a manager, Matt oversees all aspects of assurance engagements, ensuring the highest standards of audit quality, client service, and compliance with regulatory requirements.

Education

Bachelor of Science in Public Accountancy
Calvin College, Grand Rapids, MI

Memberships

Michigan Association of Certified Public Accountants (MICPA)
AICPA Governmental Audit Quality Center

Key Qualifications and Experience

- **12 Years of Specialization in Governmental and Nonprofit Audits**: Matt has spent his entire career specializing in audits for governmental entities and nonprofits, making him proficient in adhering to GAAP, GASB, Yellow Book, and Uniform Guidance standards.

- **Audit Leadership & Project Management**: As an audit manager, Matt leads audit teams through all stages of the audit, from planning and risk assessment to the execution of testing and final reporting. He ensures audit projects are completed on time, within scope, and meet all quality standards.

- **Client-Centered Focus**: Matt is dedicated to understanding his clients' unique challenges and delivering tailored audit solutions. He presents audit findings and reports to governing boards, offering actionable recommendations to enhance financial controls and operational efficiency.

- **Internal Control & Compliance Expertise**: Matt ensures rigorous testing of internal controls, performs substantive testing, and guarantees that financial statements meet the requirements of federal, state, and local regulations. He also advises on best practices to improve budgeting, forecasting, and financial management.

- **Team Development & Mentorship**: Matt plays an active role in developing junior staff, providing training and mentorship to ensure the firm's high standards are maintained across all audit engagements.

- **Regulatory Filing & Reporting**: He is experienced in preparing and submitting critical governmental financial reports such as APR, Qualifying Statements, F-65, and Pension Reporting Form 5572, ensuring clients remain compliant with regulatory filing requirements.

Lauren Wenneman, CPA, CGFM
Senior Associate

With over eight years of experience specializing in governmental and nonprofit audits, Lauren provides expert assurance services to local units of government across Michigan. As a senior associate, she is instrumental in delivering high-quality, compliant audit engagements that help clients strengthen their financial practices and meet regulatory standards.

Education

Bachelor of Science in Public Accountancy
Michigan State University

Memberships

Michigan Association of Certified Public Accountants (MICPA)
AICPA Governmental Audit Quality Center

Key Qualifications and Experience

- **Over 8 Years of Specialization in Governmental and Nonprofit Audits**: The majority of Lauren's career has been focused on audits for governmental entities and nonprofits, making her highly skilled in navigating the specific accounting standards and compliance requirements for these sectors.

- **Comprehensive Audit Services**: From planning and risk assessment to final reporting, Lauren is involved in every stage of the audit process. Her attention to detail and technical expertise ensure thorough and efficient audit engagements.

- **Internal Control & Compliance Testing Expertise**: Lauren performs rigorous internal control testing and substantive procedures to ensure accurate, compliant financial reporting, while identifying areas for improvement.

- **Client-Focused Reporting**: She presents audit findings and tailored recommendations to governing boards, helping clients strengthen their internal controls and financial management.

- **Leadership & Team Development**: Lauren leads field teams, mentors junior auditors, and ensures that audit engagements are delivered on time and with the highest quality standards.

Other Services

Gabridge & Company, PLC is able to provide consulting services to its clients throughout the year. We feel that it is important to interact with our clients throughout the year, especially with the rapidly changing governmental accounting pronouncements. We find that these proactive discussions will ultimately reduce the upcoming audit workload for both our firm, and more importantly, the staff of the Village. Joe Verlin will be your primary contact throughout the year to ensure continuity.

Our consulting services include (but are not limited to); assistance with accounting software, budgeting, general accounting questions, human resource consulting, financial reporting, internal control, grant compliance, implementation and assistance to the Village with any new accounting principles required by GASB, or as required by State or Federal Law, etc. Our customer service policy allows us to handle our audit clients informal questions and consultations throughout the year without additional billings, unless the scope of the consultation becomes a project in nature. In these cases, our consulting projects will be documented in an engagement letter that will set forth the timing, scope and related fees.

Licensed to Practice in Michigan

Gabridge & Company is a CPA firm actively registered to practice public accounting in the State of Michigan. Also, all assigned CPA's from Gabridge & Company are properly registered and licensed to practice in public accounting in Michigan.

Independence and Conflict of Interest

Gabridge & Company, PLC is independent of the Village as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards (2018 revision). Gabridge & Company is also independent of all component units of the Village, as defined by the aforementioned standards. Gabridge & Company has had no professional relationships involving the Village or any of its agencies, component units or primary governments during the past five years that would impair independence. Lastly, Gabridge & Company will give the Village written notice of any professional relationship entered into with the Village, or any of its agencies, component units or primary governments during the period of this agreement.

We warrant that no work included within this proposal will be subcontracted by Gabridge & Company, PLC.

Similar Engagements

Following is a list of similar engagements with other governmental entities in the State of Michigan:

Village of Beulah
Scope of Work – Governmental Financial Audit
Principal in Charge – Joe Verlin
Contact – Margaret Lumm, Village Treasurer
Phone – (231) 882.4451

Village of Elk Rapids
Scope of Work – Governmental Financial Audit
Principal in Charge – Joe Verlin
Contact – Kristine Davis, Village Treasurer
Phone – (231) 264.9274

Township of Grattan
Scope of Work – Governmental Financial Audit
Principal in Charge – Joe Verlin
Contact – Michelle Alberts, Township Clerk
Phone – (616) 691.8450

Charter Township of Lowell
Scope of Work – Governmental Financial Audit
Principal in Charge – Joe Verlin
Contact – Monica Burtt, CMC Township Clerk
Phone – (616) 897.7600

City of Boyne City
Scope of Work – Governmental Financial Audit and GFOA Submission
Principal in Charge – Joe Verlin
Contact – Michael Cain, City Manager
Phone – (231) 582.0334

Village of Empire
Scope of Work – Financial Statement Audit Report
Principal in Charge – Joe Verlin
Contact – Derith Smith, Village Clerk
Phone – (231) 326-5466

Further references are available upon request.

Following is a list of all Michigan governmental and nonprofit clients for which our firm has performed an audit for during the past five years:

Townships
Township of Adams
Township of Algansee
Township of Allegan
Township of Arcadia
Township of Bear Lake
Township of Beaver Creek
Township of Bedford
Township of Bingham
Township of Blue Lake
Township of Boyne Valley
Township of California
Township of Centerville
Township of Cheshire
Township of Constantine
Township of Covert
Township of Detour
Township of Drummond Island
Township of Evangeline
Township of Everett
Township of Fawn River
Township of Florence
Township of Garfield
Township of Gilmore
Township of Grattan
Township of Hagar
Township of Hartford
Township of Holton
Township of Howell
Township of Ingham
Township of Inverness
Township of Kasson
Township of LaGrange
Township of Leonidas
Township of Manistee
Township of Melrose
Township of Mottville
Township of Mullett
Township of Nottawa
Township of Otisco
Township of Pentwater
Township of Pleasanton
Township of Raber
Township of Salem
Township of Sherman
Township of Stronach
Township of Sturgis
Township of Thomas
Township of Tuscarora
Township of Tyrone
Township of Union
Township of Vevay
Township of Whitefish
Township of Wilson

Villages
Village of Ashley
Village of Bellevue
Village of Benzonia
Village of Beulah
Village of Burr Oak
Village of Calumet
Village of Colon
Village of Constantine
Village of Decatur
Village of Detour
Village of Eastlake
Village of Elk Rapids
Village of Empire
Village of Fowler
Village of Honor
Village of Lyons
Village of Maple Rapids
Village of Mendon
Village of Morrice
Village of Muir
Village of Ontonagon
Village of Oxford
Village of Perrinton
Village of Pewamo
Village of Romeo
Village of Thompsonville
Village of Turner
Village of Webberville
Village of White Pigeon

Cities
City of Auburn
City of Boyne City
City of Bridgman
City of Bronson
City of Cadillac
City of Cheboygan
City of Flushing
City of Hillsdale
City of Hudsonville
City of Laingsburg
City of Litchfield
City of Marshall
City of Menominee
City of Milan
City of New Baltimore
City of New Buffalo
City of Olivet
City of Owosso
City of Reading
City of Springfield
City of Sturgis
City of White Cloud

Other
Alger Conservation District
Barry County Transit
Bear Lake Improvement Board
Branch Area Transit Authority
Bronson Area Fire Association
Calhoun County Cons. Dispatch Authority
Cass County Conservation District
Cass County Transit Authority
CCE Central Dispatch Authority
Cedar Area Fire and Rescue
Central Upper Peninsula Planning and Dev. Com.
Coloma City-Charter Township of Coloma Cem.
Colon Fire and Rescue
Delta Area Transit
Fife Lake Area Utility Authority
Firekeepers Local Revenue Sharing Board
Iron Baraga Conservation District
Jordan Valley Emergency Med. Svcs. Auth.
Kalamazoo Conservation District
Kalamazoo River Watershed Council
Kent County Conservation District
Lake Leelanau Lake Association
Ludington Mass Transit Authority
Manistee 9-1-1 Authority
Manistee-Blacker Airport Authority
Marshall Area Fire Fighters Ambulance Authority
Mason-Oceana 9-1-1
Match-E-Be-Nash-She-Wish Rev. Shg. Board
Mendon Downtown Development Authority
Michigan Native American Heritage Fund Board
Mid-Michigan Area Cable Comm. Consortium
Muskegon Conservation District
Newaygo County Area Promise Zone Authority
North Berrien Fire Rescue Board
Oceana County Medical Care Facility
Owosso Downtown Development Authority
Pokagon Band Local Revenue Sharing Board
Portland Area Fire Authority
Schoolcraft County Transit
St. Joseph Conservation District
St. Joseph County Transportation Authority
Straits Regional Ride
Sturgis Downtown Development Authority
Thornapple Manor
VanBuren Conservation District
Washtenaw County Conservation District
West Michigan Regional Planning Commission
Western U.P. Planning & Development Commissior
White Cloud-Sherman Utilities Authority
White Lake Ambulance Authority
White Pigeon Sanitary System

Continued…

Counties
Allegan County
Barry County
Cheboygan County
Crawford County
Emmet County
Gogebic County
Manistee County
Missaukee County
Montcalm County
Oceana County
St. Joseph County
Tuscola County

Nonprofits
Another Way Pregnancy Center
Alano Club of Kent County
Association of Legal Writing Directors
Big Brothers Big Sisters
Choices of Manistee County
Clinton Gratiot Habitat for Humanity
Communities in Schools of MI
Community Action of Allegan County
Habitat for Humanity of St. Joseph
Marshall Area Economic Dev. Alliance
MI Association of Conservation Districts
Real Life Living Service
Senior Services of Van Buren County
Siren / Eaton Shelter
St. Joseph County Grange Fair
St. Joseph County United Way
Staircase Youth Services
Sturgis Community Foundation
The Ridge Project

Charter Townships
Charter Township of Breitung
Charter Township of Coloma
Charter Township of Gun Plain
Charter Township of Lowell
Charter Township of Marquette
Charter Township of Muskegon
Charter Township of Niles
Charter Township of Oscoda

Schools
Arbor Academy
Augusta Academy
Bessemer Area Schools
Caledonia Community Schools
Colon Community Schools
Columbia School District
Constantine Public Schools
Delton Kellogg Schools
Evergreen Academy
Forest Academy
Gladstone Area Schools
Grass Lake Community Schools
Manistee Area Public Schools
Marcellus Community Schools
Mendon Community Schools
Michigan Center School District
North Adams-Jerome Public Schools
Nottawa Community Schools
St. Joseph County ISD
The Children's House
Waldron Area Schools
White Pigeon Community Schools
William C. Abney Academy
Woodland School

Libraries
Albion District Library
Brandon Township Public Library
Briggs District Library
Cheboygan Area Public Library
Clarkston Independence District Library
Coopersville Area District Library
Crooked Tree District Library
Eaton Rapids Area District Library
Eau Claire District Library
Ferndale Area District Library
Fraser Public Library
Freemont Area District Library
Galesburg-Charleston District Library
Galien Township District Library
Grant Area District Library
Grosse Pointe Public Library
Hartford Library
Kalamazoo Public Library
Lakeland Library Cooperative
Manistee County Library
Maple Rapids Public Library
Marshall District Library
Newaygo Area District Library
Nottawa Township Library
Otsego District Library
Parchment Community Library
Salem South Lyon District Library
Sturgis District Library
Watervliet District Library
White Cloud Community Library
White Pigeon Township Library

Continuing Education and External Quality Control Review

Continuing Education

Gabridge & Company, PLC and its professional staff members meet all continuing education and external quality control requirements as stated in the U.S. General Accounting Office's Government Auditing Standards (2024 revision).

External Quality Control Review

Included with this proposal is Gabridge & Company's most recent external quality control review (peer review) for which government engagements were included. The peer review is for the period ended June 30, 2024. Our firm continues to meet the external quality control review requirements by actively monitoring our staff member's continuing education and training (through frequent staff meetings, attending pertinent governmental conferences, and self-study courses focused on governmental accounting and auditing), participating in governmental associations, and internal inspections of audit files by partners not involved with the audit.

Quality Control Procedures

Some examples of our quality control procedures include:

- Draft versions of audit reports are reviewed by an independent review principal who was not involved with the audit.
- Our audit teams are trained prior to their arrival for fieldwork to ensure audit efficiency and that you will not need to "train the auditor".
- An audit manager or the principal in charge of the audit will be on-site at all times during fieldwork to ensure that a properly trained decision-maker will be available throughout fieldwork.
- The principal in charge of each audit reviews the audit report and related letters with the client prior to finalizing.

Specific Audit Approach

Our goal is to provide a thorough and quality audit with as little disruption to our clients as possible. We achieve this by emphasizing planning procedures and having audit team members who specialize in governmental audit. For example, prior to our arrival for fieldwork, we will already have a working set of financial statements loaded into our proprietary software and will have identified the audit areas that we feel need to be emphasized in the field. We will know precisely what we need to look at prior to our arrival – this focused approach minimizes disruption to your staff while we are in the field. Also, our staff is made up of employees who specialize in governmental audit and who are fully dedicated to auditing governmental agencies. In other words, our clients will not need to "train the auditors".

Interim Fieldwork and Audit Planning

During the interim fieldwork and audit planning phase, we gain an understanding of your current year operations, evaluate the reliability of your internal controls, identify any issues that may have audit significance, and complete planning in preparation for final audit fieldwork. Based on the information that we obtain during this phase, we can determine your general areas of audit risk, the extent to which we can rely on your internal controls for our audit testing, and whether any significant audit issues need to be discussed so they can be resolved prior to the start of fieldwork. Some of the areas addressed at this time include documentation of internal controls, preparation of confirmations as necessary, review of minutes, completion of the preliminary analytical procedures review, and tailoring the current year audit work programs.

Final Fieldwork

As we complete our interim fieldwork and engagement planning, you will be provided with a listing of audit schedules required for final fieldwork. Many of the schedules will be similar to what you have prepared for previous audits and may be provided to us in an electronic format. The final fieldwork phase of the audit will generally commence once the books are closed and the appropriate audit schedules have been completed. During this phase, we will perform the appropriate tests of account balances, using sampling, substantive, and analytical review procedures, in order to form an opinion on the financial statements as a whole.

Areas that we will test using substantive procedures include (not intended to be an all-inclusive list):

Cash and cash equivalents – we will inspect bank account reconciliations and prepare bank account confirmations to ensure that the balances agree to the financial statements.

Accounts receivable – we will test certain balances by using a combination of analytical procedures and tracing year end balances to subsequent receipts.

Interfund transactions – we will review the schedule of interfund transfers and balances to ensure that all entries are reconciled and eliminated properly for government-wide presentation.

Capital assets – we will obtain a depreciation lapse schedule and verify key additions by inspecting vouchers, while also testing the adequacy of depreciation expense.

Accounts payable – we will obtain a year end accounts payable aging report and test for accuracy by inspecting certain vouchers. We will also review subsequent expenditures (after year end) searching for possible unrecorded liabilities as of year-end.

Accrued payroll – We will obtain payroll registers for payrolls issued after year end and compare to the schedule of accrued salaries and wages. We will also test the year end balances for payroll taxes by tracing year end liabilities to their payments, while comparing to payroll forms.

Compensated absences – We will obtain a year end value of compensated absences and validate the balance by comparing to the employee handbook and / or union contracts.

Long-term debt – We will obtain a year end schedule of long-term debt and verify the accuracy of the current portion of long-term debt by reviewing amortization schedules. We will also confirm certain balances by inspecting vouchers or sending confirmations to lenders.

Equity – We will ensure that the beginning fund balance and net assets amounts agree to the prior year ending balances.

Property Taxes – We will examine taxable values and the Village's millages to ensure that the tax revenues are properly supported and allocated to the proper funds.

State and Federal Grants – We will compare state and federal grant revenues and substantiate the activity with Treasury reports and grant documents. We will also review federal grant and loan activity verifying consistency between the financial statements and the Schedule of Expenditures of Federal Awards (if applicable).

Type and Extent of Statistical Sampling to be Used in the Engagement

Statistical sampling will be used extensively during field work to assist with our testing procedures. Sample size will be based primarily on the level of risk assigned to a given financial statement assertion, the potential magnitude of misstatement, the potential for non-compliance, and other factors based on our professional judgment. Most often the range of our sample size is between 25 and 40 items. We affirm that adequate tests of transactions will be performed.

Type and Extent of Analytical Procedures to be Used in the Engagement

Analytical procedures also will be used extensively during our planning and final fieldwork stages. We will rely on our analytical procedures to determine what areas may need additional attention based on the size of deviation from our expectations. Analytical procedures will be applied using key ratios compared to budget and historical figures. Areas with large "gaps" between actual and expected amounts will receive additional attention in the field, and the results of the extra attention will be documented and substantiated. Lastly, during field work we will gather sufficient audit documentation, clear all open items, complete our audit programs, and our quality control documents will be completed and reviewed.

Approach to be Taken to Document an Understanding of Internal Controls

As auditors for a significant number of governmental units, we have a good understanding of the significant areas of internal control that need to be tested and documented. We have tailored client questionnaires for each significant transaction class that allow our clients to review and document any changes in procedures in a timely and efficient manner. We then review the questionnaires and utilize them as a base for documenting our related tests and walkthroughs.

Approach to Determining Laws and Regulations that will be Subject to Audit Test Work

We have accumulated an extensive list of the significant laws and regulations that apply to governmental entities. Each year we review that list in relation to new State, Federal, and industry guidelines and make modifications as appropriate. During fieldwork, the list is reviewed with client personnel to ensure compliance with the identified laws and regulations.

Approach to Obtaining the Trial Balance and Incorporating it into the Audit Workpapers and Preparing the Reports

We will request an electronic version of the trial balance after the year has been closed and the general ledger is deemed ready for audit. The electronic trial balance will be imported into our governmental reporting software and mapped in accordance with your chart of accounts. From there we will have a working draft of the financial statements that will ultimately be exported into the audit report. All adjusting audit journal entries and backup support will be provided to and reviewed with your staff prior to the conclusion of fieldwork to ensure that all are in agreement. Finally, we will request a final version of your trial balance, after audit adjustments are posted, to ensure that each line item is in agreement with the audited trial balance.

We will provide delivery dates during the planning phase of the audit and confirm these dates during our planning meeting with management. Following is our anticipated timetable to complete the audit:

Description	Dates
Detailed Audit Plan	June / July
Fieldwork	August / September
Draft Reports	September
Final Reports	October
Council Presentation	October / November

Identification of Potential Audit Problems

We begin the audit process each year by revisiting any prior year management recommendations and/or suggestions and inquiring of our clients regarding any action taken to remedy those recommendations. In addition, we engage in discussions with our clients regarding any potential areas of concern and if there are any specific procedures they would like us to perform during the audit process.

We will also provide monthly written reports to the Village that communicates progress of the audit. Additionally, any irregularities, illegal acts, or indications of illegal acts will immediately be reported in writing to management. Also, any conditions, transactions, situations or circumstances that need special consideration or that prevent or impede the completion of the audit will be reported to the Village officials.

Non-Discrimination Clause

Gabridge & Company, PLC does not discriminate against any individual for employment with respect to such person's hire, tenure, terms, conditions, privileges of employment, or any matter directly or indirectly related to employment because of such person's race, color, religion, national origin, ancestry, age, sex, or disability as defined by law.

RINGO
& ASSOCIATES, P.C.
Certified Public Accountant

7339 Currie Road
Northville, MI 48168

734.414.7620
ringocpa@ringocpas.com
www.ringocpas.com

Report on the Firm's System of Quality Control

March 24, 2025

To the partners of Gabridge & Co, CPA and the Peer Review Committee of the Michigan Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Gabridge & Co, CPA (the firm) in effect for the year ended June 30, 2024. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

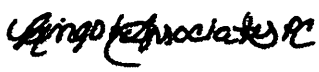
Required Selections and Considerations

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Gabridge & Co, CPA in effect for the year ended June 30, 2024, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)*, or *fail.* Gabridge & Co, CPA has received a peer review rating of *pass.*



Ringo & Associates, PC