MORGAN & Associates
CPAS • ADVISORS

January 8, 2026

Village of Northport
Attn: Village Clerk
P.O. Box 336
Northport, MI 49670

Dear Board of Directors:

We appreciate the opportunity to submit a proposal to provide professional services to the Village of Northport. We believe this proposal will communicate our ability, commitment, and most importantly, guidance and understanding to serve your Village and your board members in a way that will be responsive to the present and future needs of the Village.

We are independent of the Village of Northport as defined by Generally Accepted Auditing Standards established by the AICPA as well as Generally Accepted Governmental Auditing Standards established by the US General Accounting Office.

We have no conflicts of interest with regard to the performance of this audit. The firm carries errors and omissions insurance for willful or negligent acts or omissions of any partner, officer, employee or agent of the firm.

This proposal will be honored for 60 days from the date of this proposal.

If you have any questions concerning this proposal for professional services, please contact our President Bill Morgan CPA/ABV/CITP/CGMA at (616) 776-6457.

Sincerely,

Certified Public Accountants

Morgan & Associates CPAs

TECHNICAL PROPOSAL FOR FINANCIAL AUDIT SERVICES

MORGAN & ASSOCIATES

Prepared for :

THE VILLAGE OF NORTHPORT, MICHIGAN

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www.morganscpas.com
1787 Grand Ridge Ct NE Ste 200
Grand Rapids, MI 49525

FIRM PROFILE & QUALIFICATIONS

Morgan & Associates CPA's PC is a second-generation firm, founded by William Morgan Sr. and currently is ran by Bill Morgan. We are a small team of eleven professionals that have been dedicated to performing high-quality auditing services for over 18 years. Our Audit department has a yearly revenue of just over $250,000/year. Our team size allows us to provide personalized, detail-oriented services tailored to the unique needs of each client. It is important to us that the board and its members understand the financials on a high level and will focus on providing improvement opportunities as they are found. The Grand Rapids, MI office will be conducting the auditing services for the Village of Northport for the specified years in the cost proposal. Our deep expertise in both GAAS, GAGAS, and Single Audits, coupled with our recent successful peer review specifically covering government and township engagements, highlights our commitment to excellence and adherence to the highest standards.

Our extensive experience with non-profit organizations and governmental entities equips us with a nuanced understanding of the regulatory and operational landscapes specific to such audits. This background ensures that we can navigate the complexities of governmental accounting with precision and insight. We currently have 27 non-profit engagements. 5 of those non-profit engagements are specifically Townships that deal in enterprise funds, pension/OPEB reporting & single audits.

Choosing Morgan & Associates means benefiting from:

1. Personalized Attention
2. Expertise and Experience
3. Efficiency and Cost-Effectiveness
4. Proven Track Record

Our goal is to deliver audit services that not only meet regulatory requirements but also provide valuable insights to support the Village of Northport's financial health and operational success. The staff members below will not change throughout the entire process.

The engagement will be conducted by the following client service team members of Morgan & Associates, both Bill Morgan & Audrey Yellich are licensed to practice in the State of Michigan:

BILL MORGAN, CPA/ABV/CITP/CGMA
(616) 776-6457
BILL@DDMORGAN.COM

Engagement Partner

Bill will supervise the engagement, field work and overall engagement. He has 15+ years of non-profit account, auditing and management consulting services.
All continuing education requirements have been met to plan, perform, and oversee Yellow Book audits.

AUDREY YELLICH , CPA CANDIDATE
(616) 776-6457
AUDREY@DDMORGAN.COM

Sr. Auditor

Audrey is in the final stages of earning her Certified Public Accountant designation and has developed a strong foundation in governmental and financial auditing over the past year. She demonstrates exceptional attention to detail and a methodical approach to her work, ensuring accuracy, compliance, and thorough documentation throughout each engagement.

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SCOPE OF SERVICES

At Morgan & Associates we are committed to providing high quality financial assurance services that are both cost effective and efficient. Most importantly, we want to ensure that the board members and relevant Village employees understand the audit and understand ways for improvement.

The firm will perform an independent audit of the Village's financial statements in accordance with GAAS, Government Auditing Standards, GAAP, and applicable federal and State of Michigan requirements.

General approach to the Government financial statement audit and Single Audit

- Planning & Coordination
  - Initial planning meeting with management
  - Establish timeline, dates for fieldwork and a clear PBC (Prepared By Client) list. (Ex: Trial Balance, Bank Recons, AR/AP, Fixed Asset Schedules, Debt Schedules, Grant Docs, Board Minutes, Key Contacts).
  - Obtain understanding of operations, funds, policies and reporting.
- Risk Assessment
  - Identify significant accounts, transactions, and estimates
  - Assess fraud risks and compliance risks
- Internal Control
  - Document key processes and controls
  - Test operating effectiveness as required and communicate control observations.
- Financial Statement Audit
  - Perform substantive testing tailored to risks for funds and government wide reporting.
  - Evaluate financial statement presentation and disclosures for conformity.

- **Single Audit and Compliance**
  - Coordinate early on SEFA completeness and accuracy
  - Determine major programs using the Uniform Guidance risk-based approach.
  - Test compliance requirements for major programs
  - Evaluate and test internal control over compliance, address findings in accordance with the uniform guidance reporting model.

- **Communications, Reporting, and State Filings**
- Provide status updates during fieldwork, elevate issues to avoid surprises
- Conduct an exit conference, review proposed adjustments, and discuss required communications with governance.
- Issue all required reports
- Quality Control - Engagement-level supervision, partner/manager involvement, and independent review consistent with firm quality control policies and independence requirements.

ESTIMATED TIME TO COMPLETE PROJECT

Service	Time to Complete
Planning (Sr. Auditor)	30 Hours
Planning (Partner)	4 Hours
Planning Total	34 Hours
Fieldwork (Sr. Auditor)	16 Hours
Fieldwork (Parnter)	16 Hours
Fieldwork Total	32 Hours
Reporting & Presentation (Sr. Auditor)	20 Hours
Reporting & Presentation (Partner)	4 Hours
Reporting & Presentation Total	24 Hours
Total Service Hours	90 Hours

- Initial meeting via zoom March of 2026
- Planning complete within 2 weeks after March meeting.
- Once planning is complete, we will schedule fieldwork which will take approximately 2 days.
- Once fieldwork takes place, report will be drafted for approval within 30 days.
- Will submit final audit to the State and if applicable, federal clearing house.

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FIRM APPROACH

Approach to Assessing Internal Control

- **Understand key processes and control environment**
  - Obtain an understanding of the Village's control environment, governance, tone-at-the-top and financial reporting responsibilities.
  - Identify significant transaction cycles and reporting areas (e.g., cash receipts, disbursements/AP, payroll, utility billing if applicable, capital assets/capital projects, debt, journal entries, financial close).

- **Perform walkthroughs and document key controls**
  - Perform walkthroughs of significant classes of transactions and key financial reporting processes to confirm our understanding of the flow of transactions, control points, and where errors or noncompliance could occur.
  - Document key controls and assess design and implementation of controls relevant to significant risks and material account balances/disclosures.

- **Evaluate and test controls as appropriate**
  - Determine which controls are key to preventing or detecting material misstatements and whether testing of operating effectiveness is appropriate to support our audit approach.
  - For the Single Audit, evaluate and test internal control over compliance for each major program, focusing on controls that address the applicable compliance requirements.

- **Consider IT and system-related controls**
  - Gain an understanding of relevant system controls (user access, segregation of duties, change management, interfaces, and report reliability) to the extent they affect financial reporting and compliance.

- **Communicate control observations timely**
  - Communicate potential control deficiencies during fieldwork (not just at the end), allowing management to address items promptly.
  - Report significant deficiencies/material weaknesses (if any) in accordance with applicable standards and provide practical recommendations prioritized by risk and effort.

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FIRM APPROACH

Approach to Designing Substantive and Compliance Testing

- **Risk-based audit design**
  - Design substantive procedures based on assessed risks, materiality, and the Village's internal control environment, focusing audit effort where the risk of misstatement is greatest.
  - Incorporate a mix of procedures (analytical procedures, tests of details, confirmations where applicable, cutoff testing, and sampling) tailored to the relevant financial statement assertions.

- **Substantive testing procedures (Financial Statements)**
  - Tests of details for significant accounts and transactions (e.g., cash, receivables, payables, payroll, interfund activity, capital assets, debt, and major revenues/expenditures).
  - Analytical procedures to identify unexpected relationships, fluctuations, or trends and to target areas requiring additional testing.
  - Journal entry and management override procedures responsive to fraud risks, including testing of unusual journal entries and evaluating accounting estimates and significant transactions.

- **Single Audit compliance testing design (Uniform Guidance)**
  - Coordinate early on federal awards activity and the SEFA to support major program determination using the Uniform Guidance risk-based approach.
  - For each major program, determine the applicable compliance requirements (using the OMB Compliance Supplement and program-specific terms) and design tests that directly address those requirements.
  - Common compliance areas we design procedures around (as applicable to the program): allowable costs, reporting, cash management, procurement/suspension & debarment, eligibility, subrecipient monitoring, matching/level of effort, period of performance, and special tests/provisions.

- **Internal control over compliance and financial reporting**
  - Identify and test key controls over compliance for each major program, then perform compliance testing responsive to the results (e.g., nature, timing, and extent tailored based on control results and risk).

- **Clear documentation and issue resolution**
  - Maintain clear support for sampling, selections, and conclusions; discuss potential questioned costs or findings with management promptly to confirm facts and enable timely resolution.
  - Draft findings (if any) in alignment with Uniform Guidance criteria, condition, cause, effect, and recommendation.

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FIRM APPROACH

Approach to Addressing New GASB Standards and Changes in Reporting Requirements

- **Proactive identification of new requirements**
  - Early in planning, identify GASB standards and other reporting changes effective for the fiscal year under audit (and those effective soon after) and discuss implementation status with management.
  - Consider impacts to recognition, measurement, presentation, and disclosures for both fund and government-wide reporting.

- **Implementation-focused planning (while maintaining independence)**
  - Provide management with a practical implementation roadmap/checklist (e.g., key decisions, data requirements, timing considerations) and discuss common pitfalls.
  - Maintain independence by keeping management responsible for accounting decisions, adoption elections, and preparation of the financial statements and note disclosures.

- **Targeted audit response to new standards**
  - Update our audit approach for new GASB requirements by:
    - Identifying new/changed disclosures and required supplementary information (RSI), where applicable.
    - Assessing the reasonableness of new calculations, schedules, and supporting documentation.
    - Evaluating whether policies, assumptions, and classifications are consistent with the new reporting model.

- **Coordination with specialists and third parties**
  - Coordinate as needed with actuaries/valuation providers, engineers, or other third parties when standards require new estimates or schedules and evaluate the reliability of underlying data and assumptions.

- **Clear communication and review of draft reporting**
  - Review draft financial statements early (when available) to identify missing or incomplete disclosures tied to new standards.
  - Communicate needed revisions promptly to support timely issuance and avoid late-stage rework.

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ADVISORY AND CONSULTING SERVICES AVAILABLE

In addition to audit services, our firm can provide advisory and consulting services to support the Village's financial reporting, internal controls, and compliance responsibilities. These services are available on an as-needed basis and can be scoped as discrete projects or ongoing support. All advisory services are delivered in a manner that maintains required auditor independence; when we also serve as the Village's external auditor, any no attest services are structured so that Village management retains responsibility for decisions, approvals, and implementation.

- **Implementation support for new GASB standards**
  - Implementation planning/checklists and timeline development
  - Data requirement and gap assessments
  - Review of management-prepared adoption schedules/entries and draft disclosures for completeness and reasonableness
  - Coordination guidance regarding third-party inputs (e.g., actuaries/valuation providers), as needed

- **Internal control reviews and process improvement**
  - Internal control reviews by transaction cycle (cash receipts, disbursements/AP, payroll, utility billing if applicable, grants, capital projects)
  - Segregation of duties assessments and compensating control recommendations.
  - Fraud Risk assessments and practical control enhancements
  - Documentation support (process narratives, flowcharts, control matrices, and close checklists)

- **Grant compliance and Single Audit readiness support**
  - SEFA templates/checklists and reconciliation support
  - Procurement and subrecipient monitoring process reviews (As applicable)
  - Pre-Audit compliance reviews focused on higher-risk requirements (e.g., allowable costs, reporting, cash management, procurement)

- **Training for Village staff and governance**
  - GASB update sessions and implementation workshops
  - Internal control and fraud awareness training
  - Uniform guidance/grant compliance training tailored to Village programs
  - Financial close and documentation best-practices workshops.

- **Other accounting and finance advisory (As requested)**
  - Technical accounting research and memos (no attest consulting)
  - Assistance drafting or updating accounting policies and procedures
  - Budget-to-actual and financial reporting enhancements
  - Process improvement consultation to streamline recons and workflows

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AUDIT CLIENTS

- Benton Harbor Education Foundation - Not for Profit - 1 Year of Engagement
  - Audrey Salesberry - 269-277-4638 - audrey@aesalesberrycpa.com
- Berrien County Historical Association - Not for Profit - 1 Year of Engagement
  - Rhiannon Cizon - 269-471-1202 - rcizon@berrienhistory.org
- BG Construction and Engineering - For Profit - 2 Years of Engagement
  - Audrey Salesberry - 269-277-4638 - audrey@aesalesberrycpa.com
- Calvin Township - Township - 1 Year Engagement
  - Rosemary Gillam - 269-362-0674 - rosemarygillam@gmail.com
- Charter Township of Royal Oak Michigan - Charter Township - 5 Years of Engagement
  - Elna Rankin - 248-547-3242 - erankin@royaloaktwp.com
- Community Circle Theatre - Not for Profit - 7 Years of Engagement
  - Lisa Mathias - 616-822-4644 - lmathias@circletheatre.org
- Emergency Shelter Services - Not for Profit - 10 Years of Engagement
  - Reshella Hawkins - 269-277-4409 - rhawkins@emergencyshelterservices.org
- Fair Housing Center of W. Michigan - Not for Profit - 7 Years of Engagement
  - Nancy Haynes - 616-272-5901 - nhaynes@fhcwm.org
- Grand Rapids African American Health Institute - Not for Profit - 7 Years of Engagement
  - Vanessa Greene - 616-566-1439 - vanessa.greene@graahi.org
- Grand Rapids Public Library Foundation - Not for Profit - 7 Years of Engagement
  - Shirley Gagnon Allen - 616-988-5399 - sallen@grpl.org
- Ingenium Coach - Not for Profit - 7 Years of Engagement
  - Michael Daniels - 616-301-3552 - Michael@ingeniumcoach.org
- Killgoar Foundation - Not for Profit - 7 Years of Engagement
  - Mike VanderPoel - 616-241-4477 - mikevanderpoel@gmail.com
- Lowell Area Arts - Not for Profit - 7 Years of Engagement
  - Janet Teunis - 616-897-8545 - janet@lowellarts.org
- Maple Ridge Township - Township - 1 Year of Engagement
  - Melissa Hoskinson - 989-356-0791 Ext. 2 - clerk@mapleridgetownship.com
- Mosaic CCDA - Not for Profit - 3 Years of Engagement
  - Andrew Robinson - 313-303-8432 - arobinson@mosaicccda.com
- Oasis of Hope Center - Not for Profit - 7 Years of Engagement
  - Dan Braker - 616-451-8868 - danbraker@ohchr.org
- Posen Consolidated School District #9 - School - 5 Years of Engagement
  - Deb Reese - 616-481-6224 - debreese@posen.k12.mi.us
- Renew Mobility - Not for Profit - 7 Years of Engagement
  - Curtis Ballast - 616-493-2620 Ext. 2 - curtis@renewmobility.org
- Ronald Township - Township - 1 Year of Engagement
  - Sulyn Bettinghouse - 616-527-0617 - ronaldtownshipclerk@gmail.com
- Southwest Michigan Regional Airport Authority - Authority - 6 Years of Engagement
  - Audrey Salesberry - 269-277-4638 - audrey@aesalesberrycpa.com
- SowHope - Not for Profit - 5 Years of Engagement
  - Mary Brown - 616-433-1575 - mary@sowhope.org
- St. John Vianney Foundation - Not for Profit - 1st Year of Engagement
  - Sarah Bennett - 616-340-4785 - sbennett@stjohnvianney.net
- The ARC of Kent County - Not for Profit - 7 Years of Engagement
  - Christie Stearns - 616-549-3339 - christie@arckent.org
- The First Tee of Benton Harbor - Not for Profit - 5 Years of Engagement
  - Harry S Burritt - 269-277-1772 - harry@burrittconsulting.com
- TPC Technologies - For Profit - 2 Years of Engagement
  - Audrey Salesberry - 269-277-4638 - audrey@aesalesberrycpa.com
- Vibrant Futures - Not for Profit - 6 Years of Engagement
  - Chana Edmond Verley - 616-451-8281 - chanaev@vibrantfuturesmi.org
- West Grand Neighborhood - Not for Profit - 15 Years of Engagement
  - Annette Vandenberg - 616-451-0150 - annette@westgrand.org

COST PROPOSAL FOR FINANCIAL AUDIT SERVICES

MORGAN & ASSOCIATES

Prepared for :

THE VILLAGE OF NORTHPORT, MICHIGAN

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FEES AND RATES

The Village will be a valued and an important client to Morgan & Associates, CPAs, PC. Our pricing is based on the amount of time specifically taken to perform services and solely based on a fair and honest fee not to include any "hidden" or "baked in" fees. We understand and share the desire to manage costs whenever reasonably possible while maintaining the highest professional standards.

Our standard hourly rates are currently as follows:

Support Team	$40-60 per hour
Staff Accountant	$125 per hour
Senior Accountant	$175 per hour
Associates & Partners	$350 per hour
Quality Control Reviewer	$450 per hour

Our fees (including out of pocket expenses) for the audits and related services for the year 2026 estimated as follows:

2026 Fiscal Year Audit	2028 Fiscal Year Audit	Single Audit Fee	Yearly F-65 & Qualifying Statement
$20,000	$21,000	$2,000	$1,500

Our fees will be billed and payable according to payments schedules that will be submitted at the close of the audit.

Our pricing includes:

- The audit services, listed under "Scope of Services"
- Preparation of the financial statements in accordance with the relevant framework
- Pricing above are the all-inclusive fees.
- Engagement Quality Control Review by Doug Wohlberg

The foregoing fees are based on the understanding that your staff will close and balance the books of account in readiness for the audits, including account reconciliations and analysis. If it is necessary for our representative to perform such services, the additional time involved will be billed at our usually hourly rates; however, we will inform you prior to performing the work.

THANK YOU

MORGAN
& Associates
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CONTACT US

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Grand Rapids, MI 49525
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REFERENCES

Audrey E Salesberry CPA
audrey@aesalesberrycpa.com
269-277-4638

Nancy Haynes
Fair Housing Center of West Michigan
Yellowbook Audit - Nonprofit
Executive Director
nhaynes@fhcwm.org
616-451-2980

Chana Edmond-Verley
Vibrant Futures
Yellowbook Audit - Nonprofit
Chief Executive Officer
chanaev@vibrantfuturesmi.org
616-451-8281

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Report on the Firm's System of Quality Control

October 30, 2025

To the Shareholder of Morgan and Morgan CPA's PC d/b/a Morgan & Associates CPAs + Advisors 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 Morgan and Morgan CPA's PC d/b/a Morgan & Associates CPAs + Advisors (the firm) in effect for the year ended December 31, 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 the requirements of 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 on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of qualify 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.

880 W. Long Lake Road, Suite 400, Troy, MI 48098
Phone 248.239.0900 Fax 248.239.0910

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Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a 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.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Morgan and Morgan CPA's PC d/b/a Morgan & Associates CPAs + Advisors in effect for the year ended December 31, 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.* Morgan and Morgan CPA's PC d/b/a Morgan & Associates CPAs + Advisors has received a peer review rating of *pass.*

Yeo & Yeo, P.C.

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