

AUDITED FINANCIAL STATEMENTS
VILLAGE OF FRUITPORT, MICHIGAN
March 31, 2026

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Village of Fruitport, Michigan
Management's Discussion and Analysis
March 31, 2026

Using this Management's Discussion and Analysis

This annual report is intended to supplement the Village's financial statements for fiscal year ending March 31, 2026. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements (i.e. the Statement of Governmental Fund Revenue, Expenditures and Changes in Fund Balance and the Governmental Fund Balance Sheet) tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village's total net position is \$2,854,804 as of March 31, 2026. Unrestricted net position, which represents net position that can be used to finance day to day operations, comprise 17.4% of that total. The current level of unrestricted net position for our governmental activities stands at \$497,715 or about 61% of current year operating expenditures.

Government-Wide Financial Analysis:

The first table presented is a summary of the government-wide statement of net position for the Village. The net position may be used as an indicator of a government's financial health. As of March 31, 2026, the Village's net position from governmental activities totaled \$2,854,804. The most recent prior audit was as of and for the year ending March 31, 2024.

In examining the composition of this net position, the reader should note that governmental activities net position is heavily invested in capital assets (i.e., buildings, land, vehicles, equipment, etc.) These assets are used to provide services to the residents and they are not available to pay salaries, operational expenses, or fund capital projects.

Table 1
Village of Fruitport Net Position

	<u>2026</u>	<u>Governmental Activities</u>	<u>2024</u>
<u>Assets</u>			
Current and other assets	\$ 700,195		\$ 781,233
Capital assets, net of accumulated depreciation	<u>2,174,638</u>		<u>2,072,988</u>
Total	2,874,833		2,854,221
<u>Liabilities</u>			
Current	20,029		39,515
Noncurrent	-		-
Total	\$ 20,029		\$ 39,515

Village of Fruitport, Michigan
Management's Discussion and Analysis
March 31, 2026

Table 1 - Village of Fruitport Net Position-Continued

	<u>Governmental Activities</u>	
	<u>2026</u>	<u>2024</u>
<u>Net Position</u>		
Net Investment in Capital Assets	2,174,638	2,072,988
Restricted	182,451	175,973
Unrestricted	<u>497,715</u>	<u>565,745</u>
Total net position	<u>\$2,854,804</u>	<u>\$2,814,706</u>

The Village's net position in the governmental activities continue to remain healthy. The Village has enough unrestricted cash on hand at the end of the year to fund normal operating expenses in similar circumstances for over 9 months.

The Village in compliance with stormwater drain requirements for the State of Michigan located, plotted on maps, cleared Village stormwater drains. The Village is a member of LGROW for DEQ permitting. The Village updated and codified municipal ordinances.

Governmental Activities

Governmental activities decreased the Village's net position by \$76,903. Table 2 depicts this occurrence which will be discussed in more detail later in this analysis. The most recent prior audit was as of and for the year ending March 31, 2024.

Table 2
Village of Fruitport Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2026</u>	<u>2024</u>
<u>Revenues</u>		
Program		
Charges for Services	\$ 36,602	\$ 38,267
General		
Property taxes	395,533	349,044
Intergovernmental revenues		
Federal	-	196,809
State	346,249	495,765
Investment earnings	74	91
Contributions	8,259	31,476
Other	<u>106,620</u>	<u>74,809</u>
Total	\$ 893,337	\$1,186,261

Village of Fruitport, Michigan
Management's Discussion and Analysis
March 31, 2026

Village of Fruitport Changes in Net Position-Continued

	Governmental Activities	
	<u>2026</u>	<u>2024</u>
<u>Expenses</u>		
Legislative	20,621	18,710
General government	151,889	130,043
Public safety	4,475	5,441
Public works	493,317	1,002,565
Recreation and culture	130,896	104,103
Other	<u>15,236</u>	<u>13,325</u>
Total	<u>816,434</u>	<u>1,274,187</u>
 Increase(Decrease) in Net Position	 76,903	 (87,926)
Net Position - Beginning of Year	<u>2,777,901</u>	<u>2,902,632</u>
Net Position - End of Year	<u>\$2,854,804</u>	<u>\$ 2,814,706</u>

The Village's Funds

An analysis of the Village's major funds begins on page 5, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Village's major funds include the General Fund, Major Streets and Local Streets.

The General Fund pays the Village's general operating expenditures. The Village's General Fund also helps to offset the cost of refurbishing major and local streets.

The Village continues to meet State of Michigan CVTRS requirements and is therefore eligible for that portion of revenue sharing.

The Village of Fruitport is the recipient of a FY26 community project grant in the amount of \$464,000.00. The Village also is the recipient of the Natural Resource Trust Fund in the amount of \$400,000.00. These funds will be used towards a development in Pomona Park to construct a trail along the Spring Lake shoreline and alongside Maple Creek with permanent benches and removable hammocks, and a parking area with space for overflow parking from the nearby boat launch. This project is anticipated to be completed in the next 6 to 18 months.

Village of Fruitport, Michigan
Management's Discussion and Analysis
March 31, 2026

General Fund Budgetary Highlights

The Village Council did pass budget amendments to take into account events during the year ended March 31, 2026. Village expenditures overall stayed below budget, resulting in total expenditures of \$174,603 below budget. The General Fund's fund balance increased from \$495,582 a year ago to \$497,715 at March 31, 2026.

Capital Asset and Debt Administration

At March 31, 2026 the Village had \$2,174,638 (net of accumulated depreciation of \$838,451 invested in a broad range of capital assets including land, land improvements, buildings and machinery and equipment.

Economic Factors and Next Year's Budgets and Rates

The Village's budget for the next fiscal year projects property taxes to remain approximately the same as the current year. State revenue sharing allocations are expected to stay constant and EVIP conditions have been met by the Village. In total, revenues are expected to remain relatively stable for next year. Salaries are a large expenditure of the funds and represented approximately 32% of last year's expenditures.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and other interested parties with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact us at (231) 865-3577.

CALVIN D. MEEUSEN, C. P. A., PLLC

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INDEPENDENT AUDITOR'S REPORT

To the Village Counsel
Village of Fruitport, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Village of Fruitport, Michigan as of and for the year ended March 31, 2026, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements. In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the aggregate remaining fund information of the Village of Fruitport, Michigan as of March 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Fruitport, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Fruitport, Michigan's ability to continue as a going concern for one year from the date the financial statements are issued.

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 opinion. 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Fruitport, Michigan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Fruitport, Michigan'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.

Other Matter

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 as listed in the contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Calvin D. Meeusen, C.P.A., PLLC
Grand Haven, Michigan
May 22, 2026

Village of Fruitport, Michigan
STATEMENT OF NET POSITION
March 31, 2026

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 618,182
Receivables	
Accounts	500
Taxes	21,537
Intergovernmental	59,976
Capital assets, net	<u>2,174,638</u>
Total assets	<u>2,874,833</u>
LIABILITIES	
Accounts payable	1,190
Accrued liabilities	<u>18,839</u>
Total liabilities	<u>20,029</u>
NET POSITION	
Net investment in Capital Assets	2,174,638
Restricted	182,451
Unrestricted	<u>497,715</u>
Total Net Position	<u>\$2,854,804</u>

The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan

STATEMENT OF ACTIVITIES

Year ended March 31, 2026

		<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for</u>	<u>Capital grants</u>	<u>Primary Government</u>
		<u>Expenses</u>	<u>services</u>	<u>Governmental</u>
			<u>and contributions</u>	<u>activities</u>
Primary Government				
Governmental activities				
Legislative	\$ 20,621	\$ -	\$ -	\$ (20,621)
General government	151,889	-	-	(151,889)
Public safety	4,475	36,602	-	32,127
Public works	493,317	-	-	(493,317)
Recreation and cultural	130,896	-	8,259	(122,637)
Other governmental functions	<u>15,236</u>	<u>-</u>	<u>-</u>	<u>(15,236)</u>
Total primary government	<u>816,434</u>	<u>36,602</u>	<u>8,259</u>	<u>(771,573)</u>
General revenues				
Property taxes				395,533
State revenue sharing				346,249
Investment earnings				74
Other				<u>106,620</u>
Total general revenue and special items				<u>848,476</u>
Change in net position				76,903
Net position at April 2, 2025				<u>2,777,901</u>
Net position at March 31, 2026				<u>\$2,854,804</u>

The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan

BALANCE SHEET
GOVERNMENTAL FUNDS

March 31, 2026

	General <u>Fund</u>	Major <u>Street</u>	Local <u>Street</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash	\$ 473,608	\$ 142,787	\$ 1,787	\$ 618,182
Receivables				
Accounts	500	-	-	500
Taxes	21,537	-	-	21,537
Intergovernmental	20,565	28,243	11,168	59,976
Due from other funds	<u>1,534</u>	<u>-</u>	<u>-</u>	<u>1,534</u>
Total Assets	\$ <u>517,744</u>	\$ <u>171,030</u>	\$ <u>12,955</u>	\$ <u>701,729</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	1,190	-	-	1,190
Due to other funds	-	559	975	1,534
Accrued liabilities	<u>18,839</u>	<u>-</u>	<u>-</u>	<u>18,839</u>
Total Liabilities	<u>20,029</u>	<u>559</u>	<u>975</u>	<u>21,563</u>
Fund Equity:				
Fund balance				
Restricted	-	170,471	11,980	182,451
Unassigned	<u>497,715</u>	<u>-</u>	<u>-</u>	<u>497,715</u>
Total Fund Equity	<u>497,715</u>	<u>170,471</u>	<u>11,980</u>	<u>680,166</u>
Total Liabilities and Fund Equity	\$ <u>517,744</u>	\$ <u>171,030</u>	\$ <u>12,955</u>	\$ <u>701,729</u>

The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

March 31, 2026

Total fund balance-governmental funds	\$ 680,166
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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 are not reported in the governmental funds.

Cost of capital assets	\$3,013,090	
Accumulated depreciation	<u>(838,452)</u>	<u>2,174,638</u>

Net position of governmental activities in the Statement of Net Position	<u>\$2,854,804</u>
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The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended March 31, 2026

	General <u>Fund</u>	Major <u>Street</u>	Local <u>Street</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes	\$395,533	\$ -	\$ -	\$395,533
Licenses and permits	35,552	-	-	35,552
Intergovernmental revenues				
State	128,142	155,302	62,805	346,249
Charges for services	1,050	-	-	1,050
Interest	74	-	-	74
Equipment rental	60,510	-	-	60,510
Contributions	8,259	-	-	8,259
Other revenue	<u>46,110</u>	<u>-</u>	<u>-</u>	<u>46,110</u>
TOTAL REVENUES	<u>675,230</u>	<u>155,302</u>	<u>62,805</u>	<u>893,337</u>
Expenditures				
Current:				
Legislative	20,621	-	-	20,621
General government	151,889	-	-	151,889
Public safety	4,475	-	-	4,475
Public works	283,796	122,548	134,256	540,600
Other	15,236	-	-	15,236
Capital outlay	63,619	-	-	63,619
Recreation & cultural	<u>83,461</u>	<u>-</u>	<u>-</u>	<u>83,461</u>
TOTAL EXPENDITURES	<u>623,097</u>	<u>122,548</u>	<u>134,256</u>	<u>879,901</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	52,133	32,754	(71,451)	13,436
Other financing sources (uses)				
Operating transfers in	-	-	50,000	50,000
Operating transfers out	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,133	32,754	(21,451)	13,436
Fund balance - April 1	<u>495,582</u>	<u>137,717</u>	<u>33,431</u>	<u>666,730</u>
Fund balance - March 31	<u>\$497,715</u>	<u>\$170,471</u>	<u>\$ 11,980</u>	<u>\$ 680,166</u>

The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan

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

Year ended March 31, 2026

Net change in fund balances-total governmental funds: \$ 13,436

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report outlays for capital assets as expenditures
in the Statement of Activities; these costs are depreciated over their
estimated useful lives.

Depreciation expense	\$ (86,545)	
Capital outlay	<u>150,012</u>	
		<u>63,467</u>
Change in net position of governmental activities		\$ <u>76,903</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

March 31, 2026

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Fruitport (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's policies are described below.

1. Reporting Entity

The Village of Fruitport (Muskegon County) is a home rule village which operates under an elected village council form of government and provides services to its residents in many areas including public safety, highways and streets, parks and recreation, planning and zoning and general administrative services.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and user charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Village does not allocate indirect costs.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation-Cont.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state revenue sharing and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund is the Village'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 Streets Special Revenue Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

The Local Streets Special Revenue Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on streets classified as local streets.

4. Assets, Liabilities, and Net Position or Equity

a. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit. The Village has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the Village to invest in certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Assets, Liabilities, and Net Position or Equity-Continued

The Village considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

b. Receivables and Payables

All outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances.”

Property taxes attach as an enforceable lien on property and are levied on July 1 and are payable through September 14. The Village bills and collects its own property taxes and does not collect taxes for any other unit of government. Collections of these taxes are accounted for in the General Fund. Village property tax revenues are recognized in the period for which they are levied.

The Village is permitted by law to levy taxes up to 12.00 mills per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and 5.0 mills for the payment of principal and interest on long-term debt subject to a vote of the Village residents. The tax rate to finance general government services for the year ended March 31, 2026 was 7.0000 mills.

c. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least \$4,000 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 estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements, if any, are capitalized as projects are constructed.

Village of Fruitport, Michigan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Assets, Liabilities, and Net Position or Equity-Continued

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Infrastructure	20-40
Land improvements	15-30
Equipment	5-10

d. Compensated Absences

Village employees earn paid time off in varying amounts based on length of service. Unused paid time off pay does not accumulate past March 31 of each fiscal year. The pro rata portion of unused paid time off is paid to employees at the time of termination or retirement. It is the Village's policy to recognize the cost of paid time off at the time payments are made.

e. Fund Balances/Net Position

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as long term receivables)
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders and contributors)
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint (not applicable)
- Assigned fund balance - amounts the Village intends to use for a specific purpose
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

e. Fund Balances/Net Position-Continued

The Village Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by the Village Council through adoption or amendment of the budget as intended for specific purposes.

f. Net Position and Fund Balance 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 /fund balance and unrestricted – net position/fund balance, 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 use restricted resources first, then restricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is deleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. On or about March 15, the Village Council submits to the general public a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to April 1, the budget is legally enacted through passage of a resolution.
- d. The Village Council is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the general public.

Village of Fruitport, Michigan

NOTES TO FINANCIAL STATEMENTS – CONTINUED

March 31, 2026

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY-CONTINUED

- e. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles.
 - f. Appropriations for the General Fund lapse at the end of the fiscal year.
- Budgeted amounts are as originally adopted, or as amended by the Village Council as of March 31, 2026.

2. Risk Management

The Village of Fruitport is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to full-time employees. The Village has purchased commercial insurance for medical benefits and participates in the Michigan Municipal Workers' Compensation Fund for workers' compensation claims and the Michigan Municipal Liability and Property Pool for claims relating to general liability, excess liability auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents.). Settled claims have not exceeded the amount of insurance coverage in any of the past three years.

The local units in the State of Michigan established and created the above mentioned pools pursuant to the provisions of Act 138 of the Michigan Public Acts of 1982. These pools are to provide for joint and cooperative action common to each participating municipal corporation for the purpose of providing risk management services along with property and liability protection. Membership is restricted to local units and related local unit activities within the state.

NOTE C - DEPOSITS

The deposits are in various financial institutions and are carried at cost; the deposits are composed of checking accounts, money market and savings accounts. At March 31, 2026, the Village's carrying amount of deposits was \$618,182 and the bank balance was \$625,885. Of the bank balance, \$399,068 was covered by federal depository insurance, the remainder being uninsured.

NOTE D-CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026 was as follows:

	Balance April 1, 2025	Additions	Deductions	Balance March 31, 2026
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 960,411	\$ -	\$ -	\$ 960,411
Total capital assets, not being depreciated	960,411	-	-	960,411

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE D-CAPITAL ASSETS-CONTINUED

<u>Governmental Activities</u>	<u>Balance April 1, 2025</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2026</u>
Capital assets, being depreciated:				
Infrastructure	152,357	20,000	-	172,357
Buildings	382,673	-	-	382,673
Land improvements	880,047	72,383	-	952,430
Equipment	<u>506,673</u>	<u>57,629</u>	<u>19,083</u>	<u>545,219</u>
Total capital assets, being depreciated	1,921,750	150,012	19,083	2,052,679
Less accumulated depreciation for:				
Infrastructure	15,526	3,798	-	19,324
Buildings	209,405	9,567	-	218,972
Land improvements	235,861	43,661	-	279,522
Equipment	<u>310,198</u>	<u>29,519</u>	<u>19,083</u>	<u>320,634</u>
Total accumulated depreciation	<u>770,990</u>	<u>86,545</u>	<u>19,083</u>	<u>838,452</u>
Total capital assets, being depreciated, net	<u>1,150,760</u>	<u>63,467</u>	<u>-</u>	<u>1,214,227</u>
Capital Assets, net	<u>\$2,111,171</u>	<u>\$ 63,467</u>	<u>\$ -</u>	<u>\$2,174,638</u>
Government activities:				
Depreciation				
Depreciation expense was charged to functions as follows:				
Recreation and cultural				\$ 47,435
Public works				<u>39,110</u>
				<u>\$ 86,545</u>

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures have been reported on a functional basis. This is the same basis for which budgets have been legally adopted and amended.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS -CONTINUED

During the year ended March 31, 2026, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total</u> <u>Appropriations</u>	<u>Actual</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund			
Recreational and cultural	\$ 30,000	\$ 83,461	\$ 53,461
Local Street Fund			
Repairs and maintenance	3,600	5,456	1,856

NOTE F - BUILDING INSPECTION DEPARTMENT

The Village of Fruitport is responsible for complying with the State Construction Code Act. This Act was amended by Public Act 245 of 1999 which became effective on January 1, 2000. Section 22 of Public Act 245 requires that the legislative body of a governmental subdivision shall establish reasonable fees to be charged by the governmental subdivision for acts and services performed by the enforcing agency under this act, which fees shall be intended to bear a reasonable relation to the cost, including overhead, to the governmental subdivision of the acts and services, including, without limitation, those services and acts as, in case of an enforcing agency, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, and the issuance of certificates of use and occupancy, and, in case of a board of appeals, hearing appeals in accordance with this act. The legislative body of a governmental subdivision shall only use fees generated under this section for the operation of the enforcing agency and shall not use the fees for any other purpose.

The Village of Fruitport meets the Michigan Department of Treasury criteria to account for these activities in the General Fund (ie. not establishing a separate Special Revenue Fund) namely, that the fee structure is not intended to recover the full cost of the enforcing agency and the Village has the ability to track the full costs and revenues of the enforcing agency without creating a separate fund.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE F - BUILDING INSPECTION DEPARTMENT-CONTINUED

The following is a schedule of the revenues and expenditures associated with the building inspection department:

Village of Fruitport, Michigan Building Inspection Department April 1, 2025-March 31, 2026	
Revenue	\$ 3,412
Expenses	
Contracted and professional services	-
Administration	<u>341</u>
TOTAL EXPENSES	<u>341</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>\$ 3,071</u>

NOTE G - PENSION PLAN

The Village has an IRC Section 457 deferred compensation pension plan in which all eligible employees may elect to participate. The amount of employer contributions for the year ended March 31, 2026 was \$5,501.

NOTE H - INTERFUND OPERATING TRANSFERS

Details of interfund operating transfers at March 31, 2026 are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Fund</u>	<u>Operating Transfers Out</u>
Local Street Fund	\$ <u>50,000</u>	General Fund	\$ <u>50,000</u>

The purpose of the operating transfer activity was for recurring operating expenditures.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2026

NOTE I – INTERFUND RECEIVABLES AND PAYABLES

Details of interfund receivables and payables at March 31, 2026 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General	\$ 1,534	Major Street	\$ 559
	<u> </u>	Local Street	<u> 975</u>
	\$ <u>1,534</u>		\$ <u>1,534</u>

The outstanding balances between funds results mainly from recurring operating expenditures.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 22, 2026, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

Village of Fruitport, Michigan
Budgetary Comparison Schedule
GENERAL FUND

Year ended March 31, 2026

	<u>Budgeted Amounts</u>			Variance with final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 380,000	\$ 380,000	\$395,533	\$ 15,533
Licenses and permits	30,000	30,000	35,552	5,552
Intergovernmental revenues				
State	160,000	125,000	128,142	3,142
Charges for services	2,000	1,000	1,050	50
Interest	75	75	74	(1)
Equipment rentals	60,000	64,000	60,510	(3,490)
Contributions	-	-	8,259	8,259
Other revenue	<u>42,000</u>	<u>42,000</u>	<u>46,110</u>	<u>4,110</u>
Total Revenues	674,075	642,075	675,230	33,155
EXPENDITURES				
Legislative				
Village council	<u>30,000</u>	<u>30,000</u>	<u>20,621</u>	<u>9,379</u>
Total legislative	30,000	30,000	20,621	9,379
General government				
President	5,000	5,000	3,435	1,565
Election	-	-	-	-
Professional fees	22,000	20,000	16,885	3,115
Clerk	87,000	90,000	84,415	5,585
Treasurer	50,000	50,000	42,110	7,890
Building and grounds	<u>20,000</u>	<u>20,000</u>	<u>5,044</u>	<u>14,956</u>
Total general government	184,000	185,000	151,889	33,111
Public safety				
Law enforcement	800	800	-	800
Protective inspections	1,200	1,200	-	1,200
Planning commission	5,500	5,000	2,784	2,216
Zoning board of appeals	<u>1,500</u>	<u>2,000</u>	<u>1,691</u>	<u>309</u>
Total public safety	9,000	9,000	4,475	4,525
Public works				
Department of public works	305,000	305,000	225,490	79,510
Waste collection	1,200	1,200	1,629	(429)
Street lighting	25,000	25,000	24,491	509
Maintenance	<u>5,000</u>	<u>5,000</u>	<u>32,186</u>	<u>(27,186)</u>
Total public works	336,200	336,200	283,796	52,404

The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan
Budgetary Comparison Schedule
GENERAL FUND-CONTINUED

Year ended March 31, 2026

	<u>Budgeted Amounts</u>			Variance with final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Recreational and cultural				
Recreation - parks	30,000	30,000	83,461	(53,461)
Cultural	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total recreational and cultural	\$ 31,500	\$ 31,500	83,461	(51,961)
Other				
Insurance and bonds	<u>17,000</u>	<u>16,000</u>	<u>15,236</u>	<u>764</u>
Total other	17,000	16,000	15,236	764
Capital Outlay				
General	<u>170,000</u>	<u>190,000</u>	<u>63,619</u>	<u>126,381</u>
TOTAL EXPENDITURES	<u>\$777,700</u>	<u>\$797,700</u>	<u>623,097</u>	<u>174,603</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(103,625)	(155,625)	52,133	207,758
Other financing sources (uses)				
Operating transfers out	<u>(100,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(203,625)	(205,625)	2,133	207,758
Fund balance - April 1	<u>495,582</u>	<u>495,582</u>	<u>495,582</u>	<u>-</u>
Fund balance - March 31	<u>\$291,957</u>	<u>\$289,957</u>	<u>\$497,715</u>	<u>\$ 207,758</u>

The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan
 Budgetary Comparison Schedule
 MAJOR STREET FUND
 Year ended March 31, 2026

	<u>Budgeted Amounts</u>			Variance with final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental revenues				
State	<u>\$160,000</u>	<u>\$160,000</u>	<u>\$155,302</u>	<u>\$ (4,698)</u>
TOTAL REVENUES	<u>160,000</u>	<u>160,000</u>	<u>155,302</u>	<u>(4,698)</u>
Expenditures				
Construction	-	-	-	-
Maintenance				
Salaries and fringe benefits	27,000	27,000	15,790	11,210
Operating supplies	5,000	5,000	2,868	2,132
Repairs and maintenance	60,000	60,000	41,085	18,915
Outside services	30,000	30,000	26,067	3,933
Rentals	30,000	32,000	30,084	1,916
Professional services	28,000	28,000	3,475	24,525
Traffic services				
Repairs and maintenance	<u>4,000</u>	<u>4,000</u>	<u>3,179</u>	<u>821</u>
TOTAL EXPENDITURES	<u>184,000</u>	<u>186,000</u>	<u>122,548</u>	<u>63,452</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(24,000)	(26,000)	32,754	58,754
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(24,000)	(26,000)	32,754	58,754
Fund balance - April 1	<u>137,717</u>	<u>137,717</u>	<u>137,717</u>	<u>-</u>
Fund balance - March 31	<u>\$113,717</u>	<u>\$111,717</u>	<u>\$170,471</u>	<u>\$ 58,754</u>

The accompanying notes are an integral part of this statement.

Village of Fruitport, Michigan
Budgetary Comparison Schedule
LOCAL STREET FUND

Year ended March 31, 2026

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
State	\$ <u>65,000</u>	\$ <u>65,000</u>	<u>62,805</u>	<u>(2,195)</u>
TOTAL REVENUES	65,000	65,000	62,805	(2,195)
Expenditures				
Construction	-	-	-	-
Maintenance				
Salaries and fringe benefits	21,600	35,600	32,623	2,977
Operating supplies	3,400	3,400	1,950	1,450
Repairs and maintenance	35,000	3,600	5,456	(1,856)
Outside services	70,000	60,400	60,326	74
Rentals	30,000	32,000	30,426	1,574
Professional services	<u>10,000</u>	<u>7,000</u>	<u>3,475</u>	<u>3,525</u>
TOTAL EXPENDITURES	<u>170,000</u>	<u>142,000</u>	<u>134,256</u>	<u>7,744</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES (105,000)		(77,000)	(71,451)	5,549
Other financing sources				
Operating transfers in	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES (5,000)	(5,000)	(27,000)	(21,451)	5,549
Fund balance - April 1	<u>33,431</u>	<u>33,431</u>	<u>33,431</u>	<u>-</u>
Fund balance - March 31	\$ <u>28,431</u>	\$ <u>6,431</u>	\$ <u>11,980</u>	\$ <u>5,549</u>

The accompanying notes are an integral part of this statement.

CALVIN D. MEEUSEN, C. P. A., PLLC

CALVIN D. MEEUSEN
CERTIFIED PUBLIC ACCOUNTANT

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May 22, 2026

Members of the Village Council
Village of Fruitport, Michigan

In connection with my audit of the financial statements of the Village of Fruitport as of March 31, 2026, I have reviewed the accounting policies and procedures employed by the Village and the internal controls in effect. As a result of this review, I wish to make certain comments and recommendations.

I have audited the financial statements of the Village of Fruitport for the year ended March 31, 2026 and have issued my report thereon dated May 22, 2026. As part of my audit, I made a study and evaluation of the system of internal accounting control of the Village of Fruitport to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office "Standards for Audit of Governmental Organizations, Programs, Activities and Functions". The purpose of my study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. My study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the Village of Fruitport is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Village taken as a whole.

However, my study and evaluation disclosed that the internal accounting controls are not adequate to reduce to a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of the Village of Fruitport may occur and not be detected within a timely period. This is because of a lack of segregation of duties due to the limited number of accounting personnel. Accordingly, substantive testing has been increased to reduce to an acceptable level audit risk associated with this situation.

A budget is required by the State Constitution and by State Statutes and is the only basis for spending. A local unit cannot overspend its adopted budget unless a change in the budget is approved by the Council. Any amendment to the adopted budget should be made no later than the last day of the fiscal year and any transfer of monies between funds, except those authorized by statute, should be held to an absolute minimum and should be authorized by resolution of the Village and recorded in the Council minutes.

In conclusion, I wish to state that all of the comments and recommendations are intended to be only of a constructive nature. I am sure they will help you to improve your accounting system and financial operation. I will be available to meet with you at any time in order to discuss the above comments and recommendations.

Respectfully submitted,

Calvin D. Meeusen, C.P.A., PLLC