Village of Suttons Bay
Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

Vredeveld Haefner LLC
CPAs and Consultants

VILLAGE OF SUTTONS BAY

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INDEPENDENT AUDITORS' REPORT

May 27, 2026

Village Council
Village of Suttons Bay, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Suttons Bay, Michigan, (the Village), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the information on pages 33 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vredeveld Haefner LLC

MANAGEMENT’S DISCUSSION AND ANALYSIS

Village of Suttons Bay

Management's Discussion and Analysis

As management of the Village of Suttons Bay (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- Pulverized, graded and paved a portion of Elm Street
- Chip and sealed South Shore Drive
- Bathhouse/public restroom design – ready for bids in 2026
- Marina A-Dock ready for bids in 2026
- Purchased John Deere 1575 terrain-cut with accessories
- Purchased 3 new computers and upgraded all to windows 11 capabilities
- Purchased snow-pusher bucket
- Purchased submersible pump and control panel at wastewater plant
- Replaced pump at water well 1

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Suttons Bay's financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., long-term receivables).

Both of the government-wide financial statements distinguish functions of the Village of Suttons Bay that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the Village include legislative, general government, public safety, public works including major and local street construction and maintenance, recreation and culture, and debt service activities. The business-type activities of the Village include sewer, water, and marina services.

Fund financial statements. *A fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Suttons Bay, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all funds, each of which is considered a major fund.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The Village maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its sewer, water, and marina operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water, and marina operations, each of which are considered to be major funds of the Village.

Fiduciary fund. The fiduciary fund is used to account for resources of the employees retirement system held for the benefit of employees of the Village. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information.* This includes this management discussion and analysis and budget and actual comparisons for major funds.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Suttons Bay, assets exceeded liabilities by $15,832,898 at the close of the most recent fiscal year.

A portion of the Village's net position reflects unrestricted net position which is available for future operations while a significant portion of net position is invested in capital assets (e.g., land, buildings and improvements, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Following is a summary of net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	$2,609,845	$2,332,368	$2,112,308	$2,022,771	$4,722,153	$4,355,139
Capital assets	4,315,755	4,205,557	7,884,759	8,070,218	12,200,514	12,275,775
Total assets	6,925,600	6,537,925	9,997,067	10,092,989	16,922,667	16,630,914
Long-term liabilities	-	-	815,000	1,000,000	815,000	1,000,000
Other liabilities	64,158	148,467	210,611	209,562	274,769	358,029
Total liabilities	64,158	148,467	1,025,611	1,209,562	1,089,769	1,358,029
Net position						
Net investment in capital Assets	4,315,755	4,205,557	6,884,759	6,895,218	11,200,514	11,100,775
Restricted	709,119	616,666	-	-	709,119	616,666
Unrestricted	1,836,568	1,567,235	2,086,697	1,988,209	3,923,265	3,355,444
Total net position	$6,861,442	$6,389,458	$8,971,456	$8,883,427	$15,832,898	$15,272,885

Net position of the Village increased by $560,013. The governmental activities increase in net position of $471,984 is primarily due to a timing difference between when capital items are purchased and when depreciation is recorded and a contribution from the DDA for 2025 capital projects. The business-type activities increase in net position of $88,029 was primarily due to a timing difference between when capital items are purchased and when depreciation is recorded and current year settlement proceeds.

Following is a summary of activities:

Summary of Activities

	Governmental Activities		Business-type Activities		Totals	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenue						
Program revenue						
Charges for services	$127,690	$126,431	$1,410,402	$1,360,193	$1,538,092	$1,486,624
Operating grants and Contributions	265,183	245,787	-	-	265,183	245,787
Capital grants and contributions	120,904	-	-	-	120,904	-
General revenue						
Property taxes	908,573	850,644	-	-	908,573	850,644
State shared revenues	70,754	69,116	-	-	70,754	69,116
Settlement proceeds	-	-	95,000	-	95,000	-
Other	66,854	69,928	82,021	100,381	148,875	170,309
Transfers	59,790	8,505	(59,790)	(8,505)	-	-
Total revenue	1,619,748	1,370,411	1,527,633	1,452,069	3,147,381	2,822,480
Expenses						
Legislative	21,338	22,788	-	-	21,338	22,788
General government	137,314	165,841	-	-	137,314	165,841
Public safety	84,792	91,187	-	-	84,792	91,187
Public works	718,932	682,469	-	-	718,932	682,469
Recreation and culture	185,388	175,858	-	-	185,388	175,858
Sewer	-	-	635,670	608,681	635,670	608,681
Water	-	-	239,342	235,567	239,342	235,567
Marina	-	-	564,592	540,801	564,592	540,801
Total expenses	1,147,764	1,138,143	1,439,604	1,385,049	2,587,368	2,523,192
Increase in net position	471,984	232,268	88,029	67,020	560,013	299,288
Net position, beginning of year	6,389,458	6,157,190	8,883,427	8,816,407	15,272,885	14,973,597
Net position, end of year	$6,861,442	$6,389,458	$8,971,456	$8,883,427	$15,832,898	$15,272,885

Governmental Activities. During the year the Village invested $718,932 or 63% of governmental activities expenses in public works which includes major and local street operations while general government, public safety, culture and recreation and interest on long-term debt made up the remaining 37% of governmental activities expenses.

Business-type Activities. Business-type activities, which include, sewer, water, and marina operations, increased the Village's net position by $88,029 as described previously.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's *governmental funds is* to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of $2,538,448, an increase of $361,309 in comparison with the prior year. Of the $2,538,448, $1,022,794 is reported in the general fund. The remaining amount of fund balance is reported in various funds as non-spendable, restricted, committed, or assigned for certain uses such as street construction.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was $916,648. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 95% of total general fund expenditures and transfers out. Fund balance of the Village's general fund increased by $85,190, primarily due to slightly decreased transfers to other funds.

At the end of the current fiscal year, fund balance of the major streets special revenue fund was $593,876, an increase of $78,044 primarily due to a transfer of funds from the general fund.

At the end of the current fiscal year, fund balance of the local streets special revenue fund was $115,243, an increase of $14,409 primarily due to significant street projects during the year funded by Act 51 revenues and an $80,000 transfer from the general fund.

At the end of the current fiscal year, fund balance of the property replacement capital projects fund was $806,535, an increase of $183,666 primarily due to transfers from other funds.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net position of the sewer, water, and marina funds at the end of the year amounted to $382,853, $599,669, and $1,104,175, respectively. The sewer fund had a decrease in net position for the year of $2,400, the water fund had an increase of $45,490, and the marina fund had an increase of $44,939. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Village's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounted to $12,200,514 (net of accumulated depreciation).

The Village's capital assets (net of depreciation) are summarized as follows:

Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$1,171,119	$1,083,886	$2,255,005
Construction in Progress	103,970	70,308	174,278
Buildings, equipment and infrastructure	3,040,666	6,730,565	9,771,231
Total	**$4,315,755**	**$7,884,759**	**$12,200,514**

Significant additions during the year included major road projects and several marina projects. Additional information on the Village of Suttons Bay capital assets can be found in Note 4 of these financial statements.

Debt. At the end of the current fiscal year, the Village had total debt outstanding of $1,000,000 consisting of a sewer bond and a marina bond. Principle payments of $175,000 were made during the year which were in accordance with the bond payment schedules. Additional information on the Village's long-term debt can be found in Note 5 of these financial statements.

Budgetary Highlights

- Major Street Fund included ARPA Elm Street expenses.
- Property Replacement Fund recorded expenses for Bathhouse/Public Restroom project.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Village's budget for the 2026 fiscal year:

- Received cost estimate for Elm Street Culvert – over $1 million – looking for funding assistance
- Bio-Solids Land Application for 336,000 gallons
- Purchase Wheel Loader and Sweeper for John Deere
- 100-amp Electric Service installed at Park
- Repairs to Marina Pier
- Beginning phase of Marina Shoreline project

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be obtained by contacting the Village office at (231) 271-3051.

BASIC FINANCIAL STATEMENTS

VILLAGE OF SUTTONS BAY

STATEMENT OF NET POSITION

DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and pooled investments	$ 2,571,377	$ 2,044,259	$ 4,615,636	$ 233,176
Accounts receivable	8,039	42,862	50,901	24,869
Due from other governments	30,147	-	30,147	-
Inventory	-	24,949	24,949	-
Prepaid items	282	238	520	15
Capital assets				
Land	1,171,119	1,083,886	2,255,005	-
Construction in progress	103,970	70,308	174,278	-
Depreciable capital assets, net	3,040,666	6,730,565	9,771,231	-
Total assets	6,925,600	9,997,067	16,922,667	258,060
Liabilities				
Accounts payable	46,558	8,304	54,862	5,062
Accrued liabilities	3,800	17,307	21,107	201
Unearned revenue	13,800	-	13,800	-
Debt due within one year	-	185,000	185,000	-
Noncurrent liabilities				
Debt due in more than one year	-	815,000	815,000	-
Total liabilities	64,158	1,025,611	1,089,769	5,263
Net position				
Net investment in capital assets	4,315,755	6,884,759	11,200,514	-
Restricted for				
Major streets	593,876	-	593,876	-
Local streets	115,243	-	115,243	-
Unrestricted	1,836,568	2,086,697	3,923,265	252,797
Total net position	$ 6,861,442	$ 8,971,456	$ 15,832,898	$ 252,797

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

VILLAGE OF SUTTONS BAY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue**
Primary government					
Governmental activities					
Legislative	$ 21,338	$ -	$ -	$ -	$ (21,338)
General government	137,314	-	5,243	-	(132,071)
Public safety	84,792	-	-	-	(84,792)
Public works	718,932	127,690	259,940	120,904	(210,398)
Recreation and culture	185,388	-	-	-	(185,388)
Total governmental activities	1,147,764	127,690	265,183	120,904	(633,987)
Business-type activities					
Sewer	635,670	517,150	-	-	(118,520)
Water	239,342	269,841	-	-	30,499
Marina	564,592	623,411	-	-	58,819
Total business-type activities	1,439,604	1,410,402	-	-	(29,202)
Total primary government	$ 2,587,368	$ 1,538,092	$ 265,183	$ 120,904	$ (663,189)
Component unit					
Downtown Development Authority	$ 79,167	$ -	$ -	$ -	$ (79,167)

(Continued)

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

VILLAGE OF SUTTONS BAY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Primary Government			Component Unit
	Governmental Activities	**Business-type Activities**	**Total**	**Downtown Development Authority**
Changes in net assets				
Net (expense) revenue	$ (633,987)	$ (29,202)	$ (663,189)	$ (79,167)
General revenues				
Property taxes	908,573	-	908,573	101,654
State shared revenues	70,754	-	70,754	-
Settlement proceeds	-	95,000	95,000	-
Unrestricted interest income	62,078	81,908	143,986	6,741
Other revenue	4,776	113	4,889	-
Transfers - internal activities	59,790	(59,790)	-	-
Total general revenues	1,105,971	117,231	1,223,202	108,395
Change in net position	471,984	88,029	560,013	29,228
Net position, beginning of year	6,389,458	8,883,427	15,272,885	223,569
Net position, end of year	$ 6,861,442	$ 8,971,456	$ 15,832,898	$ 252,797

(Concluded)

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

VILLAGE OF SUTTONS BAY

GOVERNMENTAL FUNDS
BALANCE SHEET

DECEMBER 31, 2025

		Special Revenue		Capital Projects	
	General	Major Streets	Local Streets	Property Replacement	Total
Assets					
Cash and pooled investments	$ 1,071,493	$ 582,964	$ 110,385	$ 806,535	$ 2,571,377
Accounts receivable	8,039	-	-	-	8,039
Due from other governments	10,889	12,662	6,596	-	30,147
Prepaid items	166	59	57	-	282
Total assets	$ 1,090,587	$ 595,685	$ 117,038	$ 806,535	$ 2,609,845
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	$ 44,470	$ 1,044	$ 1,044	$ -	$ 46,558
Accrued liabilities	2,284	765	751	-	3,800
Unearned revenue	13,800	-	-	-	13,800
Total liabilities	60,554	1,809	1,795	-	64,158
Deferred inflows of resources					
Unavailable revenue	7,239	-	-	-	7,239
Fund balances					
Nonspendable					
Prepaid items	166	59	57	-	282
Restricted					
Streets	-	593,817	115,186	-	709,003
Assigned					
Capital projects	-	-	-	806,535	806,535
Subsequent year expenditures	105,980	-	-	-	105,980
Unassigned	916,648	-	-	-	916,648
Total fund balances	1,022,794	593,876	115,243	806,535	2,538,448
Total liabilities, deferred infows, and fund balances	$ 1,090,587	$ 595,685	$ 117,038	$ 806,535	$ 2,609,845

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

VILLAGE OF SUTTONS BAY

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION

DECEMBER 31, 2025

Fund balances - total governmental funds	$ 2,538,448
Amounts reported for *governmental activities* in the statement of net position are different because	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add - land	1,171,119
Add - construction in progress	103,970
Add - capital assets (net of accumulated depreciation)	3,040,666
Certain assets are not due and receivable in the current period and therefore are offset with unavailable revenue in the funds.	
Add - personal property taxes unavailable revenue	7,239
Net position of governmental activities	$ 6,861,442

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

VILLAGE OF SUTTONS BAY

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2025

		Special Revenue		Capital Projects	
	General	**Major Streets**	**Local Streets**	**Property Replacement**	**Total**
Revenues					
Taxes and penalties	$ 908,096	$ -	$ -	$ -	$ 908,096
Intergovernmental revenues					
Federal	-	65,419	-	-	65,419
State	75,497	105,729	74,104	-	255,330
Local	-	49,454	-	55,485	104,939
Licenses and permits	16,075	-	-	-	16,075
Charges for services	5,640	-	-	-	5,640
Interest income	37,986	23,080	3,556	24,092	88,714
Miscellaneous	5,103	173	4,017	-	9,293
Total revenues	1,048,397	243,855	81,677	79,577	1,453,506
Expenditures					
Current					
Legislative	21,338	-	-	-	21,338
General government	104,837	-	-	-	104,837
Public safety	84,792	-	-	-	84,792
Public works	195,928	252,956	147,268	-	596,152
Recreation and culture	140,212	-	-	-	140,212
Debt service					
Capital outlay	-	-	-	204,656	204,656
Total expenditures	547,107	252,956	147,268	204,656	1,151,987
Revenues over (under) expenditures	501,290	(9,101)	(65,591)	(125,079)	301,519
Other financing sources (uses)					
Transfers in	-	90,000	80,000	308,745	478,745
Transfers out	(416,100)	(2,855)	-	-	(418,955)
Total other financing sources (uses)	(416,100)	87,145	80,000	308,745	59,790
Net changes in fund balances	85,190	78,044	14,409	183,666	361,309
Fund balances, beginning of year	937,604	515,832	100,834	622,869	2,177,139
Fund balances, end of year	$ 1,022,794	$ 593,876	$ 115,243	$ 806,535	$ 2,538,448

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

VILLAGE OF SUTTONS BAY

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

FOR THE YEAR ENDED DECEMBER 31, 2025

Net changes in fund balances - total governmental funds	$	361,309
Amounts reported for *governmental activities* in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Add - capital outlay		329,689
Deduct - depreciation expense		(219,491)
Some receivables are long-term in nature and are collectable over several years. They are recognized when issued in the government-wide financial statements, however they are reflected as unavailable revenue on the fund statements.		
Add - increase in long-term receivables		477
Change in net position of governmental activities	$	471,984

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

VILLAGE OF SUTTONS BAY

ENTERPRISE FUNDS
STATEMENT OF NET POSITION

DECEMBER 31, 2025

	Sewer	Water	Marina	Total
Assets				
Current assets				
Cash and pooled investments	$ 355,678	$ 562,083	$ 1,126,498	$ 2,044,259
Accounts receivable	28,367	14,479	16	42,862
Inventory	-	24,949	-	24,949
Prepaid items	76	58	104	238
Total current assets	384,121	601,569	1,126,618	2,112,308
Noncurrent assets				
Land	-	-	1,083,886	1,083,886
Construction in progress	-	-	70,308	70,308
Capital assets, net	4,610,634	762,250	1,357,681	6,730,565
Net noncurrent assets	4,610,634	762,250	2,511,875	7,884,759
Total assets	4,994,755	1,363,819	3,638,493	9,997,067
Liabilities				
Current liabilities				
Accounts payable	105	937	7,262	8,304
Accrued liabilities	1,163	963	15,181	17,307
Current portion of long-term debt	130,000	-	55,000	185,000
Total current liabilities	131,268	1,900	77,443	210,611
Long-term liabilities				
Bonds payable, net of current portion	-	-	815,000	815,000
Total liabilities	131,268	1,900	892,443	1,025,611
Net position				
Net investment in capital assets	4,480,634	762,250	1,641,875	6,884,759
Unrestricted	382,853	599,669	1,104,175	2,086,697
Total net position	$ 4,863,487	$ 1,361,919	$ 2,746,050	$ 8,971,456

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

VILLAGE OF SUTTONS BAY

ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2025

	Sewer	Water	Marina	Total
Operating revenue				
Charges for services	$ 517,150	$ 269,841	$ 623,411	$ 1,410,402
Other	-	50	63	113
Total operating revenue	517,150	269,891	623,474	1,410,515
Operating expense				
Operations and maintenance	400,474	159,653	391,388	951,515
Administration	61,244	44,906	32,100	138,250
Depreciation	169,808	34,783	107,307	311,898
Total operating expense	631,526	239,342	530,795	1,401,663
Operating income (loss)	(114,376)	30,549	92,679	8,852
Non-operating revenue (expense)				
Interest income	16,845	20,666	44,397	81,908
Settlement proceeds	95,000	-	-	95,000
Interest expense	(4,144)	-	(33,797)	(37,941)
Total non-operating revenue (expense)	107,701	20,666	10,600	138,967
Income (loss) before transfers	(6,675)	51,215	103,279	147,819
Transfers				
Transfers in	18,000	8,000	-	26,000
Transfers out	(13,725)	(13,725)	(58,340)	(85,790)
Total transfers	4,275	(5,725)	(58,340)	(59,790)
Changes in net position	(2,400)	45,490	44,939	88,029
Net position, beginning of year	4,865,887	1,316,429	2,701,111	8,883,427
Net position, end of year	$ 4,863,487	$ 1,361,919	$ 2,746,050	$ 8,971,456

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

VILLAGE OF SUTTONS BAY

ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Sewer	Water	Marina	Total
Cash flows from operating activities				
Receipts from customers and users	$ 511,103	$ 264,926	$ 624,409	$ 1,400,438
Settlement proceeds	95,000	-	-	95,000
Payments to employees	(146,158)	(125,287)	(202,153)	(473,598)
Payments to suppliers	(319,889)	(83,845)	(217,886)	(621,620)
Net cash provided by (used in) operating activities	140,056	55,794	204,370	400,220
Cash flows from non-capital financing activities				
Transfers in	18,000	8,000	-	26,000
Transfers out	(13,725)	(13,725)	(58,340)	(85,790)
Net cash provided by (used in) non-capital financing activities	4,275	(5,725)	(58,340)	(59,790)
Cash flows from capital and related financing activities				
Interest paid	(4,144)	-	(33,797)	(37,941)
Principal paid on bonds	(125,000)	-	(50,000)	(175,000)
Acquisitions of capital assets	(20,613)	(34,381)	(71,445)	(126,439)
Net cash provided by (used in) capital and related financing activities	(149,757)	(34,381)	(155,242)	(339,380)
Cash flows from investing activities				
Interest income	16,845	20,666	44,397	81,908
Net increase (decrease) in cash and pooled investments	11,419	36,354	35,185	82,958
Cash and pooled investments, beginning of year	344,259	525,729	1,091,313	1,961,301
Cash and pooled investments, end of year	$ 355,678	$ 562,083	$ 1,126,498	$ 2,044,259
Cash flows from operating activities				
Operating income (loss)	$ (114,376)	$ 30,549	$ 92,679	$ 8,852
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	169,808	34,783	107,307	311,898
Settlement proceeds	95,000	-	-	95,000
Changes in operating assets and liabilities which provided (used) cash				
Accounts receivable	(6,047)	(4,965)	935	(10,077)
Inventory	-	3,541	-	3,541
Prepaid items	(18)	3	(28)	(43)
Accounts payable	(1,038)	(5,298)	7,211	875
Accrued liabilities	(3,273)	(2,819)	(3,734)	(9,826)
Net cash provided by (used in) operating activities	$ 140,056	$ 55,794	$ 204,370	$ 400,220

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

VILLAGE OF SUTTONS BAY

EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION

DECEMBER 31, 2025

	Pension Trust
Assets	
Money market funds	$ 170,927
Investments	
Bond mutual funds	52,457
Other mutual funds	870,196
Total assets	1,093,580
Liabilities	
Accounts payable	-
Net position	
Net position held in trust for pension benefits	$ 1,093,580

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

VILLAGE OF SUTTONS BAY

EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2025

	Pension Trust
Additions	
Contributions:	
Employer	$ 65,880
Employee	24,498
Investment income (loss)	119,073
Total additions	209,451
Deductions	
Distributions and benefit payments	78,676
Commissions and fees	6,479
Total deductions	85,155
Net increase (decrease)	124,296
Net position, beginning of year	969,284
Net position, end of year	$ 1,093,580

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Suttons Bay, Michigan (the “Village”) was incorporated October 11, 1898, and covers an area of approximately 1.2 square miles. The Village operates under an elected Village Council of 7 members and provides services to its more than 600 residents in many areas including marina, water and sewer services, community enrichment and development, and human services.

The accounting policies of the Village conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

As required by GAAP, these financial statements present the reporting entity of the Village. The criteria identified by GAAP, including financial accountability, have been utilized in identifying the Council’s reporting entity which includes a component unit.

Discretely Presented Component Unit

The Village established a Downtown Development Authority (DDA) in 2014 to complete various projects in the downtown district. Funding for these projects will be provided through captured property taxes from various units of government. The members of the governing boards of the DDA are appointed by the Village Council. The budgets of the DDA must be approved by the Village Council, and the Village has the ability to significantly influence its operations. Financial statements are not separately issued for the DDA. This entity is reported in a separate column in the Village’s financial statements to emphasize that it is legally separate from the Village.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* 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 charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except grant revenues which are recognized when grant requirements are met, state shared revenue is recognized in the month in which taxes are collected, and interest revenue which is recorded when earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, state revenue, grant revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Village reports the following major governmental funds:

The *General Fund* is the general operating fund of the Village. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Major Streets Fund* is used to account for the proceeds of State Act 51 revenue that is legally restricted to expenditures for major streets within the Village.

The *Local Streets Fund* is used to account for the proceeds of State Act 51 revenue that is legally restricted to expenditures for local streets within the Village.

The *Property Replacement Capital Projects Fund* accounts for the accumulation and disbursement of resources for the construction of specific capital projects within the Village.

The Village reports the following major proprietary funds:

The *Sewer Enterprise Fund* is used to account for the operations of the Village's sewer department that provides sewer services to most residents of the Village on a user charge basis.

The *Water Enterprise Fund* is used to account for the operations of the Village's water department that provides water services to most residents of the Village on a user charge basis.

The *Marina Enterprise Fund* is used to account for seasonal and transient dock rental and the Village owned municipal marina.

Additionally, the Village reports the following fund type:

The *Pension Trust Fund* is used to account for assets held in a trustee capacity on behalf of its employees.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Budgets and Budgetary Accounting

Comparisons to budget are presented for General and Special Revenue Funds. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing the following January 1.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to January 1, the budget is legally enacted through passage of a resolution.

4. Formal budgetary integration is employed as a management control device during the year for all funds except trust funds.

5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

6. Adoption and amendments of all budgets used by the Village are governed by Public Act 621. The appropriations ordinances are based on the projected expenditures budget of the department heads of the Village. Any amendment to the original budget must meet the requirements of Public Act 621. The Village amended its budget for the year. Any revisions that alter the total expenditures of any activity must be approved by the Village Council.

Budgets for expenditures are adopted on an activity basis. Budgeted amounts are as originally adopted and amended by the Village Council.

Cash and Pooled Investments

The Village’s cash and pooled investments are considered to be cash and cash equivalents because the balances are readily available similar to demand deposits. All investments are recorded at fair value.

Investment Statutory Authority

State statutes authorize the Village to invest in:

a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
d. Bankers’ acceptances of United States banks.

e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
g. External investment pools as authorized by Public Act 20 as amended.

The Village retirement system is also allowed to invest in corporate debt and equity securities.

Prepaid Items

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

Inventory

Inventory is valued at the lower of cost or market, on the first in/first out basis using the consumption method.

Capital Assets

Capital assets, which include property, buildings, infrastructure, and equipment, are reported in the governmental and business-type activities column in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition value (the price that would be paid to acquire an asset with an equivalent service potential in an orderly market transaction) on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been capitalized on capital assets reported in proprietary funds.

Depreciation on capital assets (including infrastructure), is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	25-50
Equipment	5-20
Vehicles	5-10
System Infrastructure	20-50

Unearned revenue

Unearned revenue consists of amounts received from funding sources prior to expenditure. The amounts will be recognized as revenue as the related expenditures are incurred.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Village has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from delinquent personal property taxes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures/expense regardless of function or activity.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Non-spendable - the related asset’s form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal resolution of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed or assigned by the Village Council.

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 unrestricted resource as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Property Taxes

Village property taxes are attached as an enforceable lien on property as of July 1. Taxes are levied July 1 and are due without penalty on or before September 15. Real property taxes not collected as of September 15 are turned over to the County for collection, which advances the Village 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Village Treasurer. Property taxes levied in July of each year are recognized as revenue in that year.

The Village's 2025 taxable value was $114,419,284 on which 8.6051 mils was levied for operating purposes.

Grants and Other Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2025, the Village carried commercial insurance to cover risks of losses. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the activity level, the same level at which the budgets of the Village were adopted. During the year ended December 31, 2025, the Village incurred $2,036 in planning and zoning expenditures and $699 in culture and recreation expenditures in excess of the amounts appropriated.

3. DEPOSITS AND INVESTMENTS

Cash and investments consist of the following at December 31, 2025:

Deposits	$1,006,754
Pooled investments	3,841,785
Investments held for pension benefits	1,093,580
Petty cash	273
	$5,942,392

These deposits are in financial institutions located in Michigan. State policy limits the Treasurer's investing options to financial institutions located in Michigan (with specific exceptions). All accounts are in the name of the Village and a specific fund or common account. They are recorded in Village records at fair value.

Custodial Credit Risk - *Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. As of year-end, $27,391 of the Village's bank balance of $1,030,180 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Village categorizes its fair value measurements of investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of year-end.

- The Village does not have any investments that report fair value using quoted market prices (Level 1 inputs).
- The Village investments are valued using a pricing model utilizing observable fair value measures of fund investments and other observable inputs to determine the fair value of the securities making up the of investments fund (Level 2 inputs).
- The Village does not have any investments that report fair value based on significant unobservable inputs (Level 3 inputs).

The Village chooses to disclose its investments by specifically identifying each. As of year-end, the Village had the following investments:

Investments	Maturity	Fair Value	Rating	Source
MI Class Investment Pool	N/A	$3,841,785	AAAm	S&P
Pension Investments:				
Lord Abbett Funds				
Affiliated A	N/A	134,391	3	Morning Star
Bond Debenture A	N/A	15,414	3	Morning Star
Multi-asset Balanced Strategy A	N/A	143,574	3	Morning Star
Floating Rate A	N/A	1,813	4	Morning Star
Growth Opportunities A	N/A	123,404	3	Morning Star
Fundamental Equity A	N/A	128,455	4	Morning Star
Total Return A	N/A	11,010	3	Morning Star
Value Opportunities A	N/A	2,000	2	Morning Star
Growth Leaders A	N/A	1,676	3	Morning Star
Multi-Asset Income A	N/A	3,908	3	Morning Star
Affiliated R6	N/A	73,519	3	Morning Star
Multi-Asset Balanced Opp R6	N/A	149,309	3	Morning Star
Fundamental Equity R6	N/A	47,633	4	Morning Star
Bond Debenture R6	N/A	37,043	4	Morning Star
Short Duration Income R6	N/A	6,430	4	Morning Star
Growth Leaders R6	N/A	2,733	3	Morning Star
Growth Opportunities R6	N/A	27,543	3	Morning Star
Floating Rate R6	N/A	9,787	4	Morning Star
Total Return R6	N/A	3,011	3	Morning Star
Money market funds	N/A	170,927	N/A	N/A
Total pension investments		1,093,580		
Total investments		$4,935,365		

Investment risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The Village's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments with a specific maturity.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds qualified external investment pools as identified in Note 1 of the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment, where applicable, is identified above for investments held at year-end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Village does not have a policy for investment custodial credit risk. The above investments of $4,935,365 are invested in mutual funds. The Village's custodial credit risk exposure cannot be determined because the mutual funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1 of the summary of significant accounting policies. The Village's investment policy does not have specific limits in excess of state law on concentration of credit risk

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
Governmental Activities				
Capital assets, not being depreciated				
Land	$1,171,119	$ -	$ -	$1,171,119
Construction in progress	4,800	103,970	4,800	103,970
	1,175,919	103,970	4,800	1,275,089
Capital assets, being depreciated				
Building and infrastructure	5,594,733	136,834	-	5,731,567
Vehicles and equipment	1,132,024	93,685	-	1,225,709
Total capital assets, being depreciated	6,726,757	230,519	-	6,957,276
Less accumulated depreciation				
Building and improvements	2,707,481	135,718	-	2,843,199
Vehicles and equipment	989,638	83,773	-	1,073,411
Total accumulated depreciation	3,697,119	219,491	-	3,916,610
Net capital assets, being depreciated	3,029,638	11,028	-	3,040,666
Governmental Activities capital assets, net	**$4,205,557**	**$114,998**	**$4,800**	**$4,315,755**
Business-type Activities				
Capital assets, not being depreciated				
Land	$1,083,886	$ -	$ -	$1,083,886
Construction in progress	-	70,308	-	70,308
	1,083,886	70,308	-	1,154,194
Capital assets, being depreciated				
Mains and equipment	9,911,003	56,131	-	9,967,134
Buildings	169,768	-	-	169,768
Seawall and docks	2,933,748	-	-	2,933,748
Total capital assets, being depreciated	13,014,519	56,131	-	13,070,650
Less accumulated depreciation				
Mains and equipment	4,374,291	206,164	-	4,580,455
Buildings	137,423	2,223	-	139,646
Seawall and docks	1,516,473	103,511	-	1,619,984
Total accumulated depreciation	6,028,187	311,898	-	6,340,085
Net capital assets, being depreciated	6,986,332	(255,767)	-	6,730,565
Business-type Activities capital assets, net	**$8,070,218**	**($185,459)**	**$ -**	**$7,884,759**

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

Governmental Activities	
General government	$ 32,477
Public works	141,838
Culture and recreation	45,176
Total depreciation expense, governmental activities	**$219,491**
Business-type Activities	
Sewer	$169,808
Water	34,783
Marina	107,307
Total depreciation expense, business-type activities	**$311,898**

5. LONG-TERM DEBT

The following is a summary of the debt transactions of the Village for the year ended December 31, 2025.

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025	Due Within One Year
Business-type Activities					
2005 State Revolving Fund Loan, payable in annual installments of $100,000 to $130,000 through 2026, plus interest at 1.625%	$ 255,000	$ -	$125,000	$ 130,000	$130,000
2018 Limited Tax General Obligation Bonds, payable in annual installments of $45,000 to $85,000 through 2038, plus interest at 3.750%	920,000	-	50,000	870,000	55,000
Total Business-type Activities	$1,175,000	$ -	$175,000	$1,000,000	$185,000

The annual requirements to amortize all debt outstanding as of December 31, 2025 are as follows:

	Business-type Activities	
Year Ending December 31	Principal	Interest
2026	$ 185,000	$ 34,737
2027	55,000	30,562
2028	55,000	28,500
2029	60,000	26,438
2030	60,000	24,188
2031-2035	345,000	84,750
2036-2038	240,000	18,375
Total	**$1,000,000**	**$247,550**

6. INTERFUND TRANSACTIONS

Transfers in and out for the year ended December 31, 2025 are as follows:

	Transfers out					
Transfers in:	General fund	Major streets	Sewer fund	Water fund	Marina fund	Total
Major streets fund	$ 90,000	$ -	$ -	$ -	$ -	$ 90,000
Local streets fund	80,000	-	-	-	-	80,000
Property replacement fund	220,100	2,855	13,725	13,725	58,340	308,745
Sewer fund	18,000	-	-	-	-	18,000
Water fund	8,000	-	-	-	-	8,000
	$416,100	**$2,855**	**$13,725**	**$13,725**	**$58,340**	**$504,745**

Transfers are used to contribute budgeted amounts to the capital improvements fund and move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

7. DEFINED CONTRIBUTION PLAN

The Village provides retirement benefits to substantially all full-time employees through a self-administered defined contribution pension plan. Employer contributions are equal to 10% of annual payroll for eligible employees. Employees are vested 20% per year and fully vested after five years of service. Employees may also elect to contribute a portion of their salary to the plan.

Employer and employee contributions to the plan for the year ended December 31, 2025 amounted to $67,733 and $24,498, respectively.

8. COMMITMENTS

As of December 31, 2025, the Village had various ongoing construction projects with total estimated commitments of approximately $45,000.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SUTTONS BAY

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Amounts Original	Budget Amounts Final	Actual Amount	Variance Positive (Negative)
Revenues				
Taxes and penalties	$ 853,500	$ 902,800	$ 908,096	$ 5,296
Intergovernmental revenues				
State	74,200	72,200	75,497	3,297
Licenses and permits	15,000	15,000	16,075	1,075
Charges for services	5,000	4,000	5,640	1,640
Interest income	28,000	30,000	37,986	7,986
Miscellaneous	500	500	5,103	4,603
Total revenues	976,200	1,024,500	1,048,397	23,897
Expenditures				
Current				
Legislative-Village Council	31,175	28,175	21,338	6,837
General government				
Village manager	18,124	18,224	17,988	236
Clerk	11,279	11,029	10,893	136
Treasurer	26,669	26,189	25,267	922
Village hall	59,262	60,112	50,689	9,423
Total general government	115,334	115,554	104,837	10,717
Public safety	104,500	104,500	84,792	19,708
Public works				
Department of public works	113,661	110,861	98,714	12,147
Zoning and planning	69,669	52,669	54,705	(2,036)
Street lighting	15,500	17,000	14,545	2,455
Motor pool	141,047	152,182	133,939	18,243
Motor vehicle rentals	(108,975)	(105,975)	(105,975)	-
Total public works	230,902	226,737	195,928	30,809
Culture and recreation	168,313	139,513	140,212	(699)
Total expenditures	650,224	614,479	547,107	67,372
Revenues over (under) expenditures	325,976	410,021	501,290	91,269
Other financing sources (uses)				
Transfers out	(416,100)	(416,100)	(416,100)	-
Net changes in fund balance	(90,124)	(6,079)	85,190	91,269
Fund balance, beginning of year	937,604	937,604	937,604	-
Fund balance, end of year	$ 847,480	$ 931,525	$ 1,022,794	$ 91,269

VILLAGE OF SUTTONS BAY

MAJOR STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Intergovernmental revenues				
Federal	$ 64,000	$ 64,000	$ 65,419	$ 1,419
State	97,000	102,022	105,729	3,707
Local	43,000	49,000	49,454	454
Interest income	18,000	19,500	23,080	3,580
Miscellaneous	-	-	173	173
Total revenues	222,000	234,522	243,855	9,333
Expenditures				
Public works				
Routine maintenance	144,907	143,917	86,488	57,429
Winter maintenance	67,083	67,083	67,083	-
Sidewalk improvements	10,000	15,000	13,860	1,140
Construction	85,000	93,000	85,525	7,475
Total expenditures	306,990	319,000	252,956	66,044
Revenues over (under) expenditures	(84,990)	(84,478)	(9,101)	75,377
Other financing sources (uses)				
Transfers in	90,000	90,000	90,000	-
Transfers out	(2,855)	(2,855)	(2,855)	-
Total other financing sources (uses)	87,145	87,145	87,145	-
Net changes in fund balances	2,155	2,667	78,044	75,377
Fund balances, beginning of year	515,832	515,832	515,832	-
Fund balances, end of year	$ 517,987	$ 518,499	$ 593,876	$ 75,377

VILLAGE OF SUTTONS BAY

LOCAL STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Amounts		Actual	Variance Positive
	Original	**Final**	**Amount**	**(Negative)**
Revenues				
Intergovernmental revenues				
State	$ 58,000	$ 71,200	$ 74,104	$ 2,904
Interest income	3,700	3,500	3,556	56
Miscellaneous	4,100	4,100	4,017	(83)
Total revenues	65,800	78,800	81,677	2,877
Expenditures				
Public works				
Routine maintenance	102,783	102,793	64,182	38,611
Winter maintenance	61,230	61,230	61,230	-
Sidewalk improvements	5,000	5,000	-	5,000
Construction	30,000	30,000	21,856	8,144
Total expenditures	199,013	199,023	147,268	51,755
Revenues over (under) expenditures	(133,213)	(120,223)	(65,591)	54,632
Other financing sources (uses)				
Transfers in	80,000	80,000	80,000	-
Net changes in fund balances	(53,213)	(40,223)	14,409	54,632
Fund balances, beginning of year	100,834	100,834	100,834	-
Fund balances, end of year	$ 47,621	$ 60,611	$ 115,243	$ 54,632

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INDIVIDUAL FUND
FINANCIAL STATEMENTS

VILLAGE OF SUTTONS BAY

DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET/STATEMENT OF NET POSITION

DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and pooled investments	$ 233,176	$ -	$ 233,176
Accounts receivable	24,869	-	24,869
Prepaid items	15	-	15
Total assets	258,060	-	258,060
Liabilities and fund balances			
Liabilities			
Accounts payable	5,062	-	5,062
Accrued liabilities	201	-	201
Total liabilities	5,263	-	5,263
Fund balances			
Unassigned	252,797	(252,797)	
Total liabilities and fund balances	$ 258,060		
Net position			
Unrestricted		$ 252,797	$ 252,797

VILLAGE OF SUTTONS BAY

DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes	$ 101,654	$ -	$ 101,654
Intergovernmental revenues			
Interest income	6,741	-	6,741
Total revenues	108,395	-	108,395
Expenditures/expenses			
Current			
General government	79,167	-	79,167
Net changes in fund balance	29,228	(29,228)	
Change in net position		29,228	29,228
Fund balance/net position, beginning of year	223,569		223,569
Fund balance/net position, end of year	$ 252,797		$ 252,797